

CMP: INR 2,192

Rating: BUY

TP: INR 2,846

Stock Info

BSE	500330
NSE	RAYMOND
Bloomberg	RW:IN
Reuters	RYMD.NS
Sector	Garments & Apparels
Face Value (INR)	10
Equity Capital (INR cr)	66.57
Mkt Cap (INR cr)	12,582
52w H/L (INR)	2,335/ 1,487
Avg Daily Vol (in 000')	292

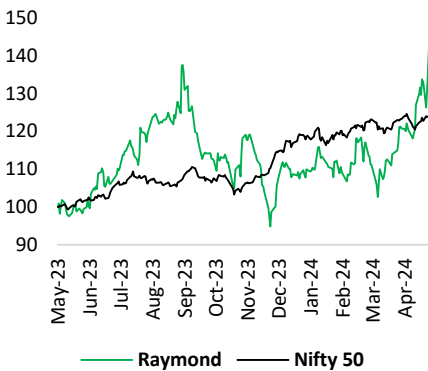
Shareholding Pattern %

(As on March 2024)

Promoters	49.11
DII	8.78
FII	14.50
Public & Others	27.59

Stock Performance (%)	1m	6m	12m
RAYMOND	13.8	15.2	37.2
NIFTY 50	(0.1)	15.6	22.9

Raymond Price Chart



Raymond delivered a stellar performance, beating our estimates on all fronts. Revenue ex-OI grew 21.32% YoY to INR 2,609 Cr (+9.32% QoQ), beating our estimate of INR 2,577 Cr by 1%. EBITDA Margin ex-OI expanded 105bps YoY by 16.71% (+155bps QoQ), beating our estimate of 16.3% by 41bps. PAT grew 16.95% YoY to INR 230 Cr (+24.19% QoQ), beating our estimate of INR 200 Cr by 15%. This performance was largely due to the success of the real estate business, as Q4 tends to be weak for most apparel companies due to EOSS. They continue to face headwinds on exports but remain aggressive with corporate actions- the acquisition of MPPL (with the consolidation of the engineering business), and the demerger of the lifestyle business.

Branded Apparel in investment mode: There were 200+ store openings last year in this segment- led by Ethnix stores, with another 200 stores planned for the next 18 months (with a focus on Ethnix).

Net debt-free status achieved: The net debt-free status was achieved two years ahead of schedule, primarily driven by the sale of the FMCG business and strong free cash flow generation.

Real Estate momentum: The real estate segment achieved a total booking value of INR 2,249 Cr for FY24, led by strong pre-sales in Thane and the successful launch of the Bandra project. This business aims to achieve a run rate of INR 3,500 – INR 4,000 crores within the next 4-5 years (18-20% growth YoY), driven by the launch of new JDA projects- in Bandra, Mahim, and Sion.

Demerger process and cash utilization from the business sale: The demerger of the lifestyle business is awaiting NCLT approval, which is expected by May 9th. On completion, it will create two listed entities: 1) Lifestyle, and 2) Real Estate & Engineering. The surplus cash generated from the FMCG business sale will be utilized for growth and inorganic opportunities.

Engineering growth: The engineering business is expected to achieve INR 450-500 crores EBITDA within the next 4-5 years, fueled by the "Make in India" initiative and expansion in the Aerospace & Defence and EV components segments with the acquisition of MPPL which already makes a 25% Margin.

Valuation and Outlook: We assign a TP of INR 2,846 based on a SOTP multiple of 15x the FY26E EV/ EBITDA and recommend that investors Buy. We maintain our long-term positive view of the company despite the current seasonality faced by the textile industry, logistical issues caused by the Red Sea crisis, and mild currency issues that caused sluggish exports. There is visible proactivity that is starting to pay off as they continue to invest in their core strengths and create new ones.

Earnings Summary (INR Mn)	FY23	FY24	FY25E	FY26E
Revenue (Ex- OI)	82,147	90,195	97,573	108,395
Operating Profit	11,994	13,091	15,276	17,688
Operating Margin	14.60%	14.51%	15.66%	16.32%
PAT	6,361	15,888	7,637	9,346
PAT growth (%)	50.1	149.8	(51.9)	22.4
EPS (INR)	95.6	238.7	114.7	140.4
EPS growth (%)	50.1	149.8	(51.9)	22.4
P/E (x)	22.9	9.2	19.1	15.6
P/BV (x)	5.0	3.2	2.7	2.3
EV/EBITDA (x)	12.7	12.8	9.7	7.9

Source: Company Filings & Arihant Capital Research

Q4FY24 Result Update | Raymond

SOTP Valuation (FY26E)	EBITDA (INR Mn)	Multiple (x)	Enterprise Value (INR Mn)
Branded Textiles	7,824	11	86,069
Branded Apparel	1,834	20	36,679
High Value Cotton Shirting	959	10	9,590
Garmenting	1,043	10	10,425
Tools & Hardware	719	12	8,628
Auto Components	722	12	8,662
Real Estate			36,760
Segment EV	13,101	15.0	196,812
Cash & Investments			40,340
JV/Associates			4,494
Total Debt			50,195
Intrinsic Market Cap			191,451
Outstanding Shares (Mn)			67
Fair Value Per Share (INR)			2,876
Upside/ Downside			31%

Source: Company & Arianth Research

INR Cr (consolidated)	Q4FY24	Q3FY24	Q4FY23	Q-o-Q	Y-o-Y
Revenue (Ex- OI)	2,609	2,386	2,150	9.32%	21.32%
Raw Material Costs	613	454	800	35.11%	-23.35%
Gross Profit	1,996	1,933	1,351	3.26%	47.76%
<i>Gross Margin</i>	<i>76.50%</i>	<i>80.99%</i>	<i>62.81%</i>	<i>-449bps</i>	<i>1369bps</i>
Employee costs	301	291	264	3.47%	13.97%
Manufacturing and operating expenses	217	239	200	-9.35%	8.17%
Costs toward development of Porperty	660	691	252	-4.41%	162.17%
Other Expenses	381	350	297	9.03%	28.34%
Operating Profit	436	362	337	20.50%	29.43%
<i>Operating Margin</i>	<i>16.71%</i>	<i>15.16%</i>	<i>15.66%</i>	<i>155bps</i>	<i>105bps</i>
Other Income	80	64	42	24.15%	89.62%
EBITDA	516	426	379	21.05%	36.11%
<i>EBITDA Margin</i>	<i>19.18%</i>	<i>17.38%</i>	<i>17.28%</i>	<i>180bps</i>	<i>190bps</i>
Depreciation	88	70	62	25.59%	43.30%
EBIT	427	356	317	20.15%	34.71%
Finance costs	104	104	64	0.01%	61%
Exceptional Items	-11	-	-93	-	-88%
Share of Profit/Loss from associates	-1	-4	13	-86.38%	-104%
PBT	312	248	173	26.05%	80.17%
Tax Expense	83	63	-23	31.51%	-458%
Effective tax rate %	26%	25%	-13%	110bps	3976bps
PAT	230	185	196	24.19%	16.95%
<i>PAT margin %</i>	<i>8.55%</i>	<i>7.55%</i>	<i>8.96%</i>	<i>100bps</i>	<i>-41bps</i>
EPS (INR)	24.01	27.57	29.19	-12.91%	-17.75%

Source: Company & Arianth Research

Operational Highlights:

- Discretionary spending for the quarter was low, but there was an uptick due to Eid demand.
- The garment business faced issues due to the Red Sea Crisis.
- JK Files saw a sluggish export market due to currency headwinds.
- The WC was higher due to the acquisition of MPPL.
- The branded apparel business has 409 stores, with another 200 to come next 18 months mostly on the franchisee model. However, H1FY25 is expected to be void of weddings, with most of them coming in and after November. This business will have margins in the range of 12-14%.

Segment Wise (INR Cr)	Q4FY24	Q3FY24	Q4FY23	Q-o-Q	Y-o-Y
Segment Revenue					
Textile	920	909	902	1.21%	2.01%
Shirting	213	214	187	-0.69%	13.76%
Apparel	409	437	332	-6.55%	23.24%
Garmenting	280	281	305	-0.51%	-8.33%
Tools & Hardware	119	108	115	10.76%	3.19%
Auto Components	114	109	103	4.69%	11.01%
Real Estate & Development of Property	677	439	289	54.32%	134.28%
Others	2	2	3	6.86%	-40.06%
Inter Segment Revenue	-126	-113	-87	10.91%	45.35%
Total Segment Revenue	2,609	2,386	2,150	9.32%	21.32%
Segment Results					
Textile	174	177	180	-2.09%	-3.60%
Shirting	15	14	10	7.69%	49.75%
Apparel	9	29	32	-67.51%	-70.84%
Garmenting	26	26	15	-0.88%	68.50%
Tools & Hardware	7	3	8	102.14%	-19.88%
Auto Components	25	22	19	12.20%	32.96%
Real Estate & Development of Property	168	94	67	78.01%	148.63%
Others	-3	-2	-2	32.87%	28.13%
Inter Segment Profit/ Loss	3	2	-1	76.36%	-355.26%
Total Segment Results	423	365	328	15.79%	28.68%
Segment Wise EBIT Margin (%)					
Textile	18.88%	19.52%	19.98%	-64bps	-110bps
Shirting	6.97%	6.43%	5.30%	54bps	168bps
Apparel	2.30%	6.62%	9.72%	-432bps	-742bps
Garmenting	9.21%	9.24%	5.01%	-3bps	420bps
Tools & Hardware	5.55%	3.04%	7.14%	251bps	-160bps
Auto Components	21.55%	20.11%	17.99%	144bps	356bps
Real Estate & Development of Property	24.75%	21.45%	23.32%	329bps	143bps
Others	-153.48%	-123.43%	-71.79%	-3005bps	-8168bps
Inter Segment Profit/ Loss	-2.31%	-1.46%	1.32%	-86bps	-363bps
EBIT Margin	16.20%	15.30%	15.28%	91bps	93bps

Source: Company & Arianth Research

Q4FY24 Result Update | Raymond

Income Statement (INR Mn)	FY23	FY24	FY25E	FY26E
Revenue (Ex- OI)	82,147	90,195	97,654	108,481
Op. Expenses	70,153	77,104	82,370	90,785
Operating Profit	11,994	13,091	15,284	17,696
<i>Operating Margin</i>	<i>14.60%</i>	<i>14.51%</i>	<i>15.65%</i>	<i>16.31%</i>
Other income	1,223	2,661	1,863	1,956
EBITDA	13,217	15,752	17,147	19,652
<i>EBITDA Margin</i>	<i>15.85%</i>	<i>16.96%</i>	<i>17.23%</i>	<i>17.79%</i>
Depreciation	2,354	3,758	3,854	4,069
EBIT	10,863	11,994	13,293	15,582
Interest Exp.	2,573	3,758	3,864	4,016
Extra Ordinary Items -gain/(loss)	(1,072)	(432)	-	-
PBT	7,219	7,804	9,429	11,567
Tax	2,004	2,227	1,886	2,313
PAT	5,216	5,577	7,543	9,254
Minority Int./Profit (Loss) From Associates	(74)	(9,879)	(100)	(99)
Net Profit	5,289	15,456	7,643	9,352
Adjusted PAT	6,361	15,888	7,643	9,352
Adjusted EPS (INR)	95.6	238.7	114.8	140.5
Balance Sheet (INR Mn)	FY23	FY24	FY25E	FY26E
Share Capital	666	666	666	666
Reserves & Surplus	28,324	45,508	52,696	61,592
Networth	28,990	46,173	53,361	62,258
Debt	25,295	60,195	55,195	50,195
Minority Interest	850	4,379	4,435	4,494
Net deferred Tax liabilities	(1,876)	271	271	271
Capital Employed	53,259	111,018	113,262	117,217
Net Fixed Assets	19,687	18,557	16,853	14,934
Goodwill	10	2,650	2,650	2,650
Investments	16,391	28,260	28,260	28,260
Current Assets, Loans & Advances	43,897	84,409	103,690	113,798
Inventory	24,966	35,142	28,092	29,721
Debtors	7,443	14,072	7,491	7,727
Cash & Bank balance	3,258	5,256	35,690	40,340
Loans & advances and others	8,230	29,940	32,416	36,010
Current Liabilities & Provisions	26,727	37,390	38,191	42,425
Liabilities	25,852	36,089	36,782	40,859
Provisions	875	1,301	1,409	1,565
Net Current Assets	17,170	47,019	65,499	71,374
Application of Funds	53,259	96,486	113,262	117,217
Cash Flow Statement (INR Mn)	FY23	FY24	FY25E	FY26E
PBT	8,445	18,168	9,585	11,724
Depreciation & amortisation	2,354	3,758	3,854	4,069
(Inc)/Dec in working capital	(3,862)	(7,551)	11,954	(1,224)
Tax paid	(724)	(770)	(1,886)	(2,313)
Other operating Cash Flow	(742)	(12,031)	(1,863)	(1,956)
Cash flow from operating activities	8,042	5,332	25,508	14,315
Capital expenditure	(1,023)	(2,076)	(2,150)	(2,150)
Add: Int/Div. Income Recd.	(3,735)	(8,340)	1,863	1,957
CF from investing activities	(4,758)	(10,416)	(287)	(193)
Inc/(Dec) in debt	336	21,028	(5,000)	(5,000)
Dividend Paid	(2,466)	(3,064)	(4,063)	(4,215)
Others	1,545	(9,336)	14,432	(100)
CF from financing activities	(585)	8,628	5,368	(9,314)
Net cash flow	2,700	3,544	30,589	4,808
Opening balance	1,617	1,712	5,256	35,690
Closing balance	3,257	5,256	35,690	40,340

Source: Company & Arianth Research

Q4FY24 Result Update | Raymond

Per share data	FY23	FY24	FY25E	FY26E
No. of shares (m)	66.6	66.6	66.6	66.6
Diluted no. of shares (m)	66.6	66.6	66.6	66.6
BVPS (INR)	435.5	693.6	801.6	935.2
CEPS (INR)	113.7	140.2	171.2	200.1
DPS (INR)	3.0	10.0	3.0	3.0
Margins	FY23	FY24	FY25E	FY26E
EBITDA Margin	15.85%	16.96%	17.23%	17.79%
EBIT Margin	13.03%	12.92%	13.36%	14.11%
PAT Margin	7.63%	17.11%	7.68%	8.47%
Growth Indicators (%)	FY23	FY24	FY25E	FY26E
Revenue(%)	33.0	9.8	8.3	11.1
EBITDA(%)	50.1	19.2	8.9	14.6
Adj PAT(%)	50.1	149.8	-51.9	22.4
Adj EPS(%)	50.1	149.8	-51.9	22.4
Valuation (x)	FY23	FY24	FY25E	FY26E
P/E	22.9	9.2	19.1	15.6
P/BV	5.0	3.2	2.7	2.3
EV/EBITDA	12.7	12.8	9.6	7.9
EV/Sales	2.0	2.2	1.7	1.4
Dividend Yield (%)	0.1	0.5	0.1	0.1
Financial Ratios	FY23	FY24	FY25E	FY26E
Profit & Loss				
RM/Net Revenue	36	29	30	32
Emp Exp/Net Revenue	12	13	13	14
Other Exp/Net Revenue	36	44	41	38
Balance Sheet				
RoE (%)	24.2	42.3	15.4	16.2
RoCE (%)	24.9	17.8	13.5	15.2
Key operating metrics	FY23	FY24	FY25E	FY26E
Dep. (% of Gross Block)	7.1	10.6	10.3	10.3
Inventory days	111	142	105	100
Debtor days	33	57	28	26
Creditor days	75	84	75	75
Net working capital days	62	169	111	104
Asset turnover (x)	1.7	1.2	0.9	0.9
Fixed asset turnover (x)	2.4	2.5	2.5	2.7
Sales :Net Block (x)	4.2	4.9	5.8	7.3
Financial leverage (Asset/Equity)	0.5	0.4	0.5	0.5
Debt/Equity (x)	0.9	1.3	1.0	0.8

Source: Company & Arian Research

Arihant Research Desk

Email: instresearch@arihantcapital.com

Tel. : 022-42254800

Head Office	Registered Office
#1011, Solitaire Corporate Park Building No. 10, 1 st Floor Andheri Ghatkopar Link Road Chakala, Andheri (E) Mumbai – 400093 Tel: (91-22) 42254800 Fax: (91-22) 42254880	Arihant House E-5 Ratlam Kothi Indore - 452003, (M.P.) Tel: (91-731) 3016100 Fax: (91-731) 3016199

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%

Research Analyst Registration No.	Contact	Website	Email Id
INH000002764	SMS: 'Arihant' to 56677	www.arihantcapital.com	instresearch@arihantcapital.com

Disclaimer: This document has been prepared by Arihant Capital Markets Ltd. This document does not constitute an offer or solicitation for the purchase and sale of any financial instrument by Arihant. This document has been prepared and issued on the basis of publicly available information, internally developed data and other sources believed to be reliable. Whilst meticulous care has been taken to ensure that the facts stated are accurate and opinions given are fair and reasonable, neither the analyst nor any employee of our company is in any way is responsible for its contents and nor is its accuracy or completeness guaranteed. This document is prepared for assistance only and is not intended to be and must not alone be taken as the basis for an investment decision. The user assumes the entire risk of any use made of this information. Arihant may trade in investments, which are the subject of this document or in related investments and may have acted upon or used the information contained in this document or the research or the analysis on which it is based, before its publication. This is just a suggestion and Arihant will not be responsible for any profit or loss arising out of the decision taken by the reader of this document. Affiliates of Arihant may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report. No matter contained in this document may be reproduced or copied without the consent of the firm.

Arihant Capital Markets Ltd.
1011, Solitaire Corporate park, Building No. 10, 1st Floor,
Andheri Ghatkopar Link Road, Chakala, Andheri (E)
Tel. 022-42254800 Fax. 022-42254880