

2nd April 2024

Raymond Ltd.

BSE: 500330 | NSE: RAYMOND



Recommendation
BUY



Time Period
12 months



Current Price
1,854.0/-



Target Price
2,132.0/-



Potential Upside
15%

Raymond is a diversified business conglomerate with presence in Textile, Apparels, FMCG, Realty, Engineering and Prophylactics etc. With the backing of a strong brand, Raymond is reckoned for delivering world-class quality products to its consumers for the past 9 decades.

Five Reasons to Buy

Delivered highest ever quarterly sales; Entered into Sunrise sectors: The company during the quarter 3QFY24 has delivered Revenue/EBITDA/PAT of Rs 2,450 cr/ Rs 426 cr/ Rs 184 cr. The sales for this quarter is the highest ever. The growth was led by support across the verticals. The company has opened 65 new stores leading to a 20% growth in branded apparel sales. The company has opened 100th Ethnix by Raymond while real estate vertical registered 252 units of booking translating into a booking value of Rs 428 cr. The company's Engineering business forayed into sunrise sectors of Aerospace, Defense and EV components business by Acquisition of MPPL (Maini Precision Products Limited) (The acquisition is still under process).

Real estate continued to demonstrate sustained demand: Residential real-estate continued to demonstrate sustained demand including high demand for luxury homes. During the quarter it has signed 2 JDAs (Join Development Agreements). The company has taken initiatives like emphasis on collections and efficient inventory management and related production cycle to optimize NWC (Net Working Capital). It has been able to reduce NWC to 71 days from 98 days in Sep'19. Thane (100 acres) land development has total revenue potential of Rs 25,000 cr. Nearly 40 acres of land is under development for revenue potential of Rs 9,000 cr while 60 acres (~7.4 million sqft) has another saleable potential of Rs 16,000 cr.

Turned debt free 2 years ahead of the guidance: The company post sale transaction of its FMCG business is presently turned debt free with net cash position of Rs 1,300 cr as of Dec'23. It sold FMCG business for sale proceeds of Rs 2,825 cr in May'23 and has realized Rs 2,200 cr net tax amount.

Go to market strategy for textile segment: The company has taken go to market initiatives for its Suiting, Shirting, Apparel, Ethnix segment in textile division. It is building hyper personified interaction BOT – ETHINX that provides seamless flow of customer journey using WhatsApp based interaction through direct button featured across text, video, image etc. The company has made 65 net store additions during the quarter to take total at 1,841 as of Dec'23 v/s 1,743 in Dec'22. The company has an aggressive plan to open over 500 stores during the next 3 years. It recently demerged its lifestyle vertical which can potentially unlock the value for shareholders (approval is still under process).

Attractive valuation: At the current price, the stock is trading at a PE multiple of 16.2x/13.7x of its FY24E/FY25E Bloomberg consensus earning estimate.

Key Risk Factors: Any slowdown in consumption; High rate of interest may impact real estate business; High competition

Pick of the Week

Financial Summary

Particulars (Rs cr)	FY22A	FY23A	FY24E	FY25E
Net Sales	6,178.5	8,214.7	8,956.5	9,875.3
EBITDA	541.2	1,092.3	1,299.1	1,445.0
Adj.Net Profit	260.4	528.9	749.4	887.6
EBITDA Margin (%)	8.8	13.3	14.5	14.6
RoE (%)	16.5	23.2	26.7	19.9
P/E (x)	46.4	22.8	16.2	13.7

Source: Bloomberg, SSL Research

Stock Performance (2-Years)



Source: BSE, SSL Research

Recommendation History

Date	Stock Price	Target Price	Recommendation	Status
29 th Nov 2023	1,532.0	1,762.0	BUY	Closed @ Rs 1,749.0

SBICAP Securities Limited

(CIN): U65999MH2005PLC155485

SEBI Registration No.: Stock Broker: INZ000200032 | DP Registration No.: IN-DP-314-2017 | Research Analyst : INH000000602

Portfolio Manager: INP000004912 | IRDA : CA0103 | PFRDA Registration No: POP 26092018

Registered & Corporate Office: Marathon Futurex, Unit No. 1201, B-Wing, 12th Floor, N M Joshi Marg, Mafatlal Mill Compound, Lower Parel East, Mumbai 400013

For any information contact us:

(022) 6854 5555 | E-mail: helpdesk@sbicapsec.com | Web: www.sbisecurities.in

DISCLOSURES & DISCLAIMERS:

Analyst Certification: The views expressed in this research report ("Report") accurately reflect the personal views of the research analysts ("Analysts") employed by SBICAP Securities Limited (SSL) about any and all of the subject issuer(s) or company(ies) or securities. This report has been prepared based upon information available to the public and sources, believed to be reliable. I/We also certify that no part of my/our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

The Analysts engaged in preparation of this Report or his/her relative:-

(a) do not have any financial interests in the subject company mentioned in this Report; (b) do not own 1% or more of the equity securities of the subject company mentioned in the report as of the last day of the month preceding the publication of the research report; (c) do not have any material conflict of interest at the time of publication of the Report.

The Analysts engaged in preparation of this Report:-

(a) have not received any compensation from the subject company in the past twelve months; (b) have not managed or co-managed public offering of securities for the subject company in the past twelve months; (c) have not received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months; (d) have not received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months; (e) has not received any compensation or other benefits from the subject company or third party in connection with the Report; (f) has not served as an officer, director or employee of the subject company; (g) is not engaged in market making activity for the subject company.

Name	Qualification	Designation
Sudeep Shah	MMS-Finance	DVP- Technical & Derivative Research
Sunny Agrawal	B.E, MBA (Finance)	DVP - Fundamental Research
Rajesh Gupta	PGDBM (Finance), MA (Bus. Eco)	AVP - Fundamental Research
Monica Chauhan	C.A.	Research Analyst - Equity Fundamentals
Harsh Vasa	C.A.	Research Analyst - Equity Fundamentals
Sumeet Shah	BE., CFA	Research Analyst - Equity Fundamentals
Sweta Padhi	MBA (Finance)	Research Analyst - Equity Fundamentals
Gautam Updhyaya	MBA (Finance)	Research Analyst - Equity Derivatives
Vinayak Gangule	BE (IT)	Research Analyst - Equity Technicals
Pratik Patni	BSc (Biotech Entire)	Research Analyst- Equity Derivatives
Ghanshyam Gupta	MBA (Finance)	Research Analyst – Currency Derivatives
Sagar Peswani	B.Tech (ECE)	Research Associate - Equity Technicals
Uday Chandgothia	B.Tech (Mech), MBA (Finance)	Research Associate - Equity Fundamentals
Kalpesh Mangade	B.Com	MIS Analyst - Retail Research

For other Disclosures please visit: https://bit.ly/R_disclaimer02