

January 29, 2025

Q3FY25 Result Update

Change in Estimates | Target | Reco

Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
Rating	BUY		BUY	
Target Price	1,812		2,151	
Sales (Rs. m)	92,720	1,12,779	98,649	1,19,157
% Chng.	(6.0)	(5.4)		
EBITDA (Rs. m)	7,402	9,532	8,341	10,071
% Chng.	(11.3)	(5.3)		
EPS (Rs.)	46.0	58.4	51.1	61.5
% Chng.	(9.9)	(4.9)		

Key Financials - Consolidated

Y/e Mar	FY24	FY25E	FY26E	FY27E
Sales (Rs. m)	65,946	75,170	92,720	1,12,779
EBITDA (Rs. m)	4,617	4,430	7,402	9,532
Margin (%)	7.0	5.9	8.0	8.5
PAT (Rs. m)	2,981	2,799	5,187	6,593
EPS (Rs.)	26.4	24.8	46.0	58.4
Gr. (%)	33.2	(6.1)	85.3	27.1
DPS (Rs.)	6.0	10.0	12.0	12.0
Yield (%)	0.5	0.8	1.0	1.0
RoE (%)	18.4	14.2	21.9	22.3
RoCE (%)	22.6	19.1	28.1	29.7
EV/Sales (x)	2.1	1.8	1.5	1.2
EV/EBITDA (x)	30.3	31.4	18.6	14.2
PE (x)	47.1	50.2	27.1	21.3
P/BV (x)	7.7	6.7	5.3	4.3

Key Data

| RRKABEL IN

52-W High / Low	Rs.1,903 / Rs.1,176
Sensex / Nifty	76,533 / 23,163
Market Cap	Rs.141bn / \$ 1,627m
Shares Outstanding	113m
3M Avg. Daily Value	Rs.182.73m

Shareholding Pattern (%)

Promoter's	61.78
Foreign	7.35
Domestic Institution	14.34
Public & Others	16.53
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(9.8)	(30.7)	(15.8)
Relative	(7.3)	(26.3)	(20.8)

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Subdued volume, expected healthy pickup

Quick Pointers:

- W&C business reported 4.7% volume growth in 9MFY25.
- EBITDA margin contracted by 70bps & W&C EBIT margin, by 100bps YoY.

We downward revise our FY25/FY26/FY27E earnings estimates by 15.8%/9.9%/4.9% on account of subdued volume growth in wire segment and losses in FMEG segment in 9MFY25. We have revised TP to Rs1,812 (Rs2,151 earlier), based on 31x FY27E earnings. R R Kabel (RRKABL) reported moderate revenue growth of 9.1% YoY, driven by softer 7.6% growth in W&C segment due to weak demand and channel destocking. Fluctuations in raw material prices in the wire segment contributed to 2.4% decline in W&C volumes. However, the company achieved 4.7% volume growth in the W&C segment for 9MFY25 and expected strong 15% growth in Q4FY25, supported by both domestic W&C business and pick-up in exports. The company expects EBIT margin of ~8% in the W&C segment for Q4FY25 and projects EBITDA breakeven in the FMEG segment by Q1FY26. The company expects healthy volume growth in FY26 on account of improvement in domestic wire demand with stability in RM prices, benefit from enhanced capacity in the cable business and a recovery in exports with reduced freight rates and normalized shipments. We expect revenue/EBITDA/PAT CAGR of 19.6%/27.3%/30.3% over FY24-27E. Maintain 'BUY'.

Revenue grew 9.1%, PAT declined by 3.4% YoY: Revenues grew by 9.1% YoY to Rs17.8bn (PLe: Rs18.7bn). Wires & Cables revenues grew by 7.6% YoY to Rs15.4bn (PLe: Rs16.2bn), Overall volumes declined 2.4% YoY, primarily due to a decrease in wire volumes with raw material fluctuations, and dealer destocking, although cable volumes grew in double-digit. FMEG revenues up by 19.5% YoY to Rs2.4bn (PLe: Rs 2.5bn) Export revenue contribution was ~27%/31% to total sales/W&C sales. Gross margins contracted by 70bps YoY to 18.3%. EBITDA decline by 1.8% YoY to Rs1.1bn (PLe: Rs1.1bn). EBITDA margins contracted by 70bps YoY to 6.2% (PLe: 6%). PAT decline by 3.4% YoY to Rs686mn (PLe: Rs710mn). W&C EBIT declined 6.3% YoY to Rs1.1bn and margins contracted by 100bps YoY to 7%. FMEG reported EBIT loss of Rs44mn vs loss of Rs124mn in Q3FY24.

Con-call highlights: **1)** RRKABL expects 15%/10-12% volume growth in Q4FY25/FY25. **2)** W&C volume decline 2.4% in Q3FY25 and grew by 4.7% in 9MFY25. **3)** Cables volume grew by 20% in 9MFY25, Domestic Volume grew by 21% and Exports Volume grew by 18.5% **4)** Wires volume decline by 3% in 9MFY25, domestic volume was flat and export volume declined by 5.6% **5)** The company has guided double digit EBITDA margin by FY28, **6)** In domestic revenue grew by 6% YoY and exports revenue grew by 11% YoY. **7)** Guided EBIT margin for W&C segment is 8% for Q4FY25. **8)** FMEG segment is expected to breakeven in Q1FY26. **9)** Company has planned capex of Rs 12bn over FY26-FY28 with an incremental revenue of Rs 40bn-45bn. **10)** Working capital days increased to 65 days in Dec'24 from 63 days in Sep'24. **11)** Current capacity utilization for cables is 90-95% and wires, 65%

Exhibit 1: Q3FY25 Result Overview (Rs mn)

Y/e March	Q3FY25	Q3FY24	YoY gr. (%)	Q2FY25	QoQ gr. (%)	9MFY25	9MFY24	YoY gr. (%)
Net Sales	17,822	16,335	9.1%	18,101	-1.5%	54,004	48,405	11.6%
Expenditure								
Operating & Manufacturing Expenses	14,554	13,219	10.1%	15,221	-4.4%	44,717	39,176	14.1%
% of Net Sales	81.7%	80.9%		84.1%		82.80	80.93	
Gross Profit	3,267	3,116	4.9%	2,880	13.4%	9,287	9,229	0.6%
% of Net Sales	18.33	19.08	-74 bps	15.91	242 bps	17.20	19.07	-187 bps
Personnel Cost	908	818	10.9%	894	1.5%	2,689	2,389	12.5%
% of Net Sales	5.1%	5.0%		4.9%		5.0%	4.9%	
Other Expenses	1,254	1,172	7.0%	1,128	11.2%	3,686	3,377	9.1%
% of Net Sales	7.0%	7.2%		6.2%		6.8%	7.0%	
Total Expenditure	16,716	15,210	9.9%	17,244	-3.1%	51,091	44,941	13.7%
EBITDA	1,105	1,126	-1.8%	858	28.9%	2,913	3,464	-15.9%
Margin (%)	6.20	6.89	-69 bps	4.74	146 bps	5.39	7.16	-176 bps
Other income	134	122	9.8%	72	86.1%	392	433	-9.5%
Depreciation	178	165	8.0%	175	1.9%	515	492	4.7%
EBIT	1,062	1,083	-2.0%	755	40.6%	2,790	3,405	-18.1%
Interest	162	124	30.0%	156	3.4%	434	410	5.8%
PBT before exceptional item	900	959	-6.1%	599	50.3%	2,356	2,995	-21.3%
Total Taxes	219	250	-12.3%	101	115.8%	538	810	-33.6%
ETR (%)	24.3%	26.0%		16.9%		22.8%	27.0%	
Share of JV/Associates	4	0		-2		7	9	
Minority Interest	0	0		0		0	0	
Adj. PAT	686	710	-3.4%	495	38.4%	1,825	2,194	-16.8%
Exceptional item	0	0		0		0	0	
PAT	686	710	-3.4%	495	38.4%	1,825	2,194	-16.8%

Source: Company, PL

Exhibit 2: Segmental Breakup (Rs mn)

Y/e March	Q3FY25	Q3FY24	YoY gr. (%)	Q2FY25	QoQ gr. (%)	9MFY25	9MFY24	YoY gr. (%)
Revenues								
Wires and cables	15,425	14,331	7.6%	16,118	-4.3%	47,325	43,066	9.9%
FMEG	2,396	2,005	19.5%	1,984	20.8%	6,679	5,454	22.5%
Revenues	17,822	16,335	9.1%	18,102	-1.5%	54,005	48,519	11.3%
EBIT								
Wires and cables	1,075	1,147	-6.3%	1,130	-4.9%	3,023	3,723	-18.8%
EBIT margin (%)	7.0%	8.0%	-104 bps	7.0%	0.0%	6.4%	8.6%	-2.3%
FMEG	-44	-124	-64.3%	(117)	-62.3%	-368	-491	-25.2%
EBIT margin (%)	-1.8%	-6.2%	432 bps	-5.9%	4.1%	-5.5%	-9.0%	3.5%
Total	1,031	1,023	0.7%	1,013	1.7%	2,656	3,232	-17.8%
EBIT margin (%)	5.8%	6.3%	-48 bps	5.6%	0.2%	4.9%	6.7%	-1.7%

Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY24	FY25E	FY26E	FY27E
Net Revenues	65,946	75,170	92,720	1,12,779
YoY gr. (%)	17.8	14.0	23.3	21.6
Cost of Goods Sold	53,489	61,940	74,454	90,234
Gross Profit	12,457	13,230	18,266	22,544
Margin (%)	18.9	17.6	19.7	20.0
Employee Cost	3,169	3,716	4,339	5,075
Other Expenses	2,966	3,527	4,624	5,625
EBITDA	4,617	4,430	7,402	9,532
YoY gr. (%)	43.2	(4.0)	67.1	28.8
Margin (%)	7.0	5.9	8.0	8.5
Depreciation and Amortization	655	696	827	971
EBIT	3,962	3,734	6,575	8,561
Margin (%)	6.0	5.0	7.1	7.6
Net Interest	539	599	420	423
Other Income	626	520	630	660
Profit Before Tax	4,050	3,655	6,785	8,797
Margin (%)	6.1	4.9	7.3	7.8
Total Tax	1,080	866	1,608	2,214
Effective tax rate (%)	26.7	23.7	23.7	25.2
Profit after tax	2,970	2,789	5,177	6,583
Minority interest	-	-	-	-
Share Profit from Associate	11	10	10	10
Adjusted PAT	2,981	2,799	5,187	6,593
YoY gr. (%)	57.0	(6.1)	85.3	27.1
Margin (%)	4.5	3.7	5.6	5.8
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	2,981	2,799	5,187	6,593
YoY gr. (%)	57.0	(6.1)	85.3	27.1
Margin (%)	4.5	3.7	5.6	5.8
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	2,981	2,799	5,187	6,593
Equity Shares O/s (m)	113	113	113	113
EPS (Rs)	26.4	24.8	46.0	58.4

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY24	FY25E	FY26E	FY27E
Non-Current Assets				
Gross Block	8,582	10,682	12,782	14,882
Tangibles	8,423	10,473	12,523	14,573
Intangibles	160	210	260	310
Acc: Dep / Amortization	3,236	3,932	4,759	5,730
Tangibles	3,100	3,759	4,539	5,453
Intangibles	136	173	220	277
Net fixed assets	5,346	6,750	8,023	9,152
Tangibles	5,323	6,714	7,984	9,120
Intangibles	23	36	39	32
Capital Work In Progress	1,636	636	436	236
Goodwill	-	-	-	-
Non-Current Investments	1,111	1,118	1,130	1,144
Net Deferred tax assets	(247)	(247)	(247)	(247)
Other Non-Current Assets	647	553	676	816
Current Assets				
Investments	2,350	2,350	2,350	2,350
Inventories	8,978	10,297	12,701	15,449
Trade receivables	6,412	7,208	8,891	10,814
Cash & Bank Balance	988	1,343	2,149	4,223
Other Current Assets	945	1,380	1,702	2,070
Total Assets	28,693	31,954	38,452	46,734
Equity				
Equity Share Capital	564	564	564	564
Other Equity	17,721	20,520	25,707	32,300
Total Networkth	18,285	21,084	26,271	32,864
Non-Current Liabilities				
Long Term borrowings	-	-	-	-
Provisions	717	818	1,009	1,227
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	2,890	2,190	1,690	1,190
Trade payables	4,292	5,033	6,050	7,333
Other current liabilities	2,240	2,554	3,150	3,831
Total Equity & Liabilities	28,693	31,954	38,452	46,734

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY24	FY25E	FY26E	FY27E
PBT	4,061	3,665	6,795	8,807
Add. Depreciation	655	696	827	971
Add. Interest	539	599	420	423
Less Financial Other Income	626	520	630	660
Add. Other	(759)	(411)	(729)	(773)
Op. profit before WC changes	4,495	4,550	7,313	9,429
Net Changes-WC	(410)	(1,549)	(2,898)	(3,193)
Direct tax	(1,080)	(866)	(1,608)	(2,214)
Net cash from Op. activities	3,005	2,135	2,806	4,022
Capital expenditures	(2,029)	(1,100)	(1,900)	(1,900)
Interest / Dividend Income	626	520	630	660
Others	539	-	(227)	-
Net Cash from Invt. activities	(864)	(580)	(1,497)	(1,240)
Issue of share cap. / premium	86	-	-	-
Debt changes	(2,205)	(601)	(311)	(284)
Dividend paid	(769)	(338)	(1,128)	(1,354)
Interest paid	(539)	(599)	(420)	(423)
Others	-	-	-	-
Net cash from Fin. activities	(3,427)	(1,538)	(1,859)	(2,061)
Net change in cash	(1,286)	17	(550)	721
Free Cash Flow	976	1,035	906	2,122

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY24	FY25E	FY26E	FY27E
Per Share(Rs)				
EPS	26.4	24.8	46.0	58.4
CEPS	32.2	31.0	53.3	67.0
BVPS	162.1	186.9	232.9	291.3
FCF	8.6	9.2	8.0	18.8
DPS	6.0	10.0	12.0	12.0
Return Ratio(%)				
RoCE	22.6	19.1	28.1	29.7
ROIC	17.2	15.4	23.8	26.2
RoE	18.4	14.2	21.9	22.3
Balance Sheet				
Net Debt : Equity (x)	0.0	(0.1)	(0.1)	(0.2)
Net Working Capital (Days)	61	61	61	61
Valuation(x)				
PER	47.1	50.2	27.1	21.3
P/B	7.7	6.7	5.3	4.3
P/CEPS	38.6	40.2	23.4	18.6
EV/EBITDA	30.3	31.4	18.6	14.2
EV/Sales	2.1	1.8	1.5	1.2
Dividend Yield (%)	0.5	0.8	1.0	1.0

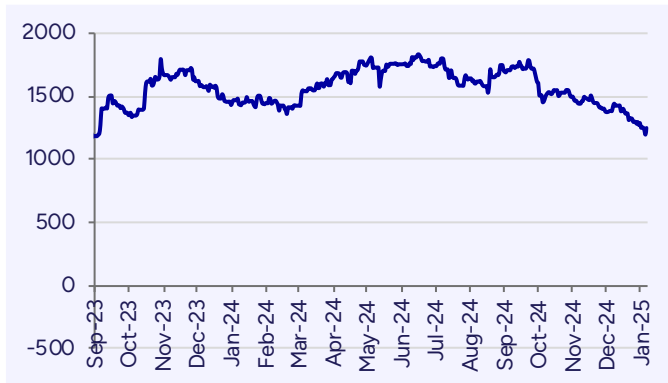
Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q4FY24	Q1FY25	Q2FY25	Q3FY25
Net Revenue	17,541	18,081	18,101	17,822
YoY gr. (%)	15.7	13.2	12.5	9.1
Raw Material Expenses	14,314	14,942	15,221	14,554
Gross Profit	3,227	3,139	2,880	3,267
Margin (%)	18.4	17.4	15.9	18.3
EBITDA	1,153	949	858	1,105
YoY gr. (%)	14.8	(15.9)	(29.0)	(1.8)
Margin (%)	6.6	5.3	4.7	6.2
Depreciation / Depletion	163	162	175	178
EBIT	990	787	683	927
Margin (%)	5.6	4.4	3.8	5.2
Net Interest	128	116	156	162
Other Income	193	185	72	134
Profit before Tax	1,055	857	599	900
Margin (%)	6.0	4.7	3.3	5.1
Total Tax	270	218	101	219
Effective tax rate (%)	25.6	25.4	16.9	24.3
Profit after Tax	785	639	498	681
Minority interest	-	-	-	-
Share Profit from Associates	2	5	(2)	4
Adjusted PAT	787	644	495	686
YoY gr. (%)	20.1	(13.4)	(33.2)	(3.4)
Margin (%)	4.5	3.6	2.7	3.8
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	787	644	495	686
YoY gr. (%)	20.1	(13.4)	(33.2)	(3.4)
Margin (%)	4.5	3.6	2.7	3.8
Other Comprehensive Income	(92)	275	647	(210)
Total Comprehensive Income	695	919	1,142	475
Avg. Shares O/s (m)	113	113	113	113
EPS (Rs)	7.0	5.7	4.4	6.1

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	08-Jan-25	BUY	2,151	1,385
2	28-Oct-24	BUY	2,151	1,505
3	08-Oct-24	BUY	2,178	1,752
4	31-Jul-24	BUY	2,066	1,796
5	05-Jul-24	BUY	2,173	1,786
6	29-May-24	BUY	1,926	1,724
7	05-Apr-24	BUY	1,857	1,558
8	30-Jan-24	BUY	1,857	1,435

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Astral Ltd.	BUY	1,883	1,553
2	Avalon Technologies	Hold	899	938
3	Bajaj Electricals	Reduce	676	782
4	Century Plyboard (I)	Hold	811	823
5	Cera Sanitaryware	Hold	7,712	7,188
6	Crompton Greaves Consumer Electricals	BUY	536	368
7	Cyient DLM	BUY	692	515
8	Finolex Industries	Accumulate	270	233
9	Greenpanel Industries	BUY	427	361
10	Havells India	BUY	1,890	1,578
11	Kajaria Ceramics	BUY	1,545	1,061
12	Kaynes Technology India	BUY	5,528	4,661
13	KEI Industries	BUY	5,041	4,128
14	Polycab India	BUY	8,233	6,251
15	R R Kabel	BUY	2,151	1,385
16	Supreme Industries	BUY	5,040	4,022
17	Syrma SGS Technology	Hold	629	610
18	Voltas	Accumulate	1,980	1,780

PL's Recommendation Nomenclature (Absolute Performance)

Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

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