



# Raymond Lifestyle

BSE SENSEX 78,473 S&P CNX 23,728

**CMP: INR2,013 TP: INR3,000 (+49%) Buy**



Bloomberg	RAYMONDL IN
Equity Shares (m)	61
M.Cap.(INRb)/(USD\$)	122.7 / 1.4
52-Week Range (INR)	3100 / 1913
1, 6, 12 Rel. Per (%)	2/-/-
12M Avg Val (INR M)	349

### Financials & Valuations (INR b)

Y/E MARCH	FY24	FY25E	FY26E
Sales	65.4	68.6	76.8
EBITDA	9.4	9.2	10.8
Adj. PAT	4.9	4.1	5.0
EPS (INR)	80.2	66.9	81.4
EPS Gr. (%)	-	(16.7)	21.7

### Ratios

BV/Sh. (INR)	1,599	1,656	1,738
RoE (%)	10.9	8.7	9.7
RoCE (%)	15.1	12.3	13.0

### Valuations

P/E (x)	25.2	30.2	24.8
P/BV (x)	1.3	1.2	1.2
EV/EBITDA (x)	13.7	14.0	11.9
Div. Yield (%)	-	-	-

### Shareholding pattern (%)

As On	Sep-24
Promoter	54.7
DII	7.9
FII	12.7
Others	24.8

FII Includes depository receipts

## Multiple growth drivers in place

- The festive and the ongoing wedding season has improved the demand environment for retailers such as Raymond Lifestyle (RLL), with **expectations of double-digit growth (~12-14%) in secondary sales**, which should result in improved collections in 3QFY25.
- However, primary sales may reflect demand improvement with a quarter's lag owing to higher inventory in the channel amid demand weakness in the past 12-15 months.
- Given a higher number of wedding days extending the season to 1HFY26, the demand momentum is expected to remain robust, which places RLL in a sweet spot as its wedding portfolio accounts for ~35-40% of its total revenue.
- RLL is targeting **12-14% revenue growth** and **15-18% growth in EBITDA/PAT** in the medium term. The branded apparels segment will be the key growth driver, aided by increased EBO footprint, the ramp-up of the Ethnix by Raymond, and the entry into sleepwear and innerwear segments.
- RLL operates at ~30% operational RoCE and the management **expects RoCE to improve further**, driven by 1) the improved demand environment, resulting in better collections; and 2) moderation in capex vs. FY25 levels.
- We factor in a CAGR of 9-11% in revenue/EBITDA/PAT over FY24-27. We value RLL at a PE multiple of 30x on Dec'26E. **Reiterate BUY with an unchanged TP of INR3,000.**

## Scale-up of distribution network in branded apparels – a key focus area

- RLL boasts a legacy of established brands such as Park Avenue, Raymond RTW, Parx, and Colorplus. However, the presence of RLL brands remain under-penetrated with 463 EBOs (including Ethnix EBOs).
- RLL plans to expand the retail network in the branded apparels segment while maintaining mid-single-digit LFL growth.
- RLL targets to increase its EBO count to ~900 by FY27 (~30% CAGR over FY24-27) as brands like Park Avenue, ColorPlus and Ethnix could expand their presence to 300 stores each across Tier-1 to Tier-4 cities.
- The majority of RLL's EBO expansion will likely be done through the asset-light FOFO model. Further, the company is looking to expand its share in large-format stores (LFS) and MBOs.
- RLL has recently launched sleepwear under the 'Sleepz by Raymond' brand offering western and Indian sleepwear products at a price range of INR500-999. Further, the company is targeting the innerwear category through Park Avenue Innerwear. We expect incremental revenue of ~INR3b by FY27 from these two categories.