

Raymond Lifestyle

Estimate change	↔
TP change	↓
Rating change	↔

CMP: INR812 **TP: INR1,060 (+31%)** **Buy**

Profitability rebounds due to the mix & operating leverage

- Raymond Lifestyle (RLL) reported a weak 4QFY26 performance, with EBITDA at INR1.2b missing estimates due to lower gross margins and higher operating costs. PAT was further impacted by the one-off inventory impact of INR0.7b in the apparel business.
- FY26 pre-Ind AS EBITDA rose 56% YoY to INR4.3b, with margins expanding 180bp to 6.2%, aided by operating leverage and improved execution. Reported PAT was INR642m and remained impacted by multiple one-offs.
- Working capital discipline improved materially (up 3% vs. 12% revenue growth), supporting the CFO (after lease & interest) generation of INR1.7b. However, the elevated capex of INR1.8b resulted in marginal FCF outflow.
- RLL's legacy textile business continues to provide strong cash flow support, enabling investments in brands and distribution without BS stress. Growth in the garmenting business is also likely to improve post-trade deals.
- FY27 is likely to be a consolidation year for branded apparel, with the focus shifting from aggressive store expansion to sharper brand positioning, channel productivity, and profitable growth.
- Store rationalization and tighter execution should drive ~230bp EBITDA margin expansion over FY26-28E, though meaningful demand-side improvement is likely to be gradual over the next 2–3 years.
- We trim our Pre-IND AS EBITDA estimates by 7% over FY27/28E and build in revenue/EBITDA/PAT CAGR of 10%/28%/45% over FY26-28E.
- Despite near-term drag from losses in newer businesses, RLL's strong textile franchise and attractive valuation of ~15x FY28E EPS provide favorable risk-reward.
- **Reiterate BUY with a TP of INR1,060 (based on 20x FY28E EPS).**

Sharp miss on profitability due to higher opex and write-offs

- RLL's consolidated revenue rose 19% YoY to INR17.7b (vs. our estimate of 17% YoY growth).
- Revenue growth was mainly led by an acceleration in domestic demand, driving improved performance in Branded Textile (up 11% YoY).
- RLL closed net 22 stores in 4Q (35 net closures in FY26), bringing the total retail store network to 1,653.
- Gross profit grew 16% YoY to INR7.2b (in line), while gross margin contracted ~115bp YoY to 40.6% (125bp miss).
- EBITDA grew to INR1.2b (**33% miss**) due to lower GMs and higher opex/brand investments.
- EBITDA margin stood at 6.7% (~338bp miss).
- Depreciation and amortization jumped 8% YoY (in line), while finance costs rose 4% YoY (4% below).
- RLL posted an exceptional expense of INR700m owing to the loss allowance. Adjusted for this, its PAT at INR521m rose ~16% YoY (~73% miss).

Bloomberg	RAYMONDL IN
Equity Shares (m)	61
M.Cap.(INRb)/(USD\$b)	49.5 / 0.5
52-Week Range (INR)	1414 / 725
1, 6, 12 Rel. Per (%)	-2/-25/-16
12M Avg Val (INR M)	262

Financials & valuations (INR b)

Y/E MARCH	FY26	FY27E	FY28E
Sales	68.9	76.0	82.5
EBITDA	6.6	8.2	9.3
Adj. PAT	1.7	2.6	3.3
EPS (INR)	28.7	43.3	54.1
EPS Gr. (%)	73.9%	50.8%	25.1%

Ratios

BV/Sh. (INR)	1,582	1,625	1,680
RoE (%)	4.0	5.9	6.9
RoCE (%)	7.1	9.2	10.1

Valuations

P/E (x)	27.7	18.4	14.7
P/BV (x)	0.5	0.5	0.5
EV/EBITDA (x)	8.1	6.5	5.8

Shareholding pattern (%)

As of	Mar-26	Dec-25	Mar-25
Promoter	59.5	58.2	54.7
DII	5.1	6.2	7.9
FII	8.7	8.7	10.5
Others	26.6	26.9	26.9

FII includes depository receipts

Highlights from the management commentary

- **Branded apparel:** Healthy same-store demand trends across apparel categories, supported by strong traction in casual wear and premium fabrics such as linen. Focus remains on premiumization, expanding casual categories, improving product mix, and increasing reach through MBOs and large-format stores.
- **Emerging businesses:** They currently contribute ~INR1.4b in revenue while incurring losses of ~INR0.8b. Excluding these investments, the core branded business profitability remains significantly stronger.
- **The garmenting business** saw a strong recovery in demand, with March recording the highest-ever monthly revenues. Improved US trade conditions, strong client retention, and healthy order visibility (1Q fully booked; 2Q progressing well) provide confidence for robust growth in FY27.
- **Outlook:** FY27 would be a year of consolidation, with a focus on profitable and sustainable growth over aggressive expansion. The company plans ~100 gross EBO additions with rationalization of weaker stores, resulting in a net addition of 30–40 stores while targeting double-digit revenue and earnings growth.

Valuation and view

- RLL's legacy textile business continues to provide strong cash flow support, enabling investments in brands and distribution without BS stress. Growth in the garmenting business is also likely to improve as global sourcing normalizes and trade agreements, including the India–EU FTA, enhance export competitiveness.
- FY27 is likely to be a consolidation year for branded apparel, with the focus shifting from aggressive store expansion to sharper brand positioning, channel productivity, and profitable growth.
- Store rationalization and tighter execution should drive ~230bp EBITDA margin expansion over FY26-28E, though meaningful demand-side improvement is likely to be gradual over the next 2–3 years.
- We trim our pre-IND AS EBITDA estimates by 7% over FY27/28E and build in Revenue/EBITDA/PAT CAGR of 10%/28%/45% over FY26-28E.
- Despite near-term drag from losses in newer businesses, RLL's strong textile franchise and attractive valuation of ~15x FY28E EPS provide favorable risk-reward.
- **We reiterate our BUY rating with a TP of INR1,060, based on 20x FY28E EPS.**

Consolidated - Quarterly Earnings

(INR m)

Y/E March	FY25				FY26				FY25	FY26E	FY26 4QE	Est Var (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Revenue	12,201	17,083	17,542	14,942	14,304	18,324	18,487	17,765	61,767	68,880	17,487	1.6%
YoY Change (%)	-8%	-5%	2%	-11%	17%	7%	5%	19%	-5%	12%	17%	
Total Expenditure	11,604	14,935	15,745	14,806	13,534	16,064	16,118	16,579	57,090	62,296	15,728	5.4%
EBITDA	597	2,148	1,797	136	770	2,260	2,369	1,185	4,678	6,584	1,759	-32.6%
EBITDA Margin	4.9%	12.6%	10.2%	0.9%	5.4%	12.3%	12.8%	6.7%	7.6%	9.6%	10.1%	
Change YoY (%)	-59%	-17%	-37%	-0.9	0.3	5%	32%	775%	-50%	41%	0.0	
Depreciation	746	763	794	911	888	914	923	982	3,214	3,708	967	1.6%
Interest	463	532	544	534	575	600	603	553	2,074	2,331	577	-4.2%
Other Income	294	270	413	856	445	330	341	339	1,832	1,455	451	-24.9%
PBT	-323	528	867	-473	-248	1,029	615	-682	600	715	666	NA
Tax	-91	106	226	-23	-50	277	187	-161	218	254	101	NA
Rate (%)	28.1%	20.1%	26.0%	4.9%	20.0%	27.0%	30.3%	23.6%	36.4%	35.4%	15.2%	
Reported PAT	-232	422	642	-450	-198	752	429	-521	382	462	565	NA
Adj PAT	-227	1,016	645	-430	-198	799	997	150	1,005	1,747	565	NA
YoY Change (%)	-139.5%	-27.1%	-60.3%	-135%	-12.8%	-21%	54.4%	nm	-79.4%	73.9%	-0.1	

Exhibit 1: Valuation – we ascribe a TP of INR1,060 to RLL

Mar'28	INRm
PAT	3,295
PE	20
Equity	64,587
NOS	60.9
TP (INR/share)	1,060
CMP	795
upside	33.4%

Segmental performance

- **Branded Textile:** Revenue at INR8.3b (13% miss) grew ~14% YoY, led by robust volume growth and premiumization. EBITDA grew to INR1.2b (37% miss) with margins at 13.9% (vs. our estimates of 19.1%).
 - For the full year, FY26 branded textiles reported INR34.3b revenue, up 14% YoY. EBITDA stood at INR6.1b, up 46% YoY, with the margin at 17.8%.
- **Branded Apparel:** Revenue at INR4.7b (10% ahead) grew 20% YoY. The growth was witnessed across all brands and key channels such as EBOs, MBOs, and online. EBITDA came in a modest INR183m (12% beat), and the margin continued to remain weak at 3.9%, due to increased marketing sales and lower sales from new stores.
 - FY26 revenue stood at INR18.1b (up 14% YoY) with EBITDA declining 17% YoY, to INR9.8b. EBITDA margins stand at 5.4% (vs 7.4% YoY).
- **Garmenting:** Revenue at INR3.4b grew 38% YoY (45% beat). The segment reported an EBITDA of INR140m (vs. ~INR110m profit QoQ) on account of demand recovery post-US trade deal.
 - FY26 revenue stood at INR10.7b (flat YoY) owing to tariff-related uncertainties. EBITDA declined 38% YoY to INR317m.
- **High Value Cotton Shirting (HVCS):** Revenue at INR1.9b (7% miss) grew ~6% YoY. However, EBITDA (adjusted for one-time subsidy in 4QFY25) doubled YoY to INR195m (vs. our est. of INR235m), as margin expanded ~550bp YoY to 9.9%, driven by improved product mix.
 - FY26 revenue stood at INR8.2b (flat YoY), with EBITDA growing 42% YoY to INR866m and margin expanding 300bp YoY.

Exhibit 2: Consolidated P&L (INR m)

Consol P&L (INR m)	4QFY25	3QFY26	4QFY26	YoY%	QoQ%	4QFY26E	v/s Est (%)
Total Revenue	14,942	18,487	17,765	19	-4	17,487	2
Raw Material cost	8,698	10,187	10,544	21	4	10,163	4
Gross Profit	6,243	8,300	7,221	16	-13	7,323	-1
Gross margin (%)	41.8%	44.9%	40.6%	-113.9	-425.0	41.9%	-123.5
Employee Costs	2,249	2,387	2,218	-1	-7	2,464	-10
Other expenses	3,859	3,543	3,818	-1	8	3,101	23
EBITDA	135	2,369	1,185	775	-50	1,759	-33
EBITDA margin (%)	0.9%	12.8%	6.7%	576.5	-614.5	10.1%	-338.6
Depreciation and amortization	911	923	982	8	6	967	2
EBIT	-775	1,446	203	-126	-86	792	-74
EBIT margin (%)	-0.1	7.8%	1.1%	NM	NM	4.5%	-3.4
Finance Costs	534	603	553	4	-8	577	-4
Other income	856	341	339	-60	-1	451	-25
Exceptional item	-20	-568	-670	NM	NM	0	NM
Profit before Tax	-473	615	-682	44	-211	666	-202
Tax	-23	187	-161	588	-186	101	-259
Tax rate (%)	4.9%	30.3%	23.6%	377.6	-22.1	15.2%	55.6
Profit after Tax	-450	429	-521	16	-221	565	-192
Adj Profit after Tax	-430	997	150	-135	-85	565	-73

Segment Revenue	4QFY25	3QFY26	4QFY26	YoY%	QoQ%	4QFY26E	v/s Est (%)
Branded Textile	7,274	9,513	8,305	14%	-13%	9,582	-13%
Branded Apparel	3,912	4,817	4,694	20%	-3%	4,259	10%
Garmenting	2,480	2,576	3,417	38%	33%	2,377	44%
HVCS	1,847	2,045	1,966	6%	-4%	2,107	-7%
Consolidated Revenue	14,942	18,487	17,765	19%	-4%	17,487	2%
Elimination	571	463	618			837	

Segment EBITDA	4QFY25	3QFY26	4QFY26	YoY%	QoQ%	4QFY26E	v/s Est (%)
Branded Textile	509	2,074	1,154	127%	-44%	1,833	-37%
Branded Apparel	16	352	183	1070%	-48%	163	12%
Garmenting	-72	108	140	-295%	30%	16	800%
HVCS	81	227	195	140%	-14%	235	-17%
Consolidated EBITDA	135	2,369	1,185	775%	-50%	1,759	-33%
Elimination	399	391	487			488	

Segment EBITDA Margin	4QFY25	3QFY26	4QFY26	YoY%	QoQ%	4QFY26E	v/s Est (%)
Branded Textile	7.0	21.8	13.9	690	-790	19.1	-523
Branded Apparel	0.4	7.3	3.9	350	-340	3.8	7
Garmenting	-2.9	4.2	4.1	700	-10	0.7	344
HVCS	4.4	11.1	9.9	550	-120	11.2	-126
Consolidated EBITDA	0.9	12.8	6.7	576	-614	10.1	-339

Exhibit 3: Our key estimate changes

Consol	FY26	FY27E	FY28E
Revenue (INR m)			
Old		74,239	80,124
Actual/New	68,880	75,970	82,475
Change (%)		2.3%	2.9%
Gross Profit (INR m)			
Old		32,368	35,575
Actual/New	29,699	33,617	36,495
Change (%)		3.9%	2.6%
Gross margin (%)			
Old		43.6	44.4
Actual/New	43.1	44.3	44.3
Change (bp)		0.6	-0.1
Pre-IND AS EBITDA (INR m)			
Old		6,521	7,692
Actual/New	4,276	5,937	7,005
Change (%)		-9.0%	-8.9%
EBITDA margin (%)			
Old		11.9	12.5
Actual/New	9.6	10.8	11.2
Change (bp)		-108.6	-127.5
PAT (INR m)			
Old		3,492	4,320
Actual/New	1,747	2,634	3,295
Change (%)		-24.6%	-23.7%

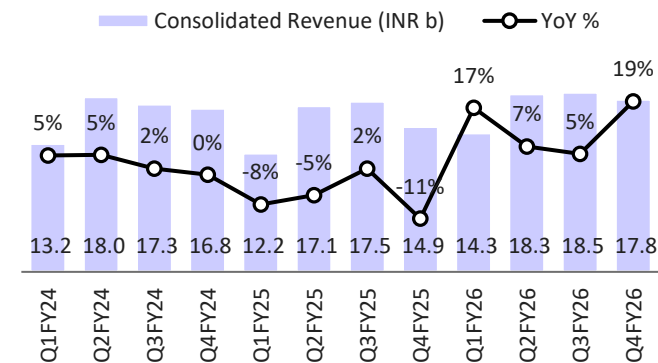


Highlights from the management commentary

- **Branded apparel:** Healthy same-store demand trends across apparel categories, supported by strong traction in casual wear and premium fabrics such as linen. Focus remains on premiumization, expanding casual categories, improving product mix, and increasing reach through MBOs and large-format stores.
- **Emerging business** currently contribute ~INR1.4b in revenue while incurring losses of ~INR0.8b. Excluding these investments, the core branded business profitability remains significantly stronger.
- **The garmenting** business saw a strong recovery in demand, with March recording the highest-ever monthly revenues. Improved US trade conditions, strong client retention, and healthy order visibility (1Q is fully booked; 2Q is progressing well) provide confidence for robust growth in FY27.
- **B2B shirting:** Reported profitability was impacted by the high base of a one-time government subsidy received in FY26 (INR530m). Excluding this impact, the segment delivered YoY improvement driven by better factory utilization, operational efficiencies, and strong execution in fabric and garment exports.
- **Marketing strategy:** Raymond is shifting toward an integrated omnichannel marketing approach under its new CMO. The strategy focuses on building differentiated brand identities across Raymond, Park Avenue, ColorPlus, and Raymond Linen through digital campaigns, influencer engagement, cinema advertising, and premium media spends.
- **Premiumization & casualization** remain the key strategic pillars. RLL plans to strengthen its premium portfolio across wool (in Textiles), linen, and high-end apparel while expanding comfort-led casual categories such as polos, chinos, denim, knitwear, and hybrid fabrics, led by ColorPlus and supported by Park Avenue and Raymond RTW.
- **Supply chain & geopolitical impact:** No material disruption was witnessed in sourcing or exports despite geopolitical tensions in the Middle East. Wool procurement from Australia and linen imports from Europe remain stable.
- **Capex:** FY27 capex guidance remains broadly steady at ~INR2b. Key FY26 investments included SAP implementation (INR0.5b), Hyderabad garment facility expansion (INR0.6b), and routine maintenance capex.
- **Working Capital** days reduced from 87 to 77 days in FY26, with a target of sub-70 days in FY27. Key focus areas include tighter debtor controls, improved collections, and inventory optimization to strengthen cash flows and balance sheet efficiency.
- **Outlook:** FY27 would be a year of consolidation, with a focus on profitable and sustainable growth over aggressive expansion. The company plans ~100 gross EBO additions with rationalization of weaker stores, resulting in a net addition of 30–40 stores while targeting double-digit revenue and earnings growth.

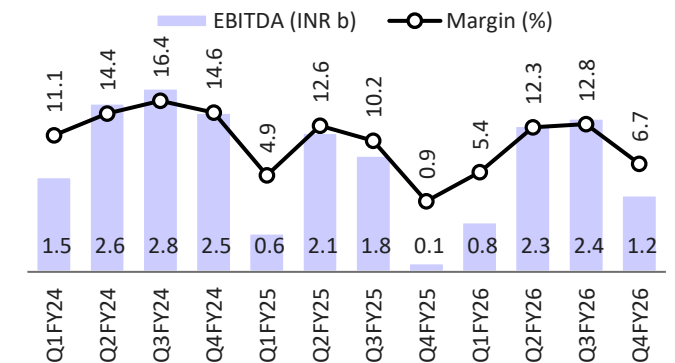
Key exhibits

Exhibit 4: Consolidated revenue grew 19% YoY



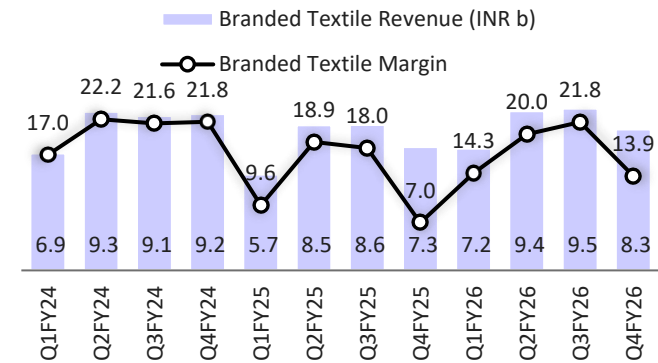
Source: Company, MOFSL

Exhibit 5: Margin expanded ~576bp YoY, led by strong GM



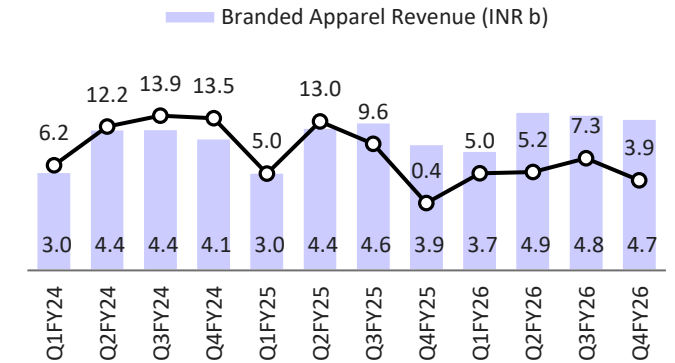
Source: Company, MOFSL

Exhibit 6: Branded Textile revenue grew 14% YoY, with margin at 13.9% (up 690bp YoY)



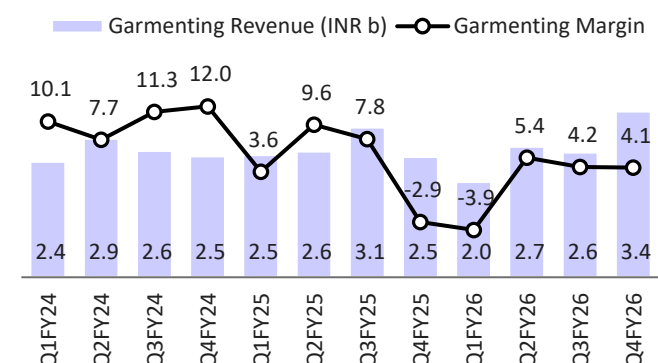
Source: Company, MOFSL

Exhibit 7: Branded Apparel revenue rose 20% YoY; margin contracted to 3.9%



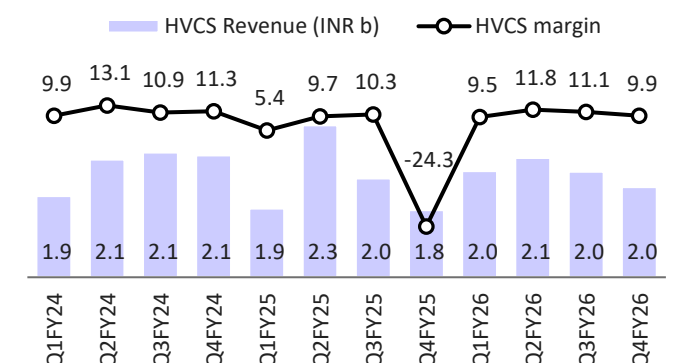
Source: Company, MOFSL

Exhibit 8: Garmenting revenue grew ~38% YoY



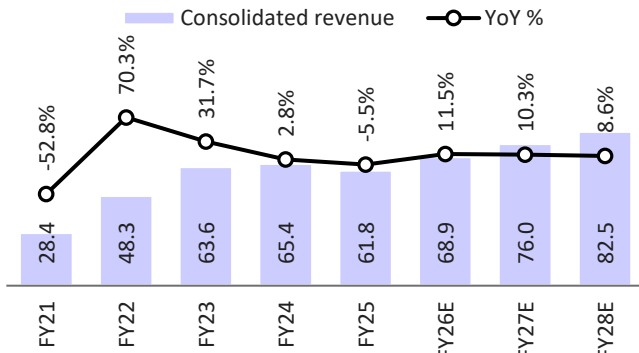
Source: Company, MOFSL

Exhibit 9: HVCS margin expanded 550bp to 9.9%



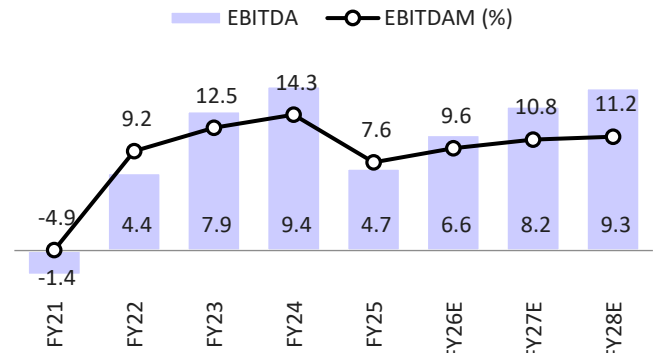
Source: Company, MOFSL

Exhibit 10: Consolidated revenue to record ~10% CAGR over FY25-28E



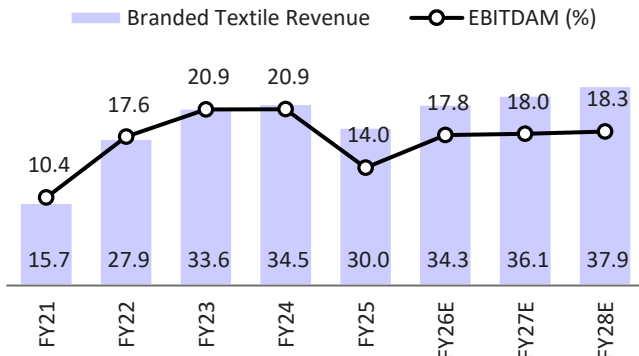
Source: Company, MOFSL

Exhibit 11: EBITDA margin to expand ~230bp over FY26-28



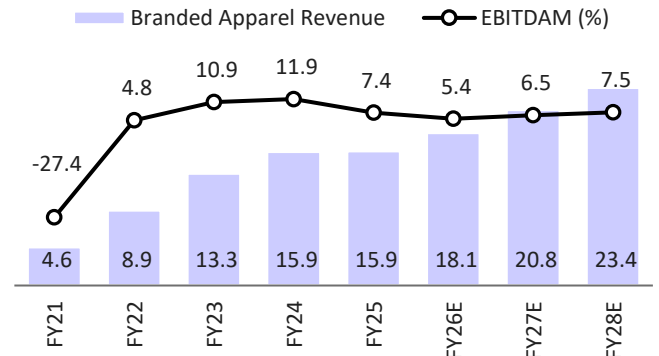
Source: Company, MOFSL

Exhibit 12: Branded textiles to grow steadily with margin improvement



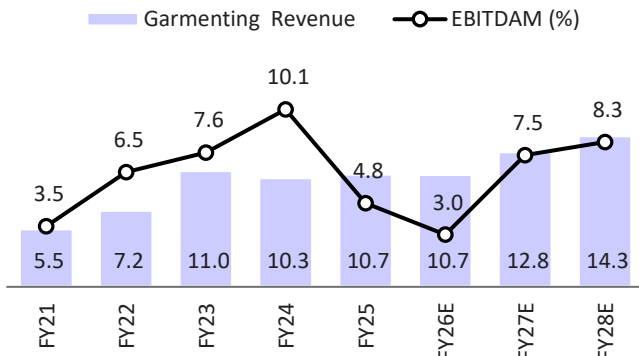
Source: Company, MOFSL

Exhibit 13: Apparel to post a 14% CAGR, with steady margin improvement



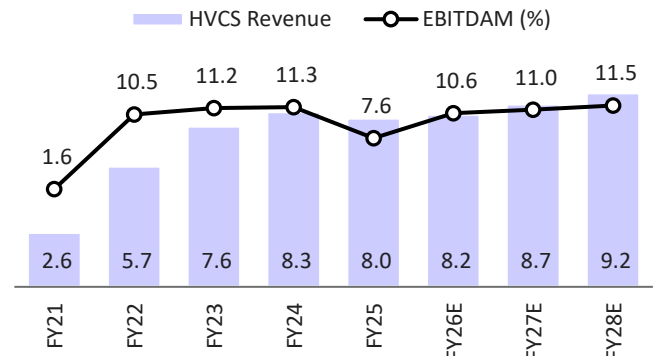
Source: Company, MOFSL

Exhibit 14: Garmenting margin to recover on account of demand recovery after the US trade deal



Source: Company, MOFSL

Exhibit 15: HVCS to grow steadily with margins normalizing



Source: Company, MOFSL

Financials and valuations

Consolidated - Income Statement					(INR m)
Y/E March	FY24	FY25	FY26	FY27E	FY28E
Revenue from Operations	65,354	61,767	68,880	75,970	82,475
Change (%)		-5	12	10	9
Raw Materials	29,259	27,749	31,707	34,187	37,114
Manufacturing & opex	6,902	7,391	7,474	8,167	8,866
Gross Profit	29,193	26,627	29,699	33,617	36,495
Margin (%)	44.7	43.1	43.1	44.3	44.3
Employee Costs	9,182	9,452	9,305	10,560	11,134
Other Expenses	10,646	12,498	13,809	14,848	16,109
EBITDA	9,366	4,678	6,584	8,209	9,251
Margin (%)	14.3	7.6	9.6	10.8	11.2
Depreciation	2,463	3,214	3,708	4,077	4,499
EBIT	6,903	1,464	2,876	4,131	4,752
Margin (%)	10.6	2.4	4.2	5.4	5.8
Finance costs	1,957	2,074	2,331	2,165	2,091
Other Income	1,544	1,832	1,455	1,553	1,742
Exceptional Items loss (gain)	-92	-623	-1,285	-	-
PBT bef. EO Exp.	6,398	600	715	3,520	4,404
Total Tax	-1,603	-218	-254	-886	-1,108
Tax Rate (%)	25.1	36.4	35.4	25.2	25.2
PAT	4,795	382	462	2,634	3,295
Adjusted PAT	4,887	1,005	1,747	2,634	3,295
Change (%)		-79	74	51	25

Consolidated - Balance Sheet					(INR m)
Y/E March	FY24	FY25	FY26	FY27E	FY28E
Equity Share Capital	122	122	122	122	122
Total Reserves	96,500	95,755	96,236	98,870	102,166
Net Worth	96,622	95,877	96,358	98,992	102,287
Total Loans	8,254	12,696	12,002	11,002	10,002
Lease Liability	7,135	10,188	9,853	10,043	10,709
Capital Employed	112,010	118,761	118,214	120,037	122,999
Fixed Assets	75,474	78,854	78,258	77,486	76,710
Total Investments	9,000	9,658	10,371	10,371	10,371
Curr. Assets, Loans&Adv.	32,277	36,140	37,484	41,582	47,260
Inventory	17,328	17,568	18,884	20,814	22,596
Account Receivables	9,248	9,172	9,452	11,031	11,298
Cash and Bank Balance	1,601	4,009	3,279	3,869	7,498
Loans and Advances	4,100	5,392	5,868	5,868	5,868
Curr. Liability & Prov.	18,427	19,417	21,624	22,242	23,073
Account Payables	12,593	13,237	14,368	14,986	15,817
Other Current Liabilities	5,100	5,371	6,240	6,240	6,240
Provisions	734	809	1,017	1,017	1,017
Net Current Assets	13,850	16,723	15,859	19,340	24,187
Deferred Tax assets	11,330	11,268	11,195	10,309	9,201
Other Assets	2,356	2,257	2,531	2,531	2,531
Appl. of Funds	112,011	118,760	118,214	120,037	122,999

E: MOFSL Estimates

Financials and valuations

Ratios

Y/E March	FY24	FY25	FY26	FY27E	FY28E
Basic (INR)					
EPS	80.2	16.5	28.7	43.3	54.1
Cash EPS	120.7	69.3	89.6	110.2	128.0
BV/Share	1,587	1,574	1,582	1,625	1,680
Valuation (x)					
P/E	9.9	48.2	27.7	18.4	14.7
Cash P/E	6.6	11.5	8.9	7.2	6.2
P/BV	0.5	0.5	0.5	0.5	0.5
EV/Sales	0.8	0.9	0.8	0.7	0.6
EV/EBITDA	5.7	11.4	8.1	6.5	5.8
FCF per share	-66.9	-22.9	-1.0	0.6	47.4
Return Ratios (%)					
--Adjusted to revaluation, goodwill and cash					
Adj RoE	11.1	2.3	4.0	5.9	6.9
Adj RoCE	15.4	5.7	7.1	9.2	10.1
Adj RoIC	20.9	4.4	7.9	11.1	12.8
--Pre Ind-AS ratios					
Adj RoCE	22.0	7.3	9.9	12.8	14.8
Adj RoIC	25.1	3.9	9.5	13.8	18.1
Working Capital Ratios					
Fixed Asset Turnover (x)	0.9	0.8	0.9	1.0	1.1
Asset Turnover (x)	0.6	0.5	0.6	0.6	0.7
Inventory (Days)	97	104	100	100	100
Debtor (Days)	52	54	50	53	50
Creditor (Days)	70	78	76	72	70
WC (Days)	78	80	74	81	80
Leverage Ratio (x)					
Current Ratio	1.8	1.9	1.7	1.9	2.0
Interest Cover Ratio	3.5	0.7	1.2	1.9	2.3
Net Debt/EBITDA	0.5	2.0	1.2	0.8	0.3
Net Debt/Equity	0.0	0.1	0.1	0.1	0.0

Consolidated - Cash Flow Statement

(INR m)

Y/E March	FY24	FY25	FY26	FY27E	FY28E
OP/(Loss) before Tax	6,398	600	715	3,520	4,404
Depreciation	2,463	3,232	3,708	4,077	4,499
Interest & Finance Charges	1,957	2,074	2,331	2,165	2,091
Others	-939	-611	878	-1,553	-1,742
Direct Taxes Paid	-402	568	-357	-886	-1,108
(Inc)/Dec in WC	-9,101	-1,819	-1,813	-2,005	-109
CF from Operating	376	4,043	5,462	5,317	8,034
(Inc)/Dec in FA	-1,478	-2,160	-1,801	-1,800	-1,800
Free Cash Flow	-1,102	1,883	3,661	3,517	6,234
(Pur)/Sale of Investments	-8,826	-1,249	-70	0	0
Others	23,350	603	603	1,553	1,742
CF from Investments	13,047	-2,806	-1,268	-247	-58
Inc/(Dec) in Debt	-11,054	4,459	-756	-1,000	-1,000
Inc/(Dec) in Lease	-1,365	-1,931	-2,309	-2,271	-2,246
Interest Paid	-1,607	-1,343	-1,412	-1,210	-1,100
CF from Fin. Activity	-14,026	585	-4,476	-4,481	-4,347
Inc/Dec of Cash	-604	1,822	-282	589	3,629
Opening Balance	1,424	824	2,652	2,364	2,953
Other bank balance	781	1,363	916	916	916
Closing Balance	1,601	4,009	3,279	3,869	7,498

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BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
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