

CMP: INR 1,213

Rating: BUY

TP: INR 2,055

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)	7,390
52w H/L (INR)	2302/860
Avg Daily Vol (in 000')	230

Shareholding Pattern %

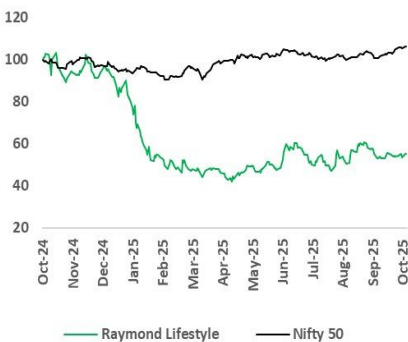
(As on Sept 2025)

Promoters	57.14
DII	8.97
FII	7.47
Public & Others	26.42

Stock Performance (%) 1m 6m 12m

RAYMOND	4.63	26.26	(44.4)
NIFTY 50	5.86	7.07	6.49

Raymond Price Chart



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Raymond Lifestyle Ltd reported a robust Q2FY26 with consolidated revenue surging 8% YoY to INR 18,650 Mn (beating our est. of INR 18,449 Mn), propelled by strong domestic volume growth in Branded Textiles (+10% YoY) and Apparel (+11% YoY), alongside early festive pull and premium mix uplift from launches like Venizo and Woolvance, though partially offset by Garmenting's 4% YoY dip amid US tariff uncertainties and a softer order book. EBITDA rose 7% YoY to INR 2,590 Mn (inline with est. of INR 2,675 Mn), with margins steady at 13.9% (-5bps YoY but +565bps QoQ) on operating leverage and efficiencies despite elevated A&P spends for festive campaigns; H1 trends amplified to +12% revenue (INR 33,400 Mn) and +15% EBITDA (INR 3,810 Mn, 11.4% margin). Adjusted PAT jumped 77% YoY to INR 740 Mn (beating est. of INR 705 Mn).

Robust Domestic-Led Growth Amid Global Volatility: Domestic demand across branded textiles and apparel. Despite global headwinds such as US tariff actions and subdued exports, festive-led volume growth, improving consumer sentiment, and a favorable fiscal backdrop (including GST and income tax cuts) supported solid top-line momentum. The company remains focused on strengthening domestic channels, which continue to offset softness in international markets.

Branded Textile Segment – Volume-Led Growth and Margin Expansion: The Branded Textile segment delivered a strong performance with revenue rising 10% YoY to INR 9,370 Mn and EBITDA of INR 1,880 Mn, implying a healthy margin of 20% versus 18.9% YoY. Growth was supported by an improved product mix and higher volumes in the festive season. Raymond expanded its premium fabric portfolio under luxury lines such as Super 130s Wool Rich Blend, Royal Soft, and Super Luxe, complemented by new shirting collections like Denigma and Wool Vans, reinforcing its leadership in premium textiles.

Valuation and Outlook: We assign a TP of INR 2,055 based on a SOTP multiple of 28x the FY27E EV/ EBITDA and recommend that investors BUY. Net debt stood at INR 2,460 Mn as of September 2025, with working capital at 105 days due to festive inventory buildup. FY26 can be a recovery phase, driven by volume-led growth, domestic demand strength, and operating efficiencies. EBITDA margins are guided to expand toward 13–14% over the medium term, aided by a richer product mix and export normalization. With steady deleveraging and premiumization tailwinds, the company remains well-positioned for sustained earnings growth and long-term valuation re-rating.

Earnings Summary (INR Mn)	FY24	FY25	FY26E	FY27E	FY28E
Revenue (Ex- OI)	65,354	61,767	68,329	74,609	83,128
Operating Profit	9,366	4,678	8,214	9,667	10,376
Operating Margin	14.33%	7.57%	12.02%	12.96%	12.48%
EBITDA	10,910	6,510	10,138	11,688	12,497
EBITDA Margin (%)	16.31%	10.24%	14.43%	15.25%	14.66%
PAT	4,887	1,005	2,793	3,705	4,044
PAT growth (%)	(23.2)	(79.4)	178.0	32.6	9.2
EPS (INR)	638.8	16.5	45.9	60.8	66.4
EPS growth (%)	568.6	(97.4)	178.0	32.6	9.2
P/E (x)	1.9	73.1	26.3	19.8	18.2
P/BV (x)	0.1	0.8	0.7	0.7	0.7
EV/EBITDA (x)	8.7	15.3	9.7	8.3	7.7

Source: Company Filings & Arihant Capital Research

INR Mn (consolidated)	Q2FY26	Q1FY26	Q2FY25	Q-o-Q	Y-o-Y
Revenue (Ex- OI)	18324.0	14304.3	17082.6	28.10%	7.27%
Raw Material Costs	8420.9	6391.2	7644.5	31.76%	10.16%
Gross Profit	9,903.1	7,913.1	9,438.1	25.15%	4.93%
<i>Gross Margin</i>	<i>54.04%</i>	<i>55.32%</i>	<i>55.25%</i>	<i>-128bps</i>	<i>-121bps</i>
Employee costs	2264.6	2435.7	2422.1	-7.02%	-6.50%
Manufacturing and operating expenses	1918.6	1719.1	1798.7	11.60%	6.67%
Other Expenses	3460.2	2988.3	3069.5	15.79%	12.73%
Operating Profit	2259.70	770.00	2147.80	193.47%	5.21%
<i>Operating Margin</i>	<i>12.33%</i>	<i>5.38%</i>	<i>12.57%</i>	<i>695bps</i>	<i>-24bps</i>
Other Income	330.3	445.2	269.5	-25.81%	22.56%
EBITDA	2,590.00	1,215.20	2,417.30	113.13%	7.14%
<i>EBITDA Margin</i>	<i>13.88%</i>	<i>8.24%</i>	<i>13.93%</i>	<i>565bps</i>	<i>-5bps</i>
Depreciation	914.2	888.4	762.5	2.90%	19.90%
EBIT	1,675.80	326.80	1,654.80	412.79%	1.27%
Finance costs	599.7	574.5	532.2	4.39%	13%
PBT	1,029.30	-247.70	528.20	-515.54%	94.87%
Tax Expense	-277.4	49.50	106.40	-660.40%	-361%
Effective tax rate %	-27%	-20%	20%	-697bps	-4709bps
PAT/ Loss	751.90	-198.20	421.80	-279.36%	78.26%
Profit for the Period	751.90	-198.20	421.80	279.36%	78.26%
Other Comprehensive Income	-49.6	104.7	-3.7	-147.37%	-2929.73%
Consolidated PAT	702.30	-93.50	418.10	-851.12%	67.97%
<i>PAT margin %</i>	<i>3.76%</i>	<i>-0.63%</i>	<i>2.41%</i>	<i>440bps</i>	<i>136bps</i>
EPS (INR)	12.34	-3.25	6.91	-479.69%	78.58%

Branded Apparel – Long-Term Brand Building Phase: The Branded Apparel segment posted 11% YoY revenue growth to INR 4,910 Mn, led by expansion across all four brands and higher traction from e-commerce and MBO channels. However, EBITDA declined to INR 250 Mn, with margins contracting to 5.2% (vs 13% YoY) due to higher marketing investments and costs from newly opened stores. The company highlighted that this is a deliberate “build” phase, with marketing spends up 30–35% YoY in H1 FY26 and likely to rise another 20–25% in H2 FY26. The company aims to restore early double-digit margins over the next 6–8 quarters as store maturity improves and brand visibility strengthens.

Strategic Retail Optimization and Store Rationalization: The company continued to optimize its retail footprint with a sharper focus on profitability. The total store count stood at 1,663 as of September 2025, versus 1,592 a year earlier, implying a net addition of 71 stores. During H1 FY26, 66 low-performing stores were closed, while strategically located, high-potential outlets were added. The Ethnix by Raymond network now comprises 139 stores, with expansion focused on Tier 1–2 cities and franchise/MBO partnerships for cost-efficient scaling. This disciplined approach is expected to improve store productivity, reduce inventory intensity, and enhance return ratios over the medium term.

Export Business – Short-Term Weakness, Medium-Term Tailwinds: The Garmenting segment recorded revenue of INR 2,690 Mn (+4% YoY) despite US tariff headwinds, with EBITDA margin moderating to 5.3% from 9.6% YoY. The company expects a gradual recovery supported by the upcoming India–US FTA and the UK trade agreement, which could potentially double UK exports (currently ~INR 1,500 Mn annually) within two years. Raymond’s integrated supply chain—from fabric manufacturing to finished garments—positions it well to regain share once trade conditions stabilize.

Income Statement (INR Mn)	FY24	FY25	FY26E	FY27E
Revenue (Ex- OI)	65,354	61,767	68,329	74,609
Op. Expenses	55,988	57,090	60,115	64,941
Operating Profit	9,366	4,678	8,214	9,667
<i>Operating Margin</i>	14.33%	7.57%	12.02%	12.96%
Other income	1,544	1,832	1,924	2,020
EBITDA	10,910	6,510	10,138	11,688
<i>EBITDA Margin</i>	16.31%	10.24%	14.43%	15.25%
Depreciation	2,463	3,214	3,877	4,326
EBIT	8,447	3,296	6,261	7,362
Interest Exp.	1,957	2,074	2,537	2,422
Extra Ordinary Items -gain/(loss)	(92)	(623)	-	-
PBT	6,398	600	3,724	4,940
Tax	1,603	218	931	1,235
PAT	4,795	382	2,793	3,705
Net Profit	4,795	382	2,793	3,705
Adjusted PAT	4,887	1,005	2,793	3,705
Adjusted EPS (INR)	638.8	16.5	45.9	60.8
Balance Sheet (INR Mn)	FY24	FY25	FY26E	FY27E
Share Capital	15	122	122	122
Reserves & Surplus	96,606	95,755	98,548	1,02,253
Networth	96,622	95,877	98,670	1,02,375
Debt	15,616	23,062	22,062	21,062
Net deferred Tax liabilities	110	183	183	183
Capital Employed	1,12,347	1,19,122	1,20,915	1,23,619
Gross Fixed Assets	43,073	44,073	49,073	54,073
Accumulated Depreciation	17,584	20,798	24,675	29,000
Capital work in progress	508	1,237	1,237	1,237
Net Fixed Assets	22,880	26,194	25,635	26,310
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	48,767	52,754
Inventory	17,328	17,568	19,434	21,220
Debtors	9,248	9,172	10,146	11,078
Cash & Bank balance	1,524	4,009	4,116	3,999
Loans & advances and others	11,800	13,625	15,072	16,457
Current Liabilities & Provisions	18,200	19,238	21,282	23,238
Liabilities	17,466	18,429	20,387	22,261
Provisions	734	809	895	977
Net Current Assets	21,700	25,134	27,486	29,516
Application of Funds	1,12,347	1,19,122	1,20,915	1,23,619
Cash Flow Statement (INR Mn)	FY24	FY25	FY26E	FY27E
PBT	6,490	1,223	3,724	4,940
Depreciation & amortisation	2,463	3,214	3,877	4,326
Interest expense	1,957	2,074	2,537	2,422
(Inc)/Dec in working capital	(7,551)	(949)	(2,244)	(2,148)
Tax paid	(770)	(218)	(931)	(1,235)
Other operating Cash Flow	(12,031)	(1,832)	(1,924)	(2,020)
Cash flow from operating activities	(9,443)	3,510	5,039	6,285
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)	(2,537)	(2,422)
Others	(13,069)	(6,660)	1,575	-
CF from financing activities	4,895	(1,831)	(1,856)	(3,422)
Net cash flow	(14,964)	2,486	107	(117)
Opening balance	1,712	1,523	4,009	4,116
Closing balance	1,523	4,009	4,116	3,999

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	1,620.2	1,681.0
CEPS (INR)	948.8	59.0	109.5	131.9
Margins	FY24	FY25	FY26E	FY27E
EBITDA Margin	16.31%	10.24%	14.43%	15.25%
EBIT Margin	12.63%	5.18%	8.91%	9.61%
PAT Margin	7.31%	1.58%	3.98%	4.83%
Growth Indicators (%)	FY24	FY25	FY26E	FY27E
Revenue(%)	-20.4	-5.5	10.6	9.2
EBITDA(%)	-17.5	-40.3	55.7	15.3
Adj PAT(%)	-23.2	-79.4	178.0	32.6
Adj EPS(%)	568.6	-97.4	178.0	32.6
Valuation (x)	FY24	FY25	FY26E	FY27E
P/E	1.9	73.1	26.3	19.8
P/BV	0.1	0.8	0.7	0.7
EV/EBITDA	8.7	15.3	9.7	8.3
EV/Sales	1.4	1.6	1.4	1.3
Financial Ratios	FY24	FY25	FY26E	FY27E
RM/Net Revenue	45	45	46	47
Emp Exp/Net Revenue	14	15	15	15
Other Exp/Net Revenue	27	32	27	25
RoE (%)	7.8	1.0	2.9	3.7
RoCE (%)	12.1	4.4	6.8	7.7
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	3.2	3.9
Key operating metrics	FY24	FY25	FY26E	FY27E
Dep. (% of Gross Block)	6.4	7.4	8.3	8.4
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	2.7	2.8
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	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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