

CMP: INR 1,516

Rating: Buy

Target: INR 2,452

Stock Info

BSE	500330
NSE	RAYMOND
Bloomberg	RW:IN
Sector	Real Estate
Face Value (INR)	10
Equity Capital (INR mn)	67
Mkt Cap (INR mn)	100,990
52w H/L (INR)	2,381 / 982
Avg Yearly Volume (in 000')	518

Shareholding Pattern %

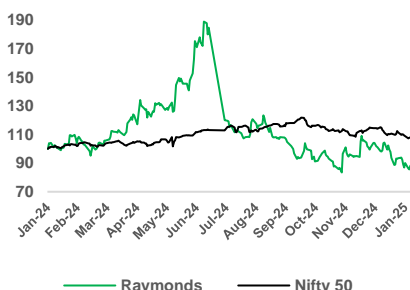
(As on September, 2024)

Promoters	48.9%
DII	15.4%
FII	7.2%
Public & Others	28.5%

Stock Performance (%) 1m 6m 12m

RAYMOND	-10%	-23.4%	-15%
NIFTY	-1.7%	-6.8%	7%

RAYMOND vs Nifty



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Raymond Ltd posted a steady performance in Q3FY25, supported by continued momentum in both its real estate and engineering businesses. Consolidated revenue for the quarter stood at INR 9,850 Mn, reflecting a growth of 36% YoY. The real estate business continued to drive overall performance, while the engineering segment saw steady domestic demand but was impacted by weak exports. EBITDA came in at INR 1,380 Mn, up 19% QoQ and 75.8% YoY, with an EBITDA margin of 14.5%. PAT for the quarter grew 22% QoQ and 75% YoY to INR 723 Mn.

Real Estate Business Growth Led by Strong Demand and New Launches:

Raymond's real estate segment continued its grow, with revenue increasing by 11% YoY to INR 4,880 Mn. The segment benefited from strong bookings across The Address by GS 2.0, Ten X ERA, and retail shop sales in Thane. The company also launched a new residential tower in Thane, The Address by Season 2.0, which received an overwhelming response. Pre- sales for Q3FY25 came in at INR 5,050 Mn, it is supported by ongoing traction in its residential projects. EBITDA for the segment is INR 1,160 Mn, growing 19% YoY, with margins improving to 23.8% (vs. 22.1% YoY). Future Revenue Potential of the company expects strong growth via JDA projects (~INR 70,000 Mn) and Thane land bank (~100 acres, INR 250,000 Mn), totaling INR 320,000 Mn+ in potential revenue in upcoming quarters.

Healthy growth in its engineering business: Raymond's engineering business double from last year same quarter because of growth from its tools & hardware business as well as revenue flowing in from its new business MPPL (Maini). The demand & performance in the domestic markets was steady led by Flex plates, Ring Gear & Shaft Bearings categories but still its exports were muted because of weak demand and ongoing geopolitical issues. Overall revenue from engineering business came in at INR 4,430Mn, growth of 121% YoY/ growth of 5.7% QoQ wherein INR 2,186Mn was from its tool & auto business and INR 2,245Mn was from MPPL. Consolidated EBITDA grew by 88.5% YoY but de-grew by 10.9% QoQ to INR 520Mn and EBITDA margin was at 12%. Going ahead, the management focus remains on improving growth from its MPPL business.

Demerger & Business Restructuring on Track: The real estate demerger is progressing as planned, with approvals secured. Upon completion, shareholders will receive 1 share of Raymond Realty Ltd for every 1 share of Raymond Ltd. The listing is expected by Q2FY26. The engineering business will be split into two subsidiaries—one for auto components & engineering consumables and another for aerospace & defense.

Outlook & Valuation: Raymond Ltd with strong real estate bookings and stable performance in engineering, delivered steady Q3FY25 results. Going forward, the focus remains on executing & launching real estate projects, especially JDA-led developments in Thane. Expanding MPPL's aerospace & defense business while leveraging strong domestic demand in engineering. Capitalizing on the real estate demerger to unlock shareholder value. We maintain BUY rating on the stock and based on SOTP multiple of 14x on Real-estate & 10x on Engineering business we have increased our target price to INR 2,452.

Q3FY25 Concall Highlights

Outlook: Raymond Ltd. remains optimistic about sustained growth across its real estate and engineering verticals. The company is targeting a 20-25% YoY increase in booking value through new JDAs and timely project execution. The real estate demerger and engineering restructuring are expected to unlock value for shareholders, while the aerospace segment is positioned for a strong recovery post-order normalization. With a robust cash surplus and strong project pipeline, management remains confident in driving long-term value creation.

Financial Highlights

- Revenue stood at INR 9539 Mn (-8.7% QoQ/ +40.6% YoY)
- Gross Margin is at 49% (+285 bps QoQ/+630 bps YoY)
- Ebitda for the quarter is at INR 1380 Mn (+19% QoQ/+75.8% YoY), Ebitda margin is at 14.5%.
- PAT is by 22% QoQ to INR 723 Mn (+75% YoY)
- Net Debt Position: Net cash surplus of INR 6,960 Mn, improving by INR 1,940 Mn since March 2024.
- Cash & Equivalents: INR 15,820 Mn, ensuring strong liquidity.

Other Highlights -

- Segment Performance:

- Real Estate: For Q3 FY25 Booking Value is INR 5,050 Mn, driven by demand for The Address by GS 2.0, Ten X RERA, and retail shop sales in Thane. A new residential tower under The Address by GS 2.0 in Thane has received strong response.

Revenue Growth: INR 4,880 Mn (+11% YoY), with EBITDA margin at 23.8%.

Total Potential Revenue is INR 320,000 Mn, comprising INR 250,000 Mn from Thane land and INR 70,000 Mn from JDAs.

- Engineering Business: Revenue For this Quarter is INR 4,430 Mn (vs. INR 2,170 Mn in Q3 FY24), nearly 2x YoY growth. EBITDA Margin: 12.0% (vs. 13.8% in Q3 FY24), impacted by weaker export demand.

Demand from the domestic market remained strong, while exports faced challenges from a slowdown in the European auto sector and the Red Sea crisis. Recovery is expected post-resolution of production delays from a major aircraft manufacturer.

- Raymond Ltd. is progressing with the demerger of its real estate business, having secured creditors' and shareholders' approval, with the listing expected within 6-7 months.
- As per the approved scheme, each shareholder of Raymond Ltd. will receive one share of Raymond Realty Ltd.
- The company is undertaking a strategic restructuring of its engineering segment, which will result in the creation of two separate subsidiaries—one focused on Aerospace & Defense and the other on Auto Components & Engineering Consumables.
- The scheme of arrangement has been filed with NCLT, with completion anticipated in 3-4 months, positioning each vertical for independent growth and value creation.

Q3FY25 - Quarterly Performance (Consolidated)

INR Mn (Consolidated)	Q3FY25	Q2FY25	Q-o-Q	Q3FY24	Y-o-Y
Net Revenue	10,447	9,377	11.42%	4700.80	122.25%
Raw Material Costs	5,635	4,912	14.71%	2348.50	139.93%
Gross Profit	4,813	4,465	7.79%	2,352	104.59%
<i>Gross Margin</i>	<i>46.07%</i>	<i>47.62%</i>	<i>-155bps</i>	<i>50.04%</i>	<i>-398bps</i>
Employee costs	1,279	1,201	6.51%	667.20	91.64%
Other Expenses	2,374	2,251	5.44%	1125.90	110.82%
EBITDA	1,160	1,013	14.52%	559.20	107.51%
<i>EBITDA margin</i>	<i>11.11%</i>	<i>10.81%</i>	<i>30bps</i>	<i>11.90%</i>	<i>-79bps</i>
Other Non Operating Income	560	606	-7.69%	422.70	32.39%
Depreciation	402	394	2.03%	172.20	133.39%
EBIT	1,318	1,226	7.55%	810	62.79%
Finance costs	289	306	-5.68%	87.10	231.69%
Share of profit of joint venture and associate	(139)	(133)	4.89%	-123.70	12.69%
Exceptional Items	-	-	0.00%	0.00	0.00%
PBT	890	786	13.15%	599	48.57%
Tax Expense	-299.70	-215.50	39.07%	-90.50	231.16%
<i>Effective tax rate</i>	<i>-34%</i>	<i>-27%</i>	<i>-628bps</i>	<i>-15.11%</i>	<i>-1857bps</i>
PAT	590.10	570.90	3%	508	16.07%
PAT margin	6%	6%	-44bps	10.82%	-517bps

Source: Company reports, Arihant Capital Research

Real-Estate Business

INR Mn (Consolidated)	Q3FY25	Q2FY25	Q-o-Q	Q3FY24	Y-o-Y
Booking Value (INR Mn)	5,050	5,620	-10%	4,280	18%
Revenue	4,880	5,713	-15%	4,390	11%
EBITDA	1,160	1,120	4%	970	20%
EBITDA Margin (%)	23.77	19.60	416bps	22.10	167bps

Source: Company reports, Arihant Capital Research

Engineering – Tools & Hardware and Auto Component

INR Mn (Consolidated)	Q3FY25	Q2FY25	Q-o-Q	Q3FY24	Y-o-Y
Revenue	1,980	2,186	-9%	2,170	-9%
EBITDA	170	230	-26%	300	-43%
EBITDA Margin (%)	8.59	10.52	149bps	13.82	-181bps

Source: Company reports, Arihant Capital Research

Engineering – MPPL

INR Mn (Consolidated)	Q3FY25	Q2FY25	Q-o-Q
Revenue	2,350	2,245	4.7%
EBITDA	350	260	34.6%
EBITDA Margin (%)	15%	11.6%	340bps

Source: Company reports, Arihant Capital Research

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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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