

CMP: INR 812

Rating: BUY

TP: INR 1,973

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) | 4,951 |
| 52w H/L (INR) | 1414/725 |
| Avg Daily Vol (in 000') | 224 |

Shareholding Pattern %

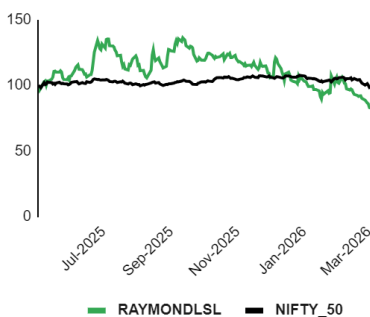
(As on Mar 2026)

| | |
|-----------------|-------|
| Promoters | 59.52 |
| DII | 5.12 |
| FII | 8.69 |
| Public & Others | 26.67 |

Stock Performance (%)

| | 1m | 6m | 12m |
|----------|-------------|--------|-----|
| RAYMOND | 3.67 (29.2) | (16.4) | |
| NIFTY 50 | 5.20 (4.57) | (0.36) | |

Raymond Price Chart



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Raymond Lifestyle Ltd. Q4FY26 reported revenue of INR 17,765 Mn (+18.89% YoY / -3.91% QoQ), ahead of our estimate of INR 17,138 Mn. EBITDA stood at INR 1,185 Mn (+774.69% YoY / -49.98% QoQ), with margin improving to 6.67%, though below our estimate of 11.07%. PAT came in at a loss of INR 521 Mn against a loss of INR 496 Mn in Q4FY25 due to exceptional items. The Garmenting segment witnessed a sharp recovery with 38% revenue growth driven by improved demand following the US-India trade deal.

Branded Textile: As the company's primary growth driver, the Branded Textile segment recorded 14% revenue growth to INR 3,435 crores in FY26, with EBITDA expanding by 46% YoY. The company is aggressively pivoting its product mix toward higher-margin wool-and-linen blends to drive Average Selling Price growth and capitalize on the K-shaped recovery in the bespoke tailoring and designer ecosystems.

Branded Apparel: Strategic Pivot to Casualization: The Branded Apparel segment (revenue up 14% in FY26) is undergoing a structural transformation to capture the "casualization" trend. By shifting the mix toward smart-casuals, chinos, and denims, the company aims to increase the contribution of casual wear from 15% to a long-term target of 45%, leveraging high-performing brands such as ColorPlus and Park Avenue.

Garmenting: The Garmenting segment witnessed a sharp turnaround in Q4 FY26, reporting 38% revenue growth following the US-India trade deal. To mitigate regional shocks, the company is diversifying its geographical footprint by targeting the UK and EU, leveraging anticipated Free Trade Agreements to drive high double-digit top-line growth and margin expansion in its world-class suit manufacturing facilities.

Valuation and Outlook: We assign a TP of INR 1,973 based on an SOTP multiple of 18x the FY29E EV/ EBITDA and recommend that investors BUY. The company anticipates a robust FY27, designated as the Year of Consolidation, with targets for double-digit top-line and faster bottom-line growth driven by strategic shifts toward premiumization in textiles and casualization in apparel. The company aims to further optimize its operational efficiency by compressing the net working capital cycle to under 70 days while leveraging new trade agreements in the UK and EU to diversify its export base.

| Earnings Summary (INR Mn) | FY25 | FY26 | FY27E | FY28E | FY29E |
|---------------------------|--------|--------|--------|--------|----------|
| Revenue (Ex- OI) | 61,767 | 68,880 | 77,692 | 89,224 | 1,02,928 |
| EBITDA | 4,678 | 6,584 | 9,892 | 11,790 | 14,232 |
| EBITDA Margin | 7.57% | 9.56% | 12.73% | 13.21% | 13.83% |
| Adjusted PAT | 1,005 | 1,747 | 4,942 | 6,355 | 8,188 |
| PAT growth (%) | (79.4) | 73.9 | 182.9 | 28.6 | 28.8 |
| EPS (INR) | 16.5 | 28.7 | 81.2 | 104.4 | 134.4 |
| EPS growth (%) | (97.4) | 73.9 | 182.9 | 28.6 | 28.8 |
| P/E (x) | 49.2 | 28.3 | 10.0 | 7.8 | 6.0 |
| P/BV (x) | 0.5 | 0.5 | 0.5 | 0.5 | 0.4 |
| EV/EBITDA (x) | 11.2 | 9.1 | 6.3 | 5.2 | 4.1 |

Source: Company Filings & Arihant Capital Research

| INR Mn (consolidated) | Q4FY26 | Q3FY26 | Q4FY25 | Q-o-Q | Y-o-Y |
|--------------------------------------|---------------|---------------|---------------|-----------------|-----------------|
| Revenue (Ex- OI) | 17765 | 18487 | 14942 | -3.91% | 18.89% |
| Raw Material Costs | 8583 | 8312 | 6692 | 3.26% | 28.26% |
| Gross Profit | 9182 | 10175 | 8250 | -9.77% | 11.29% |
| <i>Gross Margin</i> | <i>51.68%</i> | <i>55.04%</i> | <i>55.21%</i> | <i>-335bps</i> | <i>-353bps</i> |
| Employee costs | 2218 | 2387 | 2249 | -7.11% | -1.40% |
| Manufacturing and operating expenses | 1961 | 1875 | 2006 | 4.57% | -2.26% |
| Other Expenses | 3818 | 3543 | 3859 | 7.75% | -1.07% |
| EBITDA (Ex OI) | 1185 | 2369 | 136 | -49.98% | 774.69% |
| <i>EBITDA Margin</i> | <i>6.67%</i> | <i>12.82%</i> | <i>0.91%</i> | <i>-614bps</i> | <i>576bps</i> |
| Depreciation | 982 | 923 | 911 | 6.38% | 7.85% |
| EBIT | 203 | 1446 | -775 | -85.97% | -126.17% |
| Other Income | 339 | 341 | 856 | -0.65% | -60.44% |
| Finance costs | 553 | 603 | 534 | -8.37% | 4% |
| Exceptional Items | -670 | -568 | -20 | 17.99% | 3286% |
| PBT | -11.3 | 1,184 | -453 | -100.95% | -97.51% |
| Tax Expense | -161 | 187 | 23 | -186.29% | -788% |
| Effective tax rate % | 25% | 25% | -5% | 0bps | 3016bps |
| Adjusted PAT | 150 | 997 | -476 | -84.97% | -131.44% |
| <i>PAT margin %</i> | <i>0.84%</i> | <i>5.39%</i> | <i>-3.19%</i> | <i>-455bps</i> | <i>403bps</i> |
| PAT | -521 | 429 | -496 | -221.47% | -4.67% |
| EPS (INR) | -8.55 | 7.04 | -7.38 | -221.45% | 15.85% |

High-Value B2B Cotton Shirting: The High-Value B2B Cotton Shirting segment maintains resilient demand with factory utilization rates consistently exceeding 90%. This segment provides stable cash flows and benefits from significant operating leverage, having achieved robust growth in FY26 when normalized for one-time government subsidies in the prior year.

Emerging Businesses: The company is focused on turning its nascent businesses, including Ethnix, Innerwear, and Home, into profitable growth levers. Notable milestones include the home segment turning EBITDA neutral and the strategic recalibration of Ethnix to target the "bridegroom's friend" category, which offers higher volume potential and lower customization complexity.

Aggressive Working Capital Compression and Asset Efficiency: The company has executed a disciplined optimization of its Net Working Capital cycle, which reduced from 87 days to 77 days in FY26. With a stated objective to compress NWC below 70 days, the focus remains on enhancing inventory turnover and debtor realization to improve free cash flow conversion.

Retail Network Optimization and Omnichannel Agility: The company is transitioning from footprint expansion to profitable growth, designating FY27 as a consolidation year with a focus on a "lean and high-performing network". By rationalizing underperforming units and targeting 30 to 40 net new store additions, the company is optimizing store-level economics while integrating a 360-degree omnichannel marketing system.

Leadership Transition and Professionalized Governance: The induction of a top-tier management team, including a new CEO, CFO, and CMO with extensive FMCG and retail pedigrees, marks a shift toward institutionalized excellence. The appointment of a global consultancy to develop a three-year strategic roadmap further underscores a data-driven, disciplined approach to long-term shareholder value creation.

Q4FY26 Result Update | Raymond Lifestyle Ltd

| Income Statement (INR Mn) | FY25 | FY26 | FY27E | FY28E | FY29E |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| Revenue (Ex- OI) | 61,767 | 68,880 | 77,692 | 89,224 | 1,02,928 |
| Op. Expenses | 57,090 | 62,296 | 67,799 | 77,434 | 88,696 |
| EBITDA | 4,678 | 6,584 | 9,892 | 11,790 | 14,232 |
| <i>EBITDA Margin</i> | <i>7.57%</i> | <i>9.56%</i> | <i>12.73%</i> | <i>13.21%</i> | <i>13.83%</i> |
| Other income | 1,832 | 1,455 | 1,601 | 1,761 | 1,937 |
| EBITDA (Including OI) | 6,510 | 8,039 | 11,493 | 13,551 | 16,168 |
| <i>EBITDA Margin (Including OI)</i> | <i>10.24%</i> | <i>11.43%</i> | <i>14.49%</i> | <i>14.89%</i> | <i>15.42%</i> |
| Depreciation | 3,214 | 3,708 | 2,675 | 2,955 | 3,235 |
| EBIT | 3,296 | 4,331 | 8,818 | 10,595 | 12,933 |
| 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 | 6,490 | 8,373 | 10,817 |
| Tax | 218 | 254 | 1,647 | 2,118 | 2,729 |
| PAT | 382 | 462 | 4,842 | 6,255 | 8,088 |
| Net Profit | 382 | 462 | 4,842 | 6,255 | 8,088 |
| Adjusted PAT | 1,005 | 1,747 | 4,942 | 6,355 | 8,188 |
| Adjusted EPS (INR) | 16.5 | 28.7 | 81.2 | 104.4 | 134.4 |
| Balance Sheet (INR Mn) | FY25 | FY26 | FY27E | FY28E | FY29E |
| Share Capital | 122 | 122 | 122 | 122 | 122 |
| Reserves & Surplus | 95,755 | 96,236 | 1,01,179 | 1,07,534 | 1,15,722 |
| Networth | 95,877 | 96,358 | 1,01,300 | 1,07,655 | 1,15,843 |
| Debt | 23,062 | 22,017 | 21,017 | 20,017 | 19,017 |
| Net deferred Tax liabilities | 183 | 132 | 132 | 132 | 132 |
| Capital Employed | 1,19,122 | 1,18,507 | 1,22,449 | 1,27,804 | 1,34,992 |
| Gross Fixed Assets | 30,220 | 34,220 | 38,220 | 42,220 | 46,220 |
| Accumulated Depreciation | 5,263 | 8,971 | 11,646 | 14,602 | 17,837 |
| Capital work in progress | 1,237 | 1,361 | 1,361 | 1,361 | 1,361 |
| Net Fixed Assets | 26,194 | 25,368 | 27,934 | 28,979 | 29,743 |
| 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 | 47,682 | 55,586 | 66,280 |
| Inventory | 17,568 | 18,884 | 20,860 | 23,956 | 27,635 |
| Debtors | 9,172 | 9,452 | 10,430 | 11,978 | 13,818 |
| Cash & Bank balance | 4,009 | 3,279 | 2,920 | 4,179 | 6,976 |
| Loans & advances and others | 13,625 | 11,945 | 13,473 | 15,473 | 17,850 |
| Current Liabilities & Provisions | 19,238 | 21,462 | 24,208 | 27,801 | 32,071 |
| Liabilities | 18,429 | 20,039 | 22,602 | 25,957 | 29,944 |
| Provisions | 809 | 1,424 | 1,606 | 1,844 | 2,127 |
| Net Current Assets | 25,134 | 22,098 | 23,475 | 27,785 | 34,208 |
| Application of Funds | 1,19,122 | 1,18,507 | 1,22,449 | 1,27,804 | 1,34,992 |
| Cash Flow Statement (INR Mn) | FY25 | FY26 | FY27E | FY28E | FY29E |
| PBT | 1,223 | 2,001 | zz | 8,473 | 10,917 |
| Depreciation & amortisation | 3,214 | 3,708 | 2,675 | 2,955 | 3,235 |
| Interest expense | 2,074 | 2,331 | 2,228 | 2,122 | 2,016 |
| (Inc)/Dec in working capital | (949) | 2,307 | (1,736) | (3,051) | (3,626) |
| Tax paid | (218) | (254) | (1,647) | (2,118) | (2,729) |
| Other operating Cash Flow | (1,832) | (1,455) | (1,601) | (1,761) | (1,937) |
| Cash flow from operating activities | 3,510 | 8,638 | (81) | 6,620 | 7,877 |
| Capital expenditure | (5,400) | (4,000) | (4,000) | (4,000) | (4,000) |
| Add: Int/Div. Income Recd. | 1,832 | 1,455 | 1,601 | 1,761 | 1,937 |
| CF from investing activities | (3,594) | (5,792) | (2,399) | (2,239) | (2,063) |
| Inc/(Dec) in debt | 7,447 | (1,045) | (1,000) | (1,000) | (1,000) |
| Dividend Paid | (2,074) | (2,331) | (2,228) | (2,122) | (2,016) |
| Others | (2,261) | (305) | (1,242) | - | - |
| CF from financing activities | 2,568 | (3,574) | (4,470) | (3,122) | (3,016) |
| Net cash flow | 2,485 | (729) | (6,950) | 1,259 | 2,798 |
| Opening balance | 1,524 | 4,009 | 3,280 | 2,919 | 4,179 |
| Closing balance | 4,009 | 3,280 | 2,919 | 4,179 | 6,976 |

Source: Company & Arianth Research

Q4FY26 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 | 1,663.4 | 1,767.7 | 1,902.2 |
| CEPS (INR) | 59.0 | 68.5 | 123.4 | 151.2 | 185.9 |
| Margins | FY25 | FY26 | FY27E | FY28E | FY29E |
| EBITDA Margin | 10.24% | 11.43% | 14.49% | 14.89% | 15.42% |
| EBIT Margin | 5.18% | 6.16% | 11.12% | 11.65% | 12.33% |
| PAT Margin | 1.58% | 2.48% | 6.23% | 6.98% | 7.81% |
| Growth Indicators (%) | FY25 | FY26 | FY27E | FY28E | FY29E |
| Revenue(%) | -5.5 | 11.5 | 12.8 | 14.8 | 15.4 |
| EBITDA(%) | -40.3 | 23.5 | 43.0 | 17.9 | 19.3 |
| Adj PAT(%) | -79.4 | 73.9 | 182.9 | 28.6 | 28.8 |
| Adj EPS(%) | -97.4 | 73.9 | 182.9 | 28.6 | 28.8 |
| Valuation (x) | FY25 | FY26 | FY27E | FY28E | FY29E |
| P/E | 49.2 | 28.3 | 10.0 | 7.8 | 6.0 |
| P/BV | 0.5 | 0.5 | 0.5 | 0.5 | 0.4 |
| EV/EBITDA | 11.2 | 9.1 | 6.3 | 5.2 | 4.1 |
| EV/Sales | 1.2 | 1.1 | 0.9 | 0.8 | 0.6 |
| Financial Ratios | FY25 | FY26 | FY27E | FY28E | FY29E |
| RM/Net Revenue | 45 | 46 | 46 | 46 | 45 |
| Emp Exp/Net Revenue | 15 | 14 | 12 | 11 | 9 |
| Other Exp/Net Revenue | 32 | 31 | 29 | 30 | 32 |
| RoE (%) | 1.0 | 1.8 | 5.0 | 6.1 | 7.3 |
| RoCE (%) | 4.4 | 4.9 | 8.6 | 9.9 | 11.3 |
| Asset/T.O (x) | 1.3 | 1.4 | 1.6 | 1.6 | 1.7 |
| Net Debt/Equity (x) | 0.2 | 0.2 | 0.2 | 0.1 | 0.1 |
| EBIT/Interest (x) | 2.5 | 2.5 | 4.7 | 5.8 | 7.4 |
| Key operating metrics | FY25 | FY26 | FY27E | FY28E | FY29E |
| Dep. (% of Gross Block) | 11.7 | 11.5 | 7.4 | 7.3 | 7.3 |
| 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 | 2.8 | 3.1 | 3.5 |
| 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

| | |
|------------|-------------|
| 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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