

CMP: INR 1,128

Rating: BUY

TP: INR 1,387

Stock Info

BSE	544240
NSE	RAYMONDSL
Bloomberg	RAYMONDL:IN
Reuters	RAYL.NS
Sector	Garments & Apparels
Face Value (INR)	2
Equity Capital (INR cr)	12.18
Mkt Cap (INR cr)	6,873
52w H/L (INR)	3,100/ 860
Avg Daily Vol (in 000')	225

Shareholding Pattern %

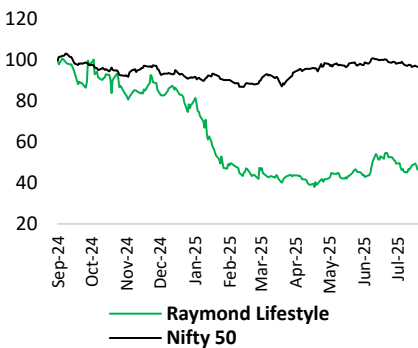
(As on June 2025)

Promoters	56.13
DII	7.84
FII	8.78
Public & Others	27.25

Stock Performance (%)

	1m	6m	12m
RAYMOND	(10)	22.7 (60.7)	
NIFTY 50	(3.4)	0.89	1.23

Raymond Price Chart



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Raymond Lifestyle Ltd Q1FY26 reported revenue of INR 14,304.3 Mn (+17.24% YoY / -4.26% QoQ), slightly below our estimate of INR 14,397.4 Mn (+18% YoY). Gross margin stood at 55.32%, in line with our estimate of 55%. EBITDA came in at INR 1,215.25 Mn, beating our estimate of INR 950.23 Mn, with strong growth of 36.4% YoY and margin expansion to 8.24% (vs est. 6.29%). Net loss stood at INR 93.5 Mn. Despite seasonal weakness, record Q1 revenue was driven by Branded Textiles & Apparel, with TRS/MBO channels seeing robust traction amid high wedding demand. Discretionary spending remained weak, while global headwinds continued; however, UK FTA, early festive, and govt. push is expected to support recovery. Retail network was optimized with 22 new stores and 35 exits; Garmenting saw pressure due to the slowdown of the US tariff-led order slowdown.

Strong branded textile performance: The branded textile segment delivered outstanding results, with revenues up 27% to INR 7,160 Mn and EBITDA doubling to INR 1,030 Mn (14.3% margins). Higher wedding season volumes and enhanced consumer awareness drove robust demand, especially in shirting fabrics.

Broad-based apparel growth: Branded apparel revenues grew 22% to INR 3,700 Mn, with EBITDA margins improving to 5%. Growth was broad-based across brands and channels (EBOs, MBOs, online), supported by increased marketing spending and product innovation, including strong casualwear traction.

Strategic retail network optimization: The company rationalized underperforming stores, closing 35 outlets (including 18 ethnic wear stores) and opening 6 new ethnic outlets. This calibrated approach is aimed at improving retail profitability and focusing on high-potential locations.

Valuation and Outlook: We assign a TP of INR 1,387 based on a SOTP multiple of 17x the FY27E EV/ EBITDA and recommend that investors BUY. The company maintains a constructive outlook for FY26, expecting a materially stronger year versus FY25 across revenue, profitability, and margins, led by robust wedding and retail expansion. While Q1 margins were subdued, management guides for ~20% margins in branded textiles and a significant improvement in margins ahead, driven by operating leverage. Inventory and capex are expected to normalise post-season, with a targeted net cash position by Dec'25.

Earnings Summary (INR Mn)	FY24	FY25	FY26E	FY27E
Revenue (Ex- OI)	65,354	61,767	70,337	77,009
Operating Profit	9,366	4,678	9,992	10,838
Operating Margin	14.33%	7.57%	14.21%	14.07%
EBITDA	10,910	6,510	11,916	12,858
EBITDA Margin (%)	16.31%	10.24%	16.49%	16.27%
PAT	4,887	1,005	4,412	4,999
PAT growth (%)	(23.2)	(79.4)	339.1	13.3
EPS (INR)	638.8	16.5	72.4	82.1
EPS growth (%)	568.6	(97.4)	339.1	13.3
P/E (x)	1.6	60.7	13.8	12.2
P/BV (x)	0.1	0.6	0.6	0.6
EV/EBITDA (x)	7.4	13.2	7.1	6.5

Source: Company Filings & Arihant Capital Research

INR Mn (consolidated)	Q1FY26	Q4FY25	Q1FY25	Q-o-Q	Y-o-Y
Revenue (Ex- OI)	14304.3	14941.5	12201.2	-4.26%	17.24%
Raw Material Costs	6391.2	6691.8	5285	-4.49%	20.93%
Gross Profit	7,913.10	8,249.70	6,916.20	-4.08%	14.41%
<i>Gross Margin</i>	55.32%	55.21%	56.68%	11bps	-136bps
Employee costs	2435.7	2249	2344.2	8.30%	3.90%
Manufacturing and operating expenses	1719.1	2006.4	1624.3	-14.32%	5.84%
Other Expenses	2988.3	3858.8	2350.5	-22.56%	27.13%
Operating Profit	770.00	135.50	597.20	468.27%	28.94%
<i>Operating Margin</i>	5.38%	0.91%	4.89%	448bps	49bps
Other Income	445.2	856.2	293.8	-48.00%	51.53%
EBITDA	1,215.20	991.70	891.00	22.54%	36.39%
<i>EBITDA Margin</i>	8.24%	6.28%	7.13%	196bps	111bps
Depreciation	888.4	910.8	745.7	-2.46%	19.14%
EBIT	326.80	80.90	145.30	303.96%	124.91%
Finance costs	574.5	534	463.1	7.58%	24%
Exceptional Items	0	-19.8	-4.8	-100.00%	-100%
PBT	-247.70	-472.90	-322.60	-47.62%	-23.22%
Tax Expense	49.50	23.40	-90.60	111.54%	-155%
Effective tax rate %	-20%	-5%	28%	-1504bps	-4807bps
PAT/ Loss	-198.20	-449.50	-232.00	-55.91%	-14.57%
Profit for the Period	-198.20	-449.50	-232.00	-55.91%	-14.57%
Other Comprehensive Income	104.7	146.3	-9.8	-28.43%	-1592.86%
Consolidated PAT	-93.50	-303.20	-241.80	-69.16%	-61.33%
<i>PAT margin %</i>	-0.63%	-1.92%	-1.94%	129bps	130bps
EPS (INR)	-3.25	-7.38	-3.81	-55.96%	-14.70%

Cautious outlook on global trade environment: Export-oriented garmenting segment faced challenges due to ongoing US tariff uncertainties, resulting in a reported loss in Q1. However, the recent India-UK Free Trade Agreement offers promising long-term growth potential, especially for labor-intensive exports.

Strong working capital management approach: Net working capital increased modestly to 90 days due to inventory build-up for the festive/wedding season, consistent with seasonal patterns. Management remains focused on optimizing working capital as the year progresses.

Positive near-term demand indicators: Early bookings for the autumn-winter 2026 collection are showing double-digit growth, indicating improving consumer sentiment. Initiatives such as the garment exchange program have driven significant footfall and secondary sales growth in stores.

Premium Product Launches: Launched the "Chairman's Collection" and "Effects" with premium fabrics like Giza and Supima Cotton. Introduced wool-rich blends (Super 120s/140s) and the "Exotica Collection," reinforcing Raymond's luxury and craftsmanship focus.

Income Statement (INR Mn)	FY24	FY25	FY26E	FY27E
Revenue (Ex- OI)	65,354	61,767	70,337	77,009
Op. Expenses	55,988	57,090	60,345	66,171
Operating Profit	9,366	4,678	9,992	10,838
<i>Operating Margin</i>	14.33%	7.57%	14.21%	14.07%
Other income	1,544	1,832	1,924	2,020
EBITDA	10,910	6,510	11,916	12,858
<i>EBITDA Margin</i>	16.31%	10.24%	16.49%	16.27%
Depreciation	2,463	3,214	2,944	3,244
EBIT	8,447	3,296	8,971	9,613
Interest Exp.	1,957	2,074	3,089	2,949
Extra Ordinary Items -gain/(loss)	(92)	(623)	-	-
PBT	6,398	600	5,883	6,665
Tax	1,603	218	1,471	1,666
PAT	4,795	382	4,412	4,999
Net Profit	4,795	382	4,412	4,999
Adjusted PAT	4,887	1,005	4,412	4,999
Adjusted EPS (INR)	638.8	16.5	72.4	82.1
Balance Sheet (INR Mn)	FY24	FY25	FY26E	FY27E
Share Capital	15	122	122	122
Reserves & Surplus	96,606	95,755	100,167	105,166
Networth	96,622	95,877	100,289	105,287
Debt	15,616	23,062	22,062	21,062
Net deferred Tax liabilities	110	183	183	183
Capital Employed	112,347	119,122	122,534	126,532
Gross Fixed Assets	43,073	44,073	49,073	54,073
Accumulated Depreciation	17,584	20,798	23,742	26,987
Capital work in progress	508	1,237	1,237	1,237
Net Fixed Assets	22,880	26,194	26,568	28,323
Goodwill	4,538	4,538	4,538	4,538
Investments	63,230	63,256	63,256	63,256
Current Assets, Loans & Advances	39,900	44,372	50,079	54,400
Inventory	17,328	17,568	20,005	21,902
Debtors	9,248	9,172	10,444	11,435
Cash & Bank balance	1,524	4,009	4,116	4,077
Loans & advances and others	11,800	13,625	15,515	16,986
Current Liabilities & Provisions	18,200	19,238	21,907	23,985
Liabilities	17,466	18,429	20,986	22,977
Provisions	734	809	921	1,009
Net Current Assets	21,700	25,134	28,172	30,415
Application of Funds	112,347	119,122	122,534	126,532
Cash Flow Statement (INR Mn)	FY24	FY25	FY26E	FY27E
PBT	6,490	1,223	5,883	6,665
Depreciation & amortisation	2,463	3,214	2,944	3,244
Interest expense	1,957	2,074	3,089	2,949
(Inc)/Dec in working capital	(7,551)	(949)	(2,931)	(2,282)
Tax paid	(770)	(218)	(1,471)	(1,666)
Other operating Cash Flow	(12,031)	(1,832)	(1,924)	(2,020)
Cash flow from operating activities	(9,443)	3,510	5,590	6,889
Capital expenditure	(2,076)	(1,000)	(5,000)	(5,000)
Add: Int/Div. Income Recd.	(8,340)	1,832	1,924	2,020
CF from investing activities	(10,416)	806	(3,076)	(2,980)
Inc/(Dec) in debt	21,028	7,447	(1,000)	(1,000)
Dividend Paid	(3,064)	(2,074)	(3,089)	(2,949)
Others	(13,069)	(6,660)	1,575	-
CF from financing activities	4,895	(1,831)	(2,407)	(3,949)
Net cash flow	(14,964)	2,486	107	(39)
Opening balance	1,712	1,523	4,009	4,116
Closing balance	1,523	4,009	4,116	4,077

Source: Company & Arianth Research

Per share data	FY24	FY25	FY26E	FY27E
No. of shares (m)	7.7	60.9	60.9	60.9
Diluted no. of shares (m)	7.7	60.9	60.9	60.9
BVPS (INR)	12,630.3	1,574.3	1,646.8	1,728.9
CEPS (INR)	948.8	59.0	120.8	135.4
Margins	FY24	FY25	FY26E	FY27E
EBITDA Margin	16.31%	10.24%	16.49%	16.27%
EBIT Margin	12.63%	5.18%	12.42%	12.16%
PAT Margin	7.31%	1.58%	6.11%	6.32%
Growth Indicators (%)	FY24	FY25	FY26E	FY27E
Revenue(%)	-20.4	-5.5	13.9	9.5
EBITDA(%)	-17.5	-40.3	83.0	7.9
Adj PAT(%)	-23.2	-79.4	339.1	13.3
Adj EPS(%)	568.6	-97.4	339.1	13.3
Valuation (x)	FY24	FY25	FY26E	FY27E
P/E	1.6	60.7	13.8	12.2
P/BV	0.1	0.6	0.6	0.6
EV/EBITDA	7.4	13.2	7.1	6.5
EV/Sales	1.2	1.4	1.2	1.1
Financial Ratios	FY24	FY25	FY26E	FY27E
RM/Net Revenue	45	45	40	39
Emp Exp/Net Revenue	14	15	15	15
Other Exp/Net Revenue	27	32	31	32
RoE (%)	7.8	1.0	4.5	4.9
RoCE (%)	12.1	4.4	9.0	9.3
Asset/T.O (x)	1.6	1.3	1.3	1.4
Net Debt/Equity (x)	0.1	0.2	0.2	0.2
EBIT/Interest (x)	5.1	2.5	3.5	3.9
Key operating metrics	FY24	FY25	FY26E	FY27E
Dep. (% of Gross Block)	6.4	7.4	6.3	6.3
Inventory days	97	104	104	104
Debtor days	52	54	54	54
Creditor days	70	78	78	78
Net working capital days	113	125	125	125
Asset turnover (x)	0.8	0.5	0.6	0.6
Fixed asset turnover (x)	1.5	1.4	1.4	1.4
Sales :Net Block (x)	2.9	2.4	2.6	2.7
Financial leverage (Asset/Equity)	0.9	0.8	0.8	0.8
Debt/Equity (x)	0.2	0.2	0.2	0.2

Source: Company & Arianth Research

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Stock Rating Scale

BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

Absolute Return

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