

Rajratan Global Wire Ltd

Gripping on to the wheels of growth despite a speed bump

Rajratan Global Wire (Rajratan) had a satisfying quarter in Q4FY25

Revenue at Rs.2,514 mn. - increased by 4.9% yoy & 15.1% qoq

EBITDA at Rs.333 mn. - decreased by 3.1% yoy but increased by 27.0% qoq

EBITDA Margin at 13.3% - decreased by 110 bps yoy but increased by 124 bps qoq

PAT at Rs.152 mn. - decreased by 24.9% yoy but increased by 63.3% qoq

Moderate operational performance:

- India volume at 18,409 MT was down by 17.1% yoy & 44.4% qoq. Realization at ~Rs.86,995/ MT down by 2.0% yoy & 50.8% qoq. The capacity utilization levels for the expanded capacity stood at ~72.2%.
- Thailand volume at 12,164 MT was down by 7.8% yoy & 44.8% qoq. Realization at ~Rs.75,033/ MT down by 1.1% yoy & 51.9% qoq. The capacity utilization levels for the expanded capacity stood at ~81.1%.
- Gross Profit per MT at ~Rs.30,308/ MT up by 8.2% yoy & 99.3% qoq.
- EBITDA margin was 13.3% down by 110 bps yoy but higher by 124 bps qoq, primarily on account of lower input costs.

Future Outlook

Rajratan is going through a transformational phase in the industry with aggressive supplies by competitors from China on account of lower demand in China, coupled with the ensuing geopolitical situation in Europe and Middle East. The Chennai Plant commenced commercial production on 7th August, 2024.

Key Risks

- Delay in capacity ramp up of Chennai plant may lead to decline in volume.
- Decline in gross margins due to competitive intensity.

Valuation

Rajratan is currently trading at P/E of 20.9x on FY27 basis. We have valued the stock based on P/E methodology. Since, the entire Chennai capacity has commenced commercial production in Q2FY25, we have assigned multiple of 21x (2-year forward) on FY27E PAT of Rs. 952 mn to arrive at a target price of **Rs.394** per share, which is potential upside of ~1.3% from current market price and recommend **"HOLD"** on the stock.



East India Securities Ltd
Excellent | Investment | Solutions

INDIA

Rating: **Hold** Upside/(Downside): **1.3%**

CMP: **388.55** Target Price: **394**

| Market Data

Bloomberg:	RGW:IN
52-week H/L (Rs):	680 / 250
Mcap (Rs bn/USD bn):	19.7/0.24
Shares outstanding (mn):	50.77
Free float:	34.9%
Daily vol. (3mth Avg)	50.6 mn
Face Value (Rs):	2

Source: ACE Equity, EISEC Research

| Shareholding pattern

	Mar-25	Dec-24	Sep-24	Jun-24
Promoter	65.1	65.1	65.1	65.1
FIIIs	0.2	0.2	0.3	0.3
DIIIs	8.2	8.2	8.3	8.2
Public/others	26.5	26.5	26.3	26.4

Source: Ace Equity

| Price Performance (%)*

YE Mar (R)	1M	3M	6M	12
BSE Small Cap	3.9	-4.1	-9.1	5.7
Rajratan	19.3	-21.2	-31.9	-41.5

*As on 22 Apr 2025 Source: Ace Equity, EISEC Research

Ameet Kalyanpur

Equity Research Analyst
+91 22 6192 5341
ameetk@eisec.com

Y/E Mar (Rs mn)	Revenue	YoY (%)	EBITDA	EBITDA (%)	Adj PAT	YoY (%)	Fully DEPS	RoE (%)	RoCE (%)	P/E (x)	EV/EBITDA (x)
FY23	8,954	0.3%	1,620	18.1%	1,001	-19.5%	19.7	25.7%	20.4%	19.7	13.2
FY24	8,905	-0.5%	1,277	14.3%	718	-28.3%	14.1	15.4%	13.2%	27.5	16.9
FY25	9,353	5.0%	1,270	13.6%	588	-18.1%	11.6	11.2%	10.6%	33.5	17.3
FY26E	11,190	19.6%	1,611	14.4%	590	0.3%	11.6	19.6%	21.4%	33.4	13.1
FY27E	14,320	28.0%	2,203	15.4%	952	61.3%	18.7	28.2%	28.8%	20.7	9.2

Source: Company, EISEC Research Estimates

Highlights of Analysts' Call & Outlook

- Most bead wire manufacturers in India increased their manufacturing capacities and Rajratan encountered stiff competition from bead wire manufacturers.
- Realisations stayed flat for the first two months before improving in March.
- There was an increase in activity in Chennai facility and greenshoots of export plans from India.
- Q4 witnessed 85%-90% utilisation in Thailand and Pithampur facilities.
- The improvement in volumes from Chennai plant as well as Rajratan's strategy to avoid selling in the low-end bicycle tyre market, augurs well for the Chennai business.
- Higher realisations, increased sales to marquee customers, deliberately low exposure to cycle tyre makers and sharper percentage increase in sales to automotive tyre companies, coated wire customers and exports, enhanced its profitability.
- There was an increase in export demand during the latter part of Q4.
- Thailand business achieved 90% capacity utilisation and marketed higher volumes at better realisations.
- Rajratan approved the conversion of its low value-added black wire capacity to higher value-added wire rope which expected to achieve similar profitability as the India bead wire business.
- As per management, it expects higher sales volumes in Q1 FY26, better amortisation of fixed costs, increased capacity utilisation of the new Chennai plant and higher exports from India.

Quarterly financials, operating metrics and key performance indicators

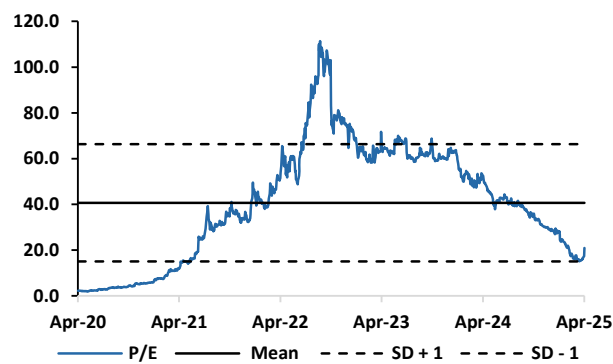
Quarterly Financials

Y/E March (Rs mn)	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25
Net Sales	2,039	2,143	2,327	2,396	2,201	2,453	2,184	2,514
Raw Materials	1,329	1,383	1,516	1,586	1,438	1,521	1,345	1,588
Employee Costs	101	95	100	90	90	107	117	114
Other Expenditure	358	326	368	377	379	446	460	480
EBITDA	251	339	342	344	295	379	262	333
Depreciation	42	44	46	46	46	57	64	64
Interest	53	48	50	44	51	77	79	75
Other Income	13	12	-1	10	6	2	4	6
PBT	170	259	245	264	203	246	123	201
Tax	45	65	48	62	51	56	30	49
Tax rate (%)	26.7%	24.9%	19.6%	23.4%	25.0%	22.7%	24.6%	24.2%
PAT	124	195	197	202	152	191	93	152
YoY Growth (%)								
Revenue	-18.9%	-4.6%	16.4%	9.2%	8.0%	14.5%	-6.2%	4.9%
EBITDA	-52.3%	-10.0%	-9.3%	1.8%	17.4%	11.7%	-23.3%	-3.1%
Adj. PAT	-64.0%	-16.4%	-10.5%	-0.2%	22.6%	-2.2%	-52.7%	-24.9%
QoQ Growth (%)								
Revenue	-7.1%	5.1%	8.6%	3.0%	-8.1%	11.4%	-11.0%	15.1%
EBITDA	-25.7%	35.0%	0.9%	0.5%	-14.2%	28.4%	-30.7%	27.0%
Adj. PAT	-38.7%	56.7%	1.0%	2.8%	-24.7%	25.0%	-51.1%	63.3%
Margin (%)								
EBITDA	12.3%	15.8%	14.7%	14.4%	13.4%	15.4%	12.0%	13.3%
PAT	6.1%	9.1%	8.5%	8.4%	6.9%	7.8%	4.3%	6.0%

Source: Company, EISEC Research

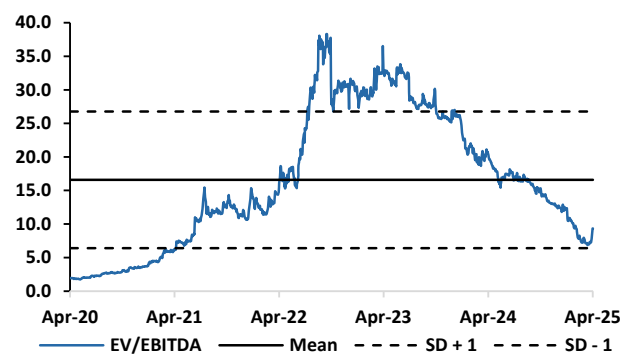
Valuation

Fig 1: 2-year forward P/E chart



Source: ACE Equity, Company, EIS Research

Fig 2: 2-year forward EV/EBITDA chart



Source: ACE Equity, Company, EIS Research

Financials Consolidated

Income Statement	FY23	FY24	FY25	FY26E	FY27E
YE March (Rs mn)					
Revenues	8,954	8,905	9,353	11,190	14,320
% Growth	0.3%	-0.5%	5.0%	19.6%	28.0%
Raw Materials	5,508	5,814	5,891	7,079	9,257
% of sales	61.5%	65.3%	63.0%	63.3%	64.6%
Personnel	364	385	428	460	537
% of sales	4.1%	4.3%	4.6%	4.1%	3.8%
Mfg. & Other Expenses	1,462	1,429	1,764	2,039	2,323
% of sales	16.3%	16.0%	18.9%	18.2%	16.2%
EBITDA	1,620	1,277	1,270	1,611	2,203
EBITDA Margin (%)	18.1%	14.3%	13.6%	14.4%	15.4%
Depreciation & Amortization	181	177	231	537	653
EBIT	1,439	1,100	1,039	1,074	1,550
Finance cost	168	196	282	308	301
PBT From Operations	1,270	904	757	766	1,249
Other Income	33	34	17	22	22
Share from Associates	0	0	0	0	0
PBT	1,304	938	774	788	1,272
Tax-Total	302	220	186	198	320
Reported PAT	1,001	718	588	590	952
Minority Interest	0	0	0	0	0
Adjusted PAT	1,001	718	588	590	952
PAT Margin	11.2%	8.1%	6.3%	5.3%	6.6%
% Growth	-19.5%	-28.3%	-18.1%	0.3%	61.3%

Source: Company, EISEC Research Estimates

Key Ratios	FY23	FY24	FY25	FY26E	FY27E
YE March					
Growth Ratios (%)					
Net Sales	0.3%	-0.5%	5.0%	19.6%	28.0%
EBITDA	-10.8%	-21.2%	-0.6%	26.9%	36.7%
Adjusted Net Profit	-19.5%	-28.3%	-18.1%	0.3%	61.3%
Margin Ratio (%)					
EBITDA Margin	18.1%	14.3%	13.6%	14.4%	15.4%
PBT margins	14.6%	10.5%	8.3%	7.0%	8.9%
PAT Margin	11.2%	8.1%	6.3%	5.3%	6.6%
Return Ratios					
ROE	25.7%	15.4%	11.2%	19.6%	28.2%
ROCE	20.4%	13.2%	10.6%	21.4%	28.8%
ROIC	20.1%	12.8%	10.6%	21.2%	30.7%
Turnover Ratios (days)					
Gross Block Turnover (x)	1.9	1.5	1.3	3.0	3.7
Inventory	35	30	43	35	35
Debtors	56	63	71	65	65
Creditors	47	53	56	60	60
Cash Conversion Cycle	44	40	58	40	40
Solvency ratio (x)					
Debt-equity	0.4	0.4	0.4	0.2	0.2
Net Debt-Equity	0.4	0.4	0.4	0.2	0.1
Gross Debt/EBITDA	1.1	1.5	1.9	0.9	0.6
Current ratio	2.3	2.1	2.4	2.3	2.5
Interest Coverage Ratio	-	-	-	-	-
Per share (Rs.)					
Basic EPS (reported)	19.7	14.1	11.6	11.6	18.7
BV	86.5	97.0	110.1	118.8	132.9
CEPS	23.3	17.6	16.1	22.2	31.6
DPS	4.9	3.5	2.9	2.9	4.7
Dividend Payout (%)	25.0%	25.0%	25.0%	25.0%	25.0%
Valuation					
P/E	19.7	27.5	33.5	33.4	20.7
P/BV	4.5	4.0	3.5	3.3	2.9
EV/EBITDA	13.2	16.9	17.3	13.1	9.2
Dividend Yield (%)	1.3%	0.9%	0.7%	0.7%	1.2%

Source: Company, EISEC Research Estimates

Balance Sheet	FY23	FY24	FY25	FY26E	FY27E
YE March (Rs mn)					
Capital	102	102	102	102	102
Reserves & Surplus	4,292	4,825	5,488	5,931	6,644
Shareholders' Funds	4,394	4,926	5,590	6,032	6,746
Minority Interest	0	0	0	0	0
Total Loan Funds	1,713	1,907	2,375	1,464	1,252
Deferred tax liabilities	118	128	177	177	177
Total Liabilities	6,224	6,961	8,142	7,673	8,175
Gross Block	4,109	4,662	6,578	7,553	7,803
Accumulated Dep.	858	1,023	1,255	1,792	2,444
Net Block	3,251	3,638	5,324	5,761	5,359
Capital WIP	1,402	1,908	725	0	0
Net Fixed Assets	4,652	5,547	6,048	5,761	5,359
Investments	0	0	0	0	0
Other non current assets	0	0	0	0	0
Total Non-Current Assets	4,652	5,547	6,048	5,761	5,359
Inventories	862	721	1,105	1,077	1,378
Current Investments	0	0	0	0	0
Sundry Debtors	1,363	1,545	1,825	1,704	2,180
Cash & Bank Balances	31	31	112	92	628
Other current Assets	487	415	505	505	505
Total Current Assets	2,743	2,711	3,547	3,378	4,692
Sundry Creditors	1,152	1,286	1,432	1,440	1,842
Provisions	19	12	22	26	33
Total Current Liabilities	1,171	1,297	1,454	1,466	1,876
Net Current Assets	1,572	1,414	2,093	1,912	2,816
Total Assets	6,224	6,961	8,142	7,673	8,175

Source: Company, EISEC Research Estimates

Cash Flow	FY23	FY24	FY25	FY26E	FY27E
YE March (Rs mn)					
Operating profit before WC changes	1,896	1,075	7	1,734	1,147
Changes in working capital	-304	-8	563	-161	368
Cash flow from operations	1,592	1,067	571	1,573	1,515
Capex	1,656	1,198	575	250	250
Adj. FCF	-64	-131	-5	1,323	1,265
Cash flow from investments	-1,668	-969	-567	-228	-228
Cash flow from financing	98	-97	78	-1,366	-751
Net change in cash	23	0	81	-21	536

Source: Company, EISEC Research Estimates

Capacity & Cap. Utilisation	FY22	FY23	FY24	FY25E	FY26E
Capacity (MTPA)					
- India	72,000	72,000	94,500	1,32,000	1,32,000
- Thailand	60,000	60,000	60,000	60,000	60,000
Capacity Utilisation (%)					
- India	83.1%	85.2%	72.5%	59.8%	74.2%
- Thailand	59.0%	70.4%	73.8%	86.7%	99.2%
Gross Profit per MT	38,587	29,983	30,659	31,372	32,138

Source: Company, EISEC Research Estimates

Disclaimer

East India Securities Limited (hereinafter EISEC), a public limited company, registered as Research Analyst with SEBI (Registration No. INH300003231). EISEC is engaged in broking services, distribution and marketing of financial products, and in the normal course of business, EISEC prepares and shares research data and reports periodically with clients, investors, stake holders and general public in compliance with Securities and Exchange Board of India Act, 1992, Securities And Exchange Board Of India (Research Analysts) Regulations, 2014 and/or any other applicable directives, instructions or guidelines issued by the Regulators from time to time.

Research report is a written or electronic communication that includes research analysis, research recommendation or an opinion concerning securities or public offer, providing a basis for investment decisions. The views expressed therein are based solely on information available publicly/internal data/other reliable sources believed to be true. The information is provided merely as a complementary service and do not constitute an offer, solicitation for the purchase or sale of any financial instruments, inducement, promise, guarantee, warranty, or as an official confirmation of any transactions or contract of any kind.

Research data and reports published/ emailed/ text messaged via Short Messaging Services, Online Messengers, WhatsAppetc/transmitted through mobile application/s, including but not limited to FLIP™, Video Widget, telephony networks, print or electronic media and or those made available/uploaded on social networking sites (e.g. Facebook, Twitter, LinkedIn etc) by EISEC or those recommendation or offers or opinions concerning securities or public offer which are expressed as and during the course of “Public Appearance” are for informational purposes only. The reports are provided for assistance and are not intended to be and must not alone be taken as the basis for an investment decision. The user assumes the entire risk of any use made of this information. Though disseminated to clients simultaneously, not all clients may receive the reports at the same time. EISEC will not treat recipients as clients by virtue of their receiving this report.

The reports include projections, forecasts and other predictive statements which represent EISEC’s assumptions and expectations in the light of currently available information. These projections and forecasts are based on industry trends, circumstances and factors which involve risks, variables and uncertainties. The actual performance of the companies represented in the report may vary from those projected. The projections and forecasts described in this report should be evaluated keeping in mind the fact that these-

- are based on estimates and assumptions
- are subject to significant uncertainties and contingencies
- will vary from actual results and such variations may increase over a period of time
- are not scientifically proven to guarantee certain intended results
- are not published as a warranty and do not carry any evidentiary value.
- are not based on certain generally accepted accounting principles
- are not to be relied on in contractual, legal or tax advice.

Prospective investors and others are cautioned that any forward-looking statements are not predictions and may be subject to change without notice. Reports based on technical analysis is focused on studying charts of a stock's price movement and trading volume, as opposed to focusing on a company's fundamentals and as such, may not match with a report on a company's fundamentals.

Though we review the research reports for any untrue statements of material facts or any false or misleading information, , we do not represent that it is accurate or complete and it should not be relied on in connection with a commitment or contract whatsoever. Because of the possibility of human, technical or mechanical error by our sources of transmission of Reports/Data, we do not guarantee the accuracy, adequacy, completeness or availability of any information and are not to be held responsible for any errors or omissions or for the results obtained from the use of such information. EISEC and/or its Affiliates and its officers, directors and employees including the analysts/authors shall not be in any way responsible for any indirect, special or consequential damages that may arise to any person from any inadvertent error in the information contained in the reports nor do they take guarantee or assume liability for any omissions of the information contained therein. Information contained therein cannot be the basis for any claim, demand or cause of action. These data, reports and information do not constitute scientific publication and do not carry any evidentiary value whatsoever.

The reports are not for public distribution. Reproduction or dissemination, directly or indirectly, of research data and reports of EISEC in any form is prohibited except with the written permission of EISEC. Persons into whose possession the reports may come are required to observe these restrictions. Opinions expressed therein are our current opinion as of the date appearing on the report only. Data may be subject to update and correction without notice. While we endeavour to update on a reasonable basis the information discussed in the reports, there may be regulatory, compliance, or other reasons that prevent us from doing so.

The reports do not take into account the particular investment objectives, financial situations, risk profile or needs of individual clients. The user assumes the entire risk of any use made of this information. Each recipient of the reports should make such investigation as deemed necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in such reports (including the merits and risks involved).

Certain transactions - futures, options and other derivatives as well as non-investment grade securities - involve substantial risks and are not suitable for all investors. Investors may lose his/her entire investment under certain market conditions. Before acting on any advice or recommendation in this material, investors should consider whether it is suitable for their particular circumstances and, if necessary, seek professional advice. The price and value of investments referred to in research reports and the income from them may fluctuate. Transaction costs may be significant in option strategies calling for multiple purchase and sales of options. Foreign currencies denominated securities are

subject to fluctuations in exchange rates that could have an adverse effect on the value or price of or income derived from the investment. Investors in securities such as ADRs, the value of which are influenced by foreign currencies effectively assume currency risk.

The recommendations in the reports are based on 12-month horizon, unless otherwise specified. The investment ratings are on absolute positive/negative return basis. It is possible that due to volatile price fluctuation in the near to medium term, there could be a temporary mismatch to rating. For reasons of valuations/return/lack of clarity/event we may revisit rating at appropriate time. The stocks always carry the risk of being upgraded to buy or downgraded to a hold, reduce or sell. The opinions expressed in the reports are subject to change but we have no obligation to tell our clients when our opinions or recommendations change. The reports are non-inclusive and do not consider all the information that the recipients may consider material to investments. The reports are issued by EISEC without any liability/undertaking/commitment on the part of itself or any of its entities.

Recipients of the research reports should assume that entities of EISEC may receive commission, brokerage, fees or other compensation from the company or companies that are the subject of the reports. We and our affiliates, officers, directors, and employees, including persons involved in the preparation or issuance of reports/data/material, may, from time to time have 'long' or 'short' positions in, act as principal in, and buy or sell the securities thereof of companies mentioned therein or be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as market maker in the financial instruments of the company/ies discussed therein or act as advisor or lender/borrower to such company/ies or have other potential conflicts of interests with respect to any recommendation and related information and opinions.

We further undertake that-

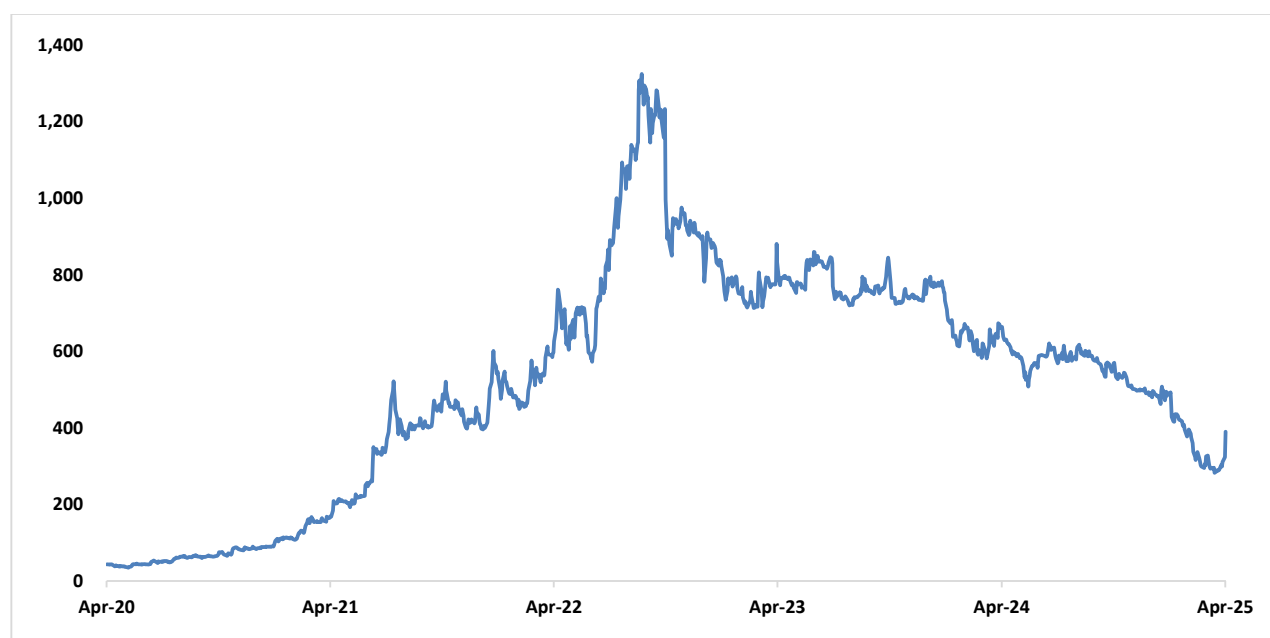
- No disciplinary action has been taken against the research analyst or EISEC by any authority in connection with their respective business activity.
- EISEC, Research analysts, persons reporting to research analysts and their relatives may have financial interests and material conflict of interest in the subject company.
- EISEC, Research analysts, persons reporting to research analysts and their relatives may have actual/beneficial ownership of 1% or more in the subject company's securities, at the month immediately preceding the date of publication of this research report.

Past performance is not a guide for future performance, future returns are not guaranteed and investors may suffer losses which may exceed their original capital.

The securities described herein may not be eligible for sale in all jurisdictions or to all categories of investors. The countries in which the companies mentioned in this report are organized may have restrictions on investments, voting rights or dealings in securities by nationals of other countries. Distributing/taking/sending/dispatching/transmitting this document in certain foreign jurisdictions may be restricted by law, and persons into whose possession this document comes should inform themselves about, and observe any such restrictions. Failure to comply with this restriction may constitute a violation of any foreign jurisdiction laws.

The user should consult their own advisors to determine the merits and risks of investment and also read the Risk Disclosure Documents for Capital Markets and Derivative Segments as prescribed by Securities and Exchange Board of India before investing in the Indian Markets.

Rajratan Global



Source: ACE Equity, EISEC Research

Analyst holding in stock: **YES**

Key to EISEC Investment Rankings

Buy: Upside by >15%, Accumulate: Upside by 5% to 15%, Hold: Downside/Upside by -5% to +5%,
Reduce: Downside by 5% to 15%, Sell: Downside by >15%

East India Securities Ltd. (<http://www.eisec.com/>)

Office: - 202, Garnet Palladium, Pandit Motilal Nehru Marg, Panch Bawadi, Behind Express Zone, Malad East, Mumbai – 400097

Disclosure of Interest Statement		
1	Business activities of East India Securities Ltd (EISEC)	East India Securities Ltd (hereinafter referred to as “EISEC”) is a registered member of NSE (All Segments), MCX-SX (Currency Derivatives Segment) and BSE (All segments), Depository Participant of NSDL & CDSL.
2	Details of Disciplinary History of EISEC	EISEC has not been debarred/ suspended by SEBI or any other regulatory authority from accessing or dealing in securities market on behalf of clients.
3	Registration status of EISEC:	EISEC is registered with SEBI as a Research Analyst (SEBI Registration No INH300003231)
		Rajratan Global
4	Whether Research analyst's or relatives' have any financial interest in the subject company and nature of such financial interest	Yes
5	Whether Research analyst or relatives have actual / beneficial ownership of 1% or more in securities of the subject company at the end of the month immediately preceding the date of publication of the document.	No
6	Whether the research analyst or his relatives has any other material conflict of interest	No
7	Whether research analyst has received any compensation from the subject company in the past 12 months and nature of products / services for which such compensation is received	No
8	Whether the Research Analyst has received any compensation or any other benefits from the subject company or third party in connection with the research report	No
9	Whether Research Analysts has served as an officer, director or employee of the subject company	No
10	Whether the Research Analyst has been engaged in market making activity of the subject company.	No
11	Whether it or its associates have managed or co-managed public offering of securities for the subject company in the past twelve months;	No
12	Whether it or its associates have received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months;	No
13	Whether it or its associates have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months;	No

Member (NSE and BSE)

Single SEBI Regn No.: INZ000190836

Research Analyst

SEBI Registration No. INH300003231

Website: www.eisec.com

Investor Grievance Email ID: mail@eisec.com

Compliance Officer Details:

Sumeet Kejriwal 033-40205901; Email ID: sumeetk@eisec.com

East India Securities Ltd. (CIN: U67120WB1995PLC072026)	
Registered Office Address DA-14 Saltlake City, Sector-1, Kolkata – 700064.	Corporate Office & Correspondence Address 202, Garnet Palladium, Pandit Motilal Nehru Marg, Panch Bawadi, Behind Express Zone, Malad East, Mumbai – 400097