



SECRETARIAL DEPARTMENT

Jekegram, Pokhran Road No.1, Thane (W)-400 606
Maharashtra, India
CIN No.: L17117MH1925PLC001208
Tel: (91-22) 4036 7000 / 6152 7000
Fax: (91-22) 2541 2805
www.raymond.in

RL/SE/25-26/48

August 13, 2025

To

The Department of Corporate Services - CRD
BSE Limited
P.J. Towers, Dalal Street
Mumbai - 400 001
Scrip Code: 500330

The National Stock Exchange of India Limited
Exchange Plaza, 5th Floor
Bandra-Kurla Complex
Bandra (East), Mumbai - 400051
Symbol: RAYMOND

Dear Sir/Madam,

Sub.: Intimation pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 –Conference Call Transcript

Please find enclosed transcript of the conference call held on August 7, 2025, with respect to the financial results of Raymond Limited for the quarter ended June 30, 2025.

The transcript has also been uploaded on the Company's website (www.raymond.in)

This is for your information and records.

Thanking you.

Yours faithfully,
For Raymond Limited

Rakesh Darji
Company Secretary

Encl.: as above



REGISTERED OFFICE

Plot No. 156/H No. 2, Village Zedgaon,
Ratnagiri - 415 612, Maharashtra
Tel: (02352) 232514
Fax: (02352) 232513



**“Raymond Limited
Q1 FY '26 Earnings Conference Call”
August 07, 2025**



MANAGEMENT: **MR. S.L. POKHARNA – PRESIDENT, CORPORATE
COMMERCIAL – RAYMOND LIMITED
MR. AMIT AGARWAL – GROUP CHIEF FINANCIAL
OFFICER – RAYMOND LIMITED
MR. GAUTAM MAINI – MANAGING DIRECTOR –
ENGINEERING BUSINESS – RAYMOND LIMITED
MR. NAVIN SHARMA – CHIEF FINANCIAL OFFICER,
ENGINEERING BUSINESS – RAYMOND LIMITED
MR. JATIN KHANNA – HEAD, CORPORATE
DEVELOPMENT – RAYMOND LIMITED
MR. SUNNY DESA – HEAD, INVESTOR RELATIONS –
RAYMOND LIMITED**

MODERATOR: **MR. SANJEEV ZARBADE – ANTIQUE STOCK BROKING
LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to the Raymond Limited Q1 FY '26 Earnings Conference Call, hosted by Antique Stock Broking Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Sanjeev Zarbade from Antique Stock Broking. Thank you, and over to you, sir.

Sanjeev Zarbade: Thank you. On behalf of Antique Stock Broking, I would like to welcome all the participants in the Q1 FY '26 conference call of Raymond Limited. Today, we have with us from senior management of Raymond Limited, Mr. S.L. Pokharna, who is President, Corporate Commercial; Mr. Amit Agarwal, Group CFO; Mr. Gautam Maini, Managing Director, Engineering Business; Mr. Navin Sharma, CFO, Engineering Business; Mr. Jatin Khanna, Head, Corporate Development; and Mr. Sunny Desai, Head, Investor Relations.

So without taking further time, I would like to hand over the call to Mr. Gautam Maini. Over to you, Gautam.

Gautam Maini: Thank you, Sanjeev. Good evening, everyone. Thank you for joining us today for our Q1 FY '26 results conference call. I hope everyone has had the opportunity to go through our financial results and investor presentation, which have been uploaded on the stock exchanges as well as on the company's website.

Let me start by talking about the broader macroeconomic landscape that has influenced our performance and strategic decisions. India's economy maintained a momentum in Q1 FY '26 with the GDP growth expected to hold at 6.5% for FY '26. The manufacturing PMI averaged 56, indicating sustained strength in industrial output. The Indian auto market presented a complex picture in the first quarter of fiscal 2026, revealing a divergence between wholesale and retail performance, particularly in the PV, passenger vehicle segment.

At the wholesale level, PV dispatches saw a slight decline of 1.4% year-over-year, while PV retail sales grew by a modest 2.59% year-over-year despite liquidity constraints and monsoon-linked disruptions. Commercial vehicle, CV, sales grew by about 1% Y-o-Y, aided by early quarter deliveries, but tempered by regulatory changes and soft infrastructure demand. The near-term outlook is cautiously optimistic as strong government capital expenditure is expected to buoy the CV sector while potential supply chain disruptions and logistical hurdles from a heavy monsoon season remain key risks.

Globally, the automotive environment remains cautious with subdued sentiment in both passenger and commercial segments. Further, rising tariffs in key export markets are introducing fresh complexities, especially for the Indian drivetrain and structural component exporters. The silver lining is the free trade agreement signed with the UK, where we can leverage growth with our current as well as new customers. The aerospace sector continues to benefit from a strong

global demand as well as our localization push, increase indigenization and strategic wins under the Make in India initiative as well as bilateral agreements.

However, emerging protectionist tariff trends in some export markets could present headwinds for subsystem and component suppliers in the coming quarters. A quick update on the restructuring. In the engineering business, 2 new subsidiaries of Raymond Limited are created through a scheme of arrangements, one focused on aerospace and defence and the other on precision engineering, auto components as well as engineering consumables, each of them charting its own path for growth and a primary objective of value creation.

I'm pleased to announce that we have received the NCLT order on 4th of July 2025, and the scheme is effective from 1st of August 2025. As per the scheme, 2 companies are constituted, namely JK Maini Precision Technology Limited, in short JKMPPTL, comprising of erstwhile JK Files & Engineering; RPAL, which is the Ring Plus Aqua; and Auto business of Maini Precision Products Limited. And the second company is JK Maini Global Aerospace Limited, in short JKMGAL, comprising of the erstwhile aero business of Maini Precision Products Limited.

This milestone marks a transformative chapter enabled by the deep strategic partnership between the Raymond Group and the Maini Group. It reflects our collective commitment to operationally focus and market leadership leading to long-term value creation.

Raymond Limited now includes 2 subsidiaries: JK Maini Global Aerospace Limited, JKMGAL in aerospace and defence; and number two, JK Maini Precision Technology Limited, JKMPPTL in precision technology and auto components.

Quick review on the consolidated quarterly performance where Raymond Limited delivered a steady quarterly performance, reporting a total income of INR555 crores and delivering an EBITDA of INR87 crores and an EBITDA margin of 15.7% in the first quarter of fiscal '26 versus a total income of INR500 crores, delivering an EBITDA of INR95 crores with an EBITDA margin of 18.9% in Q1 FY '25. This performance underscores our enhanced operational execution, business integration synergies and volume-led leverage.

We look at the segmental business, let's talk about the aerospace business, JK Maini Global Aerospace Limited, JKMGAL. At the segment level, aerospace and defence business reported a robust performance, reporting a revenue of INR87 crores, which is 37% year-on-year growth and an EBITDA of INR21 crores with a 30% year-on-year growth and an EBITDA margin of 23.7% in Q1 FY '26 versus a revenue of INR64 crores with an EBITDA margin of INR16 crores and an EBITDA margin percentage of 25.1% in Q1 FY '25.

The momentum in this business remains high, and we are experiencing increased traction on RFQs and exploring exciting new partnership opportunities. During this quarter, a significant highlight was our participation in the Paris Air Show in June 2025, where we had very meaningful meetings, and we are thrilled to announce the signing of a Memorandum of Understanding with Safran Aircraft Engines, expanding our existing partnership to manufacture machine assemblies.

Concurrently, we also signed a long-term supply agreement with Pratt & Whitney for precision machined and assembled aerospace components. These strategic agreements underscore our growing footprint and long-term commitment within the critical aerospace sector.

The global aviation ecosystem is undergoing unprecedented growth. Commercial aircraft backlog of over 16,000 units translates to between 12 and 15 years of production visibility. Over 70% of our aerospace revenue is derived from engine components, positioning us squarely in the value core of this long-term demand cycle.

Our investments in capacity, automation and metrology have enabled us to meet close tolerance machining requirements across a wide range of materials from forgings to castings. Our contracts span 5 to 10 years, aligning us with OEM ramp-ups through 2035 and beyond.

The second company, which is JK Maini Precision Technology, JKMPPTL Limited. At this segment level, precision technology and auto components reported a revenue of INR398 crores, which is a 12% year-on-year growth with an EBITDA of INR42 crores, which is an 8% year-on-year growth and an EBITDA margin of 10.6% in Q1 FY '26. This is versus a revenue of INR355 crores with an EBITDA of INR39 crores and an EBITDA margin of 11% in Q1 FY '25.

JKMPPTL is seeing steady business momentum supported by China Plus sourcing tailwinds, integration synergies and a strong international and domestic demand, particularly in EV, hybrid and motion control segments. Our tools and hardware business are further boosting sales through strategic expansion into new international geographies and industrial sectors. We successfully launched Three Files, our new domestic brand, reinforcing our leadership in India's file segment and growing our global presence.

Let's talk about our debt and cash position. We continue to remain a debt-free business with a net cash surplus of INR157 crores in June 2025. The total gross debt stands at INR965 crores and have cash and cash equivalents of INR1,122 crores as of June 30, 2025. A quick status on the operations and the outlook. Looking forward, JKMPPTL is also uniquely positioned to benefit from the global penetration of EVs and hybrids, the continued growth of premium OEMs in India.

We have opportunities to secure new programs as customers actively diversify supply chains away from China, and we are currently seeing an increased traction in our RFQs. Our ongoing focus remains on improving margins through cost engineering and continuously adding value to our processes.

Increasing tariffs in key export markets are creating new challenges, particularly for Indian exporters of drivetrain and structural components. Despite these complexities, we remain committed to creating sustained value for all our shareholders through this cycle and into the future. Thank you again for joining our call, and we would be very happy to take your questions.

We may open the line now for questions. Thank you.

- Moderator:** Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Sucrit D. Patil from Eyesight Fintrade Private Limited. The first question is from the line of Pushpender Jindal.
- Pushpender Jindal:** I congratulate you for the good numbers. So just a question in terms of the Slide 8 that you've shown your manufacturing -- 17 manufacturing locations. Some of them seems to be in U.S. and Europe. Can you please elaborate what are they and what kind of products they make?
- Gautam Maini:** Okay. So just to clarify, all 17 manufacturing locations are in India. What you're seeing in Europe is the 12 3PL warehouses. So, where we distribute products through warehouses globally. So, the manufacturing, just to reconfirm, is all in India.
- Pushpender Jindal:** So, you intend to shift your tools and hardware business to U.S. So, do you see the headwinds in terms of the tariff and all those kinds of things going on at the moment?
- Amit Agarwal:** Yes, absolutely. And I think it is such a situation with the U.S. tariff that by every hour, you have a new information. So, I think -- and the number has gone to such a level that neither a vendor nor a customer or a retailer. Eventually, the final last mile customer will have to bear the brunt.
- So therefore, I think -- and it seems to be more like a negotiation tactics by the White House. Otherwise, why would they put the second increase effective only from 27th of August because before that, they are having the trade team coming from the U.S. to negotiate with India.
- Second, as we all know, we read the same newspapers that the U.S. and Russia as well as what should I say, Ukraine are also having an active dialogue in the next few days. So, it is all to do putting -- creating a large pressure so that a cease fire happens and a few other big ticket happens and then things settle down.
- So, we are -- look, we are not making any knee-jerk reaction. I think it is very simple. Maybe there is a couple of weeks here and there delay. But over time, these things would settle down. Who knows? Like, for example, look at Japan, a few weeks back, they had agreed, but yesterday, he put additional duty.
- So, I think that is the situation we are in. We don't know what it unfolds, next day, next morning, next afternoon. And I think for us, U.S. season market, I would not say no to that. But at the end of the day, we have a larger market between Latin America, South America, Europe, UK and Africa, especially for the files business, it is a very attractive market where we sell actually our own branded products in the African market. So, we play that game fairly well in that market.
- Pushpender Jindal:** Right, sir. The last question I have on the -- and I think that must be in everyone's mind is how does our aerospace and industrial automotive kind of businesses get affected by this with Boeing and hopefully, the LEAP program doesn't get affected?
- Amit Agarwal:** I think that's a much easier one. If you look at it -- if you are having an aircraft, which is a \$100 million aircraft, the product which we would supply the tops is \$10,000, \$15,000, \$20,000. So even if there is, I think the guys will have the ability to subsume that duty. Second, as I said,

when these things change, it will change across the board. So, the aero -- aircraft components and all are not going to be a major issue for these guys. It will settle down. And what we supply primarily is to France. Gautam, maybe you can elaborate.

Gautam Maini: Yes. So, our major markets are still Europe and also a lot of the markets where the U.S. customers are already present in India, so therefore, in those cases, we supply locally, plus most of our contracts are all DAP. So therefore, we will wait and watch like Mr. Amit Agarwal said, to see what happens. But so far, we are not really seeing any changes, and we'll wait and watch.

Moderator: The next question is from the line of Rakesh Roy from Boring AMC.

Rakesh Roy: My first question is regarding Europe. Can you give me outlook for your aerospace and industrial business for FY '26 in terms of now tariff is going? What's your outlook for both businesses?

Gautam Maini: So, first of all, in Europe, really, we don't have any issues because we've been supplying to different countries within Europe. We are going to continue to see our reasonable growth as we have seen in the past. So, there would -- there's no such tariff or anything to do with Europe. So, we see a steady growth, and we will continue to look at that.

In terms of the U.S. market, like I just covered, we'll have to wait and watch. As of now, we've not seen any effect because these are supply chains that are developed over years. For instance, to get an approval from an engine manufacturer anywhere in the world on a civil aviation program like LEAP, it takes a long time. It takes a couple of years for us to have got those approvals.

Secondly, a lot of our product, even for the LEAP engine, even if it's for Boeing, it goes to France because we supply these in Europe. So, a major portion is in Europe, and therefore, we feel more secure with this business. So, we have a -- we will look at a high-teen growth basically in aerospace and an early teens growth in our industrial business.

Rakesh Roy: Okay. So high teen for aerospace and early teen for the industrial business. This is Sir?

Gautam Maini: Yes. Yes.

Rakesh Roy: How much -- sir, in terms of percentage, if you calculate, how much revenue comes from U.S. market currently, if you add both aerospace and industrial?

Gautam Maini: So, our U.S. is a smaller percentage. It is about roughly I would say.

Amit Agarwal: Sub-10% we do in the U.S.

Gautam Maini: In the U.S.

Rakesh Roy: Okay. 10%. Right, sir. Sir, if you assume just to know if 20% tariff exists, okay, Trump removes 25%, extra. 20%. In that case, who will bear this 25%, 50-50 or only by client or how will this work, sir?

- Amit Agarwal:** So, look, I think it is very clear that we don't have an ability to bear this. So, we don't want to engage into a discussion half and half. And as I said at the beginning of the call, the quantum is so large. It is not a question of who will bear it. Ultimately, either the consumer bears it, or the 2 governments find a solution for this tariff. So, it is not a question of -- neither the vendor would bear nor the middle customer who is an industrial customer is going to bear it because the quantum is so large. Nobody has the ability to absorb this.
- Rakesh Roy:** Right. And sir, in PPT, as you mentioned, your industrial and aerospace margin is on year-on-year basis is down due to the product mix. So, can we assume this margin will improve from here onwards in Q2 or Q3 for FY '26?
- Amit Agarwal:** No, our margins are up. I don't know... In terms of -- if you look at it, that it is INR42 crores and INR21 crores.
- Rakesh Roy:** For Aerospace this margin is near by 100, 150 bps down on a year-on-year basis, as you mentioned in the PPT Slide number 20.
- Gautam Maini:** Yes. So basically, what happens is your product mix continuously changes. For instance, you make 300, 400 products out of several hundred materials. And every quarter, you could have the demand on different materials. So, a lot of it depends on product mix and which will even out in the long run. So therefore, margins will have very minor impact in terms -- it will just be quarterly adjustments, but overall, you will see minor impacts.
- Rakesh Roy:** For FY '26, how much we assume, sir, nearby 25% in your view, sir, for FY '26 for margin?
- Amit Agarwal:** Circa there, around the same level.
- Rakesh Roy:** Okay. Right, sir. Sir, any new product -- as you mentioned in your Slide 28 this quarter, some new production will start. Same thing, any new -- any plan to start any new product, or production in Q2 also, which is already passed by earlier?
- Gautam Maini:** Yes. So basically, in aerospace, we are making almost one new part every day. That is how we are growing. And that's why the product mix keeps changing because every quarter, you're introducing several new products, then you're ramping up those products, and that is how the business will grow. And that is the reason why there will always be a product mix difference because the variety of materials ranges from something like Inconel and titanium, which are extremely expensive and difficult materials to machine right down to aluminum.
- So, the variety is so large that -- in long run, it will always balance out because of the number of parts that we are making. Also, we are 75% traditionally on the engine side, which is that you are making more expensive and exotic materials that you're dealing with. And then depending on the parts, the product mix will change.
- Moderator:** The next question is from the line of Kunal Ochiramani from Alpha Alternatives.
- Kunal Ochiramani:** Wanted to understand our long-term vision. How are we planning to grow? Secondly, do we have any capabilities in defence? And are we planning to build any contracts or develop any

relationships? And thirdly, what are we planning to do with our factory in Nashik? Are we planning to develop new capabilities or regarding files or we are just planning to continue servicing the old clients or cross-sell the clients with Maini.

Gautam Maini:

Okay. So obviously, long-term vision is quite a big statement. So, to give you some key points, there is a lot of synergy that exists between all the manufacturing plants. And obviously, in the first stage, we've already tried to list all these synergies together, which are both on the market side as well as on the purchasing side. So those are being put together to see where we are growing in terms of synergies, right? In terms of -- basically, we are trying to see in the aerospace, we are trying to double M&As in the next 3 to 4 years. So, we have a plan for that, and we are going to -- we're working on that plan.

In terms of your second question of defence, we have had a lot of overseas exposure. So, we have been contributing to several programs that were ultimately sold to India as well. And we have full capability for building on the Make in India story. So far, we have focused on exports. But in terms of our technical competitiveness and the technical abilities that we have, we are looking into the Make in India space in a very serious manner. And over a period of time, you will hear about our new -- as they develop. So, it's definitely a part of our vision as we go along.

In terms of our factory at Nashik, just to inform you, I mean, it's a workhorse. We inaugurated a new plant there, which is in Sinnar. And we are now looking to grow those businesses because we have steady products there, which is the Flex plate and the bearings, which are up to capacity, and we're going to increase some capacity there as well as we are going to horizontally deploy the knowledge from the MPP side of the business unit and combine it with the strength of Sinnar. So therefore, we will also see more product introductions as we go along.

In terms of the tools and consumable side of the business, we are seeing a lot of value addition that we will try to do to that business because, again, once again, of the synergy and the international exposure that we have in Europe and U.S. So, we will definitely utilize the best efforts to see that the long-term vision grows to a much more value-added proposition in terms of our entire product range in a much more synergized and global manner.

Kunal Ochiramani:

Sir, when you say synergies, I just wanted to understand, will that be in revenue increase? Or can we expect some margin improvement? And how are we planning to increase our margins if in case, by reducing what kind of cost? Secondly, the plant you were talking about, what could be a potential revenue here? And if you could give us a 3 to 5-year guidance of our company as a whole?

Gautam Maini:

So, on the revenue side, just to make you understand, you see we make parts for the same sectors. For instance, if you take engines, engines are supplied by the Ring Plus Aqua, erstwhile Ring Plus Aqua, which has the flex plates and the ring gears. They go between the automatic transmissions and the engines as well as on the engines.

Similarly, on the MPP side, the erstwhile MPP side, we are supplying into engines, and we are supplying into transmissions. So now what we find is that we can cross-sell to all the different customers because if you see the MPP side of the story, we built our story on capability, which

is on a horizontal platform, which means that we made products for different parts of the engine, different parts of the transmission from different materials like castings, forgings, aluminium, die castings, etc. And therefore, we were more a capability supplier.

Whereas on the RPAL side of the business, we were more a vertical supplier. So, we went into ring gears, went into flex plates, went into bearings. So now the beauty is that we have the advantage of converting all of our horizontal stories into vertical stories, which means that we can really expand our businesses on both sides because of the knowledge and technology and these customers already know us because now it's one common name. So overnight, we get one vendor code, which is JKMP TL for all of the businesses of all of our plants. And therefore, entry is quicker. I hope that answered your question on revenue.

In terms of the bottom line itself, obviously. It is very clear that we have a lot of synergies because all of the companies ultimately buy steel, buy materials. We use similar consumables; we use similar tools. So, we have a lot of synergies, our logistics, our warehousing. We have an export model on all the companies. So, there is a lot of synergy available to pool up all of these resources together and the details are being worked out as we speak.

Moderator: The next question is from the line of Balasubramanian from Arihant Capital.

Balasubramanian: Sir, I just want to understand on the EV hybrid focus side, around 15 percentage of our auto business is coming from hybrid focus. And what is the pipeline for EV specific parts, And how does we plan to compete with our competitors? And secondly, tool and hardware margins are at 10% to 11% kind of range. And what specific value-added products like medical, jewellery files will drive improvement? And what is the timeline to achieve mid-teen margins?

Gautam Maini: Okay. So let me answer this in 2 parts. So, talking about the EV and hybrid story, this is a very important story because, as you know, in Europe, and this is a story that we developed across mostly in Europe as well as in India, but I'll give you the hybrid story in Europe. You're all aware that over the last many years, people were talking about EVs being a big success in Europe and even countries had signed up to an agreement which said that in 2030 onwards, we should stop, etc.

All these countries got together and have postponed those dates because they believe that only EV is not possible in Europe. We read the market a few years ago to say that we must be in the hybrid business because that is the more logical business in Europe that will survive. We took the right calls, and we developed -- with one of the big primes, we developed several components for the hybrid engine. Luckily, it all worked out, and we were able to ramp up these businesses very, very quickly over the last 2 years, in fact. And we have reached a stage where we've had this high percentage in hybrid due to this massive export order, which covers several models across Europe. So, this is a great beginning, and we will plan to horizontally deploy it. It all takes time, but it's a great positioning for us.

In terms of the local market in India, we have concentrated on the 3-wheeler transmission segment, where we have a prime customer for the transmission -- fully assembled transmissions

of the EV 3-wheelers, which we supply. So, on both those fronts, we have a good market, hybrids in overseas and EVs in India.

On the tools and hardware side, -- we are trying to -- I can give you an example of how we are trying to increase our value of the products. For instance, we have a very high exposure to tools that we make in this side and front, we are looking at industrial segments now, especially aerospace segments, which are high-value segments.

We are doing our trials in our own factories, which is the synergy part of the story. And we are coming out with how these tools can be sold at higher prices and how can we add more value and also then leverage our current position of testing to make sure that our tools meet the highest manufacturing standards.

So, over a period of time, this is not overnight. It takes time. But over a period of time, we will develop higher value tools in that area. The same way in files, jewellery files and other files, which have more value, we have started to develop with our own technologies today. So, it will take a little bit of time, and then we will develop further. So that is a quick example of how we will look at value addition in these areas.

Balasubramanian: Okay, sir. Sir, on that raw material side, aerospace raw materials like Inconel, titanium is largely imported, like where they are importing, which are the countries? And what are the steps they have taken for localization, how this will unlock synergies and margins upside?

Gautam Maini: Yes. So, you're right. As of now, all raw materials are mainly imported because of the approval process, but there is a strong push to try and localize these. So, I see a lot in the long 5-year timeframe, you will see a lot of localization, which will further help the competitiveness of the Indian market. So, I see this as a long-term positive, but it takes long. It takes time to get them approved. So, it is -- it will happen step by step.

Balasubramanian: Okay, sir. Sir, on the export side, like I think we have seen weaker exports demand. But however, it's been offset by domestic growth in ring gears, flex plates. I just want to understand which geographies are underperforming. And what is the outlook for H2?

Gautam Maini: Well, you see, I mean, in the end, the markets in Europe and in the U.S. have been more subdued than they were in the past. The volumes are changing. The schedules are given in advance. So, you -- but they change every month. So, we saw some drop of volumes in the export market, which offset the domestic growth, which was going as per plan. So, there is a small blip there, but we are hoping that the volumes would come back.

Amit Agarwal: And auto is a cyclical business. We all know that some quarters or some few periods, it will do very well. The demand will come down. Then again, it will pick up. And I think it is an inventory. We see very clearly. And that is why we have created a unique mix between the domestic market and export market so that you can continue to balance. And it has always happened.

We built the capacity in ring gear from a 3 million just before the COVID to 11.5 million capacity. And we have been far successful. If you see this business of Ring Plus has delivered,

grown the revenue of more than double itself over the last 4 years, doubled the margin also. So therefore, it is a business where you will have to go through the cycles.

But over time, if you have the right product with the right cost structure, you will succeed. And that is why the success on the auto component business. And now with a larger portfolio of putting together both the Maini Auto side and the Ring Plus have a formidable force, which caters to all the top 15 global OEMs in the auto sector. So that is a great synergy to have.

Moderator: The next question is from the line of Sanjeev Zarbade from Antique Stock Broking.

Sanjeev Zarbade: Sir, if you could throw some light on where do you see the aerospace and auto component business maybe 3, 4 years down the line?

Gautam Maini: So basically, in terms of aerospace, it will be double. And the automotive business will grow in the low to mid-teens depending on how the macroeconomic situations play out.

Amit Agarwal: And the reason being very simple that we are into engine-critical components. So, you see the journey of our aerospace has been -- we started with 50 SKUs, moved to 100, moved to 200 and reaching 1,250 SKUs. So, as you continue, you need to win the confidence of the customer. And there, he keeps increasing you from a component, you go to what you call, assemblies, which is much more value added. So, I think this is a journey which we have started a few years back. And slowly and steadily, we are going to get the benefit of that.

Sanjeev Zarbade: Right, sir. And sir, we had acquired land parcel in Andhra Pradesh. So, when do you expect to start work on capacity expansion in aerospace?

Amit Agarwal: So basically, if you look at it that this is an initiation which we have done. And we will evaluate all the things because we have a plan, as I said, as Gautam mentioned very clearly, we have a plan to double our business in the aerospace. The auto components also growing at a faster pace. I think we need space. The space continues to be a constraint.

So therefore, we thought appropriate to expand into Andhra. But it is not happening today to tomorrow because any project takes its own course of time, whether it is 18 months, 24 months is something which we look at it in terms of churning the products out of there.

Sanjeev Zarbade: Right, sir. And sir, I have a couple of more questions. Sir, on the EBIT margin side in aerospace, we did 12% in the first quarter. But our sustainable margins are much higher, I guess. And so, when do we expect to reach those kinds of margins, probably 25% kind of EBITDA margins. What is the time line? What should we expect?

Amit Agarwal: So, you look at it, when the scale comes, and as Gautam mentioned, that we continue to develop every day a new product. There is a cost. Obviously, that cost gets debited to the business. We continue to grow that business. And second thing, as you know, these equipments, which we had bought because of the accounting reasons, also we had to do the fair value accounting.

So that also increased the depreciation. And that is why the EBIT is low. But as we -- we are very confident as we scale up, our EBITDA margins continue to grow in that range, which we talked about is around the 25%. And then the EBIT margin also continues to grow.

Sanjeev Zarbade: Right, sir. And sir, on the auto components side, we've done EBIT margins of 8%. But since we are into precision manufacturing and hence, we expect much higher margins since it being a precision manufacturing business, -- so when can we reach at least double-digit kind of margins in the auto components and engineering business?

Gautam Maini: Well, there is some legacy business that exists in other portfolios because when you're in business for 40, 50 years, there are legacy businesses that are being now reviewed. New businesses are all coming in the double digits. So, it's only a question of time before it averages out. And as we keep growing, the weighted average will tend towards the double digits. So, it's not very far away. In a couple of years, it will be there.

Sanjeev Zarbade: Okay. And sir, your return on capital employed has huge room for improvement. So, what are your thoughts on raising the ROCE or ROE profile of the business?

Amit Agarwal: As I said, clearly, what you said is right. I think we need to give you the numbers of an operational ROCE because what happens is if I look at the business, we have, as I mentioned, fair value accounting done for the acquisition of the Maini business, and that has created a large intangible value. And because of that, the asset deployed becomes larger. So that is one of the reasons. If I take that off, then your ROCEs in these businesses are much higher.

Second, this is also very important to understand that in these businesses, you are in a phenomenal faster growth phase. So, you need to put the capex before and then the revenue and the EBITDA follows in the next 2 to 3 years. Therefore, it will take a while in order to get to the level of ROCEs, which we all are used to.

And you have seen that because these numbers were reported in the past for the engineering business of Raymond Limited, that had shown always a very good 20% plus ROCE. And because of the fair valuation and such things, you are seeing a lower. But I think very quickly, we will see in the next 2 years or so, when we stabilize the revenues in those businesses, you would see again going back to the 20-plus percent on an operational basis, the ROCE.

Sanjeev Zarbade: Okay. And sir, final question from my side. Has there been any increase in gross debt? Because I think we had around INR600 crores-odd debt in FY '25. And now I think, as you mentioned, we have around INR960 crores kind of number. So has there been any increase in gross debt?

Amit Agarwal: Yes, you're right. You're right. So, what happens, first, the debt was given from Raymond Limited to the engineering business. And now we have got it externally refinanced that debt. And therefore, the gross debt is higher. To that extent, the cash is also higher. And therefore, what you are seeing is the difference.

Sanjeev Zarbade: Okay. And sir, what would be the debt reduction targets for the subsidiaries?

Amit Agarwal:

I think what is happening is I would assume there is a small debt repayment schedule every year, but we are in a growth phase. And I would say that for the next 3 to 4 years, a significant portion of the cash flow, except for the mandatory repayments, which we are there, scheduled repayments, not mandatory, scheduled repayments are there.

Other than that, I don't think so we will have a very big debt reduction, except for some of the other capital transactions if we plan to do at some point of time. So, our whole focus at this juncture is deploy back the capital into the business and take a faster growth because if you plan to double your business of aerospace in the next 3 to 4 years, you need to invest rightfully, carefully and grow the business. I think that is a very large focus which we are carrying.

Moderator:

The next question is from the line of Ujjwal Lal, an Individual Investor.

Ujjwal Lal:

My question is to Amit. While I congratulate the whole team for the demerger, there is still a complex holding structure where Raymond Limited owns 47% of JK Investo and JK Helene Curtis, which owns 18% of Raymond Limited, Raymond JIT and 15% of Raymond Lifestyle. So, Raymond effectively owns 9%, 9% and 7% of these 3 companies. So, is there any way in which we can unlock this value, which would be around INR1,500 crores even at current prices?

Amit Agarwal:

Considering this whole structure, and this is a historical legacy structure, to unlock that value, there is a sort of a large tax incidence which may arise. And therefore, we are in a hesitation mode that what is the advantage of going into that simplification of the structure.

But for us, what is more important is that you are creating a pure-play respective businesses, which are net debt free. So, you have Raymond Limited, which has 66% equity stake in the 2 engineering businesses.

Then you have got the Lifestyle, which is completely independently listed and then you have got the real estate, which is completely independently listed. So, you've got the operating businesses on the 3 companies very, very clear. Now this whole structure above the Raymond Limited or the holdco structure, holding structure, there, it is technically challenging from a tax point of view.

Ujjwal Lal:

Okay. And just another question, like I read like Raymond Limited bought 1.47% of Raymond Lifestyle. So, what was the rationale for this? I mean we have invested using our cash.

Amit Agarwal:

So basically, if you see, the cash is there to support the businesses. And we are very clear that whenever there is a need for investment to be made into any of the businesses, we can do that. And our primary focus is on this point of time, there is a value, and that is why we invested from Raymond Limited into Raymond Lifestyle Limited.

Ujjwal Lal:

Okay. And just another request, maybe you can include a couple of pages of the performance of Raymond UCO Denim JV in the presentation and given that it has been loss-making, and we also had to invest equity in the past, so what are the future plans for this JV?

- Amit Agarwal:** Sure. We can include that. But as we said, the denim industry has started to improve itself. And I think we have seen a capacity utilization, which was more in the 63%, 64% range has moved up to 80% to 85%. So, I think that we are seeing a little bit of a positivity around there.
- Denim industry has been in the severe challenge for the last few years. So, we look at it. At this juncture, they are managing their business on their own and with the JV partner, which we have. And we are not seeing right now any need for additional equity to be infused into that business.
- Ujjwal Lal:** I have been very happy with the actual performance on the engineering side.
- Moderator:** The next question is from the line of Pushpender Jindal, an Individual Investor.
- Pushpender Jindal:** Sir, the other question that I had about the defence optionality. So, what kind of product do you make in defence and there's an import substitution that India is planning? How do you see that business growing apart from the engineering, automotive and aerospace business? Is it -- can you throw some light, how do we see that optionality growing?
- Gautam Maini:** So, we are looking, like I said a little bit earlier, in terms of our technology and our machining competence, there are a lot of options that have been there in defence. So far, we have been focusing on exports, and we've done some defence programs for the global OEMs.
- Now the Make in India opportunities are becoming larger. So, we are planning to see how to leverage all our relationships and our technologies to ensure that we can be a larger part of the overall Make in India program. So, we will start with, of course, like components and move to assemblies and move to larger products in stages. So, we will -- what we did in the export world, we will slowly start to do in the domestic world.
- Pushpender Jindal:** So currently, the export that you do under the defence is being included in the automotive and precision products, right?
- Gautam Maini:** No. I mean, so the defence, whatever we've done so far has been more related to aerospace so far.
- Pushpender Jindal:** So those opportunity and optionality arise in the aerospace business?
- Gautam Maini:** In the aerospace business so far, but we also have opportunities arising in other spaces of defence, and therefore, we will take them as they come.
- Moderator:** The next question is from the line Thomas John, an Individual Investor.
- Thomas John:** Yes, sorry. I joined the call late. So, I just had one question. I don't know if this has been addressed. It's about the exports that we have for Boeing. Do you think -- do you see -- do you think that there will be discussions because there's already a huge order backlog for -- do you think that there could be exemptions in the space in aerospace from the U.S.?
- Amit Agarwal:** Yes. We know that there is a large backlog with both the aircraft manufacturers. I think the Asian economies have been doing very well, and they have placed large long-term orders. And clearly,

we are seeing the benefit. And that is why we are very confident to say our aerospace business would double itself in the next 3 to 4 years.

Thomas John: This is in regard to tariffs, U.S. tariffs and all, I am talking from that airspace? Do you see any exemption?

Amit Agarwal: We did answer that question. But in any case, U.S. tariff, 50%, nobody has a capability to operate a business. And in an environment whereby the hour, the stance changes of the White House. So even if I plan something tomorrow, I don't know in which uncertainty I'm living, whether it is 50% or 500%. So therefore, it is really -- and I think we don't want to make any conjecture at this juncture to say, sharply react on any of these things. We stay focused, and it is more negotiating tactics, nothing more than that.

Moderator: Thank you. Due to time constraints, that was the last question. I would now like to hand the conference over to the management for the closing comments. Over to you, sir.

Amit Agarwal: Thank you very much and really appreciate all of you taking time to attend and hear our call and interest in the company. Look forward to talking to you all in the next quarter. Thanks. Bye.

Gautam Maini: Thank you.

Moderator: Thank you. On behalf of Antique Stock Broking, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.