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REWARDING RELATIONSHIPS

MSEARCH

MAY, 2025

INVESTMENT IDEA

Raymond

RAYMOND LIMITED

ANALYST TEAM

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Raymond Ltd.

Industry: Conglomerate/ Diversified

CMP : 1568
Recommendation : Buy

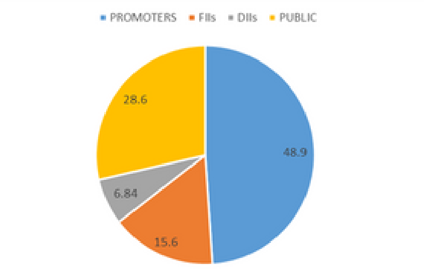
Key Data

BSE Code	500330
NSE Code	RAYMOND
52 Week High (₹)	3493
52 Week Low (₹)	1210.95
Market Cap (₹ Cr)	10,439
Face Value	10
Date of Report	13 May 2025

Industry Snapshot

Customers	Domestic
Market Presence	Domestic
Govt Regulations	High
Msearch View	Positive

Shareholding Pattern



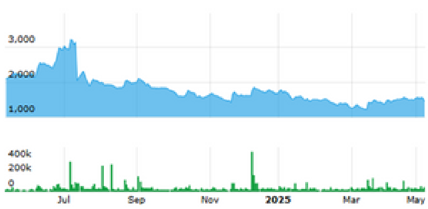
Promoters/ Management

Mr. Gautam Hari Singhania	Group Chairperson
Mr. Harmohan Sahni	MD-CEO
Mr. Sandeep Maheshwari	Chief Operating Officer

Key Ratios

PE	201
EPS	1146.7
ROE	1.25%
ROCE	2.03%

Price Chart



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Introduction

Raymond Ltd is a well-established Indian conglomerate with a diversified presence across multiple sectors. It holds a prominent position in the textile and apparel industry, backed by a strong legacy and robust engineering capabilities. In recent years, Raymond has expanded into the real estate space through its subsidiary, Raymond Realty Ltd (RRL), with a focus on delivering premium housing solutions. In a strategic move to unlock value, Raymond Ltd has announced the demerger of its real estate division into a separate entity—Raymond Realty Limited (RRL). As per the demerger scheme, shareholders of Raymond Ltd will receive 1 share of RRL for every share held in the parent company.

Investment Rationales:

1**) Unlocking the shareholder value:** The decision to demerge Raymond Ltd's real estate division into Raymond Realty Limited (RRL) represents a strategic step to unlock shareholder value by allowing each entity to pursue its growth path with greater clarity and focus. The demerger will provide both Raymond Ltd and Raymond Realty with the operational flexibility to optimize their strategies, allocate capital efficiently and attract more targeted investor interest. As each business can now operate independently, shareholders are expected to see enhanced value creation over the long term, driven by better market positioning, more focused management and an improved capital structure.

2) Owned Land Development (Thane): Raymond Ltd holds approximately 100 acres of prime land in Thane, which forms the backbone of its owned land development strategy. Of this, around 40 acres are currently under active development, offering about 4.0 million sq. ft. of RERA-approved carpet area. This phase is expected to generate a potential revenue of over Rs. 9,000 cr. Additionally, the company has identified a further 60 acres within the same land parcel for future development. With a planned 7.4 million sq. ft. of RERA-approved carpet area, this second phase is projected to contribute Rs. 16,000 cr in revenue. Together, the Thane land has a total monetization potential exceeding Rs. 25,000 cr which would take 4-5 years to realise the profits on books.

3) JDA-Led Asset-Light Expansion: In parallel with its owned land development, Raymond Ltd has adopted a Joint Development Agreement (JDA) model to scale its real estate footprint without heavy capital investment. Under this asset-light strategy, through this strategy, the company has secured six key JDA projects in prime locations such as Bandra, Mahim, Sion, Bandra East, and Wadala. These projects have significant revenue potential—together estimated at over ₹15,000 crore in case of JDA it may take 6-8 years to realise the actual profits in the books. By leveraging the JDA model, Raymond strengthens its project pipeline while maintaining capital efficiency, positioning itself for sustainable growth in the urban real estate market.

4) Raymond Engineering Doubles Revenue, Eyes EV & Aerospace Growth: Raymond's Engineering Business operates through three strategic verticals—Steel Files and Tools & Hardware under the Super Drive brand, Auto and EV Components via Ring Plus Aqua, and Aerospace & Defence through MPPL. The segment witnessed robust growth, with net sales doubling year-on-year to Rs. 528 cr in Q4FY25 and EBITDA increasing by 121% YoY to Rs. 81 cr, although EBITDA margins slightly declined to 13% due to a change in product mix. Over FY2025, net sales stood at Rs. 1,824 cr, up 112% YoY, driven largely by domestic demand in flex plates. While export markets faced some headwinds due to softness in the auto sector, the segment is poised for continued expansion, particularly in the sunrise sectors of EV and Aerospace components. The aerospace business is expected to gain further traction once global production issues—especially with a major aircraft OEM—are resolved, potentially unlocking delayed order flows.

Risks

1. Economic slowdown.
2. Significant decline in sales and collections.

Mview

We believe Raymond Ltd, as a diversified conglomerate, stands out for its strong legacy, operational excellence, and strategic agility across multiple high-growth sectors—including real estate, engineering, and lifestyle. With a proven track record of value creation, the company effectively leverages its brand strength and domain expertise to deliver sustained performance while continuously unlocking new avenues for growth. We think the demerger of Raymond Realty Ltd from Raymond Ltd as a strategic move that unlocks significant long-term value for shareholders by allowing both entities to pursue focused growth with independent strategies. Raymond Realty brings a robust portfolio comprising over ₹25,000 cr in monetization potential from its owned land in Thane and an additional ₹15,000+ cr from capital-efficient JDA projects across key Mumbai micro-markets—positioning it well for scalable growth in the urban real estate space.

Simultaneously, Raymond's Engineering Business has delivered impressive financial performance, with over 112% YoY growth in net sales in FY2025, driven by rising domestic demand and strong traction in emerging sectors like EVs and Aerospace. We believe this combination of focused real estate growth, operationally sound engineering expansion and improved capital structure post-demerger enhances Raymond Ltd's overall investment appeal and makes both entities compelling opportunities for investors seeking long-term value creation. On a consolidated valuation basis, we have employed the Sum-of-the-Parts (SOTP) methodology to determine the fair value of Raymond Ltd by valuing each business segment independently. Based on our assumptions and analysis, the combined fair value of all business segments is estimated to be in the range of ₹2,350 – ₹2,400 per share. Accordingly, we view the current market price as a compelling buying opportunity for investors.

Raymond Realty Unlocks ₹40,000 Cr+ Potential with Strong Traction from Aspirational to Luxury Housing Segments.

1 Raymond Realty's Real Estate Portfolio Valued at Over ₹40,000 Cr

Raymond Realty's current real estate portfolio, highlighting both its owned land development strategy and its asset-light Joint Development Agreement (JDA) model. The company owns approximately 100 acres of prime land in Thane, with 40 acres currently under development that is expected to generate revenue of over ₹9,000 cr, and an additional 60 acres earmarked for future development with an estimated revenue potential of ₹16,000 cr. Altogether, the Thane land parcel offers a total monetization potential exceeding ₹25,000 cr.

In parallel, Raymond Realty is pursuing an asset-light expansion model through JDAs, where it has been appointed as a developer for high-value projects in key Mumbai localities such as Bandra (₹2,000 cr), Mahim (₹1,700 cr), Sion (₹1,400 cr), and Bandra East (₹2,000 cr). These projects together add another ₹7,000+ crore in estimated revenue. Importantly, the company also notes that additional JDA projects are under evaluation, indicating further upside potential. In total, Raymond Realty's current real estate business holds a revenue potential exceeding ₹32,000 cr, underpinned by a balanced approach that combines capital-intensive owned land development with capital-efficient JDAs. This robust pipeline highlights the scale, strategic planning, and long-term growth potential of Raymond's real estate operations

2 Robust Performance by Raymond Realty Across Price Segments

• Ten X Habitat – Aspirational Segment

Ten X Habitat, Raymond Realty's flagship aspirational housing project, has demonstrated robust performance with approximately 96% of units sold. The project comprises 10 towers with a total RERA-approved carpet area of ~1.7 million sq. ft., and 3,103 planned units. Cumulatively, the project has recorded 2,980 bookings to date. The value of bookings stands at ₹3,234 cr, with customer collections totalling ₹3,053 cr, and revenue recognized of ₹2,966 cr. This strong traction reflects the success of the brand in addressing the mid-income housing segment with competitive pricing, desirable configurations, and timely delivery.

• The Address by GS – Premium Segment

Raymond's premium offering, "The Address by GS," spans across multiple phases and locations including Thane and Bandra. The original phase, consisting of 2 towers and 551 planned units, has seen ~95% unit sales, with 525 bookings and ₹1,387 cr in booking value. Of this, ₹1,168 cr has been collected, and ₹958 cr recognized as revenue. The second phase, The Address GS Season 2, includes 3 towers and 599 planned units with 66% of launched units sold. The booking value has reached ₹1,001 cr, with customer collections of ₹360 cr and revenue recognition of ₹236 cr. Meanwhile, the Bandra edition of The Address by GS, featuring 805 premium units, has achieved 58% sales of launched inventory with 211 bookings. The booking value is ₹664 cr, customer collections stand at ₹113 cr, and ₹443 cr has been recognized as revenue. This performance underlines Raymond's growing presence in the premium urban housing market with strong acceptance in key MMR micro-markets.

• Ten X Era – Upper Mid-Segment

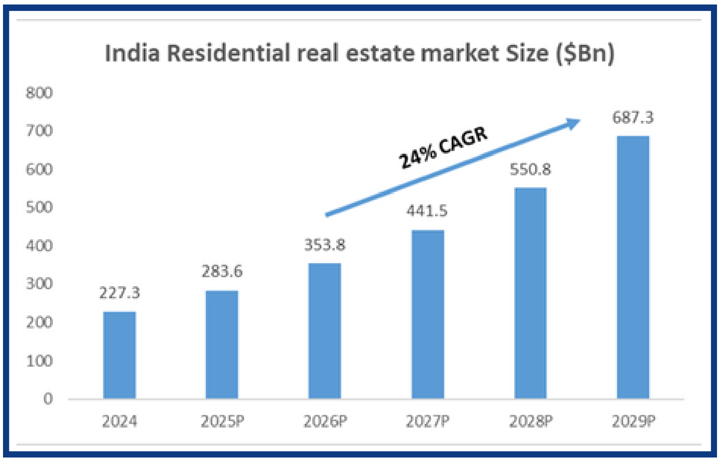
Ten X Era, positioned just above the aspirational segment, includes 3 towers with ~0.6 million sq. ft. of carpet area and 905 total units. As of December 2024, the project has sold approximately 65% of its units, with 592 bookings and a total booking value of ₹896 cr. Customer collections amount to ₹357 cr, while revenue recognition has reached ₹329 cr. The consistent progress in this project reflects sustained demand in the upper mid-income housing segment and complements the success of Ten X Habitat.

• Invictus by GS – Luxury Segment

Invictus Monogram Residences by GS caters to the niche luxury segment and includes a single tower with 102 ultra-premium 4.5 BHK units. Despite its premium positioning, the project has seen a healthy sales trajectory, with 60% of units sold (61 bookings). The total booking value is ₹328 cr, with ₹116 cr collected from customers, and ₹99 cr recognized as revenue. The project's steady performance in the high-ticket segment highlights Raymond's ability to capture luxury homebuyer interest in an increasingly competitive market.

Indian residential real estate industry outlook:

The Indian real estate sector contributes 7.3% to the country's GDP and is projected to become a USD 1 trillion market by 2030, accounting for 18–20% of GDP and supporting approximately 71 million jobs. The Residential Real Estate (RRE) market is estimated at USD 227.26 billion in 2024 and is expected to grow to USD 687.27 billion by 2029, registering a CAGR of 24.7% during this period. The RRE segment includes apartments, villas and plots and is set to maintain strong momentum in 2024, with sales projected to grow by 10–15% YoY to over 300,000 units. In FY23, the residential property market reached record home sales of Rs. 3.47 lakh crore, growing 48% YoY. While in 2024 residential property market saw total value exceeding Rs.4 lakh crore, representing a 2% year-on-year increase. Volumes also showed strong growth, rising more than 30% to 302867 units in 2024.



(Source: IMF, World Bank Msearch)

Over the past 10 years, housing prices in top cities have appreciated between 25% and 60%, driven by rising input costs, strong demand, stable interest rates and buyer confidence. Market concentration is low, but listed, larger builders are steadily gaining share. Notable players include DLF, Lodha, Godrej Properties and Phoenix Mills. Cities like Bengaluru, Mumbai, and Pune witnessed combined residential sales of 63% in Q3 FY24, with more than 60% of residential launches during the quarter from these cities. Over the last six years, the share of listed developers has grown from 17% to 34%. The mid segment (Rs. 50–75 lakh) continues to dominate, while premium and ready-to-move-in apartments are increasingly preferred. In the luxury segment, the share of homes priced above Rs. 1.5 crore rose from 18% in 9M FY22 to 22% in 9M FY23, with Delhi NCR and Mumbai leading in luxury home sales. Sales in the luxury housing segment (priced above INR 3 crore) increased significantly, rising by 83% from 8,013 units in 9M 2022 to 14,627 units in 9M 2023. This surge is driven by homebuyers upgrading to larger homes, prompting developers to actively launch new high-end projects to meet this growing demand. Simultaneously, Tier II and III cities such as Surat, Bhubaneswar, Coimbatore, Vadodara, Indore, Chandigarh, Kochi, and Visakhapatnam are emerging as key players in the Indian real estate sector. These cities have experienced notable economic growth, better connectivity, and the development of metro networks. As a result, they are increasingly being recognized as smart investment destinations, offering affordability and talent availability—attracting both startups and large industrial corporations. India's urban population is expected to grow at a rate of 2.1%, reaching 600 million by 2036, which will further amplify demand for urban real estate across these rising cities.

Outlook : We believe the Indian real estate sector is poised for robust growth in 2025 and beyond, supported by strong urbanization, favourable demographics and rising housing demand across segments. Government-led reforms like RERA, GST and infrastructure push have improved transparency and investor confidence. Demand is expected to be fuelled by rapid urbanization, rising aspirations, and a migrating population seeking better living standards and lifestyle upgrades. Additionally, commercial real estate remains buoyant with steady demand for Grade-A office spaces, and the logistics and warehousing sectors are thriving, driven by e-commerce expansion. Despite short-term challenges like input cost inflation and project approval delays, the long-term outlook remains highly positive, with projections of the sector surpassing USD 1 trillion by 2030, further strengthened by growing institutional participation and REITs.

Raymond

Basic Financial Details

Particulars (in Crs)	Q4FY25	Q3FY2025	Q4FY24	YoY Change	FY25	FY24	YoY Change
Revenue From Operations	557	466	266		1,947	973	
Other Income	44	27	43		158	165	
Total Income	601	493	309	95%	2,105	1,137	85%
Expenses	503	427	237		1,770	900	
EBITDA	99	65	72	38%	335	238	41%
EBITDA Margin %	16.4%	13.3%	23.3%		15.9%	20.9%	
Depreciation	37	37	21		146	59	
Interest Expenses	17	16	5		65	9	
PBT Before Exceptions	45	12	47	(4%)	123	170	(27%)
PBT Margin %	**7.4%**	2.4%	15.1%		5.9%	14.9%	
Exceptional Items	0	0	(11)		0	**(34)**	
Taxes	(9)	(1)	(4)		-26	-24	
Associate / JV / Minority	(10)	(7)	(19)		-45	-57	
Net Profit From Continuing Opeartions	25	4	13	101%	52	54	(4%)
Net Profit From Demerged Operation (after tax)	112	68	217		7,584	1,589	
Total Net Profit For The Period (Continuing + Demerged Operations)	137	72	230	(40%)	7,636	1,643	365%

Note: As the acquisition of MPPL was completed on 28th March 24, the above table includes MPPL business in Q4FY25 and FY25. Demerged Operations includes Lifestyle Business and Realty Business in the above table.

Engineering Business

Particulars (in Crs)	Q4 FY 25	Q4 FY24	YoY	FY25	FY24	YoU
Revenue	528	234	126%	1,824	861	112%
EBITDA	81	37	121%	237	120	96%
EBITDA Margin	15.3%	15.6%		13%	14%	

Real Estate Business

Particulars (in Crs)	Q4 FY25	Q4 FY24	YoY	FY25	FY24	YoU
Revenue	766	677	13%	2,313	1,593	45%
EBITDA	194	171	13%	507	370	37%
EBITDA Margin	25.3%	25.3%		21.9%	23.3%	

Robust Performance by Raymond Realty Across Price Segments:

As of December 31, 2024, Raymond Realty Ltd has delivered strong performance across its residential segments. Its flagship aspirational project, Ten X Habitat, has achieved 96% unit sales with over Rs. 3,200 cr in bookings, reflecting robust demand in the mid-income segment. In the premium category, The Address by GS (across Thane and Bandra) recorded sales between 58–95% across phases, with a combined booking value exceeding Rs. 3,000 cr. Ten X Era, targeting the upper mid-segment, has sold 65% of its units, generating Rs. 896 cr in bookings. In the luxury segment, Invictus by GS has sold 60% of its high-end units, with bookings worth Rs. 328 cr. These results highlight Raymond's growing presence and brand strength across key price points in the Mumbai Metropolitan Region.

Mview on Raymond Realty Ltd.

Raymond Ltd's demerger of its real estate arm into Raymond Realty Ltd marks a strategic move aimed at unlocking shareholder value by allowing each business to pursue focused growth. We believe company's real estate arm has built a strong pipeline with over Rs. 40,000 cr in revenue potential, combining development on 100 acres of owned land in Thane and an asset-light JDA model across key Mumbai locations like Bandra, Mahim, Sion and Wadala. This dual strategy balances capital efficiency with value creation. We also think operationally, Raymond Realty has demonstrated strong execution across price segments—from aspirational to luxury—with high booking and revenue recognition across marquee projects like Ten X Habitat and The Address by GS. With additional JDA projects under evaluation, we believe Raymond Realty is well-positioned to scale further and emerge as a significant player in India's urban real estate landscape. Raymond Realty Ltd has demonstrated strong financial momentum, with net sales growing by an impressive 69% year-on-year in the first nine months of FY2025. Despite this robust growth, we believe the company may initially trade at a discount compared to its listed peer, Godrej Properties Ltd—which currently trades at a P/E multiple of ~40–45x. This valuation gap is likely due to Raymond Realty's relatively smaller scale, shorter operating history in the real estate sector, and its geographic concentration within the Mumbai Metropolitan Region (MMR).

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Msearch's Recommendation (Absolute Performance)

Buy: > 20% within the next 12 Months

Accumulate: 5% to 20% within the next 12 Months

Sell : < -20% within the next 12 Months

PRASHANTH TAPSE

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