Raymond Lifestyle Limited

April 08, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	100.00	CARE AA; Stable	Assigned
Long-term bank facilities	1,235.00	CARE AA; Stable	Reaffirmed
Short-term bank facilities	820.00	CARE A1+	Reaffirmed
Non-convertible debentures	200.00 (Reduced from 300.00)	CARE AA; Stable	Reaffirmed
Commercial Paper	550.00	CARE A1+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The reaffirmation of ratings assigned to bank facilities, short term and long-term instruments of Raymond Lifestyle Limited (RLL) derive strength from its dominant position in the worsted suiting segment, integrated presence across the textile value chain and diversified revenue stream, widespread distribution network supplemented by asset-light retail strategy, presence of established brands in the apparel segment, and experienced promoter group and management.

The lifestyle business of Raymond Limited (RL) was demerged and transferred to RLL (earlier known as Raymond Consumer Care Limited) on June 30, 2024. The record date was fixed as July 11, 2024, with RL's shareholders receiving four shares of RLL for every five shares held in RL. The company was listed on September 05, 2024.

RLL had 1,653 stores as on December 31, 2024, which includes 1,095 The Raymond Shop (TRS), 51 made-to-measure (MTM) and 507 exclusive brand outlets (EBOs). RLL has 20,000+ stock keeping units (SKUs) in branded textiles segment and presence across 600+ cities and towns. The company has a portfolio of brands in its branded apparel segment such as Colorplus, Park Avenue, Parx, Ethnix, the recently launched "Sleepz by Raymond" and innerwear under Park Avenue.

Ratings derive strength from its diversified revenue profile with branded textile, branded apparels, garmenting and high value cotton shirting contributing ~50%, 23%, 12% and 15% respectively. Total operating income (TOI) for FY24 was ₹6,535.41 crore with profit before interest, lease rentals, depreciation, and taxation (PBILDT) margin at 14.33%. In 9MFY25, weak consumer demand persisted, and the company reported TOI of ₹4,682 crore and PBILDT margin of 9.70%. Moderation in performance was due to general decline in consumer sentiment and discretionary spending, which impacted footfall at retail outlets and overall market demand. Excessive rainfall, rising inflation, and other economic headwinds affected consumer spending. Increase in input costs have affected PBILDT margins. While performance in H2FY25 is projected to be better than H1FY25, overall growth is likely to be affected by sluggish demand, rising operating costs, and ongoing retail store expansion.

In September 2024, the company has launched sleepwear under "Sleepz by Raymond" and in December 2024, innerwear under Park Avenue through multi-brand outlets or large-format retail (MBOs/LFR). CARE Ratings believes the revenue from new categories (innerwear, sleepwear and ethnic wear) and expansion through new retail outlets will enable the company to scale operations in the medium-term period. Revenue contribution from new categories (ethnix, sleepwear and innerwear) is expected to improve in the medium term contributing ~6-7% of the total revenue. In FY24, the company opened 200+ stores increasing its market presence, which assisted growth in sales despite muted demand scenario. In 9MFY25, the company opened 135 new stores and intends to add 600+ stores in the next three years.

Ratings further derive its strength from healthy financial risk profile with comfortable capital structure and liquidity position. Overall gearing stood at 0.35x and PBILDT interest coverage ratio at 4.79x as on March 31, 2024. Capital structure is expected to slightly moderate with capacity enhancement capex planned for its garmenting division and addition of retails stores.

[1]Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

However, rating strengths are partially tempered by working capital intensive operations inherent to the textile industry, raw material price fluctuation and fluctuation in foreign exchange making profitability volatile, intense competition faced from organised and unorganised players, especially in the branded apparel segment, and cyclicality associated with the textile sector.

CARE Ratings notes that Raymond Lifestyle Limited has repaid the NCD (ISIN - INE301A07078) issue in full and there is no outstanding under the issue as on date. Taking cognisance of this, CARE Ratings has withdraw the rating for RLL's said NCD issue with immediate effect.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Improvement in the operating performance aided by growth in revenue and stable PBILDT margin leading to healthy cash generated from operations.
- Maintaining strong financial risk profile with Net Debt/PBILDT less than 1.00x on a sustained basis and surplus liquidity in the form of cash and liquid investments.

Negative factors

- Increase in leverage, thereby increasing overall gearing above 0.75x on a sustained basis.
- Slowdown in demand leading to lower than expected revenue generation and profitability.

Analytical approach: Consolidated
Consolidated approach, considering strong operational and financial linkages between RLL and its subsidiaries. Subsidiaries consolidated are listed under Annexure-6.

Outlook: Stable
The Stable outlook reflects that the company is likely to maintain its strong operational performance, while maintaining its financial risk profile and liquidity in the medium term.

Detailed description of key rating drivers:

Key strengths

Strong parentage, track record of management, and experience in textile business
The promoter group has been in the textiles business for decades and has been closely involved in defining and monitoring the business strategy. Gautam Singhania (Executive Chairman of RLL) has been on the board of RL since 1990. He has restructured the group, sold the Raymond group’s non-core businesses (synthetics, steel, cement and FMCG) and focused on making RLL an internationally reputed fabric-to-fashion player. The Raymond group is managed by a qualified management team, comprising industry personnel with over two decades of experience in their respective fields.

Dominant position in the worsted suiting fabrics business
Strong brand image with a long-track record of 99 years assisted by a large retail network has aided RLL to emerge as a leading player in the worsted suiting fabrics in India. It is India's largest manufacturer of worsted fabrics and wool blends having a dominant market share. It has a network of 1,095 retail outlets branded as TRS as on December 31, 2024, across India and abroad. It has also emerged as the largest over-the-counter (OTC) branded shirting player in the domestic organised market since its launch in 2015. Raymond is a leading business-to-consumer (B2C) branded player for suiting and shirting in India, and over the years commands the largest market share in domestic worsted suiting fabric industry. Raymond is major exporter of men’s tailored suits, jackets, and trousers from India to the world.

Diversified revenue stream with integrated presence across the textile value chain
RLL’s revenue profile is well-diversified and fairly distributed across segments. In FY24, Indian operations contributed 85% (PY: 80%) to total revenues and balance from overseas operations. It largely has an integrated presence across the textile value chain right from yarn manufacturing to suiting and shirting fabrics, B2C shirting to garments to denim to apparel and retailing. This integrated setup gives Raymond operational flexibility to rationalise costs by managing dependence on outsourced vendors.

Widespread distribution network supplemented by asset-light retail strategy
In India, RLL has one of the largest retail networks of 1,653 stores (1,095 retail outlets branded as The Raymond Shop [TRS], 51 mark-to-market [MTM] and 507 EBO) as on December 31, 2024, and dedicated retail space of 2.61 million sq. ft. as on March 31, 2024. The company’s retail network is spread across 600+ cities in India and overseas with 1500+ stores in seven countries. The company downsized losses, making EBOs and closed its unprofitable MBO operations. Over 80% of branded apparels, EBOs

and MTM, are company-owned, whereas ~75% of TRS are on franchise basis, implying the company generally follows an asset-light franchise model, where it usually incurs only minimal capital expenditure needed to open a store (with land/store space owned by franchisee). Renovation costs are incurred by the franchisee for their stores. The entire stock requirement of franchisees is bought from the company without recourse; there are no returns of unsold stock. Therefore, the entire investment risk in the inventory is borne by franchisees. In EBOs, sales are booked when end-consumer purchases from stores, whereas in MBOs, sales are booked when RLL sells to the MBO. The company plans to expand retail store network by opening 600+ stores in the next three years mainly focusing on expanding its EBO network.

Strong operating performance across all business segments in FY24, however moderated in the current fiscal
Raymond reported TOI of ₹6,535.41 crore in FY24 with contribution from branded textile (~50%), branded apparels (~23%), Shirting (~12%) and Garmenting (~15%). Despite subdued consumer demand, the growth is primarily attributed to expanding distribution reach with the opening of 200+ stores in the last 12 months with focused approach on premiumisation, casualisation, and newer designs. The company's branded textile and branded apparels are retails business with ~72% contribution while shirting and garmenting are business-to-business (B2B) businesses housed under its two subsidiaries Raymond Luxury Cotton Limited and Silver Spark Apparels Limited respectively. In 9MFY25, the weak consumer demand persisted, and the company reported TOI of ₹4,682 crore and PBILDT margin of 9.70%. Decline in consumer sentiment and discretionary spending, impacted footfall at retail outlets and overall market demand. Excessive rainfall, rising inflation, and other economic headwinds affected consumer spending. Increase in input costs have also affected the PBILDT margin. While the performance in H2FY25 is projected to be better than H1FY25, overall growth is likely to be affected by sluggish demand, rising operating costs, and ongoing retail store expansion.
In September 2024, the company has launched sleepwear under "Sleepz by Raymond" and in December 2024, innerwear under Park Avenue through MBOs/LFR. CARE Ratings believe the revenue from new categories (innerwear, sleepwear and ethnic wear) and expansion through new retail outlets will enable the company to scale its operations in the medium term.

Healthy financial risk profile
RLL's financial risk profile is characterised by healthy capital structure and debt protection metrics. Overall gearing for FY24 was 0.35x and PBILDT interest coverage ratio of 4.79x. As on December 31, 2024, total debt including lease liability stood at ₹1,909.56 crore and cash & liquid investments at ₹1067.83 crore. Capital structure is expected to slightly moderate with capacity enhancement capex planned for its garmenting division and addition of retails stores. However, CARE Ratings expects the company's overall gearing and liquidity to remain comfortable in the medium term. RLL has opened 135 stores in 9MFY25 with the total store count reaching 1,653 as on December 31, 2024.

Key weaknesses
Susceptible to commodity price risk and foreign exchange fluctuation risk
For RLL, raw material cost (including wool, cotton, and polyester) constitutes ~23% of cost of sales. In the past, raw material prices have been volatile, exposing the company to commodity price risk. Being an established brand, RLL is able to alter its product mix accordingly and pass on the increase in costs, which partially mitigate commodity price fluctuation. Per the management, there can be a lag in passing on price increase. Wool consumption is a major part of RLL's total raw material consumption, and RLL purchases wool from Australia, South Africa and South America. The geographical spread of the company's cotton yarn includes Indian and imported cotton. The company covers commodity in advance. RLL manages price fluctuation risks through combination of forward and spot bookings, inventory management and pre-emptive vendor development practices.

Intense competition from organised and unorganised sector in branded apparel segment
RLL faces intense competition in the branded apparel space from other established players such as Allen Solly, Louis Philippe, Van Heusen, Arrow, Siyaram, US Polo, Blackberry, Zodiac, Tommy Hilfiger, and Nautica among others, and is also vulnerable to changes in fashion trends and consumer spending habits, which were more noticeable in COVID-19. However, with its widespread distribution network and strong brand image, RLL is expected to sustain its operating performance going forward.

Liquidity: Strong
RLL's liquidity profile is marked by unencumbered cash and liquid investments aggregating to ₹1,068 crore as on December 31, 2024 (March 31, 2024: ₹914.68 crore). There is sufficient cushion between debt repayment and capex for FY25 with expected gross cash accruals (GCA) of ~₹500 crore for FY25. On average, it has unutilised working capital limits of 64% for 12 months ended February 2025.

Environment, social, and governance (ESG) risks

Parameter	Compliance and action by the company
Environmental	• All three manufacturing units of the company are ISO 9001, ISO 14001, ISO 50001 and ISO 45001 (OH&SMS) certified. • In the year under review, 100% wool was sourced sustainably and was certified under the Responsible Wool Standard. The company also sourced 0.5% of Recycled Polyester Tow and 0.2% of Recycled spun yarn, both certified by the Global Recycling Standard. • Hazardous waste within departments is segregated and stored in labeled bins. Waste with oil goes to Stores for disposal, while hazardous waste-contaminated containers is washed at the Effluent Treatment Plant (ETP) before storage. Washed water goes to ETP for treatment, and sludge is disposed of via PCB authorized agency. • Wastewater generated by the Chhindwara Plant is being reused/recycled for production, gardening and other purposes and the plant is in the final phases of obtaining ZLD. Vapi Plant has the Effluent treatment plant in place including primary, secondary & tertiary treatment and water is discharged following the Gujarat Pollution Control Board norms. • In Chhindwara plant, RLL has Installed energy-efficient lighting systems with LED lighting, adopted Operations & Maintenance best practices in electrical systems, and utilised Rice Husk as a renewable fuel in boilers for steam generation, significantly reducing Greenhouse Gas emissions. Variable Frequency Drives on Machines, energy-efficient fans, and motors on Humidification Towers have also been implemented
Social	• The company has zero fatalities in its factories in the last five years. • RLL has single digit employee turnover rate. • The company has a target of achieving 20% gender diversity by 2030.
Governance	• To address governance risk, the company continuously strives for excellence and focuses on enhancement of long-term stakeholder value through adoption of best governance and disclosure practices. • The company maintains a comprehensive set of compliance policies and procedures which assist them to comply with the law and conduct its business in an honest, ethical and principled way. • Policies are intended to maintain high-standards of corporate governance, which underpins the company's ability to deliver consistent financial performance and value to its stakeholders. • The promoter representation on the board is moderate — one out of 10 directors (10%). • Over 50% of the board members (7 of 10 members) are independent directors.

Applicable criteria

Consolidation
Definition of Default
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Manufacturing Companies
Financial Ratios – Non financial Sector
Cotton Textile
Short Term Instruments
Withdrawn

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer discretionary	Textiles	Textiles & apparels	Garments & apparels

RLL is a fashion and retail company with iconic men's fashion brands and a vast retail network. The company offers fashion products and services with branded textile, apparel brands across formal, casual and ethnic wear. Lifestyle business of Raymond Limited was demerged and transferred to RLL on June 30, 2024. RLL has 1,653 stores as on December 31, 2024, which includes 1,095 TRS, 51 MTM and 507 EBOs. RLL has 20,000+ stock-keeping units (SKUs) in branded textiles segment and presence across 600+ cities and towns. RLL has a portfolio of brands in its branded apparel segment including Colorplus, Park Avenue, Parx, Ethnix and Sleepz by Raymond. RLL has aggregate capacity of ~120 million meters of fabric and ~11+ million garmenting capacity per annum. Garmenting and High Value Cotton Shirting businesses are housed under wholly owned subsidiaries. On a standalone basis RLL is mainly into branded textile and branded apparel.

Brief Consolidated Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	9MFY25 (UA)
Total operating income	-	6,535.41	4682.59
PBILDT	-	936.57	454.20
PAT	-	2,644.71^	83.14
Overall gearing (times)	-	0.35	-
Interest coverage (times)	-	4.79	2.95

A: Audited/Abridged UA: Unaudited; Note: these are latest available financial results
^includes ₹2,165.20 crore profit on sale of FMCG business.

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Commercial Paper-Commercial Paper (Standalone)	Proposed	-	-	7-365 days	550.00	CARE A1+
Debentures-Non Convertible Debentures	INE301A07060	10-Feb-2021	9.00	09-Feb-2031	200.00	CARE AA; Stable
Debentures-Non Convertible Debentures	INE301A07078	27-Dec-2021	7.60	26-Dec-2024	-	Withdrawn
Fund-based - LT-Cash Credit		-	-	-	1235.00	CARE AA; Stable
Fund-based - ST-Factoring/ Forfeiting		-	-	-	225.00	CARE A1+
Fund-based- Short Term		-	-	-	45.00	CARE A1+
Non-fund-based-Short Term		-	-	-	550.00	CARE A1+
Term Loan-Long Term		-	-	31-03-2030	100.00	CARE AA; Stable

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based - LT-Cash Credit	LT	1235.00	CARE AA; Stable	1)CARE AA; Stable (09-Dec-24)	-	-	-
2	Commercial Paper-Commercial Paper (Standalone)	ST	550.00	CARE A1+	1)CARE A1+ (09-Dec-24)	-	-	-
3	Debentures-Non Convertible Debentures	LT	200.00	CARE AA; Stable	1)CARE AA; Stable (09-Dec-24)	-	-	-
4	Fund-based-Short Term	ST	45.00	CARE A1+	1)CARE A1+ (09-Dec-24)	-	-	-
5	Non-fund-based-Short Term	ST	550.00	CARE A1+	1)CARE A1+ (09-Dec-24)	-	-	-
6	Fund-based - ST-Factoring/ Forfeiting	ST	225.00	CARE A1+	1)CARE A1+ (09-Dec-24)	-	-	-
7	Term Loan-Long Term	LT	100.00	CARE AA; Stable				

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Commercial Paper-Commercial Paper (Standalone)	Simple
2	Debentures-Non Convertible Debentures	Simple
3	Fund-based - LT-Cash Credit	Simple
4	Fund-based - ST-Factoring/ Forfeiting	Simple
5	Fund-based-Short Term	Simple
6	Non-fund-based-Short Term	Simple
7	Term Loan-Long Term	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please click here

Annexure-6: List of companies /entities consolidated

Sr. No.	Name of the Company/Entity	Extent of consolidation	Rationale for consolidation
1.	Silver Spark Apparel Limited	Full	Subsidiary
2.	Celebrations Apparel Limited	Full	Subsidiary
3.	Raymond Luxury Cottons Limited	Full	Subsidiary
4.	Ray Global Consumer Products Limited	Full	Subsidiary
5.	Jaykayorg SA	Full	Subsidiary
6.	Raymond (Europe) Limited	Full	Subsidiary
7.	R&A Logistics Inc.*	Full	Step down subsidiary
8.	Silver Spark Middle East FZE*	Full	Step down subsidiary
9.	Silver Spark Apparel Ethiopia PLC*	Full	Step down subsidiary
10.	Raymond America Apparel Inc.*	Full	Step down subsidiary

*****Subsidiaries of Silver Spark Apparel Limited

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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About us:
Established in 1993, CARE Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the RBI. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CARE Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit.

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