SYMBIOSIS INSTITUTE OF MANAGEMENT STUDIES

Raymond

LIFESTYLE LIMITED

FINANCIAL MANAGEMENT ASSIGNMENT – 01

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Objective of Study

This company report aims to critically examine Raymond Lifestyle limited with the view of analysing the performance of the company since the demerger of Raymond Ltd in June 2024.

The analysis will be done to assess the financial status of the company, its investment opportunities and market position in the developing textile and apparel market of India.

Specific objectives include:

- Financial Performance Evaluation: To study the financial statements of the company, we need to look at the key performance indicators such as financial ratios, namely the profitability, liquidity, and leverage ratios.
- Market position analysis: To assess the competitiveness of Raymond Lifestyle in the ₹75,000 crore menswear market, the market share of Raymond Lifestyle in terms of premium suits and distribution network of 1600+ retail stores will be analysed.
- Investment Analysis: To evaluate the company’s stock since the company went IPO on September 5, 2024.
- Strategic Direction Evaluation: To examine capital allocation decision including aggressive expansion of 170 stores in FY25.

Introduction

Raymond Lifestyle Limited, a reputed Indian textile and apparel company dates its origins to the year 1925 when Raymond Woollen Mill was opened in Thane only to be subsequently bought by Lala Kailashpat Singhania in the year 1944.

Throughout the decades under the Raymond Group, it established an unparalleled legacy in premium worsted suiting-introducing iconic brands such as Park Avenue, ColorPlus, and Parx-and establishing a vertically integrated manufacturing presence in key hubs such as Vapi, Jalgaon, and Chhindwara.

On September 5, 2024, the lifestyle and apparel unit was separated and listed as a stand-alone company - Raymond Lifestyle Limited - to have a sharper focus, unlock shareholder value, and raise specific capital to innovate its core lifestyle business.

Economic Analysis

India has a growing economy (approximately 6.5-7.0%), which benefits the consumer expenditure in general, but the textile industry is uneven. The business of Raymond is based on discretionary purchases; therefore, it is difficult to plan with mixed industrial production and volatile textile IIP. Having five manufacturing plants (Vapi, Chhindwara, Jalgaon, Kolhapur, Amravati) and approximately 1,688 stores, the company needs to keep the inventory and capacity at a low level when the demand is unpredictable.

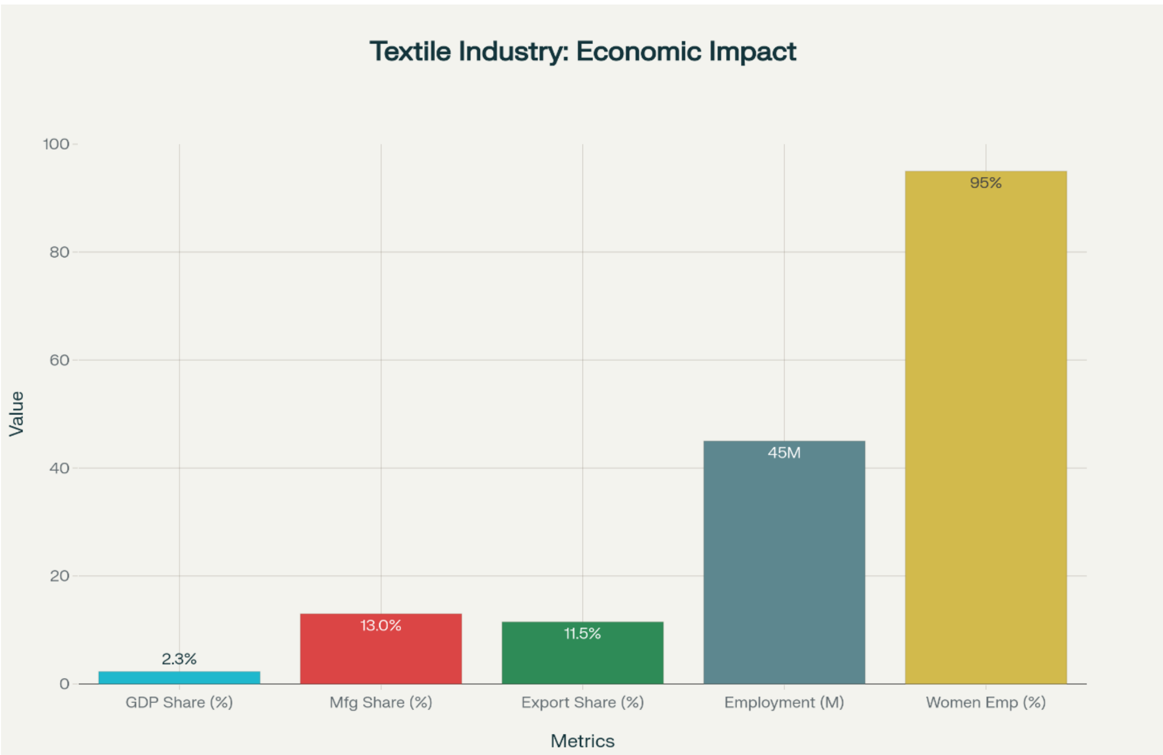
Increasing prices have cut margins. Inflation of 4-5% CPI in FY25 and increased WPI on textile products continued to drive up the price of cotton, wool, synthetic fibres and dyes. Domestic cotton prices have remained 10-15 per cent above world prices, and freight and energy prices also increased. Raymond took much of these expenses to defend market share, which had the negative effect of cutting EBITDA margins (16.3% - ~10.2) and impacting profits.

More pressure is added by interest rates, consumer behaviour and currency movement. Repo rate of about 6.5% increases the cost of consumer credit and business borrowing, which reduces demand of high-end clothing. Raymond has a low leverage (D/E ≈ 0.239), CARE AA rating and an estimated net cash of ~ ₹90 crore which offers some cushioning; however, proposed expansion (900 new stores and above) will require prudent funding. A depreciated rupee benefits garment exports but increases the prices of imported inputs and therefore currency fluctuations impact on the prices as well as the competitiveness of exports.

Industry Analysis

Industry contribution with respect to economic growth

India is a leading manufacturing hub in the textile and apparel industry, with the textile industry accounting about 2.3 percent of the GDP and 13 percent of the manufacturing output. It directly hires millions of people and sustains dozens of others throughout the farming, processing, and retail value chains. By itself Raymond Lifestyle has more than 10,000 employees, and through its garmenting business contributes to the participation of women in the workforce. The economic impact of the sector extends well beyond its direct output due to the interconnections that it has with agriculture, chemicals, machinery and logistics.



Exports and Global market position

The export of textile products (approximately, $44 billion per year) is a contributor to the fact that India is a dominant world exporter of cotton textiles, clothing and household fabrics. Raymond Lifestyle has 50+ international brands to serve and enjoys supply chain diversification of buyers within the trend of China Plus One. The increasing global pressure on suppliers to become sustainable and compliant gives Raymond an advantage in terms of environmental and social responsibility. Meanwhile, the threat of competition with Bangladesh, Vietnam and China continues to put pressure on pricing and service quality.

Government Policies and Industry support

Programs such as the PLI in the textile sector (₹10,683 crore) and PM MITRA parks will help create more large-scale manufacturing, MMF production and export competitiveness. In the case of Raymond Lifestyle, these policies can reduce the cost of capital and scale economics can be improved provided the company utilizes them to its advantage. In general, the policy backing is making India stronger in the higher value textile segments.

Compliance and regulatory Framework

Quality Control Orders and the higher standards increase the entry barrier to low-quality imports and favour organized players with certified processes. GST has helped ease tax compliance but divergence between the natural and the synthetic fabric rates also affects pricing strategy.
The new labour codes are easy to comply and protect the workers, which is an advantage to big formal bosses such as Raymond. Such regulations heighten operating discipline but also increase compliance costs that large players are better able to absorb.

Technology Adoption and Industry Modernization

Automation, demand forecasting through AI, digital printing and sustainable fiber technologies are also rapidly being put into practice in the industry to enhance efficiency and minimise waste. Investments in renewable energy, ZLD systems and digital inventory allow Raymond to address the global expectations of ESG and secure global contracts. It also uses technology to improve inventory and retail execution in its wide store network.

Company Analysis

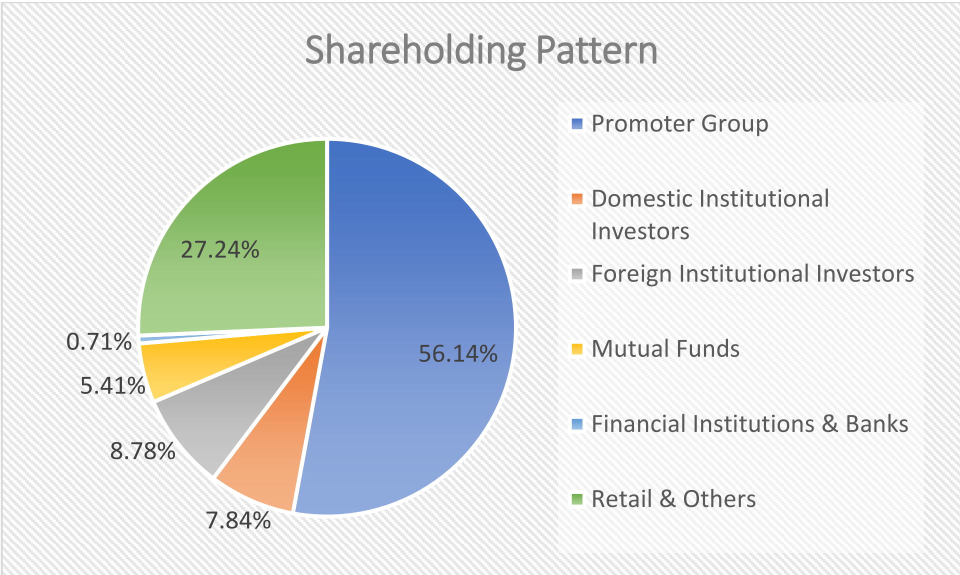
Shareholding Pattern

The shareholding structure of Raymond Lifestyle Limited as of June 30, 2025:

- The Raymond family controls 56.14%, compared to 54.68% in the previous quarter, indicating greater promoter trust in the company and its long-term outlook.

- Institutional shareholding is 16.62%, comprising of domestic institutional shareholders of 7.84% and foreign institutions of 8.78%.
- The equity is held by mutual funds at 5.41% and financial institutions and banks at 0.71%.
- The 27.24% is composed of retail and other investors, which provide adequate free float to facilitate market liquidity and price discovery.

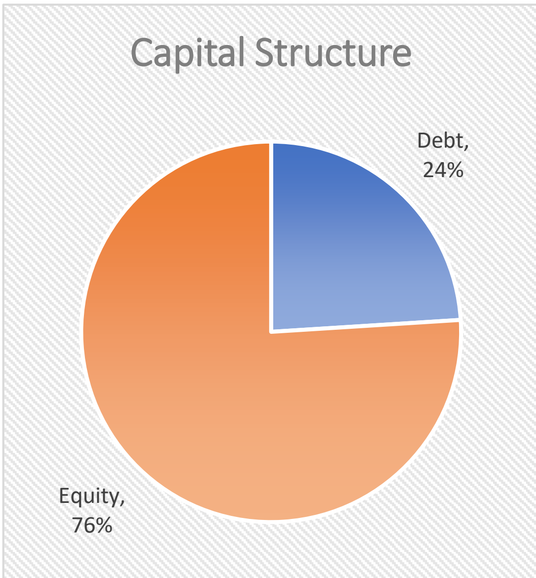
High promoter holding complies with long term value creation objectives and diversified institutional base provide stability and professional management.



Capital Structure Assessment

Raymond Lifestyle Ltd maintains a conservative capital structure that reflects prudent financial management practices.

- The company has ₹12.18 crore in paid-up equity and a market capitalisation of ₹7,554 crore as of September 2025.
- The company's debt to equity ratio is at 0.35, which is below the textile industry average of 0.50, which shows company's low reliance to debt.
- With long term debt of ₹400 crore and cash and bank balances of ₹1,600 crore, its net cash positive is approximately ₹1,200 crores.
- Following the company's demerger, the company inherited strong valuable assets



like manufacturing facilities, retail networks, and brand portfolios while maintaining minimal debt.

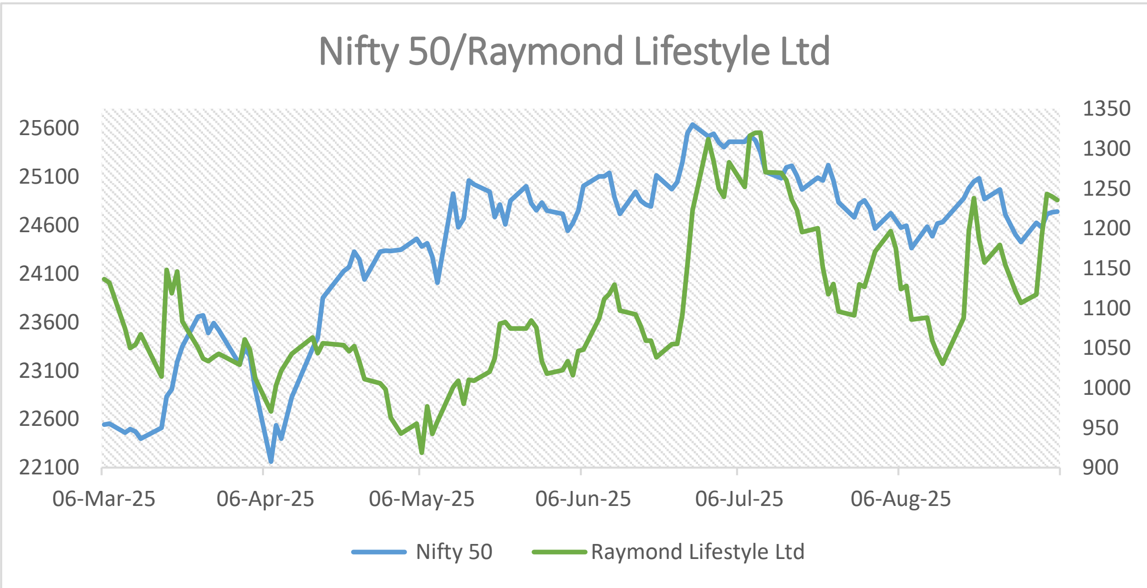
COC of company Vs COC of Industry

Raymond Lifestyle ltd has a competitive funding advantage, with a Weighted average cost of capital (WACC) of 11.06%, which is lower than the textile industry WACC of 11.80%.

This is driven by a cost of equity (Ke) of 13.6%, this has been calculated via the CAPM using a 7% risk free rate, 1.1 beta, and 6% market risk premium which reflects moderate market volatility.

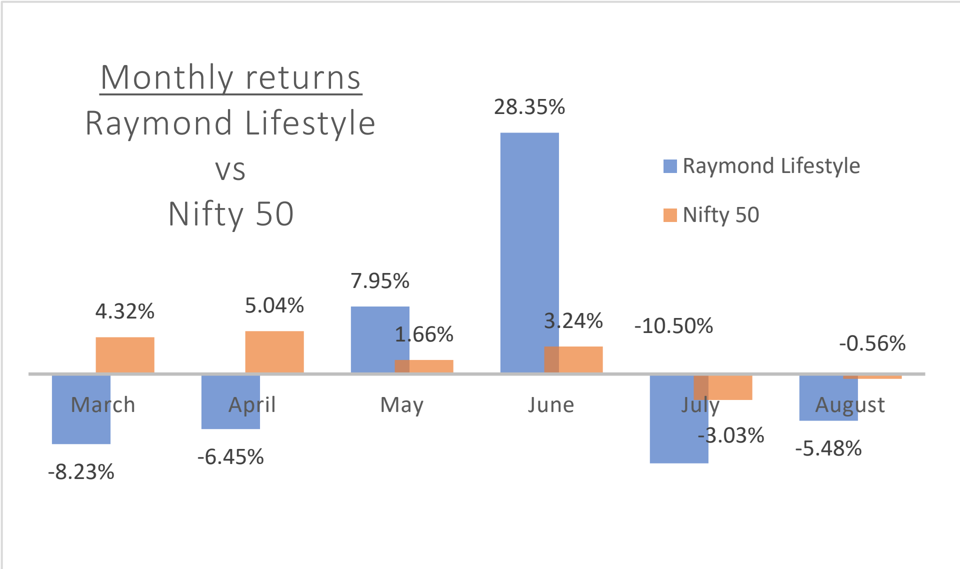
It has an after-tax cost of debt of 5.6%, based on an 8% borrowing rate and 30% tax rate. A capital structure of 74% equity and 26% debt gives company a good credit profile, and substantial cash reserves

Stock Price Analysis: Six-Month Performance Review



Between March and September 2025, Raymond Lifestyle ltd.'s stock showed significant volatility, trading between ₹918.65 and ₹1,320.15 with a standard deviation of 91.76. The six-month return of 8.72%, which is slightly lagging behind the Nifty 50's 9.74% gain. March and April saw consecutive declines of 8.23% and 6.45%, driven by demerger uncertainty and also the global economic concerns.

This was followed by a 7.95% increase in May and a sharp 28.35% increase in June which was abetted by good Q4 FY2025 performance and optimistic management commentary. But July reversed it 10.50% due to the disappointing Q1 FY2026 earnings, and August furthered the loss by 5.48%. September ended the period with a sharp positive 10.58% recovery, leaving the stock price at ₹1,235.40.



Corporate Actions and Capital events

Ever since its establishment in 2018 and reorganization as a public limited company, Raymond Lifestyle Limited has been disciplined in its organizational behaviour.

The most significant milestone was the demerger from Raymond Limited in June 2024, which was executed via Composite scheme of Amalgamation and Arrangement, under which shareholders of the parent company received 4 equity shares of Raymond lifestyle for every 5 shares held.
Listed on both BSE with scrip code: 544240 and NSE with symbol: RAYMONDLSL, Raymond Lifestyle entered the public market through the demerger rather than a traditional IPO.

Project Analysis and Strategic Investments

Raymond Lifestyle ltd has made strategic investments of about ₹550 crore during FY24 to FY26. These initiatives focus on four key areas:

- Retail expansion
- Digital Transformation
- Manufacturing Upgrades
- Sustainability initiatives

The highest ₹200 crore is spent in the development of the retail network. The firm will use the three-year period to establish more than 600 new stores in tier-2 and tier-3 cities and expand its presence and customer base in the market.

₹80 crore has been invested in upgrading the digital infrastructure such as the ERP systems, Customer relationship management (CRM) platforms, and e-commerce capabilities.

Raymond has invested ₹120 crore in modernization of its production plants. To support long term scalability and product excellence the main focus is on capacity expansion, quality improvements and automation.

A discounted cash flow (DCF) analysis using a WACC of 11.06% indicates a positive NPV of ₹85 crore. Among all the initiatives, retail expansion is expected to yield the most with ROI of 18%.

Financial Performance- Q1 FY2026

Raymond Lifestyle ltd had mixed results for Q1 FY26. Total income increased 18% YoY to ₹1,475 crore, a promising signal in a seasonally weak quarter. The consolidated net loss decreased to ₹19.82 crore from ₹23.21 crore in the prior year—marginal improvement. Positive news included EBITDA increasing 36 % to ₹122 crore, which saw the EBITDA margin increase to 8.2 % from 7.1 %, reflecting improved cost management and operational efficiency.

Branded textiles saw the most growth for Raymond, increasing revenue by 27% to ₹716 crore, driven by exit volume momentum and a favourable wedding season. Branded apparel also held solid ground, benefiting from improved brand and channel performance, as it increased revenue 22 % to ₹370 crore. The garmenting business fell to ₹197 crore from ₹252 crore, largely due to disruptions in export orders as US barriers surfaced. Overall, the domestic segments reported strong YoY growth while the export segment continued to lose ground to geopolitical and trade-related issues. Management's substantial focus on improving efficiency will serve the company well during the recovery phase as the external environment stabilizes.

Financial Ratio Analysis

Raymond Lifestyle Ltd displayed significant enhancements in both profitability and liquidity in FY2022 - FY2024 period, thanks to improved business performance and pricing power.

- The **Debt-to-Equity ratio** for the company increased from 0.14 In FY2023-24 to 0.21 in FY2024-25. This corresponds to the company increasing the use of borrowings to support both ongoing operations and increased activity on the growth side after the IPO in September 2024.
- The **Interest Coverage ratio** decreased from 5.36x to 3.42x. The decrease to this ratio indicates a worsening of ability for the company to cover interest due on debt from operating profits. The lower ratio indicates less comfort in servicing the debt due to decreasing ratio.
- The **Operating Profit margin** decreased sharply from 14.4% to 7.9% for FY2024 to FY2025 in the previous operating plan. The decrease in ratio indicates the business is under pressure to grow while also remain profitable, as operating expenses were growing at a greater rate than revenues.

- The **Net Profit Margin** dropped from 50.4% in FY2023–24 to a near breakeven position (–0.2%) in FY2024–25. The previous year's margin benefitted from the effect of exceptional income, while in FY2025, increasing costs and lower consumer demand hit profits hard, illustrating the company's heavy reliance on operational efficiency and the absence of exceptional income in FY2025.
- **Return on equity (ROE)** fell from 1.5% to 0.4%, indicating almost zero returns in FY2025 from shareholders' funds. This poorly performing ROE derives from decreasing profitability in FY2025, despite a very strong equity base post-IPO. This suggests that the company has yet to deploy its capital effectively in order to generate value for its investors.
- **Return on Capital Employed (ROCE)** fell from 8.4% to 5.5% indicating a lower level of efficiency in driving returns from equity and debt capital. The decline mirrors disengaging operating margins, and reflects the difficulty of reconciling placing forward plans while stalling short-term earnings.
- **Inventory Turnover** shrunk slightly from 1.18x to 1.14x meaning that stock was held for longer before being sold. The increase in inventory days (310 to 321) either indicates that sales are slowing or that the company may be stockpiling inventory in anticipation of festive and wedding seasons. While this can build flexibility and readiness for demand, it also increases their working capital.
- The **Asset Turnover ratio** declined from 0.40x to 0.37x, revealing less sales generation from assets. This decline is concerning, especially considering there have been declines in sales and grow in assets post-demerger, which signifies the ratio can represent failing to utilise capacity.
- On a positive note, **Debtor Turnover** improved from 6.29x to 7.16x, resulting in receivable days from 58 down to 51. This indicates improved credit management, and collections are faster from customers, contributing toward liquidity in a year of slim margins.

Working Capital Analysis

- Raymond Lifestyle Limited has significantly improved working capital management since the demerger, with working capital to sales increasing from 0.18 in FY2024 to 3.51 in FY2025 because of improved cash management, reduced inventory levels, and shorter collection times for receivables. Operational efficiency also improved with working capital days decreasing from 82 in FY2023 to 72 in FY2025.
- Inventory turnover strengthened considerably with inventory days declining from 120 days to approximately 85 days, as a result of enhanced demand forecasting and a simplified supply chain model. Receivables days decreased from 52 to 45 days, reflecting enhanced credit control and customer relationship management.
- The total cash and bank balance increased from ₹50 crore to ₹1,600 crore, a whopping increase of approximately 3,100% due primarily to the demerger and debt derecognition process enabling better liquidity position for strategic investment opportunities, acquisitions, and growth initiatives.

Findings

- Revenue dropped from ₹5,073 crore in FY2023-24 to ₹4,681 crore in FY2024-25 due to weak customer demand and margin pressures.
- Operating profit margins fell to half and net profit went from a sizeable profit in FY24 to a near-loss in FY25, demonstrating challenges in striking a balance between fiscal discipline and growth.
- Post demerger, equity had improved and borrowings were low at a debt-to-equity ratio of ~0.21, illustrating low leverage.
- Operating Cash flows turned positive in FY25 at just under ₹494 crore, due to better working capital management and payables.
- The company showed operating efficiency improvement, with improved debtor turnover and cash management indicating improved credit management and inventory discipline.
- While margins are under pressure, the company should be able to navigate the next 12 to 24 months, because of its robust brand portfolio, broadening retail presence, and prudent capital structure, and demonstrate growth on a long-term basis.

Conclusion

Raymond Lifestyle has shown itself to be financially robust, with little leverage, strong liquidity, and effective use of working capital. However, the decline in profitability in FY25 suggests that the company will need to demonstrate operational discipline and also a return of demand to sustain earnings. The post-IPO expansion strategy is a good one, but it has also led to increased costs, which the firm needs to manage well.

In the end, the company has a decades-long brand franchise, a considerable retail distribution network, and a prudent capital structure, which position it well to capitalizes on opportunities in the Indian textile and apparel sector going forward. If management can stabilize margins and maintain a strong cash position, Raymond Lifestyle is likely to create sustainable value for shareholders in the medium to long term.

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Annexure

Annexure-1) Balance sheet FY2023-24 and FY2024-25

Particulars	FY2023-24 (₹ Lakhs)	FY2024-25 (₹ Lakhs)
Property, Plant & Equipment	1,61,258	1,89,694
Capital Work-in-Progress	1,666	3,843
Investment Property	180	169
Intangible Assets	4,62,475	4,62,536
Intangible Assets under Development	2,804	3,464
Investments (subsidiaries)	1,18,145	1,18,145
Other Investments	13,770	14,257
Loans (non-current)	-	5,625
Other Non-current Financial Assets	6,386	11,667
Deferred Tax Assets (net)	1,15,211	1,15,049
Current Tax Assets (net)	10,027	3,091
Other Non-current Assets	2,628	3,185
Inventories	1,35,101	1,36,421
Current Investments	75,284	81,294
Trade Receivables	81,182	65,398
Cash & Cash Equivalents	4,384	24,435
Bank Balances	5,911	12,694
Loans (short-term)	10,000	7,500
Other Current Financial Assets	6,237	4,316
Other Current Assets	33,046	40,579
Total Assets	**13,03,362**	**12,45,695**
Equity Share Capital	153	1,218
Other Equity	9,58,545	9,46,569
Borrowings (non-current)	20,000	27,952
Lease Liabilities (Non-current)	60,760	87,936
Borrowings (Current)	43,644	65,945
Lease Liabilities (Current)	10,101	12,963
Trade Payables – MSME	14,260	10,412
Trade Payables – Others	92,049	1,02,340
Other Current Financial Liabilities	32,074	33,664
Other Current Liabilities	8,234	9,857
Provisions (Current)	4,196	4,057
Total Equity and Liabilities	**13,03,362**	**12,45,695**

Annexure-2) Profit and loss FY2023-24 and FY2024-25

Particulars	FY2023-24 (₹ Lakhs)	FY2024-25 (₹ Lakhs)
Revenue from Operations	507359	468128
Other Income	16043	13112
Total Income	**523402**	**481240**
Cost of Materials Consumed	73383	55270
Purchases of Stock-in-Trade	168998	158412
Changes in Inventories	-10028	-3394
Employee Benefits Expense	59570	59128
Finance Costs	17145	18317
Depreciation & Amortisation	18848	25668
Other Expenses (Mfg. & Operating)	48929	52430
Other Expenses (Selling, Admin)	93586	109664
Total Expenses	**470431**	**475495**
Profit before Exceptional Items & Tax	52971	5745
Exceptional Items	919	6228
Profit/(Loss) before Tax	**52052**	**-483**
Tax Expense	12822	417
Profit/(Loss) from Continuing Operations	39229	-900
Profit/(Loss) from Discontinued Operations	216520	0
Profit for the Year	**255750**	**-900**

Annexure-3) Cash flow statement FY2023-24 and FY2024-25

Particulars	FY2023-24 (₹ Lakhs)	FY2024-25 (₹ Lakhs)
Profit before Tax (Continuing Ops)	52052	-483
Profit before Tax (Discontinued Ops)	267217	0
Depreciation & Amortisation	18848	25668
Finance Costs	17145	18317
Gain/Loss on Sale of Business	-267217	0
Other Non-cash Adjustments	8112	4615
Operating Profit before Working Capital	79366	36327
Changes in Working Capital (net)	-79580	-6150
Cash Generated from Operations	-214	30177
Income Taxes Paid	-1870	-6308
Net Cash from Operating Activities	**-2084**	**49396**
Proceeds from Sale of Business	226903	0
Proceeds from Sale of PPE/Investments	954	169
Purchases of PPE/Intangibles	-9762	-14082
Investment in Mutual Funds (net)	-84000	-4212
Loans to Subsidiaries (net)	-10000	-3125

Loans Repaid by Subsidiaries	0	6875
Interest & Dividend Received	9679	7145
Net Cash from Investing Activities	**127811**	**-23296**
Repayment of Long-term Borrowings	-80425	-10000
Proceeds from Long-term Borrowings	0	10000
Net Short-term Borrowings	-23883	30515
Dividend Paid	0	-6000
Interest & Lease Payments	-12802	-19515
Other Finance Costs	-4861	-11148
Net Cash from Financing Activities	**-130623**	**-6148**
Net Increase/(Decrease) in Cash	-4896	19952
Cash at Beginning of Year	9269	4373
Cash at End of Year	**4373**	**24325**