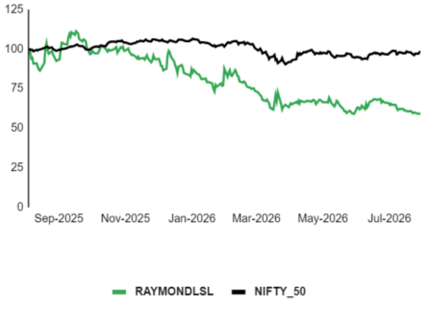
CMP: INR 724
Rating: BUY
TP: INR 1,526

Stock Info	
BSE	544240
NSE	RAYMONDLSL
Bloomberg	RAYMONDL:IN
Reuters	RAYL.NS
Sector	Garments & Apparels
Face Value (INR)	2
Equity Capital (INR cr)	12.18
Mkt Cap (INR cr)	4,412
52w H/L (INR)	1349/677
Avg Daily Vol (in 000')	171

Shareholding Pattern % *(As on June 2026)*	
Promoters	59.61
DII	5.72
FII	7.32
Public & Others	27.35

Stock Performance (%)	1m	6m	12m
RAYMOND	(6.28)	(28.8)	(39.3)
NIFTY 50	2.07	(3.71)	0.21

Raymond Price Chart



Abhishek Jain
abhishek.jain@arihantcapital.com
022 67114871

Deepali Kumari
deepali.kumari@arihantcapital.com
022 67114873

Raymond Lifestyle reported a steady Q1FY27 performance with revenue growing 5.5% YoY to INR 15,155 Mn (-14.7% QoQ), in line with our estimate of INR 15,163 Mn. EBITDA increased 16.62% YoY to INR 898 Mn (-24.23% QoQ), significantly ahead of our estimate of INR 642 Mn, while EBITDA margin expanded 54 bps YoY to 5.93% (-49.98 bps QoQ), outperforming our estimate of 4.24%, reflecting margin improvement despite higher raw material and freight costs. The company reported a marginal net loss of INR 3.71 Mn, improving 14.15% YoY. The company continues to focus on premiumization, casualization, and expanding its presence in the EU and UK markets. Net working capital improved by 15 days to 75 days, while the garmenting segment delivered a strong 50% revenue growth to INR 2960 Mn, supported by a robust international order book.

Robust Garmenting Momentum and Visibility: The garmenting segment serves as a primary growth engine, delivering 50% YoY revenue growth and an 1100 bps improvement in EBITDA margins. The company reports that manufacturing capacity is fully booked through December 2026, with Q4 bookings already underway, providing strong near-term revenue visibility.

Transition to a Structurally Debt-Free Balance Sheet: The company has significantly strengthened its financial position, moving from a net debt of INR 550 Mn in June 2025 to a net cash surplus of INR 1540 Mn in June 2026. This provides the operational flexibility required to navigate its designated year of consolidation.

Valuation and Outlook: We assign a TP of INR 1,526 based on an SOTP multiple of 16x the FY29E EV/ EBITDA and recommend that investors BUY. The company has designated FY27 as a year of consolidation focused on restoring sustainable profitability while navigating short-term macroeconomic pressures like domestic heat waves and elevated international commodity costs. The outlook is particularly robust for the garmenting segment, where manufacturing capacity is fully booked through December 2026, supported by US-India tariff rationalisation and upcoming trade agreements with the UK and EU. Domestically, the company anticipates a very strong second half (H2) as key festive and wedding dates have shifted into the winter months, which historically favors Raymond's premium suit and formal wear portfolio. To protect margins against climbing raw material costs, including a nearly 100% surge in wool prices, the company plans to implement calibrated price hikes of 5% to 9% starting in Q2 FY27. Looking further ahead, the long-term strategic goal is to at least double business turnover over the next three to five years while expanding EBITDA margins into the mid-to-high teens.

Earnings Summary (INR Mn)	FY25	FY26	FY27E	FY28E	FY29E
Revenue (Ex- OI)	61,767	68,880	77,487	87,569	99,928
EBITDA	4,678	6,584	8,618	10,385	12,635
EBITDA Margin	7.57%	9.56%	11.12%	11.86%	12.64%
Adjusted PAT	1,005	1,747	3,127	4,352	5,950
PAT growth (%)	(79.4)	73.9	79.0	39.2	36.7
EPS (INR)	16.5	28.7	51.3	71.5	97.7
EPS growth (%)	(97.4)	73.9	79.0	39.2	36.7
P/E (x)	49.2	28.3	15.8	11.4	8.3
P/BV (x)	0.5	0.5	0.5	0.5	0.5
EV/EBITDA (x)	11.2	9.1	7.1	5.8	4.6

Source: Company Filings & Arihant Capital Research

INR Mn (consolidated)	Q1FY27	Q4FY26	Q1FY26	Q-o-Q	Y-o-Y
Revenue (Ex- OI)	**15155**	**17765**	**14304**	***-14.69%***	***5.50%***
Raw Material Costs	6969	8583	6391	*-18.81%*	*9.03%*
Gross Profit	**8187**	**9182**	**7913**	***-10.84%***	***3.46%***
Gross Margin	*54.02%*	*51.68%*	*55.32%*	*233bps*	*-130bps*
Employee costs	2386	2218	2436	*7.60%*	*-2.04%*
Manufacturing and operating expenses	1665	1961	1719	*-15.11%*	*-3.16%*
Other Expenses	3238	3818	2988	*-15.19%*	*8.35%*
EBITDA	**898**	**1185**	**770**	***-24.23%***	***16.62%***
EBITDA Margin	*5.93%*	*6.67%*	*5.38%*	*-75bps*	*54bps*
Depreciation	1094	982	888	*32.15%*	*0.54%*
EBIT	**-196**	**203**	**-118**	***-196.65%***	***65.62%***
Other Income	448	339	445	*32.15%*	***0.54%***
Finance costs	635	553	575	*14.81%*	*10%*
Exceptional Items	0	-670	0		
PBT	**-383**	**-682**	**-248**	***-43.77%***	***54.74%***
Tax Expense	157	-161	-50	*-197.70%*	*-418%*
Effective tax rate %	25%	24%	20%	*137bps*	*502bps*
PAT	**-226**	**-521**	**-198**	***-56.61%***	***13.98%***
PAT margin %	*-1.49%*	*-2.93%*	*-1.39%*	*144bps*	*-10bps*
EPS (INR)	**-3.71**	**-8.55**	**-3.25**	***-56.61%***	***14.15%***

Strategic Retail Footprint Optimization: The company is aggressively rationalizing its retail network by exiting 133 underperforming stores while selectively opening 85 high-yielding locations. This active network optimization is designed to improve store productivity and margins by focusing on aspirational, high-impact territories.

Scalable Growth in Modern Trade Channels: While rationalizing traditional Exclusive Brand Outlets, the company is seeing high double-digit growth in e-commerce and Large Format Stores. E-commerce continues to grow in high double digits, partially offsetting the deliberate store closures and capturing a younger demographic.

Value Creation through Casualization and Premiumization: To address evolving consumer trends, the company is pivoting toward Casualization (e.g., ColorPlus and Parx growing at double digits) and Premiumization (shifting toward high-value wool and linen). This shift is intended to drive growth in Average Selling Prices and maintain resilience against mid-market stagnation.

Global Competitive Edge via Vertical Integration: The fabric-to-garment vertical integration allows the company to provide integrated solutions that attract top-tier global brands like Tommy Hilfiger, Calvin Klein, and Next. This integration is a key differentiator in securing bulk orders and expanding the B2B fabric business.

Geographical De-risking through Trade Agreements: The company is leveraging US-India tariff rationalization and upcoming FTAs with the UK and EU to diversify its export portfolio. The company expects these agreements to drive substantial demand recovery and help the company gain market share in European markets while reducing reliance on any single geography.

Operational Efficiency and Capital Discipline: A focused approach to liquidity resulted in a 15-day reduction in the Net Working Capital cycle, which now stands at 75 days. Despite rising raw material and energy costs, the company achieved a 40-bps EBITDA margin expansion through proactive cost management and a transformation project focused on long-term cost rationalization.

Income Statement (INR Mn)	FY25	FY26	FY27E	FY28E	FY29E
Revenue (Ex- OI)	61,767	68,880	77,487	87,569	99,928
Growth	-5.5%	11.5%	12.5%	13.0%	14.1%
Op. Expenses	57,090	62,296	68,868	77,183	87,293
EBITDA	**4,678**	**6,584**	**8,618**	**10,385**	**12,635**
EBITDA Margin	*7.57%*	*9.56%*	*11.12%*	*11.86%*	*12.64%*
Other income	1,832	1,455	1,601	1,761	1,937
EBITDA (Including OI)	**6,510**	**8,039**	**10,219**	**12,146**	**14,571**
EBITDA Margin (Including OI)	*10.24%*	*11.43%*	*12.92%*	*13.60%*	*14.30%*
Depreciation	3,214	3,708	3,822	4,222	4,622
EBIT	**3,296**	**4,331**	**6,397**	**7,924**	**9,949**
Interest Exp.	2,074	2,331	2,228	2,122	2,016
Extra Ordinary Items -gain/(loss)	(623)	(1,285)	(100)	(100)	(100)
PBT	**600**	**715**	**4,069**	**5,702**	**7,834**
Tax	218	254	1,042	1,451	1,983
PAT	**382**	**462**	**3,027**	**4,252**	**5,850**
Net Profit	382	462	3,027	4,252	5,850
Adjusted PAT	**1,005**	**1,747**	**3,127**	**4,352**	**5,950**
Adjusted EPS (INR)	**16.5**	**28.7**	**51.3**	**71.5**	**97.7**

Balance Sheet (INR Mn)	FY25	FY26	FY27E	FY28E	FY29E
Share Capital	122	122	122	122	122
Reserves & Surplus	95,755	96,236	99,363	103,715	109,665
Networth	**95,877**	**96,358**	**99,485**	**103,837**	**109,787**
Debt	23,062	22,017	21,017	20,017	19,017
Net deferred Tax liabilities	183	132	132	132	132
Capital Employed	**119,122**	**118,507**	**120,634**	**123,986**	**128,936**
Gross Fixed Assets	30,220	34,220	38,220	42,220	46,220
Accumulated Depreciation	5,263	8,971	12,793	17,015	21,637
Capital work in progress	1,237	1,361	1,361	1,361	1,361
Net Fixed Assets	**26,194**	**25,368**	**26,788**	**26,566**	**25,944**
Goodwill	4,538	4,538	4,538	4,538	4,538
Investments	63,256	66,503	66,503	66,503	66,503
Current Assets, Loans & Advances	**44,372**	**43,560**	**46,950**	**53,665**	**63,088**
Inventory	17,568	18,884	20,805	23,512	26,830
Debtors	9,172	9,452	10,402	11,756	13,415
Cash & Bank balance	4,009	3,279	2,305	3,212	5,514
Loans & advances and others	13,625	11,945	13,438	15,186	17,330
Current Liabilities & Provisions	**19,239**	**21,462**	**24,144**	**27,286**	**31,137**
Liabilities	18,430	20,039	22,543	25,476	29,071
Provisions	809	1,424	1,602	1,810	2,065
Net Current Assets	**25,134**	**22,098**	**22,806**	**26,380**	**31,952**
Application of Funds	119,122	118,507	120,634	123,986	128,936

Cash Flow Statement (INR Mn)	FY25	FY26	FY27E	FY28E	FY29E
Net profit after tax	1,005	1,747	3,127	4,352	5,950
Profit Before WCC	4,459	6,331	7,576	8,935	10,651
CFO	3,433	8,637	5,894	6,268	7,381
CFI	(4,721)	(4,675)	(3,640)	(2,239)	(2,063)
CFF	3,696	(4,692)	(3,228)	(3,122)	(3,016)
Net cash flow	2,408	(729)	(974)	906	2,302
Opening Cash	**1,601**	**4,009**	**3,279**	**2,305**	**3,212**
Closing Cash	4,009	3,279	2,305	3,212	5,514
Capex (According to PPE)	5,798	2,759	5,241	4,000	4,000
FCF	**(2,365)**	**5,878**	**653**	**2,268**	**3,381**

Source: Company & Arihant Research

Per share data	FY25	FY26	FY27E	FY28E	FY29E
No. of shares (m)	60.9	60.9	60.9	60.9	60.9
Diluted no. of shares (m)	60.9	60.9	60.9	60.9	60.9
BVPS (INR)	1,574.3	1,582.2	1,633.6	1,705.0	1,802.7
CEPS (INR)	59.0	68.5	112.5	139.1	172.0
Margins	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**
EBITDA Margin	10.24%	11.43%	12.92%	13.60%	14.30%
EBIT Margin	5.18%	6.16%	8.09%	8.87%	9.77%
PAT Margin	1.58%	2.48%	3.95%	4.87%	5.84%
Growth Indicators (%)	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**
Revenue(%)	-5.5	11.5	12.5	13.0	14.1
EBITDA(%)	-40.3	23.5	27.1	18.9	20.0
Adj PAT(%)	-79.4	73.9	79.0	39.2	36.7
Adj EPS(%)	-97.4	73.9	79.0	39.2	36.7
Valuation (x)	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**
P/E	49.2	28.3	15.8	11.4	8.3
P/BV	0.5	0.5	0.5	0.5	0.5
EV/EBITDA	11.2	9.1	7.1	5.8	4.6
EV/Sales	1.2	1.1	0.9	0.8	0.7
Financial Ratios	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**
RM/Net Revenue	45	46	47	46	45
Emp Exp/Net Revenue	15	14	12	11	10
Other Exp/Net Revenue	32	31	30	32	32
RoE (%)	1.0	1.8	3.2	4.3	5.6
RoCE (%)	4.4	4.9	6.7	7.9	9.4
Asset/T.O (x)	1.3	1.4	1.6	1.7	1.8
Net Debt/Equity (x)	0.2	0.2	0.2	0.2	0.1
EBIT/Interest (x)	2.5	2.5	3.6	4.6	5.9
Key operating metrics	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**
Dep. (% of Gross Block)	11.7	11.5	10.6	10.5	10.5
Inventory days	104	100	98	98	98
Debtor days	54	50	49	49	49
Creditor days	78	76	76	76	76
Net working capital days	125	100	97	97	97
Asset turnover (x)	0.5	0.6	0.6	0.7	0.8
Fixed asset turnover (x)	2.0	2.0	2.0	2.1	2.2
Sales :Net Block (x)	2.4	2.7	2.9	3.3	3.9
Financial leverage (Asset/Equity)	0.8	0.8	0.8	0.8	0.9
Debt/Equity (x)	0.2	0.2	0.2	0.2	0.2

Source: Company & Arihant Research

Arihant Research Desk

Email: instresearch@arihantcapital.com

Tel. : 022-42254800

Head Office	Registered Office
#1011, Solitaire Corporate Park Building No. 10, 1st Floor Andheri Ghatkopar Link Road Chakala, Andheri (E) Mumbai – 400093 Tel: (91-22) 42254800	6 Lad Colony, Y.N. Road, Indore - 452003, (M.P.) Tel: (91-731) 4217100/101 CIN: L66120MP1992PLC007182

Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

Research Analyst Registration No.	Contact	Website	Email Id
INH000002764	**SMS: 'Arihant' to 56677**	www.arihantcapital.com	instresearch@arihantcapital.com

Arihant Capital Markets Ltd.
1011, Solitaire Corporate park, Building No. 10, 1st Floor,
Andheri Ghatkopar Link Road, Chakala, Andheri (E)
Tel. 022-42254800

Arihant Capital Markets Ltd.
1011, Solitaire Corporate park, Building No. 10, 1st Floor,
Andheri Ghatkopar Link Road, Chakala, Andheri (E)
Tel. 022-42254800

Abhishek Jain
Head of Research
Abhishek.jain@arihantcapital.com

Abhishek Chhajed Jain

Digitally signed by Abhishek Chhajed Jain
Date: 2026.08.04 09:21:45 +05'30'