

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

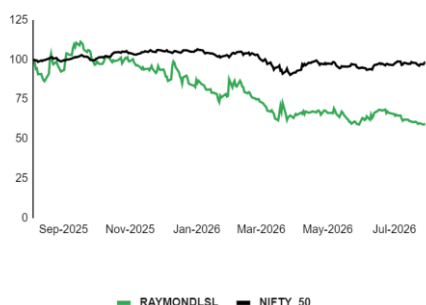
BSE	544240
NSE	RAYMONDSL
Bloomberg	RAYMONDL:IN
Reuters	RAYL.NS
Sector	Garments & Apparels
Face Value (INR)	2
Equity Capital (INR cr)	12.18
Mkt Cap (INR cr)	4,412
52w H/L (INR)	1349/677
Avg Daily Vol (in 000')	171

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

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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%
<i>Gross Margin</i>	<i>54.02%</i>	<i>51.68%</i>	<i>55.32%</i>	<i>233bps</i>	<i>-130bps</i>
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%
<i>EBITDA Margin</i>	<i>5.93%</i>	<i>6.67%</i>	<i>5.38%</i>	<i>-75bps</i>	<i>54bps</i>
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%
<i>PAT margin %</i>	<i>-1.49%</i>	<i>-2.93%</i>	<i>-1.39%</i>	<i>144bps</i>	<i>-10bps</i>
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.

Q1FY27 Result Update | Raymond Lifestyle Ltd

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
<i>EBITDA Margin</i>	<i>7.57%</i>	<i>9.56%</i>	<i>11.12%</i>	<i>11.86%</i>	<i>12.64%</i>
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
<i>EBITDA Margin (Including OI)</i>	<i>10.24%</i>	<i>11.43%</i>	<i>12.92%</i>	<i>13.60%</i>	<i>14.30%</i>
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 & Arianth Research

Q1FY27 Result Update | Raymond Lifestyle Ltd

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 & Arianth Research

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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%

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