Raymond Realty (RAYREA)

CMP: ₹ 550 | Target ₹ 700 (27%) | Target Period: 12 months | BUY

October 29, 2026

Strong sustenance sales...

About the company: Raymond Realty is a part of iconic Raymond Group (founded in 1925 with a woollen mill in Thane). Since entering realty space in 2019, it has become one of the top five premium listed residential developers with a strong presence across the Mumbai Metropolitan Region (MMR). With ~100-acre owned Thane land and 8 Joint Development Agreements, it currently has an estimated gross development value of approximately ₹ 52,000 crore.

Q2FY27 performance: Raymond Realty reported a strong Q2FY27 operational performance, with pre-sales rising 98% YoY to ₹902 crore from ₹455 crore in Q2FY26 (H1FY27 sale sup 111% YoY to ₹1602 crore), despite no new residential project launches during the quarter. Growth was driven by sustained demand for premium residential projects across the MMR, particularly the Address by GS portfolio. Collections increased 62% YoY to ₹ 682 crore from ₹ 409 crore (H1FY27 collections at ₹ 1233 crore up 57% YoY). The net debt stood at ₹ 912 crore with debt to equity of 0.8x. On the financial front it reported Revenue and EBITDA of ₹ 757 crore and ₹115 crore up 7% and 14% YoY respectively. EBIDTA Margins at 15%, management reiterated its FY27 EBITDA margin guidance of 17–19%, with margins expected to normalise as projects progress.

Investment Rationale:

- **Project Portfolio of** ~₹ 52,000 crore having ~₹ 40,000 crore/ ~₹ 11,800 crore pre-sales/ OCF potential**:** The company has built an overall project portfolio of ₹ 52,000 crore (Owned - ₹ 25,000 crore, JDAs - ₹ 27,000 crore). It has launched ~₹ 28000 crore (~54% of the overall project portfolio) and sold ~₹ 12,300 crore (~44% of the launched projects). Consequently, it has a robust pre-sales pipeline of ~₹ 40,000 crore uniquely positioning it to capitalise on the structural tailwinds of the MMR realty sector especially in premium and super premium categories. It has an estimated cash inflows (including sold receivables) of almost ₹ 44,000 crore with cash outflows (including JDA share) of ~₹ 29,400+ crore, generating ~₹ 14,400+ crore of project level operational surplus and net operating cash surplus of almost ₹ 11,800 crore.
- **Project Portfolio scaled up ~2x within three years capping leverage below 1x D/E:** Raymond Realty has expanded aggressively over the trailing three years while maintaining strict financial discipline. It has an internal leverage threshold of 1x D/E. Since FY24, it added 8 JDA projects having ~₹ 27,000 crore GDV, almost doubling its overall project portfolio to ~₹ 52,000 crore. During the same period, its gross debt has increased to ₹ 1220 crore as on Q2FY27, while keeping D/E below its threshold limit at 0.8x.

Rating and Target Price:

- We retain our BUY rating with a Target Price of ₹ 700/- on project NAV basis.

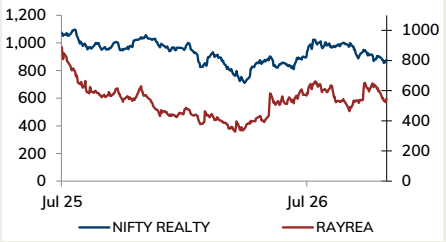
Market data

Particulars	Rs. in crore
Market Capitalisation	3,674
Debt (FY26)	1,014
Cash (FY26)	355
EV	4,333
52 Week H/L (Rs.)	735/350
Equity Capital	67.0
Face Value (Rs.)	10.0

Shareholding pattern

	Dec-25	Mar-26	Jun-26	Sep-26
Promoter	49.0	50.7	50.9	50.9
FII	8.5	7.6	5.9	6.2
DII	4.4	3.9	2.9	2.4
Others	38.0	37.8	40.3	40.5

Price Chart



Key risks

(i) Operational risks in terms of project execution

(ii) Macro risks & Regulatory risks

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Key Financial Summary

Particulars (Rs. in crore)	FY26	FY27E	FY28E	FY29E	3-year CAGR (FY26-29E)
Revenues	2990.8	3558.0	4004.1	5053.8	19.1
EBITDA	446.8	648.3	733.5	927.6	27.6
EBITDA margin (%)	14.9	18.2	18.3	18.4	
Net Profit	304.6	389.5	416.8	580.0	23.9
EPS (Rs)	45.8	58.5	62.6	87.1	
P/E (x)	12.4	9.7	9.1	6.5	
P/B (x)	2.4	2.0	0.1	0.0	
RoCE (%)	16.4	17.4	16.9	21.0	
RoE (%)	19.4	19.8	17.4	19.5	

Source: Company, ICICI Direct Research

Q2FY27 – Earnings call summary

- **Guidance:** The company has maintained its guidance of 20% growth in Presales, EBITDA margins of 17%-19%, PAT margin of 9-10% and ROCE of 20%.
- **Launch pipeline:** The company plans to launch two projects in H2FY27E having estimated GDV of ₹ 4100 crore comprising Seaview (Mahim) having GDV of ₹ 2300 crore and Navjeevan (Mahim) having GDV of ₹ 1800 crore.
- **Fund raise:** The promoter group to invest ~₹409 crore in equity capital of the company. For this it has approved issue of 66.57 lakh convertible warrants to J K Investors (Bombay) Ltd. a promoter group company. The warrants are convertible into equity shares of ₹10 each at an issue price of ₹ 614 (₹604 is premium) in 1:1 ratio over 18 months from date of allotment. Moreover, it has also secured investment from alternative investment fund of ICICI Prudential AMC worth ₹210 crore in 'Ten X Realty West Ltd'.
- **Debt:** The gross and net debt stood at ₹ 1220 and ₹ 912 crore in H1FY27. The debt to equity ratio is 0.8x well below its internal ceiling of 1x.

Exhibit 1: Quarterly trend

Q2FY27	Q2FY26	YoY (Chg %)	Q1FY27	QoQ (Chg %)	Comments
Operating Income	748.5	697.2	7.4	526.7	42.1	
Other Income	9.0	0.0	#DIV/0!	9.0	0.0	
Total Revenue	757.6	697.2	8.7	535.7	41.4	
Raw materials costs	521.4	503.5	3.5	366.2	42.4	
Employees Expenses	47.7	34.0	40.4	39.6	20.4	
Other Expenses	73.2	67.2	8.8	59.7	22.5	
Total Expenditure	642.3	604.7	6.2	465.5	38.0	
EBITDA	106.3	92.4	15.0	61.2	73.7	
EBITDA margins (%)	14.2	13.3	94 bps	11.6	258 bps	
Interest	43.5	25.6	70.0	47.2	-7.7	
Depreciation	5.4	5.3	1.1	7.9	-31.5	
PBT	66.4	61.5	8.0	15.2	337.6	
Tax	13.3	9.9	33.4	1.7	662.1	
Minority Interest	0.0	0.0	-	0.0	-	
Income from Assoc.	0.0	0.0	-	0.0	-	
PAT	53.1	51.5	3.1	13.4	295.6	

Source: Company, ICICI Direct Research

Valuation

We value Raymond Realty by discounting future cash flows for its residential business. We have valued its residential vertical by calculating region-wise NAV discounting net post-tax operating cashflows at 11% WACC rate. We factor in future new business development assuming project additions of GDV ₹ 8000 crore per year for 3 years. Consequently, we arrive at our DCF based price target price of ₹ 700. We initiate coverage on the stock with a Buy rating.

Exhibit 2: Valuation mix

Particulars	Valuation Methodology	Value per share (Rs)
Residential (Ongoing+Completed)	Project NAV basis	458
Residential (Upcoming)	Project NAV basis	118
Business Development	Over the next three years	260
Less: Debt		136
NAV		699
Premium to NAV (%)		0%
Price Target (rounded off) (Rs)		**700**

Source: Company, ICICI Direct Research

Financial summary

Exhibit 3: Profit and loss statement ₹ crore

(Year-end March)	FY26	FY27E	FY28E	FY29E
Revenue	**2,991**	**3,558**	**4,004**	**5,054**
% Growth		19%	13%	26%
Other income	49	53	59	65
Total Revenue	3,039	3,611	4,063	5,119
% Growth	436	19	13	26
Total Raw Material Costs	2,142	2,366	2,663	3,386
Employee Expenses	138	152	167	184
Other expenses	263	391	440	556
Total Operating Expenditure	2,544	2,910	3,271	4,126
Operating Profit (EBITDA)	**447**	**648**	**733**	**928**
% Growth	633	45	13	26
Interest	98	164	218	200
PBDT	398	538	575	793
Depreciation	23	25	25	25
PBT before Exceptional Items	**375**	**513**	**550**	**768**
Total Tax	70	129	138	193
PAT before MI	305	384	411	574
PAT	**305**	**376**	**403**	**566**
% Growth	1,615	23	7	40
EPS	**46**	**56**	**61**	**85**

Source: Company, ICICI Direct Research

Exhibit 4: Cash flow statement ₹ crore

(Year-end March)	FY26	FY27E	FY28E	FY29E
Profit after Tax	**305**	**376**	**403**	**566**
Depreciation	23	25	25	25
Interest	98	164	218	200
Cash Flow before WC changes	495	702	792	992
Change in working capital	(1,338)	(1,339)	(235)	(228)
Tax paid	(68)	(129)	(138)	(193)
Net CF from Operating activities	**(910)**	**(767)**	**419**	**572**
(Purchase)/Sale of Fixed Assets	(80)	(12)	(12)	(12)
Others	601	-	-	-
Net CF from Investing activities	**521**	**(12)**	**(12)**	**(12)**
Inc/(Dec) in Loan	827	700	200	(500)
Dividend	-	-	-	-
Others	(102)	(164)	(218)	(200)
Net CF from Financing Activities	**725**	**536**	**(18)**	**(700)**
Net Cash flow	336	(242)	389	(140)
Opening Cash/Cash Equivalent	19	355	112	502
Closing Cash/ Cash Equivalent	**355**	**112**	**502**	**362**

Source: Company, ICICI Direct Research

Exhibit 5: Balance sheet ₹ crore

(Year-end March)	FY26	FY27E	FY28E	FY29E
Equity Capital	67	67	67	67
Reserve and Surplus	1,501	1,885	2,296	2,871
Total Shareholders funds	**1,567**	**1,951**	**2,363**	**2,937**
Total Debt	**1,014**	**1,714**	**1,914**	**1,414**
Total Liabilities	**2,581**	**3,665**	**4,276**	**4,351**
Gross Block	114	126	138	150
Acc: Depreciation	25	50	75	100
Net Block	89	76	63	50
Capital WIP	5	5	5	5
Total Fixed Assets	**94**	**81**	**68**	**55**
Non Current Assets	(3)	(3)	(3)	(3)
Inventory	4,281	5,137	6,164	7,397
Debtors	226	230	403	604
Other Current Assets	2,098	2,104	2,112	2,121
Cash	355	112	502	362
Total Current Assets	**6,959**	**7,584**	**9,181**	**10,484**
Current Liabilities	4,433	3,960	4,933	6,148
Provisions	37	37	37	37
Total Current Liabilities	**4,469**	**3,997**	**4,969**	**6,185**
Net Current Assets	2,490	3,587	4,211	4,299
Total Assets	**2,581**	**3,665**	**4,276**	**4,351**

Source: Company, ICICI Direct Research

Exhibit 6: Key ratios

(Year-end March)	FY25	FY26	FY27E	FY28E
Per Share Data				
EPS	45.8	56.5	60.6	85.1
Cash per Share	49.2	60.2	64.3	88.9
DPS	-	-	-	-
BV	235.5	291.9	352.5	437.6
Operating Ratios				
EBITDA Margin	14.9	18.2	18.3	18.4
PAT Margin	10.2	10.6	10.1	11.2
Return Ratios				
RoE	19.4	19.3	17.1	19.3
RoCE	16.4	17.0	16.6	20.7
Valuation Ratios				
EV / EBITDA	1.5	2.5	1.9	1.1
P/E	12.0	9.7	9.1	6.5
EV / Net Sales	0.2	0.5	0.4	0.2
Sales / Equity	1.9	1.8	1.7	1.7
Market Cap / Sales	0.0	0.0	0.0	0.0
Price to Book Value	2.3	1.9	1.6	1.3
Working Capital Management Ratios				
Inventory Days	522.4	527.0	561.9	534.3
Debtor Days	27.5	23.6	36.7	43.6
Creditor Days	201.8	7.2	6.4	5.1
Asset Turnover	1.2	1.0	0.9	1.2
Solvency Ratios				
Debt / Equity	0.6	0.9	0.8	0.5
Current Ratio	1.6	1.9	1.8	1.7
Quick Ratio	0.6	0.6	0.6	0.5

Source: Company, ICICI Direct Research

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Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%

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