

Fair Value : INR 2,351

Stock Info

Sector Retail

Segment Updates(FY24)

Particular(INR Mn)	Revenue
Branded Textiles	34,490
Branded Apparel	15,870
Garmenting	10,350
High Value Cotton Shirting	8,300
Others	(2,100)
Raymond Consolidated	66,910

Segment Updates(FY24)

Particular(INR Mn)	EBITDA
Branded Textiles	7,060
Branded Apparel	1,830
Garmenting	1,070
High Value Cotton Shirting	940
Others	30
Raymond Consolidated	10,930

Segment Updates(FY24)

Particulars	EBITDA Margin (%)
Branded Textiles	20.5
Branded Apparel	11.5
Garmenting	10.3
High Value Cotton Shirting	11.4
Others	-
Raymond Consolidated	16.3

The company will be listed as Raymond Lifestyle Ltd this Thursday, September 5. They also plan to list their real estate segment separately by next year, aiming to operate all three businesses with different listings. The company is currently debt-free, having successfully managed its finances post-COVID. Over the next 3 to 4 years, their goal is to become a leading brand in the fashion and lifestyle sector. A key strength of the company is its Raymond custom tailoring, which offers extensive personalization options. They plan to open 650 stores within the next 3 to 4 years.

In branded textiles, the company manages 20,000 SKUs annually and has a presence in 800 cities with 1,050 TRS, 1,450 MBOs. It is unique in offering fabrics ranging from INR 300 to INR 300,000 per meter. It is focusing on premiumization in its suiting line and expanding its multi-brand outlet (MBO) space. Its textile offerings include wool, blended wool, and synthetic poly-viscose, with a growing investment in poly-wool for export. In shirting, it is providing value cotton at competitive prices and strengthening its linen segment, connected more than 5000+ tag dealers.

In branded apparel, their Ethnix brand is scaling up with a target of INR 1000 crore in the ethnic wear segment within 2 to 3 years. They have entered the sleepwear and innerwear markets, seeing a significant opportunity due to no organized players in sleepwear. They plan to double their EBOs from 409 to 900, TRS from 1065 to 1200, From 4525 MBOs to 5500, from 1350 to 2500 LFS stores by FY27, with new designs, technological advancements, store renovations, and improved inventory management.

In garments, the company offers tailored clothing and leverages its expertise in cotton and linen. They are benefiting from shifts in demand due to COVID and geopolitical issues in China and Bangladesh and have invested INR 200 crore to double their production capacity. They are also looking for business models similar to Zudio.

Growth Guidance: Raymond Lifestyle Ltd. Is setting a strong growth trajectory with a target to increase its market share from 5% to 7% over the next three years in the wedding market, aiming for a 15% CAGR by FY27. The company expects its wedding and ceremonial portfolio to grow 1.5x by FY27 and 2.3x by FY30. Revenue growth is projected at 12-15% by FY28, to double EBITDA by 2028, driven by a major expansion in the apparel business. With the ethnic wear market expected to grow at an 8% CAGR by 2027, Raymond Lifestyle plans to capitalize on the shifting dynamics, where the organized segment is projected to equal the unorganized (50%-50%) by 2027. The company also plans to triple its exclusive brand outlet (EBO) network in two years. Ethnix is expected to contribute 12-15% of the business, targeting INR 1,000 crore in the next five years and they are working to reduce NWC from 76 days to 60 days.

Financial overview

(INR Mn)	Net Revenue	EBITDA	PBT	PAT	EBITDA Margin	PAT Margin
FY24	66,910	10,930	6,490	4,700	16.3 %	7.0 %
	NWC (Days)	Assets	Equity	Net Cash	ROCE(%)	ROE(%)
FY24	76	131380	97390	2270	31.7	10.4

Source: Arihant Research, Company Filings

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SOTP Valuation (FY27E)	EBITDA (INR Mn)	Multiple (x)	Enterprise Value (INR Mn)
Branded Textiles	7,320	10	73,204
Branded Apparel	2,742	20	54,847
High Value Cotton Shirting	1,075	9	9,674
Garmenting	1,157	8	9,255
Total	12,294	18	1,46,980
Intersegment Elimination	214	18	3,788
Segment EV	12,080	18	1,43,192
Net Debt			0
Intrinsic Market Cap			1,43,192
Outstanding Shares (Mn)			60.9
Fair Value Per Share (INR)			2,351

Source: Company & Arianth Research

Key Focus Area- Raymond Lifestyle Ltd. is focusing on becoming the top brand for wedding attire across India, with plans to grow further in the Indian ethnic wear market. They are refreshing their branded apparel by making it more casual and premium. The company is also expanding into new areas like everyday essentials, including sleepwear and innerwear. With a strong retail presence, they are adding 660 new stores to their network. Globally, they are exploring garment opportunities in markets like China and Bangladesh.

Raymond 2.0 is focused on tapping into the massive INR 11 lakh crore wedding market in India, where 23% is spent on clothing and apparel. Of this, 30% is for men's clothing, amounting to INR 75,000 crore. Raymond Lifestyle holds a 5% share of this segment, while 3% is covered by other brands, with the rest dominated by unorganized market players. Social media has played a crucial role in this shift, with wedding celebrations extending from 2.5 days to almost a week. Indian grooms now often wear five different outfits for their weddings, coordinating with their partners to stand out.

Revenue and Market Share

Raymond Lifestyle Ltd. reported a consolidated revenue of INR 6,691 Crores, with a significant share of 40% attributed to the wedding segment. The company's product mix includes branded textiles (50-60%), branded apparel (20-25%), and other categories. The brand is focused on enhancing its market presence and expanding its offerings.

Store Expansion and Network

In FY24, Raymond operated 1,518 stores and plans to add 650 more by FY27, predominantly through expanding its Exclusive Brand Outlet (EBO) network. This growth will target metros, Tier 1, and Tier 2 cities, with a minor focus on Tier 3 and Tier 4 areas. The company is also investing in building its ready-to-wear segment, which has substantial potential in the wedding and ceremonial categories.

Product Launches and Innovations

Raymond's new sleepwear line, Sleepz, launched in July, is performing well despite a lack of comprehensive market data. Priced under INR 1000, the product is already seeing strong consumer response and is distributed through a network of 100 distributors, targeting 25,000 outlets. Additionally, Raymond is preparing to launch a new line of innerwear under the Park Avenue brand, aiming for a 50% market share in the semi-premium and premium categories within 4-5 months.

Supply Chain

Raymond is adapting to disruptions in global markets, including challenges in Bangladesh and China, by leveraging its extensive network of vendors and maintaining high standards of quality and supply chain efficiency. The company is also expanding its footprint in key regions and is focused on both premium and non-wedding segments.

Financial and Strategic Goals

Raymond aims to reduce its net working capital days from 76 to 60 soon and has set ESG goals for 2030. The company is committed to becoming debt-free and optimizing its cash flow, with a projected EBITDA range of INR 1,100-2,200 Crores in the next two years. Raymond is also exploring strategic investments, including a planned manufacturing facility in Bangalore, to support its growth and maintain high standards of operational excellence.

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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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