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Generating Wealth

Q1FY27 Result update
10th Aug 2026

Raymond Ltd

Execution remains strong with a clear margin trajectory.

CMP: INR 615

Rating: BUY

Target Price: INR 795

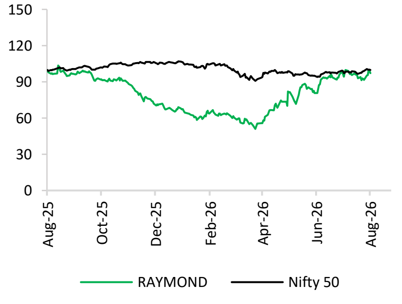
Stock Info	
BSE	500330
NSE	RAYMOND
Bloomberg	RW:IN
Reuters	AYMD.NS
Sector	Auto & Aerospace
Face Value (INR)	10
Equity Capital (INR mn)	666
Mkt Cap (INR mn)	41,952
52w H/L (INR)	679/320
Avg Yearly Volume (in 000')	511.3

Shareholding Pattern %
(As on Jun, 2026)

Promoters	48.87
DII	3.81
FII	7.89
Public & Others	39.41

Stock Performance (%)	3m	6m	12m
Raymond	19.7	47.6	-2.7
NIFTY	1.0	-5.0	-0.1

RAYMOND vs NIFTY



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Raymond Ltd reported numbers: Q1FY27 revenue grew by 15.5% YoY (+0.4% QoQ) to INR 6,056mn; in line with our estimates of INR 6,052mn, supported by strong growth in aerospace and sustained growth in precision technology and automotive. Gross Profit stood at INR 4,054mn (+20.1% YoY/-0.3% QoQ); above our estimates of INR 3,910mn. Gross margins improved by 254 bps YoY (-49 bps QoQ) to 66.9% in Q1FY27, supported by a strategic product mix shift from basic machining to high-complexity subsystems. EBITDA stood at INR 773mn (+37.3% YoY/+2.4% QoQ), above our estimates of INR 677mn. EBITDA margin improved by 203bps YoY (+25 bps QoQ) to 12.8% in Q1FY27. PAT stood at INR 309mn (+49.6% YoY/+158.6% QoQ) in Q1FY27; above our estimates of INR 235mn. PAT margin improved by 116bps YoY (+312 bps QoQ) to 5.1% in Q1FY27.

Key Highlights

Strong order book and moat show business visibility in Aerospace & Defence: The stringent qualification protocols and compliance standards in Aerospace immune to low-cost rivals, guaranteeing revenue visibility and margin stability amid accelerating global build rates. The 10-year order book of INR 59.6+bn and an INR 16.32bn pipeline show business visibility over the long term. The company's deep integration into global supply chains, evidenced by manufacturing over 350 complex components for the LEAP engine program. This leads to margin expansion as it evolves from basic machining to high-complexity subsystems and vertically integrated assemblies. The company strengthened its leadership with a senior hire from BEL, with a dedicated defence strategy expected in 1-2 quarters.

Geopolitical trade shifts & Aftermarket play in automotive: The India-UK CETA, effective July 2026, eliminates tariffs up to 18% on machinery and automotive components, sharpening cost competitiveness in Britain. The rollback of punitive US tariffs has revived North American export orders as tier-one buyers rebuild inventories. These dynamics align perfectly with the accelerating China+1 sourcing trend, positioning the company as a preferred precision engineering partner for global OEMs. The company is launching an automotive aftermarket product line in Q2FY27E. The company is leveraging its tier-one manufacturing ecosystem and B2C brand equity to drive synergies with its existing tools and hardware distribution network.

Capex is on track to support growth: The company remains net-debt free and focused on organic expansion and strategic acquisitions. The five-year capex plan is INR 10bn, channelling INR 5.1bn into aerospace and INR 4.3bn into automotive. The flagship greenfield facility near Bangalore airport is on track for late-2027 commercial production, with revenue scaling in FY28E post customer approvals. An advanced training center near the site ensures immediate operational readiness. The board-approved equity warrants further enhance agility for high-value inorganic opportunities.

Outlook & Valuation: **Raymond is moving from basic component machining to critical, high-complexity subsystems and precision-engineered assemblies, building a strong barrier to low-cost competitors. This organic thrust is reinforced by trade tailwinds like the India-UK CETA eliminating tariffs up to 18%, accelerating China+1 sourcing trends, which are expected to improve exports. The aerospace order book of INR 59.6+bn and an active RFQ pipeline of INR 16.32bn show business visibility over the long term. The company is advancing product diversification through a Q2FY27 automotive aftermarket commercial rollout that unlocks extensive synergies with its existing tools and hardware division. The dedicated defence strategy following the strategic on boarding of a senior leader from BEL is expected to support further growth. The five-year capex of INR 10bn, which includes the greenfield facility in Andhra Pradesh near the Bangalore airport on schedule for commercial production in late 2027 to generate scaling revenues starting in FY28E. We estimate Revenue/EBITDA/PAT CAGR of 16%/25.2%/55.9% CAGR over the period of FY26-29E. At the CMP of INR 615 per share, we maintain our "BUY" rating at a TP of INR 795 per share based on SOTP, an upside of 29.2%.**

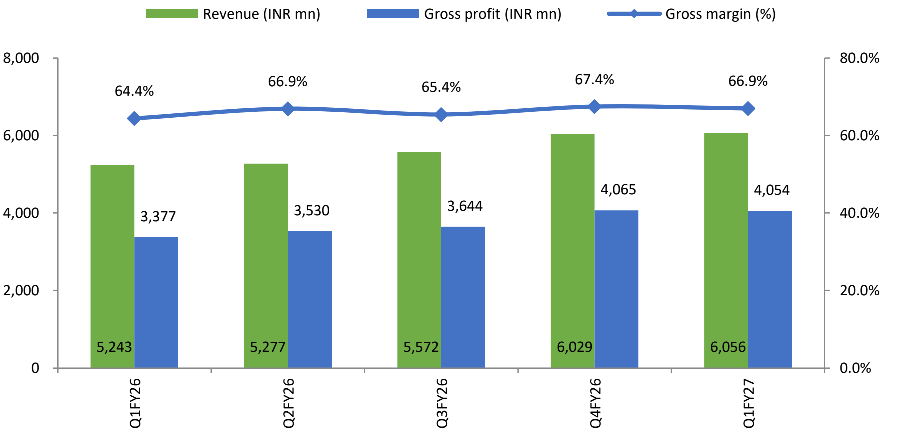
Q1FY27 Results

Exhibit 1: Income statement summary

Particular (INR Mn)	Q1FY26	Q4FY26	Q1FY27	YoY (%)	QoQ (%)
Revenue	**5,243**	**6,029**	**6,056**	**15.5%**	**0.4%**
Net Raw Materials	1,866	1,964	2,002	7.3%	2.0%
Gross Profit	**3,377**	**4,065**	**4,054**	**20.1%**	**-0.3%**
Gross Margin (%)	**64.4%**	**67.4%**	**66.9%**	**+254 bps**	**-49 bps**
Employee Cost	1,001	1,079	1,137	13.6%	5.4%
Manufacturin and operating expenses	1,248	1,371	1,455	16.5%	6.1%
Other Expenses	565	861	690	22.1%	-19.9%
EBITDA	**563**	**755**	**773**	**37.3%**	**2.4%**
EBITDA Margin (%)	**10.7%**	**12.5%**	**12.8%**	**+203 bps**	**+25 bps**
Depreciation	385	367	379		
Interest expense	186	230	203		
Other income	310	96	225		
Exceptional Items	-	(200)	-		
Share of profits associate & JV	(20)	(12)	(3)		
Profit before tax	**282**	**42**	**413**		
Taxes	76	(78)	105		
PAT	**206**	**119**	**309**	**49.6%**	**158.6%**
PAT Margin (%)	**3.9%**	**2.0%**	**5.1%**	**+116 bps**	**+312 bps**
EPS (INR)	**3.1**	**1.8**	**4.6**		

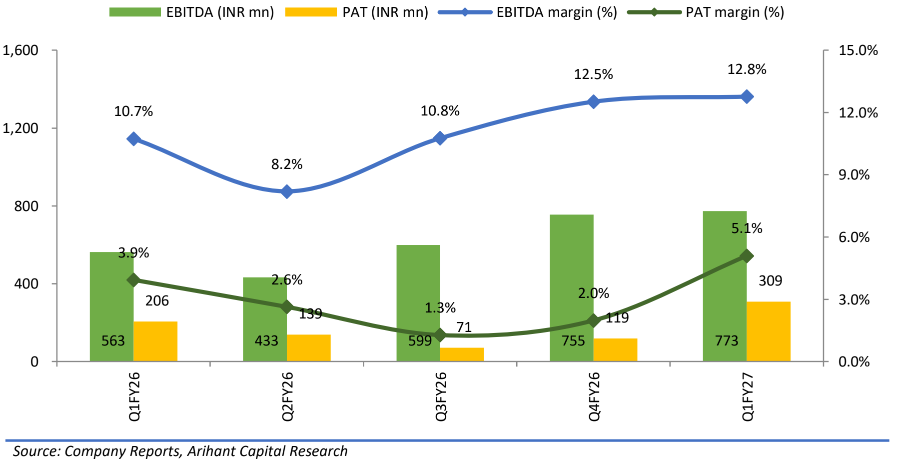
Source: Company Reports, Arihant Capital Research

Exhibit 2: Gross margins improved by 254 bps YoY (-49 bps QoQ) to 66.9% in Q1FY27 due to lower raw material costs.



Source: Company Reports, Arihant Capital Research

Exhibit 3: EBITDA margin improved by 203 bps YoY (+25 bps QoQ) to 12.8% in Q1FY27. A sharp increase in manufacturing & other expenses partially offsets the gross margin impact.



Source: Company Reports, Arihant Capital Research

Quarterly results and segments

Exhibit 4: Revenue grew 15.5% YoY (+0.4% QoQ), supported by strong growth in Aerospace and sustained growth in precision technology. Margin improvement supported by strategic product mix shift from basic machining to high-complexity subsystems.

Particular (INR Mn)	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	Q4FY26	Q1FY27	YoY (%)	QoQ (%)
Revenue	**4,498**	**4,736**	**4,661**	**5,575**	**5,243**	**5,277**	**5,572**	**6,029**	**6,056**	**15.5%**	**0.4%**
Net Raw Materials	1,525	1,599	1,653	2,179	1,866	1,747	1,928	1,964	2,002	7.3%	2.0%
Gross Profit	**2,973**	**3,137**	**3,008**	**3,396**	**3,377**	**3,530**	**3,644**	**4,065**	**4,054**	**20.1%**	**-0.3%**
Gross Margin (%)	**66.1%**	**66.2%**	**64.5%**	**60.9%**	**64.4%**	**66.9%**	**65.4%**	**67.4%**	**66.9%**	**+254 bps**	**-49 bps**
Employee Cost	908	985	983	944	1,001	1,026	1,071	1,079	1,137	13.6%	5.4%
Manufacturing and operating expenses	1,158	1,339	1,106	1,307	1,248	1,284	1,299	1,371	1,455	16.5%	6.1%
Other Expenses	459	424	532	596	565	788	675	861	690	22.1%	-19.9%
EBITDA	**449**	**388**	**388**	**548**	**563**	**432**	**599**	**755**	**773**	**37.3%**	**2.4%**
EBITDA Margin (%)	**10.0%**	**8.2%**	**8.3%**	**9.8%**	**10.7%**	**8.2%**	**10.8%**	**12.5%**	**12.8%**	**+203 bps**	**+25 bps**
Depreciation	353	367	374	367	385	384	382	367	379		
Interest expense	156	163	159	175	186	215	206	230	203		
Other income	497	382	265	439	310	360	231	96	225		
Exceptional Items	-	-	-	-	-	(1,674)	(140)	(200)	-		
Share of profits associate & JV	(133)	(139)	(75)	(104)	(20)	(2)	(1)	(12)	(3)		
Profit before tax	**304**	**101**	**45**	**342**	**282**	**(1,483)**	**101**	**42**	**413**		
Taxes	78	92	5	88	76	(1,622)	30	(78)	105		
PAT	**226**	**10**	**40**	**254**	**206**	**139**	**71**	**119**	**309**	**49.6%**	**158.6%**
PAT Margin (%)	**5.0%**	**0.2%**	**0.9%**	**4.6%**	**3.9%**	**2.6%**	**1.3%**	**2.0%**	**5.1%**	**+116 bps**	**+312 bps**
EPS (INR)	**3.4**	**0.1**	**0.6**	**3.8**	**3.1**	**2.1**	**1.1**	**1.8**	**4.6**		

Source: Company reports, Arihant Capital Research

Exhibit 5: Aerospace & Defence business grew 40.5% YoY (+2.8% QoQ) in Q1FY27, supported by accelerating global build rates on LEAP engine program; strong order book execution; revival of export orders from India-UK CETA tariff elimination and US tariff rollback, etc. The company is leveraging established manufacturing infrastructure to launch automotive aftermarket product line in Q2FY27E.

Segmental Revenue (INR mn)	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	Q4FY26	Q1FY27	YoY (%)	QoQ (%)
Precision technology and auto component	3,554	3,725	3,633	4,214	3,983	4,092	4,173	4,422	4,439	11.5%	0.4%
Aerospace and defence	637	705	702	1,071	874	810	1,046	1,194	1,227	40.5%	2.8%
others	309	306	325	290	387	375	354	416	393	1.5%	-5.6%
Intersegment revenue	(1)		-	(0)	(0)	(1)	-	(3)	(3)	833.3%	12.0%
Revenue	**4,498**	**4,736**	**4,660**	**5,575**	**5,243**	**5,277**	**5,572**	**6,029**	**6,056**	**15.5%**	**0.4%**

Segmental Revenue (%)	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	Q4FY26	Q1FY27	YoY (%)	QoQ (%)
Precision technology and auto component	79%	79%	78%	76%	76%	78%	75%	73%	73%		
Aerospace and defence	14%	15%	15%	19%	17%	15%	19%	20%	20%		
others	7%	6%	7%	5%	7%	7%	6%	7%	6%		
Intersegment revenue	0%	0%	0%	0%	0%	0%	0%	0%	0%		
Revenue	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**		

Segmental EBIT (INR mn)	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	Q4FY26	Q1FY27	YoY (%)	QoQ (%)
Precision technology and auto component	206	177	187	343	228	370	376	476	417	83.0%	-12.3%
Aerospace and defence	69	31	48	174	111	72	94	208	156	40.2%	-25.0%
others	(25.6)	(27.9)	(29.8)	5.0	(14.5)	(17.4)	(3.6)	(0.5)	(23.5)	62.1%	-
Intersegment revenue	-	-	-	-	-	-	-	-	-		
Total EBIT	**249**	**179**	**205**	**522**	**325**	**425**	**467**	**684**	**550**	**69.3%**	**-19.6%**

Segmental EBIT Margin (%)	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	Q4FY26	Q1FY27	YoY (%)	QoQ (%)
Precision technology and auto component	5.8%	4.7%	5.1%	8.1%	5.7%	9.0%	9.0%	10.8%	9.4%	+368 bps	-136 bps
Aerospace and defence	10.8%	4.4%	6.9%	16.2%	12.7%	8.9%	9.0%	17.4%	12.7%	-2 bps	-472 bps
Blended EBIT Margin	**5.5%**	**3.8%**	**4.4%**	**9.4%**	**6.2%**	**8.1%**	**8.4%**	**11.3%**	**9.1%**	**+288 bps**	**-266 bps**

Source: Company reports, Arihant Capital Research

Q1FY27 Concall Highlights

Revenue

- The precision technology and auto components segment revenue stood at INR 4.44bn (+11.5% YoY), while the aerospace and defence segment revenue stood at INR 1.23bn (+40.4% YoY).
- Aerospace revenue share stood around 20%.
- The management targets 25% YoY organic growth for Aerospace in FY27E.

Margins

- Aerospace EBITDA margin stood at 21.2% (-250bps YoY) in Q1FY27, due to R&D write-offs, while Precision Technology margin improved to 13.8% (+320bps YoY) in Q1FY27, supported by operating leverage.
- The management is targeting long-term margins of 25% for Aerospace and 12%-13% for precision manufacturing.

Volumes and efficiency

- Volume growth was driven by export ramp-up and higher capacity utilization in aerospace.
- The internal initiative has optimized efficiency, raising existing facility revenue potential beyond INR 6bn.

Capex

- The five-year capex plan of INR 10bn is on track, with INR 5.1bn for aerospace and INR 4.3bn for auto components.
- The greenfield Andhra Pradesh facility is progressing, with commercial production targeted for late 2027.

Order book

- The aerospace order book stands at INR 59.6+bn over 10 years.
- Customer concentration is 10%-45% among top 3-4 global OEMs, with 50%-60% of business in level-4 components. The company is aims to diversify to 8-10 customers and move up the value chain.
- The active RFQ pipeline is INR 16.32bn and fluctuates daily. The pipeline is large enough to allow selective contract choices based on capabilities and margin profiles.

R&D

- All R&D costs are fully expensed, which is incurred in Q1FY27 and follows conservative accounting. This policy temporarily pressured Aerospace margins, but ensures no deferred costs burden future production.

Asset turn

- Aerospace asset turnover is 18-2.2x, while automotive is 2-2.5x. The lower historical asset turns are offset by higher margins, sustaining target returns of capital employed.

Q1FY27 Concall Highlights

Critical components & Sub-assembly

- The company is moving beyond standard machining into high-complexity subsystems and critical aero-engine modules.
- It produces over 350 components for major engine programs and aims to become a vertically integrated supplier with advanced heat treatment capabilities.

Warrants & Inorganic growth

- Equity warrants were approved for additional financial flexibility to support potential M&A.
- The company continuously evaluates synergistic acquisition targets across aerospace, defence, and auto components.

US & Europe markets

- Export orders have revived strongly.
- US trade clarity post-tariff rollbacks ended destocking cycles.
- The India-UK CETA (effective July 15, 2026) eliminates tariffs up to 18%, boosting cost competitiveness and enabling new export orders in the UK.

Engine programs

- Performance is tied to the LEAP engine program, with over 350 components supplied.
- Raw material constraints (titanium/alloys) have eased in Q1FY27, allowing order book conversion into executable volumes.

Auto components & Aftermarket

- A new automotive aftermarket product line is launching in Q2FY27E, leveraging existing brand heritage and distribution channels.

Supply chain & Cost pressures

- Logistics, shipping costs, and manufacturing tools (carbide/HSS) are experiencing inflation, along with minimum wage hikes. Mitigation includes efficiency improvements, operating leverage, and customer price discussions.

Senior hire & Defence strategy

- Mr. Bhanu Prasad Shivasava (ex-BEL) has been appointed to lead defence initiatives. A concrete defence business plan is expected within 1-2 quarters.

Synergies

- The aftermarket rollout will leverage synergies between tools/hardware and new product lines, driving margin expansion and revenue growth.

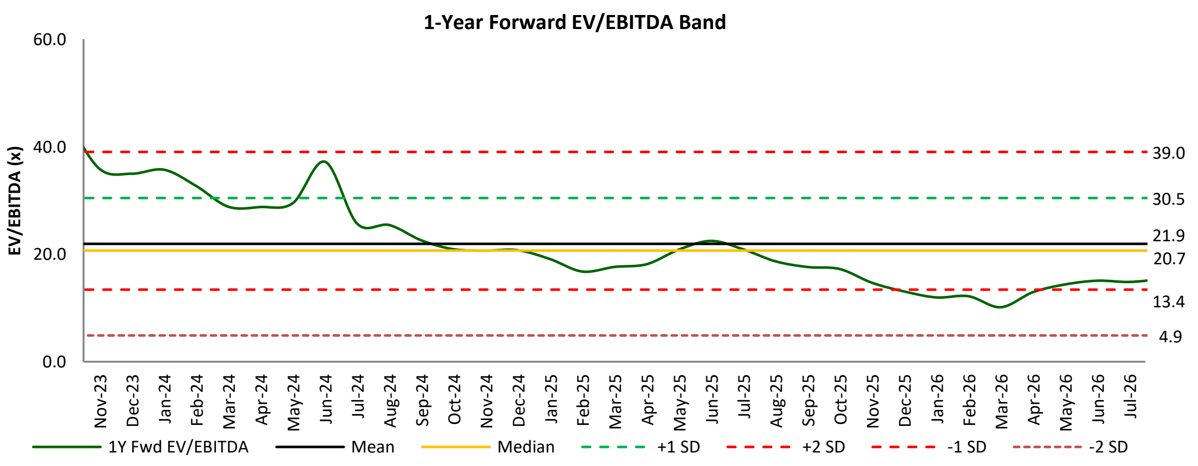
Outlook & Valuation: Raymond is moving from basic component machining to critical, high-complexity subsystems and precision-engineered assemblies, building a strong barrier to low-cost competitors. This organic thrust is reinforced by trade tailwinds like the India-UK CETA eliminating tariffs up to 18%, accelerating China+1 sourcing trends, which are expected to improve exports. The aerospace order book of INR 59.6+bn and an active RFQ pipeline of INR 16.32bn show business visibility over the long term. The company is advancing product diversification through a Q2FY27 automotive aftermarket commercial rollout that unlocks extensive synergies with its existing tools and hardware division. The dedicated defence strategy following the strategic onboarding of a senior leader from BEL is expected to support further growth. The five-year capex of INR 10bn, which includes the greenfield facility in Andhra Pradesh near the Bangalore airport on schedule for commercial production in late 2027 to generate scaling revenues starting in FY28E. We estimate Revenue/EBITDA/PAT CAGR of 16%/25.2%/55.9% CAGR over the period of FY26-29E. At the CMP of INR 615 per share, we maintain our "BUY" rating at a TP of INR 795 per share based on SOTP, an upside of 29.2%.

Exhibit 6: Raymond FY29E based implied valuation

Particular (INR mn)	Precision technology and auto component	Aerospace and defence	Overall
FY29E EBITDA (INR mn)	3,636	2,027	
EV/EBITDA (x)	**15.0x**	**20.0x**	
FY29E EV/EBITDA (x) - Median of peers	**15.7x**	**22.6x**	
EV (INR mn)	54,538	40,536	95,074
Net Debt/(cash) (INR mn) - FY29 end			7,329
Market Cap (INR mn)			87,745
Raymond stake (%)			66.3%
Raymond Share (INR mn)			58,175
Share outstanding (mn)			73
Target Price (INR)			**795**
CMP (INR)			**615**
Upside (%)			**29.2%**
Rating			**BUY**

Source: Company Reports, Arihant Capital Research

Exhibit 7: 1-year forward EV/EBITDA



Source: Arihant Capital Research

Sensitivity Analysis

Exhibit 8: Changes in Aerospace & Defence, Precision technology and auto multiple impact on TP

FY29E Target Price (INR)

Precision technology and auto EV/EBITDA (x)	Aerospace EV/EBITDA (x)								
	795	14x	16x	18x	20x	22x	24x	26x	28x
	11x	553	590	626	663	700	736	773	810
	13x	619	655	692	729	766	802	839	876
	15x	685	721	758	795	831	868	905	942
	17x	750	787	824	861	897	934	971	1,007
	19x	816	853	890	926	963	1,000	1,037	1,073
	21x	882	919	956	992	1,029	1,066	1,102	1,139
	23x	948	985	1,021	1,058	1,095	1,132	1,168	1,205
	25x	1,014	1,051	1,087	1,124	1,161	1,197	1,234	1,271

FY29E Target Price (INR)

Precision technology and auto EV/EBITDA (x)	Aerospace EV/EBITDA (x)								
	29.2%	14x	16x	18x	20x	22x	24x	26x	28x
	11x	-10.1%	-4.1%	1.8%	7.8%	13.8%	19.7%	25.7%	31.7%
	13x	0.6%	6.6%	12.5%	18.5%	24.5%	30.4%	36.4%	42.4%
	15x	11.3%	17.3%	23.2%	29.2%	35.2%	41.2%	47.1%	53.1%
	17x	22.0%	28.0%	34.0%	39.9%	45.9%	51.9%	57.8%	63.8%
	19x	32.7%	38.7%	44.7%	50.6%	56.6%	62.6%	68.5%	74.5%
	21x	43.4%	49.4%	55.4%	61.3%	67.3%	73.3%	79.2%	85.2%
	23x	54.1%	60.1%	66.1%	72.0%	78.0%	84.0%	90.0%	95.9%
	25x	64.8%	70.8%	76.8%	82.8%	88.7%	94.7%	100.7%	106.6%

Source: Company Reports, Arihant Capital Research

Exhibit 9: Target Price range based on PE & EV/EBITDA.

FY29E Target Price (INR)

EPS (INR)	PE (x)							
	795	15.0x	20.0x	25.0x	30.0x	35.0x	40.0x	45.0x
	25.0	375	500	625	750	875	1,000	1,125
	26.0	390	520	650	780	910	1,040	1,170
	27.0	405	540	675	810	945	1,080	1,215
	28.0	420	560	700	840	980	1,120	1,260
	29.0	435	580	725	870	1,015	1,160	1,305
	30.0	450	600	750	900	1,050	1,200	1,350
	31.0	465	620	775	930	1,085	1,240	1,395

FY29E Target Price (INR)

EBITDA (INR mn)	EV/EBITDA (x)							
	795	10.0x	11.0x	12.0x	13.0x	14.0x	15.0x	16.0x
	4,400	718	778	838	898	958	1,018	1,078
	4,500	731	793	854	916	977	1,039	1,100
	4,600	745	808	871	934	996	1,059	1,122
	4,700	759	823	887	951	1,015	1,080	1,144
	4,800	772	838	903	969	1,035	1,100	1,166
	4,900	786	853	920	987	1,054	1,121	1,188
	5,000	800	868	936	1,005	1,073	1,141	1,209

Source: Company Reports, Arihant Capital Research

Exhibit 10: Changes in revenue & EBITDA margin impact on PAT & EPS levels.

FY29E PAT (INR mn)

Revenue (INR mn)	EBITDA Margin (%)							
	2,028	12.0%	12.5%	13.0%	13.5%	14.0%	14.5%	15.0%
	32,000	1,455	1,574	1,694	1,813	1,932	2,051	2,170
	33,000	1,545	1,668	1,791	1,913	2,036	2,159	2,282
	34,000	1,634	1,761	1,887	2,014	2,141	2,267	2,394
	35,000	1,723	1,854	1,984	2,115	2,245	2,375	2,506
	36,000	1,813	1,947	2,081	2,215	2,349	2,483	2,617
	37,000	1,902	2,040	2,178	2,316	2,454	2,591	2,729
	38,000	1,992	2,133	2,275	2,416	2,558	2,699	2,841

FY29E EPS (INR)

Revenue (INR mn)	EBITDA Margin (%)							
	27.7	12.0%	12.5%	13.0%	13.5%	14.0%	14.5%	15.0%
	32,000	19.9	21.5	23.1	24.8	26.4	28.0	29.6
	33,000	21.1	22.8	24.5	26.1	27.8	29.5	31.2
	34,000	22.3	24.1	25.8	27.5	29.2	31.0	32.7
	35,000	23.5	25.3	27.1	28.9	30.7	32.4	34.2
	36,000	24.8	26.6	28.4	30.3	32.1	33.9	35.8
	37,000	26.0	27.9	29.8	31.6	33.5	35.4	37.3
	38,000	27.2	29.1	31.1	33.0	34.9	36.9	38.8

Source: Bloomberg, Arihant Capital Research

Financial Statements

Income statement summary

Y/e 31 Mar (INR Mn)	FY24	FY25	FY26	FY27E	FY28E	FY29E
Revenue	**9,726**	**19,468**	**22,121**	**25,537**	**29,551**	**34,526**
Net Raw Materials	3,379	6,956	7,505	8,458	9,717	11,271
Employee Cost	1,937	3,820	4,176	4,763	5,482	6,370
Other Expenses	3,679	6,929	8,091	9,254	10,620	12,269
EBITDA	**731**	**1,764**	**2,349**	**3,063**	**3,733**	**4,616**
EBITDA Margin (%)	**7.5%**	**9.1%**	**10.6%**	**12.0%**	**12.6%**	**13.4%**
Depreciation	(592)	(1,461)	(1,518)	(1,653)	(1,910)	(2,158)
Interest expense	(85)	(653)	(836)	(950)	(895)	(861)
Other income	1,646	1,584	997	981	1,017	1,132
Share of profits associate & JV	(572)	(451)	(36)	(13)	(9)	(7)
Profit before tax	**788**	**783**	**(1,058)**	**1,428**	**1,936**	**2,723**
Taxes	(245)	(263)	1,593	(363)	(494)	(694)
PAT	**543**	**520**	**535**	**1,064**	**1,442**	**2,028**
PAT Margin (%)	**5.6%**	**2.7%**	**2.4%**	**4.2%**	**4.9%**	**5.9%**
EPS (INR)	8.2	7.8	8.0	15.6	19.7	27.7

Source: Company Reports, Arihant Capital Research

Balance sheet summary

Y/e 31 Mar (INR Mn)	FY24	FY25	FY26	FY27E	FY28E	FY29E
Equity capital	666	666	666	682	732	732
Reserves	45,508	36,496	27,774	28,866	30,480	32,407
Net worth	**46,173**	**37,161**	**28,440**	**29,549**	**31,212**	**33,139**
Minority Interest	4,379	4,414	2,737	2,737	2,737	2,737
Provisions	1,301	606	738	245	283	331
Debt	47,612	8,132	11,426	10,926	10,126	10,126
Other non-current liabilities	5,667	1,976	44	51	59	69
Total Liabilities	**1,05,133**	**52,289**	**43,384**	**43,507**	**44,417**	**46,401**
Fixed assets	25,489	8,904	8,413	9,141	9,319	9,258
Capital Work In Progress	700	49	382	87	97	108
Other Intangible assets	6,901	6,222	5,862	4,689	3,752	3,001
Goodwill	2,650	2,650	976	732	488	244
Investments	18,957	6,884	12,144	12,258	12,707	14,156
Other non current assets	3,131	419	536	613	709	829
Net working capital	**30,707**	**19,251**	**7,863**	**7,568**	**8,535**	**9,624**
Inventories	35,142	4,191	4,870	4,866	5,457	6,176
Sundry debtors	14,072	4,056	5,208	5,107	5,829	6,621
Loans & Advances	265	281	275	306	355	414
Other current assets	7,826	35,597	1,506	1,749	2,024	2,365
Sundry creditors	(20,640)	(2,539)	(3,448)	(3,694)	(4,244)	(4,917)
Other current liabilities & Prov	(5,957)	(22,335)	(547)	(766)	(887)	(1,036)
Cash	5,256	2,985	1,824	2,545	2,309	1,587
Other Financial Assets	11,343	4,925	5,385	5,873	6,501	7,596
Total Assets	**1,05,133**	**52,289**	**43,384**	**43,507**	**44,417**	**46,401**

Source: Company Reports, Arihant Capital Research

Financial Statements

Cashflow summary

Y/e 31 Mar (INR Mn)	FY24	FY25	FY26	FY27E	FY28E	FY29E
Profit before tax	788	783	(1,058)	1,428	1,936	2,723
Depreciation	592	1,461	1,518	1,653	1,910	2,158
Tax paid	(245)	(263)	1,593	(363)	(494)	(694)
Working capital Δ	(30,707)	11,456	11,388	295	(966)	(1,089)
Change in Goodwill	(2,650)	-	1,674	244	244	244
Operating cashflow	**(32,222)**	**13,437**	**15,115**	**3,256**	**2,630**	**3,342**
Capital expenditure	(26,780)	15,775	(1,360)	(2,087)	(2,097)	(2,108)
Free cash flow	**(59,003)**	**29,212**	**13,756**	**1,169**	**532**	**1,234**
Equity raised	50,211	(8,839)	(10,930)	98	293	0
Investments	(18,957)	12,073	(5,260)	(113)	(449)	(1,449)
Others	(21,375)	9,808	(216)	607	214	(464)
Debt financing/disposal	47,612	(39,480)	3,294	(500)	(800)	-
Dividends paid	(201)	(659)	(4)	(53)	(72)	(101)
Other items	6,968	(4,387)	(1,800)	(486)	47	58
Net Δ in cash	**5,256**	**(2,271)**	**(1,161)**	**721**	**(236)**	**(722)**
Opening Cash Flow	**-**	**5,256**	**2,985**	**1,824**	**2,545**	**2,309**
Closing Cash Flow	**5,256**	**2,985**	**1,824**	**2,545**	**2,309**	**1,587**

Source: Company Reports, Arihant Capital Research

Ratio analysis

Y/e 31 Mar	FY24	FY25	FY26	FY27E	FY28E	FY29E
Growth matrix (%)						
Revenue growth		100.2%	13.6%	15.4%	15.7%	16.8%
Op profit growth		141.4%	33.2%	30.4%	21.9%	23.7%
Profitability ratios (%)						
OPM	7.5%	9.1%	10.6%	12.0%	12.6%	13.4%
Net profit margin	5.6%	2.7%	2.4%	4.2%	4.9%	5.9%
RoCE	1.9%	2.7%	4.2%	5.9%	6.9%	8.4%
Operational RoCE	2.8%	4.9%	8.3%	9.9%	10.8%	12.4%
RoNW	1.2%	1.2%	1.6%	3.7%	4.7%	6.3%
RoA	0.5%	1.0%	1.2%	2.4%	3.2%	4.4%
Per share ratios (INR)						
EPS	8.2	7.8	851.4	15.6	19.7	27.7
Dividend per share	3.0	9.9	0.1	0.8	1.0	1.4
Cash EPS	17.1	29.8	30.9	39.8	45.8	57.2
Book value per share	693.8	558.4	427.3	433.2	426.3	452.7
Valuation ratios (x)						
P/E	75.4	78.7	0.7	39.4	31.2	22.2
P/CEPS	36.1	20.7	19.9	15.4	13.4	10.8
P/B	0.9	1.1	1.4	1.4	1.4	1.4
EV/EBITDA	114.0	26.1	21.5	16.4	14.2	11.6
Payout (%)						
Dividend payout	37.0%	126.7%	0.7%	5.0%	5.0%	5.0%
Tax payout	31.1%	33.6%	150.6%	25.5%	25.5%	25.5%
Liquidity ratios						
Debtor days	528	170	76	74	68	66
Inventory days	3,796	1,032	220	210	194	188
Creditor days	838	239	55	58	56	56
WC Days	3,486	963	242	226	205	198
Leverage ratios (x)						
Interest coverage	1.6	0.5	1.0	1.5	2.0	2.9
Net debt / equity	0.9	0.1	0.3	0.3	0.3	0.3
Net debt / op. profit	58.0	2.9	4.1	2.7	2.1	1.8

Source: Company Reports, Arihant Capital Research

Story in Charts

Exhibit 11: Revenue is expected to grow 16% CAGR over the period of FY26-29E. Aerospace & Defence is expected to grow 28.7% CAGR over the period of FY26-29E.

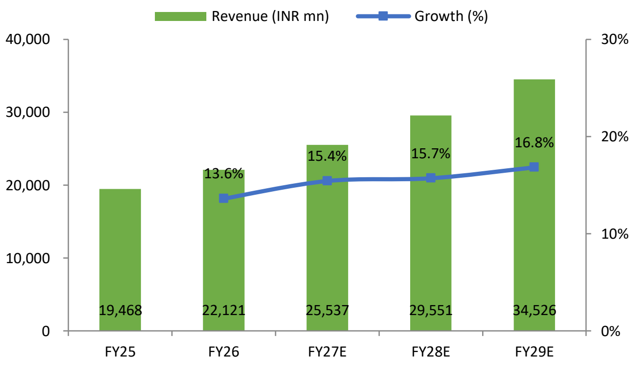


Exhibit 12: Gross margins are expected to improve, supported by high-complexity subsystems and precision-engineered assemblies.

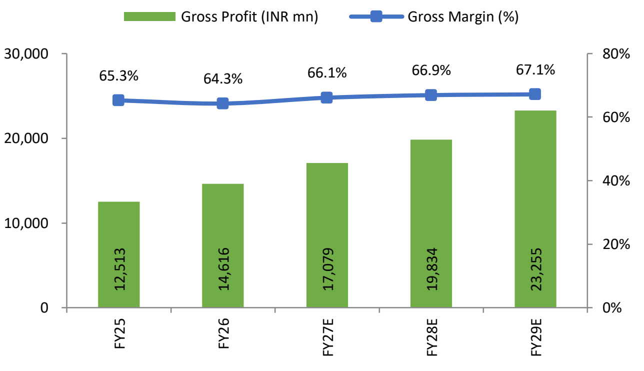


Exhibit 13: Growth in EBITDA & PAT levels

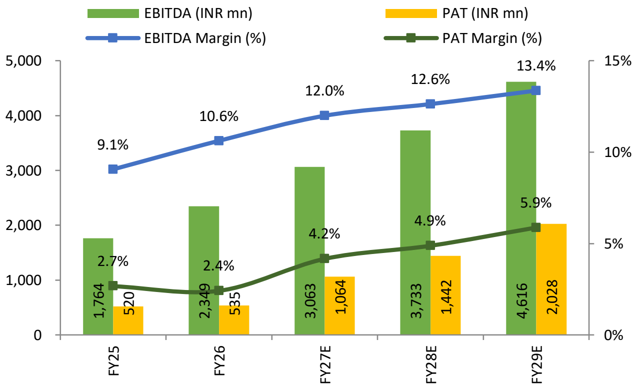


Exhibit 14: Return ratios to be improve

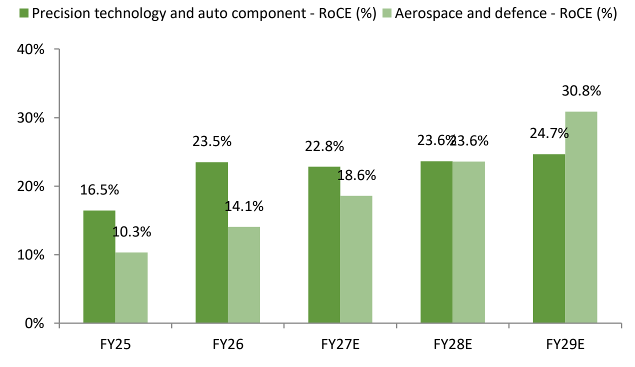


Exhibit 15: Working capital days to be improve

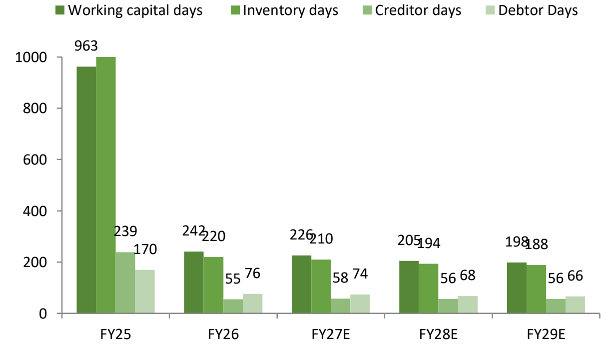
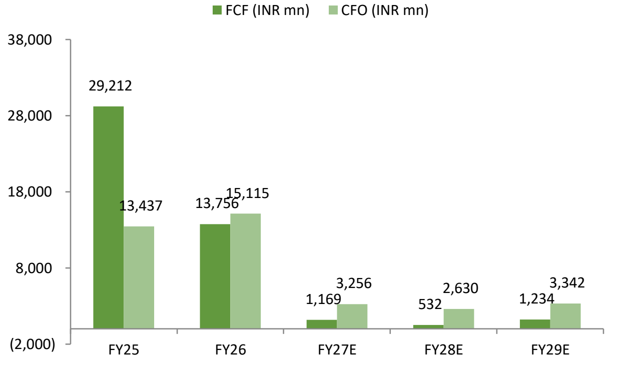


Exhibit 16: Cash flows to be improve



Source: Company reports, Arihant Capital Research

Exhibit 17: Raymond Ltd Target Price

Source: NSE, 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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