

Raymond Ltd.

Q1FY20

Margins get impacted...

Result Highlight

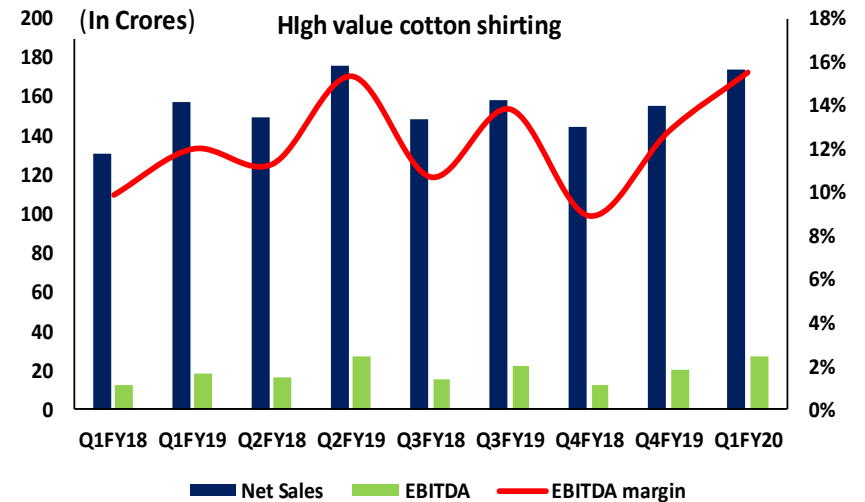
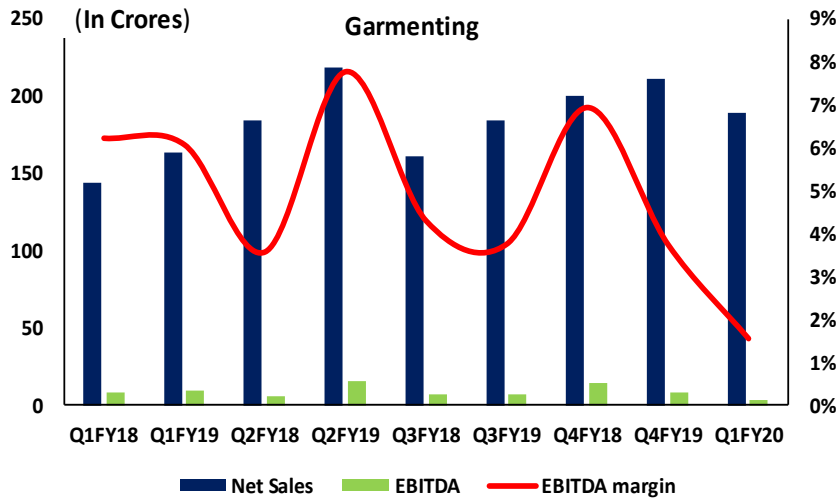
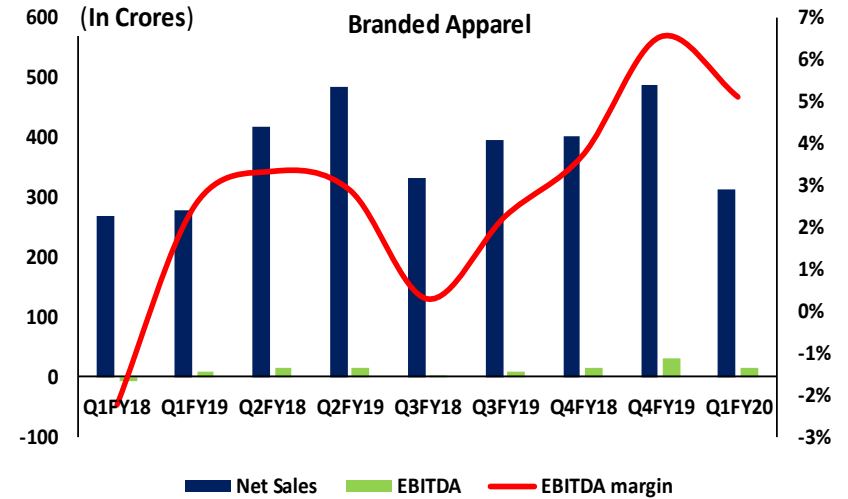
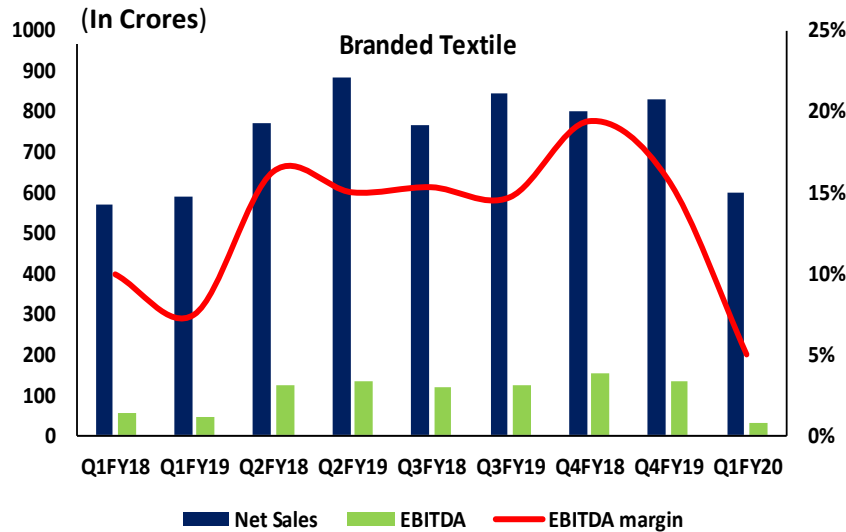
In Q1FY20, Raymond reported 14% YoY increase in net sales to Rs. 1,467 crore from Rs.1,348 crore in Q1FY19, led by a 16% YoY growth in the Garmenting and 12% YoY growth in the Branded Apparel segment. EBITDA declined by 2% YoY to Rs. 105 crore in Q1FY20 from Rs. 107 crore in Q1FY19 and the margins also declined by 118 bps to 7.1% in the quarter. This was mainly driven by an increase in high value cotton shirting's improved product mix and stabilised operations at Amravati plant. The consolidated PAT however turned negative to Rs.11.84 crore.

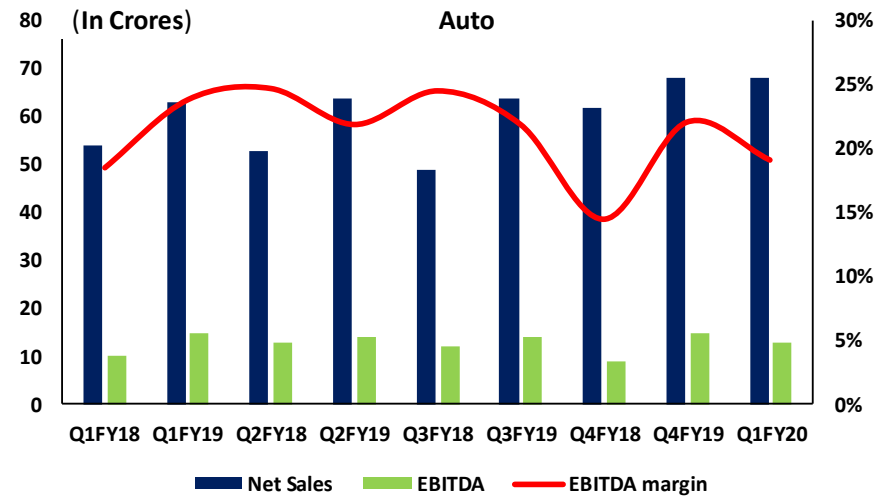
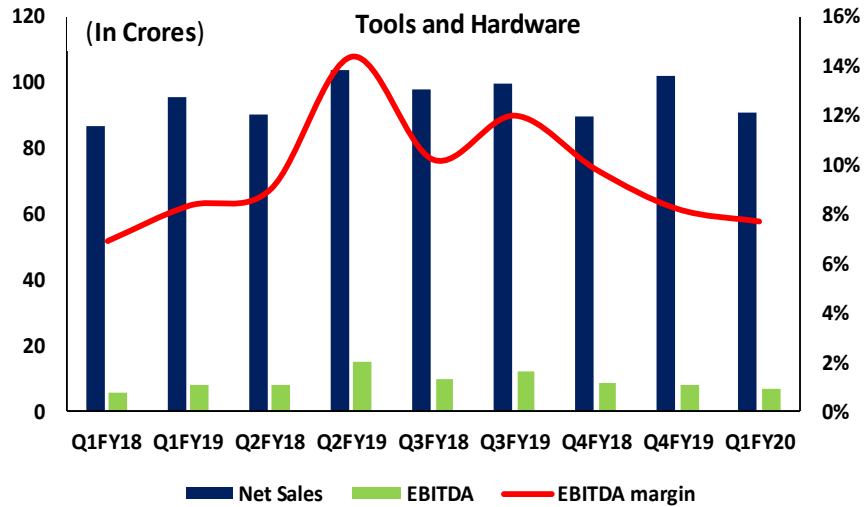
Conference call highlights

- The company expects low single digit growth in topline and possibility of marginal dilution in EBITDA margins as compared to the previous year (not in Realty segment though)
- Overall, the management expects the quarter to be modest in terms of growth & consumer sentiment and also expects a pick up in demand from mid-August with the onset of the festivities.
- Network expansion will mainly be through an asset light franchisee-based model.

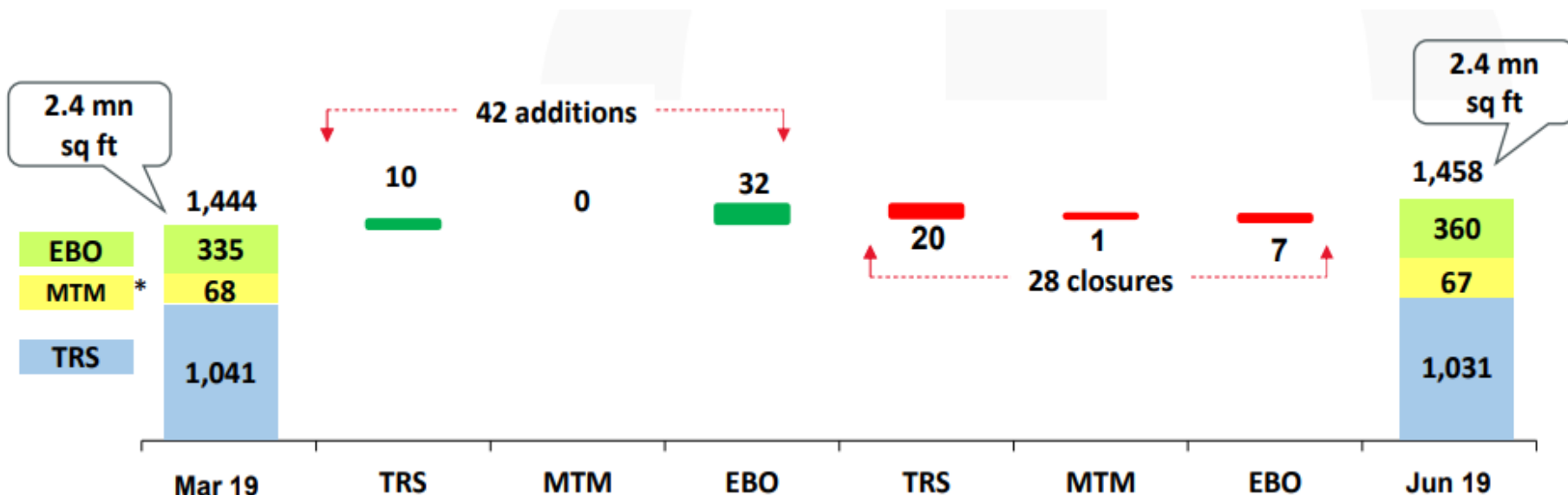
Valuation

At the CMP of Rs. 610, the stock is quoting at 14.3x FY21E earnings.





Strong Retail network



During Q1FY20, the company added 42 new stores of which 95% stores were added on a Franchisee basis, in line with their strategy to follow an asset light model. 28 stores were closed with 2 stores being under renovation.

Financial QoQ



VENTURA

Kyon ki bhaiya, sabse bada rupaiya.

Particulars	Mar-18	Growth	Jun-18	Growth	Sep-18	Growth	Dec-18	Growth	Mar-19	Growth	Jun-19	Growth
Gross Sales	1629.8		1250.7		1847.8		1675.2		1808.0		1435.0	
Less: Excise Duty	0.0		0.0		0.0		0.0		0.0		0.0	
Net Sales	1629.8	9.8%	1250.7	-23.3%	1847.8	47.7%	1675.2	-9.3%	1808.0	7.9%	1435.0	-20.6%
Other operating income	0.0		0.0		0.0		0.0		0.0		0.0	
Total Expenditure	1479.2		1181.8		1661.3		1520.6		1641.1		1325.0	
PBIDT (Excl OI)	150.7	48.4%	68.8	-54.3%	186.4	170.9%	154.6	-17.1%	166.9	8.0%	110.0	-34.1%
Other Income	25.3		38.5		28.0		30.5		28.4		34.8	
Operating Profit	176.0	34.5%	107.3	-39.0%	214.4	99.7%	185.1	-13.7%	195.3	5.5%	144.8	-25.9%
Interest	48.9		52.6		60.3		70.4		49.4		73.6	
Exceptional Items	0.0		-1.9		-0.6		-1.2		-0.9		-0.1	
PBDT	127.0	49.2%	52.8	-58.4%	153.5	190.5%	113.5	-26.1%	145.1	27.9%	70.0	-51.7%
Depreciation	50.9		46.6		50.2		48.0		51.7		81.3	
PBT	76.2		6.2		103.3		65.5		93.4		-10.7	
Tax	24.1		3.3		36.7		20.4		25.2		1.1	
Profit After Tax	52.1	76.8%	2.9	-94.4%	66.6	2188.0%	45.1	-32.3%	68.2	51.3%	-11.8	-117.4%
As a % of sales	3%		0%		4%		3%		4%		-1%	

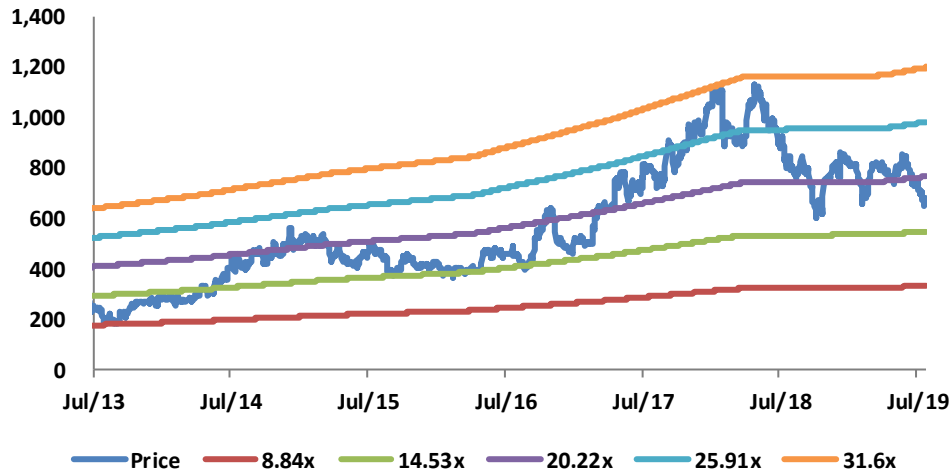
Financial YoY



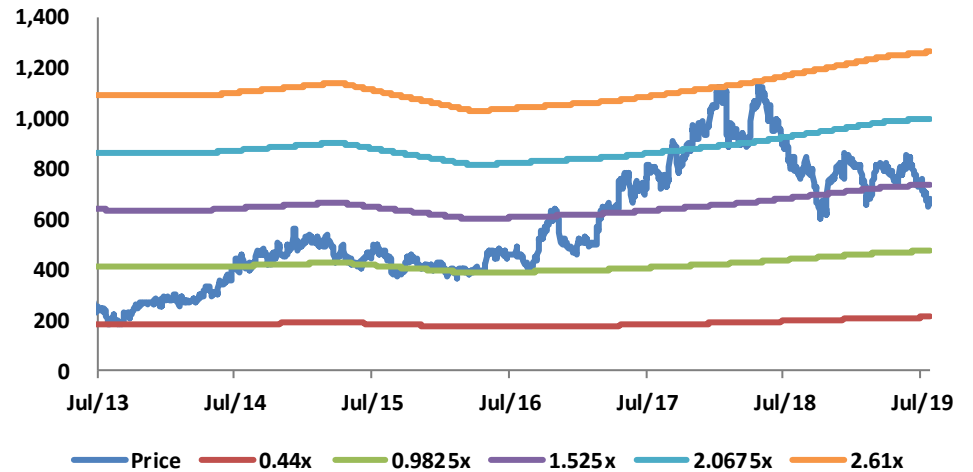
Kyon ki bhaiya, sabse bada rupaiya.

DESCRIPTION	Mar-12	Mar-13	Mar-14	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19
Gross Sales	3642.41	4069.16	4547.98	5332.61	5176.83	5391.32	5906.41	6582.00
Less: Excise Duty	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net Sales	3642.41	4069.16	4547.98	5332.61	5176.83	5391.32	5906.41	6582.00
Other operating income	14.67	17.66	9.71	19.08	26.72	0.00	0.00	0.00
Net Sales & Other Operating Income	3657.08	4086.82	4557.69	5351.69	5203.55	5391.32	5906.41	6582.00
(Increase) / Decrease In Stocks	-147.43	-45.24	-111.33	-94.85	-90.63	-95.64	-308.18	-266.13
Cost of Services & Raw Materials	1152.57	1252.35	1342.57	1358.45	1095.91	1112.28	1231.05	1243.00
Purchase of Finished Goods	328.34	373.67	566.29	1070.94	1190.11	1340.83	1582.82	1828.00
Excise Duty	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Operating & Manufacturing Expenses	1372.47	1589.00	1703.48	1908.56	1902.04	1975.51	2137.49	2264.00
Electricity, Power & Fuel Cost	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Employee Cost	475.36	527.98	554.15	662.71	692.14	753.54	835.33	934.00
Loss on Foreign Exchange	0.00	0.00	12.84	0.00	0.00	0.00	0.00	0.00
Total Expenditure	3181.31	3697.76	4068.00	4905.81	4789.57	5086.52	5478.51	6005.00
As a % of sales	87%	91%	89%	92%	93%	94%	93%	91%
EBITDA Sales (Excl OI)	475.77	389.06	489.69	445.88	413.98	304.80	427.90	576.00
EBITDA Margin	13%	10%	11%	8%	8%	6%	7%	7%
Other Income	59.51	56.20	62.93	76.10	92.30	117.94	118.50	125.00
Operating Profit	535.28	445.26	552.62	521.98	506.28	422.73	546.40	702.00
Interest	165.05	190.58	196.83	200.39	189.68	178.03	183.80	232.60
Exceptional Items	0.00	-28.96	-35.39	0.03	-35.21	-10.05	20.95	-4.66
PBDT	370.23	225.72	320.40	321.62	281.39	234.64	383.55	464.89
Depreciation	165.84	189.04	195.79	161.88	158.93	156.85	170.34	196.50
PBT	204.39	36.68	124.61	159.74	122.46	77.78	213.21	268.39
Tax	61.38	24.95	29.76	43.88	46.52	21.84	66.62	85.62
Provisions and Contingencies	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Profit After Tax	143.01	11.73	94.85	115.86	75.94	55.94	146.59	182.77
Profit Margin	4%	0.3%	2%	2%	1%	1%	2%	3%
Net Profit (after Extrodinary Items)	143.01	11.73	94.85	115.86	75.94	55.94	146.59	182.77
Minority Interest	-1.20	1.50	-2.64	-6.77	-0.72	-4.50	-6.92	-6.79
Shares of Associates	13.97	15.50	15.42	3.72	9.61	-25.92	-5.03	-8.00
Consolidated Net Profit	155.78	28.73	107.63	112.81	84.83	25.52	134.63	167.98

Price to Earnings



Price to Book Value





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Corporate Office: I Think Techno Campus, 8th Floor, B Wing, Pokharna Road No. 02, Off Eastern Express Highway, Thane, Maharashtra – 400067.