

CMP: INR 940

Rating: BUY

TP: INR 2,248

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)	5,726
52w H/L (INR)	1820/860
Avg Daily Vol (in 000')	230

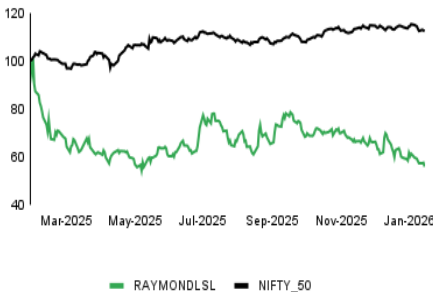
Shareholding Pattern %

(As on Dec 2025)

Promoters	58.22
DII	6.17
FII	8.71
Public & Others	26.90

Stock Performance (%)	1m	6m	12m
RAYMOND	(5.21)	(13.1)	(44.1)
NIFTY 50	(2.96)	2.00	10.3

Raymond Price Chart



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Raymond Lifestyle Ltd Q3FY26 reported revenue of INR 18,487 Mn (+5.39% YoY / +0.89% QoQ), slightly below our estimate of INR 18,981 Mn. EBITDA stood at INR 2,369 Mn (+31.86% YoY), with margin expanding to 12.82%, broadly in line with our estimate of 12.75%. Adjusted PAT came in at INR 997 Mn (+54.42% YoY), ahead of our estimate of INR 975 Mn. Strong domestic demand in Branded Textile and Apparel offset export weakness in Garmenting, which remained impacted by US tariff-related uncertainty and B2B export slowdown.

Branded Textiles: The core textile segment remains the primary engine for margin expansion, achieving record performance through a structural shift toward high-value products. The company reported a significant increase in ASP of approximately INR 26 per meter, driven by the growing contribution of premium and technical fabrics like the Techno series. With the segment operating at full capacity utilization, the company is benefiting from substantial operating leverage, which helped deliver superior margins of over 21% in this quarter.

Branded Apparel: The apparel business is shifting clearly toward casual wear to tap changing consumer preferences. Casual wear now accounts for 15–17% of the mix, up from less than 5% before COVID. Margins are currently under pressure as the company is spending aggressively on brand building and advertising. The company sees this as a long-term investment to refresh and modernize established brands such as Park Avenue and Color Plus. As these investments start to pay off, and with a sharper focus on trendier designs and slimmer fits, the segment is well placed to attract younger consumers and gain market share.

Valuation and Outlook: We assign a TP of INR 2,248 based on a SOTP multiple of 23x the FY28E EV/ EBITDA and recommend that investors BUY. The company remains constructive on FY26, positioning it as a pivotal year with strong revenue and EBITDA growth led by premiumization, robust wedding demand, and expansion in Tier-2/3 markets. Margin trajectory is expected to improve further despite near-term input cost volatility, supported by product mix upgrades, operating leverage, and disciplined cost control, while investments in brand building, retail expansion, and supply chain capabilities continue, underpinned by a near-zero net debt balance sheet and strong cash generation.

Earnings Summary (INR Mn)	FY24	FY25	FY26E	FY27E	FY28E
Revenue (Ex- OI)	65,354	61,767	70,131	78,091	88,935
EBITDA	9,366	4,678	8,325	10,469	12,879
EBITDA Margin	14.33%	7.57%	11.87%	13.41%	14.48%
Adjusted PAT	4,887	1,005	2,829	4,658	6,348
PAT growth (%)	(23.2)	(79.4)	181.6	64.6	36.3
EPS (INR)	638.8	16.5	46.5	76.5	104.2
EPS growth (%)	568.6	(97.4)	181.6	64.6	36.3
P/E (x)	1.7	64.1	22.8	13.8	10.1
P/BV (x)	0.1	0.7	0.7	0.6	0.6
EV/EBITDA (x)	7.7	13.7	9.1	7.2	5.9

Source: Company Filings & Arihant Capital Research

INR Mn (consolidated)	Q3FY26	Q2FY26	Q3FY25	Q-o-Q	Y-o-Y
Revenue (Ex- OI)	18487	18324	17542	0.89%	5.39%
Raw Material Costs	8312	8421	8128	-1.29%	2.27%
Gross Profit	10175	9903	9414	2.75%	8.08%
<i>Gross Margin</i>	<i>55.04%</i>	<i>54.04%</i>	<i>53.67%</i>	<i>99bps</i>	<i>137bps</i>
Employee costs	2387	2265	2437	5.42%	-2.02%
Manufacturing and operating expenses	1875	1919	1962	-2.26%	-4.40%
Other Expenses	3543	3460	3219	2.40%	10.07%
EBITDA	2369	2260	1797	4.85%	31.86%
<i>EBITDA Margin</i>	<i>12.82%</i>	<i>12.33%</i>	<i>10.24%</i>	<i>48bps</i>	<i>257bps</i>
Depreciation	923	914	794	3.21%	-17.44%
EBIT	1446	1346	1003	7.47%	44.24%
Other Income	341	330	413	3.21%	7.82%
Finance costs	603	600	544	0.62%	11%
Exceptional Items	-568	-47	-4	1114.10%	14853%
PBT	1,184	1,076	871	9.98%	35.83%
Tax Expense	187	277	226	-32.70%	-17%
Effective tax rate %	25%	26%	26%	-78bps	-92bps
Adjusted PAT	997	799	645	24.80%	54.42%
<i>PAT margin %</i>	<i>5.39%</i>	<i>4.36%</i>	<i>3.68%</i>	<i>103bps</i>	<i>171bps</i>
PAT	429	752	642	-43.00%	-33.21%
EPS (INR)	7.04	12.34	10.53	-42.95%	-33.14%

Garmenting: Despite facing strong export headwinds due to a 50% tariff in the US, the company has shown resilience by reducing its US revenue dependence from 50% to 35% and diversifying exports toward the UK, Europe, and Asia-Pacific markets that benefit from FTAs. At the same time, the garmenting business has significant unused capacity in India and Ethiopia, enabling the company to scale revenues by nearly 50% from current levels without any major additional capital expenditure.

Calibrated Retail Expansion and Network Rationalization: The company maintains a disciplined and asset-light approach to retail expansion, specifically targeting Tier 2 and Tier 3 markets as primary growth engines. By utilizing franchise models and capital partnering, Raymond is growing efficiently while simultaneously rationalizing its network by exiting underperforming stores. This focus on productivity over mere footprint size ensures that future store expansion remains aligned with long-term profitability and sustainable returns.

Ethnics: The ethnic business is a high-growth extension of the core suiting franchise, focused on the wedding and occasion-wear segment where demand is largely price inelastic. Although the business is still in an early brand-building phase, it has delivered high single-digit growth despite a weak overall market. This should be seen as a four-year maturation journey, with the company leveraging its 100-year legacy in suiting to build a strong position in premium fusion and smart-ethnic wear.

Advanced Backend Capabilities and Data-Driven Efficiency: The company is investing heavily in modernizing its supply chain through analytics, including store-level inventory planning and real-time demand tracking. These systems, which include auto-replenishment, enhance responsiveness to market changes and mitigate structural inefficiencies.

Q3FY26 Result Update | Raymond Lifestyle Ltd

Income Statement (INR Mn)	FY24	FY25	FY26E	FY27E	FY28E
Revenue (Ex- OI)	65,354	61,767	70,131	78,091	88,935
Op. Expenses	55,988	57,090	61,806	67,622	76,056
EBITDA	9,366	4,678	8,325	10,469	12,879
<i>EBITDA Margin</i>	<i>14.33%</i>	<i>7.57%</i>	<i>11.87%</i>	<i>13.41%</i>	<i>14.48%</i>
Other income	1,544	1,832	1,466	1,759	1,847
EBITDA (Including OI)	10,910	6,510	9,791	12,228	14,726
<i>EBITDA Margin (Including OI)</i>	<i>16.31%</i>	<i>10.24%</i>	<i>13.68%</i>	<i>15.31%</i>	<i>16.22%</i>
Depreciation	2,463	3,214	3,680	3,785	4,135
EBIT	8,447	3,296	6,110	8,443	10,591
Interest Exp.	1,957	2,074	2,339	2,233	2,127
Extra Ordinary Items -gain/(loss)	(92)	(623)	(100)	(100)	(100)
PBT	6,398	600	3,672	6,110	8,364
Tax	1,603	218	943	1,553	2,116
PAT	4,795	382	2,729	4,558	6,248
Net Profit	4,795	382	2,729	4,558	6,248
Adjusted PAT	4,887	1,005	2,829	4,658	6,348
Adjusted EPS (INR)	638.8	16.5	46.5	76.5	104.2
Balance Sheet (INR Mn)	FY24	FY25	FY26E	FY27E	FY28E
Share Capital	15	122	122	122	122
Reserves & Surplus	96,606	95,755	98,584	1,03,241	1,09,589
Networth	96,622	95,877	98,706	1,03,363	1,09,711
Debt	15,616	23,062	22,062	21,062	20,063
Net deferred Tax liabilities	110	183	183	183	183
Capital Employed	1,12,347	1,19,122	1,20,950	1,24,608	1,29,957
Gross Fixed Assets	43,073	44,073	49,073	54,073	59,073
Accumulated Depreciation	17,584	20,798	24,478	28,263	32,398
Capital work in progress	508	1,237	1,237	1,237	1,237
Net Fixed Assets	22,880	26,194	25,832	27,047	27,912
Goodwill	4,538	4,538	4,538	4,538	4,538
Investments	63,230	63,256	63,256	63,256	63,256
Current Assets, Loans & Advances	39,900	44,372	49,168	54,090	61,952
Inventory	17,328	17,568	19,946	22,210	25,294
Debtors	9,248	9,172	10,413	11,595	13,206
Cash & Bank balance	1,524	4,009	3,339	3,059	3,835
Loans & advances and others	11,800	13,625	15,469	17,225	19,617
Current Liabilities & Provisions	18,200	19,238	21,843	24,322	27,700
Liabilities	17,466	18,429	20,925	23,300	26,535
Provisions	734	809	919	1,023	1,165
Net Current Assets	21,700	25,134	27,325	29,768	34,252
Application of Funds	1,12,347	1,19,122	1,20,950	1,24,608	1,29,957
Cash Flow Statement (INR Mn)	FY24	FY25	FY26E	FY27E	FY28E
PBT	6,490	1,223	3,772	6,210	8,464
Depreciation & amortisation	2,463	3,214	3,680	3,785	4,135
Interest expense	1,957	2,074	2,339	2,233	2,127
(Inc)/Dec in working capital	(7,551)	(949)	(2,860)	(2,722)	(3,709)
Tax paid	(770)	(218)	(943)	(1,553)	(2,116)
Other operating Cash Flow	(12,031)	(1,832)	(1,466)	(1,759)	(1,847)
Cash flow from operating activities	(9,443)	3,510	4,522	6,194	7,054
Capital expenditure	(2,076)	(1,000)	(5,000)	(5,000)	(5,000)
Add: Int/Div. Income Recd.	(8,340)	1,832	1,466	1,759	1,847
CF from investing activities	(10,416)	806	(3,534)	(3,241)	(3,153)
Inc/(Dec) in debt	21,028	7,447	(1,000)	(1,000)	(999)
Dividend Paid	(3,064)	(2,074)	(2,339)	(2,233)	(2,127)
Others	(13,069)	(6,660)	1,575	-	-
CF from financing activities	4,895	(1,831)	(1,657)	(3,233)	(3,126)
Net cash flow	(14,964)	2,486	(670)	(280)	775
Opening balance	1,712	1,523	4,009	3,340	3,060
Closing balance	1,523	4,009	3,340	3,060	3,835

Source: Company & Arianth Research

Q3FY26 Result Update | Raymond Lifestyle Ltd

Per share data	FY24	FY25	FY26E	FY27E	FY28E
No. of shares (m)	7.7	60.9	60.9	60.9	60.9
Diluted no. of shares (m)	7.7	60.9	60.9	60.9	60.9
BVPS (INR)	12,630.3	1,574.3	1,620.8	1,697.3	1,801.5
CEPS (INR)	948.8	59.0	105.2	137.0	170.5
Margins	FY24	FY25	FY26E	FY27E	FY28E
EBITDA Margin	16.31%	10.24%	13.68%	15.31%	16.22%
EBIT Margin	12.63%	5.18%	8.53%	10.57%	11.67%
PAT Margin	7.31%	1.58%	3.95%	5.83%	6.99%
Growth Indicators (%)	FY24	FY25	FY26E	FY27E	FY28E
Revenue(%)	-20.4	-5.5	13.5	11.4	13.9
EBITDA(%)	-17.5	-40.3	50.4	24.9	20.4
Adj PAT(%)	-23.2	-79.4	181.6	64.6	36.3
Adj EPS(%)	568.6	-97.4	181.6	64.6	36.3
Valuation (x)	FY24	FY25	FY26E	FY27E	FY28E
P/E	1.7	64.1	22.8	13.8	10.1
P/BV	0.1	0.7	0.7	0.6	0.6
EV/EBITDA	7.7	13.7	9.1	7.2	5.9
EV/Sales	1.3	1.4	1.3	1.1	1.0
Financial Ratios	FY24	FY25	FY26E	FY27E	FY28E
RM/Net Revenue	45	45	45	46	46
Emp Exp/Net Revenue	14	15	14	13	12
Other Exp/Net Revenue	27	32	29	28	27
RoE (%)	7.8	1.0	2.9	4.6	6.0
RoCE (%)	12.1	4.4	6.3	8.3	9.8
Asset/T.O (x)	1.6	1.3	1.3	1.4	1.5
Net Debt/Equity (x)	0.1	0.2	0.2	0.2	0.1
EBIT/Interest (x)	5.1	2.5	3.2	4.6	5.8
Key operating metrics	FY24	FY25	FY26E	FY27E	FY28E
Dep. (% of Gross Block)	6.4	7.4	7.9	7.3	7.3
Inventory days	97	104	104	104	104
Debtor days	52	54	54	54	54
Creditor days	70	78	78	78	78
Net working capital days	113	125	125	125	125
Asset turnover (x)	0.8	0.5	0.6	0.6	0.7
Fixed asset turnover (x)	1.5	1.4	1.4	1.4	1.5
Sales :Net Block (x)	2.9	2.4	2.7	2.9	3.2
Financial leverage (Asset/Equity)	0.9	0.8	0.8	0.8	0.8
Debt/Equity (x)	0.2	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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