

Capacity limits volume growth; expansion to go live by Sep'25

While RR Kabel's headline numbers appeared fairly encouraging, the challenge was on volume growth, which was muted at 6.5% (wires, +10%; cables, +2% YoY). The growth in wires comes as no surprise, given demand was muted in the first half of the quarter, however, on cables, the volume growth was far below peers. This was primarily owing to capacity constraints (cables operating at 90-95% utilization), owing to which, the Company could not fulfil a large domestic order (now slipped into 2Q). However, new cable capacities go live in Sep'25, which should help the Company achieve its volume growth guidance of 18% (wires 10-12%; cables 20-25%). We factor in a 1-2% change in our FY26-28E EPS estimate, and maintain BUY with a target price of INR 1,610, set at Jun'27E EPS.

- **Revenue in-line, improved margins and lower FMEG losses a positive:** 1Q revenue at INR 20.5bn, up 14% YoY, was in-line with estimate. EBITDA rose 50% YoY to INR 1.4bn, and margin stood at 6.9%, expanding 160bps YoY, 50bps ahead of estimate. 1Q PAT at INR 898mn, rose 40% YoY. The C&W segment registered revenue of INR 1.8bn, up 16%, profit from the segment rising 23% YoY. This, we understand, is owing to higher share of wires domestically, and higher share of cables in exports, both inherently higher margin products. Further, C&W exports too saw strong growth, +38% YoY, its share rising from 29% from 24% YoY. Revenue from the FMEG segment declined 2% given a higher share of fans in the portfolio, and the impact of a weak summer. However, loss from FMEG narrowed substantially; EBIT margins improving 580bps from -9% to -3.2%.
- **While headline numbers appear encouraging, volume growth dismal:** While C&W revenue rose 16% YoY, Overall volume growth for the quarter stood at 6.5%, wherein wire volumes grew 10% YoY, and cable volumes were muted at +2% YoY. Incrementally, the domestic cables business saw a YoY degrowth, while cable exports drove segmental growth. The reason for this was that few large domestic cable orders which were to be delivered in June could not get executed through the quarter, and hence deliveries were delayed. International markets, however, performed well, especially the European and Middle Eastern regions.
- **Volume growth and margin guidance unchanged:** Despite dismal volume growth in 1Q, management kept its FY26 volume growth guidance unchanged at 18%. Here, it expects 10-12% volume growth in wires, and 20-25% growth in cables. Further, on margins, it guided for a 100bps expansion on a YoY basis. Margins appear to have been moving in the right direction, with a 40bps improvement YoY in a seasonally weaker quarter.
- **New cable capacities go live by Sep'25, which should help meet guidance:** RR Kabel is currently operating at 90-95% capacity utilisation levels for cables; the primary reason why its cable volume growth remained muted, and also, execution of the large order mentioned above could not be completed. By Sep'25, incremental cable capacities are expected to go live, which should enable it to achieve the volume growth guidance of 18%, and more importantly the 20-25% volume growth guidance for cables.

Financial Summary					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	65,946	76,182	86,799	100,240	115,952
Sales Growth (%)	19.1	15.5	13.9	15.5	15.7
EBITDA	4,617	4,856	6,312	8,084	9,875
EBITDA Margin (%)	7.0	6.4	7.3	8.1	8.5
Adjusted Net Profit	2,981	3,116	3,915	4,926	6,005
Diluted EPS (INR)	26.4	27.6	34.7	43.7	53.2
Diluted EPS Growth (%)	54.6	4.5	25.6	25.8	21.9
ROIC (%)	17.5	16.8	17.7	18.7	19.5
ROE (%)	18.4	15.7	16.9	18.4	19.2
P/E (x)	50.5	48.3	38.4	30.5	25.1
P/B (x)	8.2	7.0	6.1	5.2	4.4
EV/EBITDA (x)	32.7	31.1	24.2	18.9	15.4
Dividend Yield (%)	0.2	0.4	0.4	0.6	0.7

Source: Company data, JM Financial. Note: Valuations as of 01/Aug/2025

Shalin Choksy
shalin.choksy@jmfml.com | Tel: (91 22) 66303380

Jignesh Thakur
jignesh.thakur@jmfml.com | Tel: (91 22) 66303514

Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	1,610
Upside/(Downside)	20.7%
Previous Price Target	1,640
Change	-1.8%

Key Data – RRKABEL IN

Current Market Price	INR1,334
Market cap (bn)	INR150.9/US\$1.7
Free Float	29%
Shares in issue (mn)	112.8
Diluted share (mn)	112.8
3-mon avg daily val (mn)	INR757.5/US\$8.7
52-week range	1,815/751
Sensex/Nifty	80,600/24,565
INR/US\$	87.5

Price Performance

%	1M	6M	12M
Absolute	-3.6	2.0	-23.3
Relative*	-0.2	-0.6	-23.0

* To the BSE Sensex

JM Financial Research is also available on:
Bloomberg - JMFR <GO>,
Thomson Publisher & Reuters,
S&P Capital IQ, FactSet and Visible Alpha

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

Key highlights from concall

Cables & Wires

- **FY26 guidance:** FY26 volume growth guidance unchanged at 18%. Here, management indicated that it expects 10-12% growth in wires, and 20-25% growth in cables (driven by new capacities going live by Sep'25).
- **EBITDA margin guidance:** Expect 100bps improvement in consolidated EBITDA margins. Margins however have moved in the right direction, with a 40bps improvement YoY in a seasonally weaker quarter. Hence, do not expect this to be a challenge.
- **1Q volume growth weak:** Overall volume growth for the quarter stood at 6.5%, wherein wires grew 10% YoY, and cables grew only 2% YoY. Incrementally, the domestic cables business saw a YoY degrowth, while cable exports drove segmental growth.
- **Reason for weak 1Q volume growth:** Few domestic cable orders which were to be delivered in June, could not get executed through the quarter, and hence deliveries have been delayed. International markets, however, performed well, especially the European and Middle Eastern regions.
- **Betting heavily on 2H for volume growth:** With new capacities going live in Sep'25, expect to be better positioned w.r.t. cable volume growth. This gives confidence of achieving the stated volume growth guidance for C&W
- **Capacity utilization:** Capacity utilization for wires currently stands at 70% and for cables currently stands at ~95%.
- **C&W margins:** Domestic wires and export cable businesses are in the range of 12%. Export wires is a 5% margin business, while domestic cables is in the range of 6-7% (lower than industry, given lower pricing power)
- **Tariff on copper and copper products:** US has a duty of 50% on copper products, which includes wires and cables, irrespective of the country. Only 2-4% of total revenue comes from the US, despite being the country's largest exporter. Have a well-diversified base w.r.t. exports with strong geographies including the Middle East and Europe.

FMEG

- Have seen a significant reduction in losses in this vertical, EBIT margin improving ~580bps. Expect to end FY26 with positive EBIT. Further, expect to grow FMEG revenues revenue at 20-25% for FY26.
- Fans contribute 40% of total FMEG revenue and lighting constitutes 30%. The rest is other products such as switches and switchgears. However, have put in efforts to premiumize the portfolio and have introduced several products including decorative fans.
- FY26 capex guidance at INR 3bn.

Exhibit 1. RR Kabel – 1QFY26 result review

Year End March31 (INR mn)	Q1FY24	Q2FY24	Q3FY24	Q4FY24	FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	FY25	Q1FY26	Q1FY26E
Net Revenue	15,973	16,097	16,335	17,541	65,946	18,081	18,102	17,822	22,178	76,183	20,586	20,606
YoY	29%	18%	10%	16%	18%	13%	12%	9%	26%	16%	14%	14%
Raw Material Costs	(13,055)	(12,901)	(13,219)	(14,314)	(53,489)	(14,942)	(15,221)	(14,554)	(17,832)	(62,549)	(16,843)	(16,691)
Gross Profit	2,918	3,195	3,116	3,227	12,457	3,139	2,881	3,267	4,346	13,633	3,743	3,915
Gross Profit Margin %	18.3%	19.9%	19.1%	18.4%	18.9%	17.4%	15.9%	18.3%	19.6%	17.9%	18.2%	19.0%
Employee Cost	(768)	(803)	(818)	(780)	(3,169)	(887)	(894)	(908)	(796)	(3,485)	(931)	(850)
% of sales	4.8%	5.0%	5.0%	4.4%	4.8%	4.9%	4.9%	5.1%	3.6%	4.6%	4.5%	4.1%
Other expenses	(1,021)	(1,184)	(1,172)	(1,294)	(4,671)	(1,303)	(1,128)	(1,254)	(1,606)	(5,292)	(1,392)	(1,750)
% of sales	6.4%	7.4%	7.2%	7.4%	7.1%	7.2%	6.2%	7.0%	7.2%	6.9%	6.8%	8.5%
EBITDA	1,129	1,209	1,126	1,153	4,617	949	858	1,105	1,944	4,857	1,421	1,315
YoY	183%	88%	-4%	15%	43%	-16%	-29%	-2%	69%	5%	50%	39%
EBITDA margin%	7.1%	7.5%	6.9%	6.6%	7.0%	5.3%	4.7%	6.2%	8.8%	6.4%	6.9%	6.4%
Total D&A Expense	(161)	(166)	(165)	(163)	(655)	(162)	(175)	(178)	(190)	(705)	(203)	(210)
EBIT	969	1,043	961	990	3,962	787	684	927	1,753	4,152	1,218	1,105
YoY	280%	111%	-5%	14%	51%	-19%	-34%	-3%	77%	5%	55%	40%
EBIT margin%	6.1%	6.5%	5.9%	5.6%	6.0%	4.4%	3.8%	5.2%	7.9%	5.4%	5.9%	5.4%
Other Income	163	148	122	193	626	185	72	134	119	511	124	125
Finance Costs	(144)	(142)	(124)	(128)	(539)	(116)	(156)	(162)	(155)	(589)	(151)	(155)
Others	19	6	(2)	65	88	69	(84)	(27)	(36)	(78)	(27)	(30)
PBT	987	1,049	959	1,055	4,050	857	599	900	1,718	4,074	1,190	1,075
YoY	298%	113%	3%	20%	59%	-13%	-43%	-6%	63%	1%	39%	26%
Income Tax Expense	(250)	(310)	(250)	(270)	(1,080)	(218)	(101)	(219)	(441)	(978)	(303)	(258)
Rate %	25.4%	29.5%	26.0%	25.6%	26.7%	25.4%	16.9%	24.3%	25.6%	24.0%	24.0%	24.0%
Share of JCEs and Associates	7	2	0	2	11	5	(2)	4	14	21	10	20
Net Profit	743	741	710	787	2,981	644	496	686	1,291	3,117	898	837
Margins	4.7%	4.6%	4.3%	4.5%	4.5%	3.6%	2.7%	3.8%	5.8%	4.1%	4.4%	4.1%
YoY	309.8%	111.7%	-0.7%	20.6%	33.3%	-13.4%	-33.1%	-3.4%	64.0%	-9.5%	39.4%	30.0%

Source: Company, JM Financial

Exhibit 2. RR Kabel – 1QFY26 segmental result review

Year End March31 (INR mn)	Q1FY24	Q2FY24	Q3FY24	Q4FY24	FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25E	FY25	Q1FY26
Segmental Revenue											
Wires & Cables	14,231	14,504	14,331	15,231	58,296	15,781	16,118	15,425	19,562	66,887	18,335
Domestic	9,927	9,836	10,084	11,021	40,868	11,442	11,231	10,614	14,793	48,079	13,158
Export	4,304	4,668	4,247	4,210	17,429	4,339	4,887	4,812	4,770	18,808	5,177
Consumer Electricals	1,742	1,593	2,005	2,310	7,650	2,300	1,984	2,396	2,616	9,296	2,251
Segmental Revenue Growth											
Wires & Cables	29%	19%	9%	15%	18%	11%	11%	8%	28%	15%	16%
Domestic	30%	14%	0%	4%	11%	15%	14%	5%	34%	18%	15%
Export	25%	31%	38%	60%	37%	1%	5%	13%	13%	8%	19%
Consumer Electricals	34%	7%	20%	19%	19%	32%	25%	20%	20%	22%	-2
Segmental Revenue Mix											
Wires & Cables	89%	90%	88%	87%	88%	87%	89%	87%	88%	88%	89%
Domestic	62%	61%	62%	63%	62%	63%	62%	60%	67%	63%	64%
Export	27%	29%	26%	24%	26%	24%	27%	27%	22%	25%	25%
Consumer Electricals	11%	10%	12%	13%	12%	13%	11%	13%	12%	12%	11%
Segmental EBIT											
Wires & Cables	1,246	1,329	1,147	1,320	5,043	1,130	818	1,075	1,941	4,965	1,391
Consumer Electricals	(170)	(198)	(124)	(194)	(685)	(207)	(117)	(44)	(91)	(459)	(71)
Segmental EBIT margin											
Wires & Cables	8.8%	9.2%	8.0%	8.7%	8.6%	7.2%	5.1%	7.0%	9.0%	7.4%	7.6%
Consumer Electricals	-9.7%	-12.4%	-6.2%	-8.4%	-9.0%	-9.0%	-5.9%	-1.8%	-3.5%	-4.9%	-3.2%

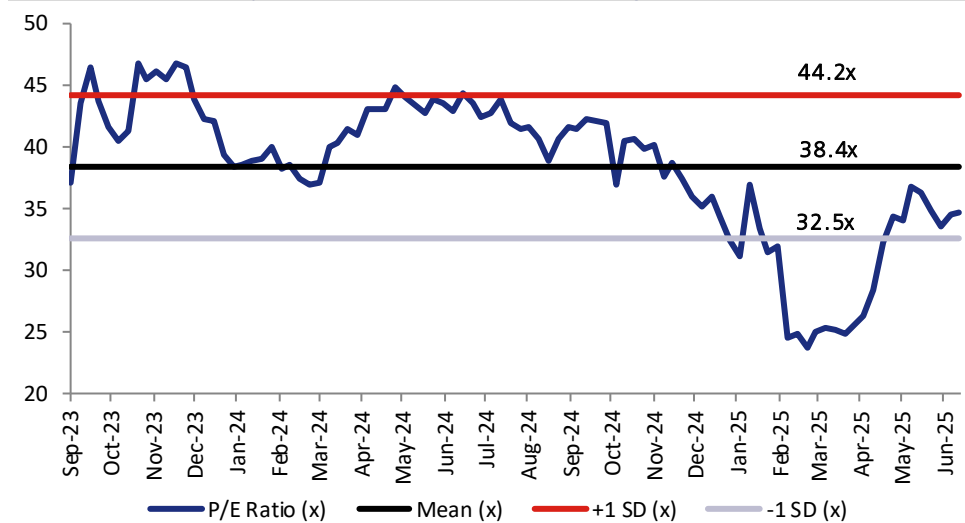
Source: Company, JM Financial

Exhibit 3. RR Kabel – EPS revision table

Particulars (INR mn)	FY26E	FY27E	FY28E
Revenue			
New	86,799	1,00,240	1,15,952
Old	88,741	1,03,480	1,20,297
Change	-2.2%	-3.1%	-3.6%
EBITDA			
New	6,312	8,084	9,875
Old	6,464	8,321	10,044
Change	-2.3%	-2.8%	-1.7%
EBITDA Margin			
New	7.3%	8.1%	8.5%
Old	7.3%	8.0%	8.3%
Change	(1)	2	17
PAT			
New	3,915	4,926	6,005
Old	3,993	5,036	6,072
Change	-1.9%	-2.2%	-1.1%
EPS			
New	34.7	43.7	53.2
Old	35.4	44.6	53.8
Change	-1.9%	-2.2%	-1.1%

Source: Company, JM Financial

Exhibit 4. RR Kabel – 1-yr forward P/E band chart (since listing)



Source: Bloomberg, JM Financial

Financial Tables (Consolidated)

Income Statement (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	65,946	76,182	86,799	100,240	115,952
Sales Growth	19.1%	15.5%	13.9%	15.5%	15.7%
Other Operating Income	0	0	0	0	0
Total Revenue	65,946	76,182	86,799	100,240	115,952
Cost of Goods Sold/Op. Exp	53,489	62,549	70,394	80,549	92,729
Personnel Cost	3,169	3,485	4,007	4,609	5,300
Other Expenses	4,671	5,292	6,085	6,998	8,048
EBITDA	4,617	4,856	6,312	8,084	9,875
EBITDA Margin	7.0%	6.4%	7.3%	8.1%	8.5%
EBITDA Growth	43.2%	5.2%	30.0%	28.1%	22.2%
Depn. & Amort.	655	705	1,083	1,444	1,784
EBIT	3,962	4,151	5,229	6,640	8,091
Other Income	626	511	483	476	477
Finance Cost	539	589	554	644	644
PBT before Excep. & Forex	4,050	4,074	5,158	6,472	7,924
Excep. & Forex Inc./Loss(-)	0	0	0	0	1
PBT	4,050	4,074	5,158	6,472	7,925
Taxes	1,080	978	1,264	1,566	1,941
Extraordinary Inc./Loss(-)	0	0	0	0	0
Assoc. Profit/Min. Int.(-)	11	21	21	21	21
Reported Net Profit	2,981	3,116	3,915	4,926	6,005
Adjusted Net Profit	2,981	3,116	3,915	4,926	6,005
Net Margin	4.5%	4.1%	4.5%	4.9%	5.2%
Diluted Share Cap. (mn)	112.8	112.8	112.8	112.8	112.8
Diluted EPS (INR)	26.4	27.6	34.7	43.7	53.2
Diluted EPS Growth	54.6%	4.5%	25.6%	25.8%	21.9%
Total Dividend + Tax	338	677	677	846	1,015
Dividend Per Share (INR)	3.0	6.0	6.0	7.5	9.0

Source: Company, JM Financial

Cash Flow Statement (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Profit before Tax	1,972	2,084	2,652	3,360	4,063
Depn. & Amort.	655	705	1,083	1,444	1,784
Net Interest Exp. / Inc. (-)	0	0	0	0	0
Inc (-) / Dec in WCap.	612	-844	1,354	1,943	2,172
Others	-18	2,830	-1,444	-2,319	-2,402
Taxes Paid	-99	-55	0	0	0
Operating Cash Flow	3,123	4,720	3,644	4,428	5,617
Capex	-2,029	-3,760	-4,500	-4,000	-4,000
Free Cash Flow	1,093	960	-856	428	1,617
Inc (-) / Dec in Investments	212	1,023	0	0	0
Others	-203	-68	0	0	0
Investing Cash Flow	-2,020	-2,805	-4,500	-4,000	-4,000
Inc / Dec (-) in Capital	-4,066	1	0	0	0
Dividend + Tax thereon	-338	-677	-677	-846	-1,015
Inc / Dec (-) in Loans	-2,205	-699	530	500	-500
Others	5,511	801	0	0	0
Financing Cash Flow	-1,098	-573	-147	-346	-1,515
Inc / Dec (-) in Cash	4	1,342	-1,003	82	101
Opening Cash Balance	811	815	2,157	1,154	1,235
Closing Cash Balance	815	2,157	1,154	1,235	1,337

Source: Company, JM Financial

Balance Sheet (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Shareholders' Fund	18,285	21,526	24,765	28,845	33,834
Share Capital	564	565	565	565	565
Reserves & Surplus	17,721	20,961	24,199	28,280	33,269
Preference Share Capital	0	0	0	0	0
Minority Interest	0	0	0	0	0
Total Loans	3,600	2,901	3,431	3,931	3,431
Def. Tax Liab. / Assets (-)	247	302	302	302	302
Total - Equity & Liab.	22,132	24,730	28,498	33,078	37,567
Net Fixed Assets	6,320	9,427	12,845	15,401	17,617
Gross Fixed Assets	7,561	10,489	14,989	18,989	22,989
Intangible Assets	0	0	0	0	0
Less: Depn. & Amort.	2,876	3,409	4,491	5,936	7,720
Capital WIP	1,636	2,347	2,347	2,347	2,347
Investments	3,415	2,391	2,391	2,391	2,391
Current Assets	18,958	23,350	25,114	28,538	32,447
Inventories	8,978	10,109	11,517	13,301	15,386
Sundry Debtors	6,412	8,232	9,512	10,985	12,707
Cash & Bank Balances	815	2,157	1,154	1,235	1,337
Loans & Advances	470	453	532	617	618
Other Current Assets	2,282	2,399	2,399	2,399	2,399
Current Liab. & Prov.	6,561	10,439	11,853	13,252	14,888
Current Liabilities	4,313	7,623	9,037	10,436	12,072
Provisions & Others	2,247	2,816	2,816	2,816	2,816
Net Current Assets	12,397	12,911	13,262	15,286	17,559
Total - Assets	22,132	24,730	28,498	33,078	37,567

Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Margin	4.5%	4.1%	4.5%	4.9%	5.2%
Asset Turnover (x)	3.1	3.2	3.2	3.2	3.3
Leverage Factor (x)	1.3	1.2	1.2	1.2	1.1
RoE	18.4%	15.7%	16.9%	18.4%	19.2%

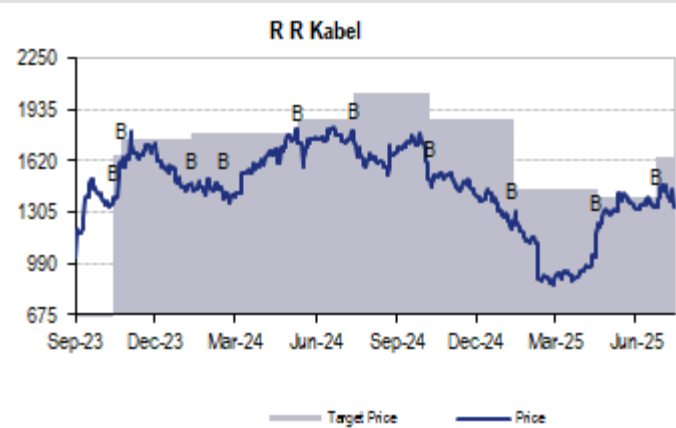
Key Ratios					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
BV/Share (INR)	162.1	190.8	219.5	255.7	299.9
ROIC	17.5%	16.8%	17.7%	18.7%	19.5%
ROE	18.4%	15.7%	16.9%	18.4%	19.2%
Net Debt/Equity (x)	0.0	0.0	0.1	0.1	0.0
P/E (x)	50.5	48.3	38.4	30.5	25.1
P/B (x)	8.2	7.0	6.1	5.2	4.4
EV/EBITDA (x)	32.7	31.1	24.2	18.9	15.4
EV/Sales (x)	2.3	2.0	1.8	1.5	1.3
Debtor days	35	39	40	40	40
Inventory days	50	48	48	48	48
Creditor days	26	39	41	41	42

Source: Company, JM Financial

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
31-Oct-23	Buy	1,650	
9-Nov-23	Buy	1,750	6.1
30-Jan-24	Buy	1,790	2.3
5-Mar-24	Buy	1,790	0.0
29-May-24	Buy	1,870	4.5
1-Aug-24	Buy	2,030	8.6
26-Oct-24	Buy	1,870	-7.9
29-Jan-25	Buy	1,450	-22.5
5-May-25	Buy	1,400	-3.4
12-Jul-25	Buy	1,640	17.1

Recommendation History



APPENDIX I

JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

Member of BSE Ltd. and National Stock Exchange of India Ltd.

SEBI Registration Nos.: Stock Broker - INZ000163434, Research Analyst - INH000000610

Registered Office: 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025, India.

Board: +91 22 6630 3030 | Fax: +91 22 6630 3488 | Email: jmfinancial.research@jmfl.com | www.jmfl.com

Compliance Officer: Mr. Sahil Salastekar | Tel: +91 22 6224 1743 | Email: sahil.salastekar@jmfl.com

Grievance officer: Mr. Sahil Salastekar | Tel: +91 22 6224 1743 | Email: instcompliance@jmfl.com

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Definition of ratings	
Rating	Meaning
Buy	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
Hold	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
Sell	Price expected to move downwards by more than 10% from the current market price over the next twelve months.

* REITs refers to Real Estate Investment Trusts.

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