Raymond to expand business across all its three verticals: Group CFO Amit Agarwal

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Further, the group is signing up joint development agreements with land owners for real estate projects worth Rs 5,000 crore in Thane, Sion and Mahim. (Image/Raymond)

Textiles to engineering conglomerate Raymond, now a zero-debt group, is to expand its business across all its three verticals, starting with the apparels business. The group is also betting big on real estate and engineering, Raymond Group CFO Amit Agarwal said.

"We have added more than 200 stores in the last 12 months and plan to open another 400-500 stores taking the total to 2,000 in the next three years. Our revenue from apparel is about Rs 1,500 crore, and with formidable brands such as Raymond Ready To Wear, Park Avenue and ColorPlus, we should be able to garner a larger market share," Agarwal told FE in an interview.

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Raymond, considered as a formal clothing brand, is also bringing more casualisation and premiumisation of its products to increase its market share. The group has also earmarked Rs 200 crore as capex to hike production capacity to 11 million pieces from present 8 million over the next 18 months. The capacity expansion would be mostly in Bengaluru, and some in Ethiopia.

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On its new real estate vertical, he said it was getting the same amount of "respect and appeal" it got in apparels and expects a land parcel in Thane to generate Rs 25,000 crore over next "several" years.

"Of the total 100-acre land in Thane, we are now constructing on 40 acres, which has a revenue potential of Rs 9,000 crore. The remaining 60 acre has a potential to generate Rs 16,000-18,000 crore, and Thane would have a total potential of Rs 25,000 crore."

Further, the group is signing up joint development agreements with land owners for real estate projects worth Rs 5,000 crore in Thane, Sion and Mahim.

"Four years from now, we should be a company with 50% being contributed from Thane and remaining from non-Thane," he said, adding, it is also in active discussions for real estate projects in Navi Mumbai.

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On the engineering front, its acquisition of Bengaluru-based Maini Precision Products (MPPL) is expected to be completed by March 31. The demerger of the lifestyle business is expected to be completed in the next two months, with the listing expected in July.

In November last year, Raymond Group entered into an agreement to acquire a 59.25% stake in MPPL for ₹682 crore, a move that will help it foray into sunrise sectors such as aerospace and Defence. Now with Rs 1,500 crore of cash, the group would look at acquisitions if a right buy comes along, he said, adding, the group is evaluating foray in other parts of the world, but not in the manufacturing sector.

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