RRKABEL: Cables Business Sustains Growth Momentum

BUY

July 28, 2026 | CMP: INR 2,522 | Target Price: INR 2,930

Expected Share Price Return: 16.2% I Dividend Yield: 0.4% I Potential Upside: 16.6%

Sector View: Positive

Change in Estimates	✓
Target Price Change	✓
Recommendation	✓

Company Info	
BB Code	RRKABEL IN EQUITY
Face Value (INR)	5.0
52-w High/Low (INR)	2,584/1,165
Mkt Cap (INR Bn)	INR 285.2
Shares o/s (Mn)	113.1
3M Avg. Daily Volume	8,14,980

Change in CIE Estimates

INR Bn	FY27E			FY28E		
	New	Old	Dev. (%)	New	Old	Dev. (%)
Revenue	126.2	109.1	15.7%	144.3	124.7	15.8%
EBITDA	10.7	8.9	19.8%	12.6	10.5	20.4%
EBITDAM (%)	8.4	8.2	29 bps	8.8	8.4	34 bps
PAT	6.5	5.1	27.6%	8.2	6.9	18.8%
EPS (INR)	57.5	45.1	27.6%	72.9	61.4	18.8%

Key Financials

INR Bn	FY24	FY25	FY26	FY27E	FY28E	FY29E
Revenue	65.9	76.2	97.2	126.2	144.3	166.0
YoY (%)	17.8%	15.5%	27.6%	29.8%	14.4%	15.0%
EBITDA	4.6	4.9	7.8	10.7	12.6	14.8
EBITDAM %	7.0%	6.4%	8.1%	8.4%	8.8%	8.9%
Adj PAT	3.0	3.1	4.9	6.5	8.2	10.2
EPS (INR)	26.4	27.6	43.5	57.5	72.9	90.2
ROE %	18.3%	15.7%	20.8%	22.9%	23.9%	24.2%
ROCE %	19.5%	18.5%	26.7%	27.2%	26.8%	28.5%
PE(x)	58.3x	34.4x	58.0x	43.8x	34.6x	28.0x
EV/Sales	2.7x	1.4x	2.9x	2.3x	2.0x	1.7x
EV/EBITDA	38.1	22.1	36.6	27.3	22.8	19.2
Debt/Equity	0.1	(0.0)	0.1	0.2	0.1	(0.1)

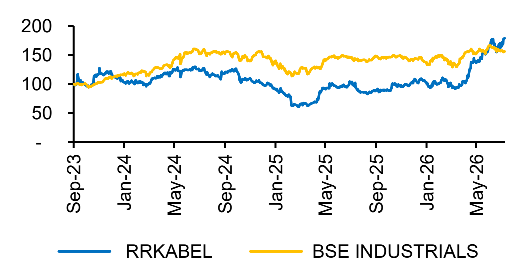
Shareholding Pattern (%)

	Dec-25	Mar-26	Jun-26
Promoters	61.7	61.7	61.3
FIIs	8.4	9.1	10.7
DIIs	13.9	13.3	11.9
Public	16.0	15.9	16.1

Relative Performance (%)

	6M	1Y	2Y
BSE Industrials	16.8%	11.2%	-2.0%
RRKABEL	89.6%	84.2%	40.3%

Click here to read Initiating Coverage Report



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Strong Volume Growth and Higher Commodity Prices Drive Q1FY27

RRKABEL reported a robust start to FY27E, with **17% volume growth** driven by a healthy demand across domestic and export markets. **Elevated copper prices** boosted realisation through the industry's cost pass-through mechanism, enabling **revenue growth to outpace volumes** while preserving margin. **Continued operating leverage** and an improving product mix supported **further margin expansion**, reinforcing the business outlook.

Valuation & View

We have revised our estimate upwards and expect **Revenue/EBITDA/PAT to expand at a CAGR of 20%/24%/28%**, respectively, over FY26–FY29E. The revision is driven by a robust volume growth, commodity-led realisation, improving product mix, operating leverage from capacity expansion. The medium-term growth outlook for the wires and cables industry also remains favourable, supported by **sustained investments in power infrastructure, real estate, industrial capex and renewable energy**. Taking the **DCF- based approach, we** value **RRKABEL at INR 2,930 (vs. INR 1,910), driven by upward revision in estimate**. Our valuation implies a PE of 40x on FY28E EPS of INR 72.9 and PEG of 1.4. We maintain our **BUY** rating on RRKABEL.

Q1FY27 Growth Led by Strong Volume Expansion and Robust Profitability

- Revenue increased **53.9% YoY** to **INR 31.7 Bn**, supported by **17% YoY volume growth**, reflecting a healthy demand across domestic and export markets.
- EBITDA rose **99.3% YoY** to **INR 2.8 Bn**, with **EBITDA margin expanding 200 bps YoY to 8.9%**, driven by operating leverage, better product mix and continued cost discipline.
- PAT grew **128.6% YoY** to **INR 2.1 Bn**, aided by higher operating profitability.

C&W Continues to Drive Growth; FMEG Nears Breakeven

- **C&W revenue** increased **57.1% YoY** to **INR 28.8 Bn**, with **EBIT margin improving 230 bps YoY to 9.9%**, supported by a healthy volume growth and execution.
- **FMEG revenue** grew **28.1% YoY** to **INR 2.9 Bn**. Segment losses narrowed down further, indicating continued progress towards breakeven through operating leverage and portfolio rationalisation.

Capacity Expansion to Support Next Leg of Margin Improvement

- **Project RRISE** is progressing as planned, with ~80% of the INR 12 Bn capex allocated to the cables business. The company plans to **incur ~INR 6.5 Bn of capex in FY27**, with new capacities at Silvassa (wires) and Waghodia (cables) expected to come online.
- Improving utilisation of the expanded facilities, combined with operating leverage and a richer product mix, should support further EBITDA margin expansion over the medium term.

Particulars (INR Mn)	Q1FY27	Q1FY26	YoY (%)	Q4FY26	QoQ (%)
Revenue	**31,682**	**20,586**	**53.9%**	**29,641**	**6.9%**
COGS	25,810	16,843	53.2%	24,123	7.0%
Gross profit	**5,872**	**3,743**	**56.9%**	**5,518**	**6.4%**
Employee cost	1,289	931	38.5%	1,071	20.3%
Operating expenses	1,751	1,392	25.8%	1,831	-4.4%
EBITDA	**2,832**	**1,421**	**99.3%**	**2,617**	**8.2%**
EBITDA margin (%)	**8.9%**	**6.9%**	**203 bps**	**8.8%**	**11 bps**
Other income	329	124	165.3%	129	154.4%
Interest	263	151	73.8%	250	5.3%
PBT	2,760	1,201	129.9%	2,253	22.5%
Tax	637	294	116.5%	566	12.5%
Adj. PAT	**2,052**	**898**	**128.6%**	**1,679**	**22.2%**
EPS (INR)	**18.2**	**7.9**	**128.6%**	**14.9**	**22.2%**

Source: RRKABEL, Choice Institutional Equities

Important Disclosure

Analyst Coverage Transfer: Effective with this report, the analyst's responsibility for RRKABEL has been transferred to Ambrish Shah. The recommendation and target price have been revised.

Management Call – Highlights

Cable continues to lead growth, with volumes rising 25% YoY, significantly ahead of wires, supported by strong demand from B2B, industrial and power projects.

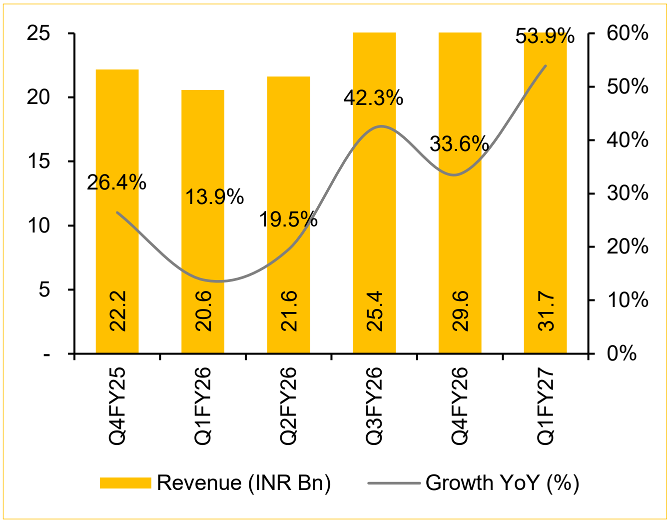
Project RISE remains on track, with 80% of the INR 12 Bn capex allocated to cable expansion.

Margin outlook remains positive, with management reaffirming its FY28 wires & cables EBITDA margin target of 10.5%, driven by operating leverage and manufacturing efficiency.

FMEG reached operational breakeven for the first time, driven by premiumisation and operating leverage.

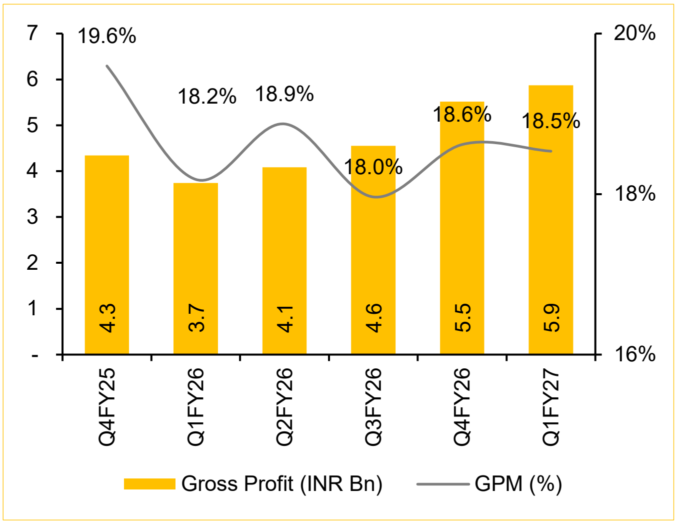
- **Cable remained the primary growth driver**, with volumes growing over 25% YoY versus around 12% for wires. Management expects cables to continue outpacing wires, supported by B2B, industrial and power projects.
- **Middle East disruption had a limited impact on exports**, as growth from other geographies offset the weakness. Shipments normalised in May and June, although some supply-chain issues persist.
- **Capex (Project RRISE):** ~80% of the INR 12 Bn capex allocated to cables; ~INR 6.5 Bn planned for FY27; new capacity coming online at Silvassa (wires) and Waghodia (cables).
- **Cable utilisation remains around 90%, while wire utilisation is 65–70%**. This supports the company's ongoing investment in expanding cable manufacturing capacity.
- The wires & cables margin improved to 9.9% from 7.6%, driven by **operating leverage, a better product mix, disciplined commodity management and manufacturing efficiency**. Management clarified that the expansion was entirely organic, with no inventory gain/loss.
- **Management retained its FY28 wires & cables EBIT margin target of 10.5%.** It expects to achieve double–digit segment margin in FY27 while maintaining its long-term guidance.
- **Demand remained healthy across infrastructure, construction, industrial projects and power.** Management estimated industry growth at 10–12%, indicating continued market share gains.
- **Data centres remain an attractive long-term opportunity.** Revenue contribution is currently negligible, with projects largely at the bidding and approval stage.
- **FMEG achieved operational breakeven for the first time**, driven by premiumisation and operating leverage. Management remains confident of achieving full-year breakeven despite seasonal weakness in Q2.

Driven by volume and price expansion, revenue up 53.9%



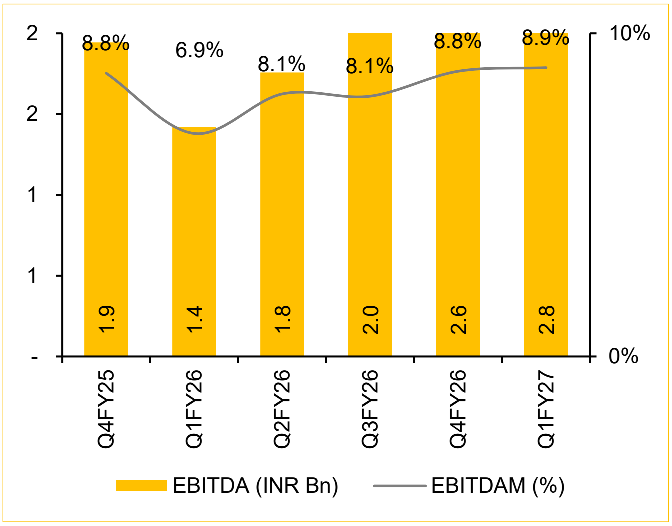
Source: RRKABEL, Choice Institutional Equities

Gross margin expanded by 30 bps YoY



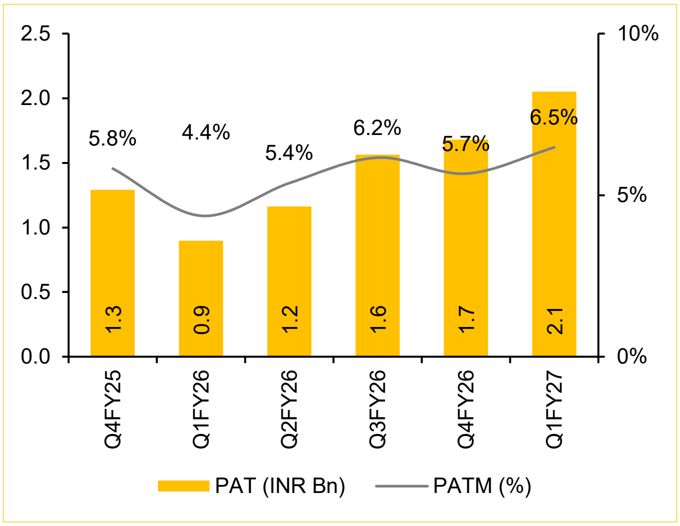
Source: RRKABEL, Choice Institutional Equities

Driven by operating leverage and product mix, EBITDAM margin expanded by 200 bps YoY



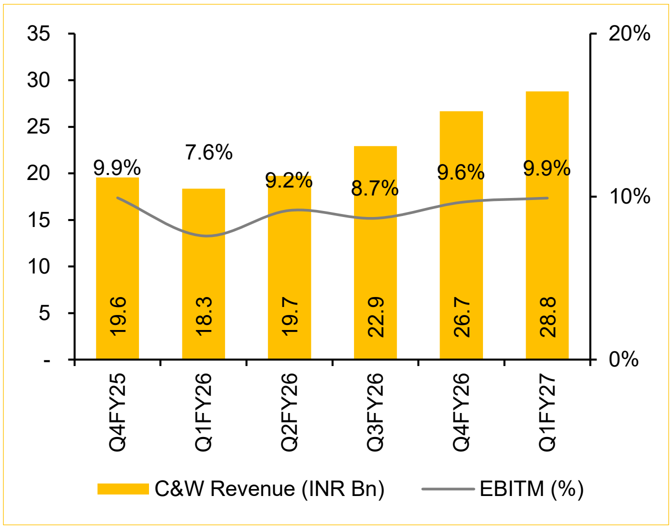
Source: RRKABEL, Choice Institutional Equities

PAT margin recovers QoQ as operational efficiency improves



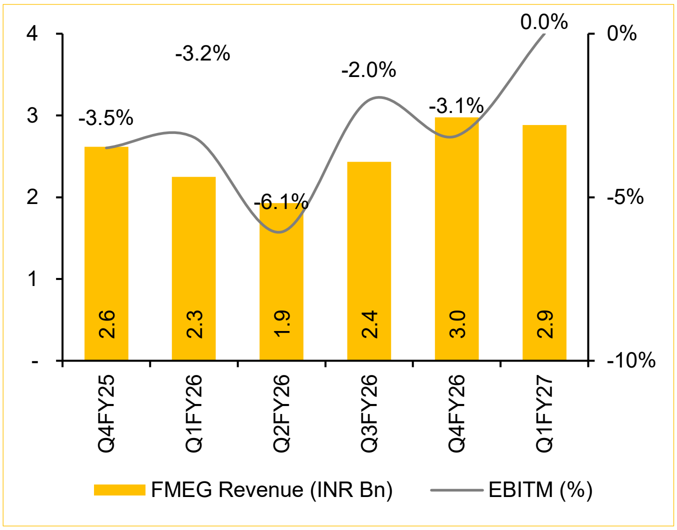
Source: RRKABEL, Choice Institutional Equities

C&W volume grew 17% YoY & EBIT margin up by 30 bps QoQ



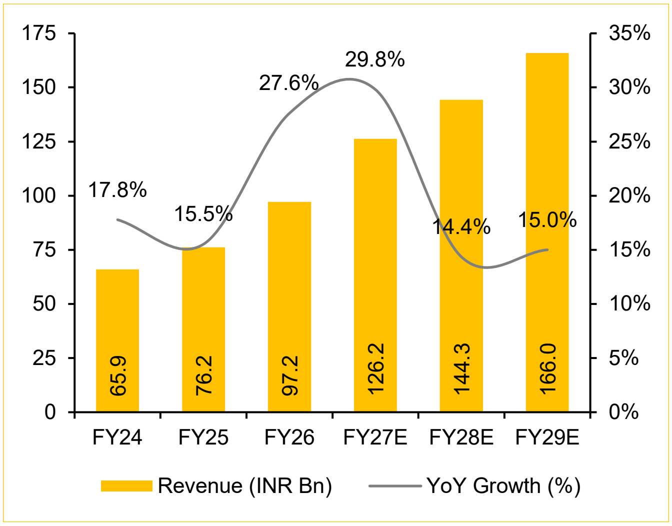
Source: RRKABEL, Choice Institutional Equities

FMEG reaching operational breakeven



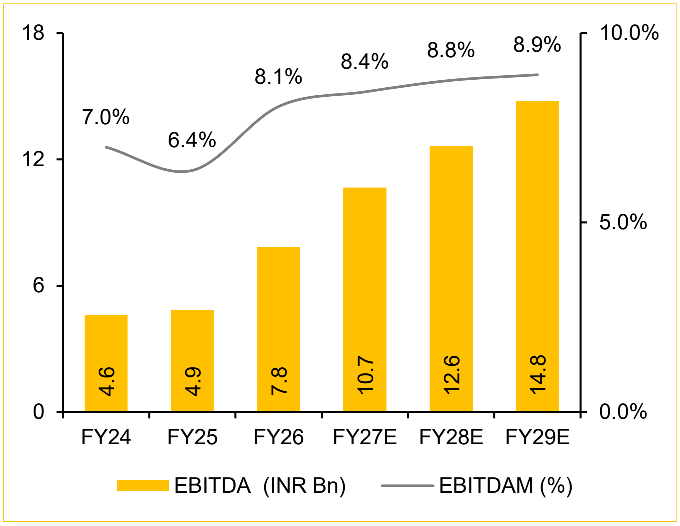
Source: RRKABEL, Choice Institutional Equities

Revenue expected to expand at 20% CAGR over FY26–FY29E



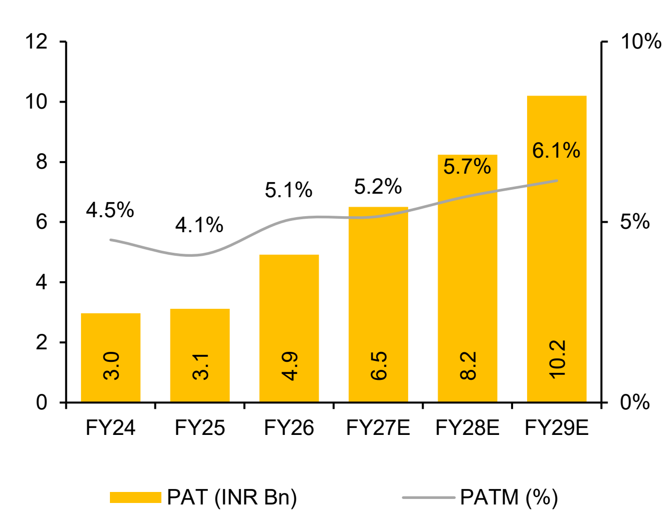
Source: RRKABEL, Choice Institutional Equities

EBITDAM anticipated to improve to 8.9% by FY29E



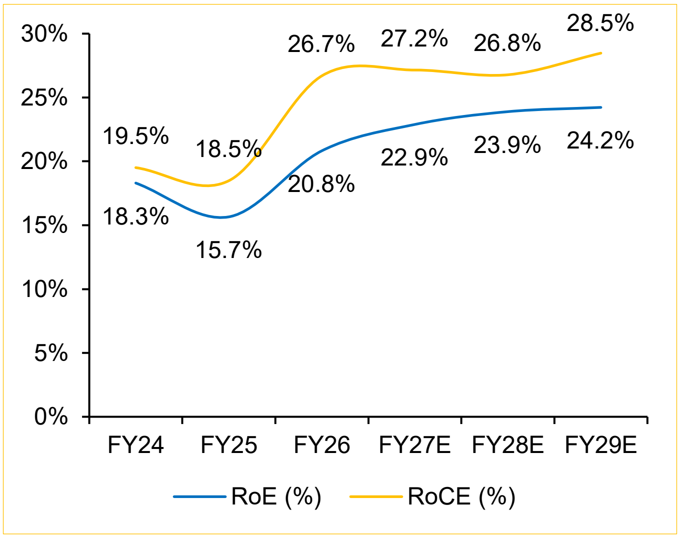
Source: RRKABEL, Choice Institutional Equities

Led by operating leverage, PATM forecast to expand to 6.1%



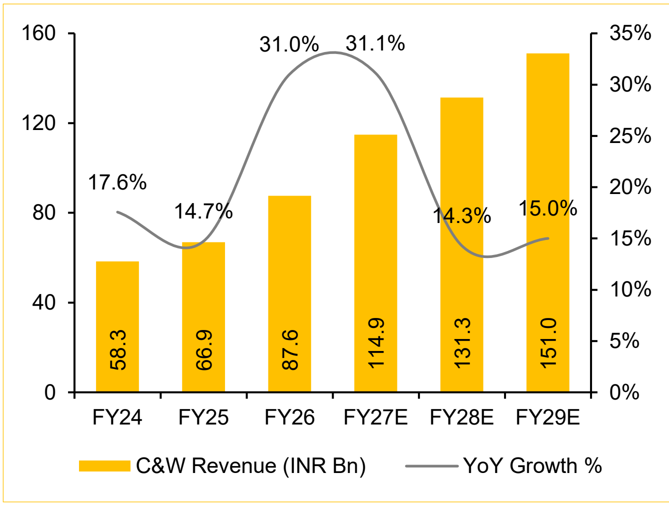
Source: RRKABEL, Choice Institutional Equities

ROEs likely to improve with operating leverage



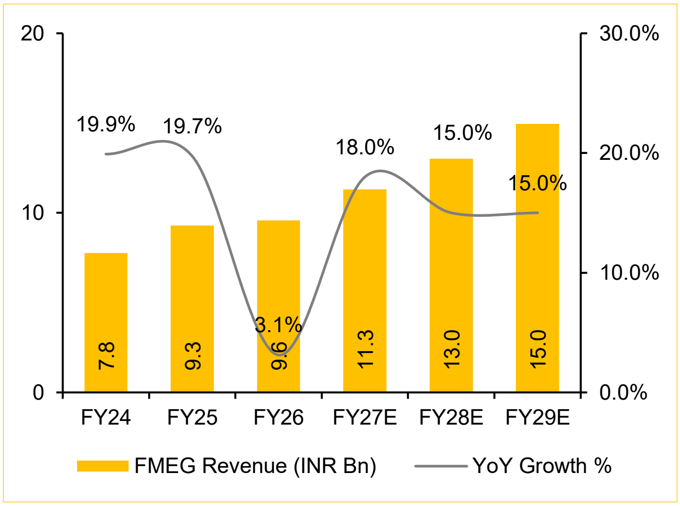
Source: RRKABEL, Choice Institutional Equities

FY26–FY29E: Cable segment drives C&W forecast of 20% CAGR



Source: RRKABEL, Choice Institutional Equities

FMEG projected to expand at 16% CAGR over FY26–FY29E



Source: RRKABEL, Choice Institutional Equities

Income Statement (Consolidated in INR Mn)

Income Statement	FY25	FY26	FY27E	FY28E	FY29E
Revenue	76,182	97,224	1,26,204	1,44,315	1,65,962
Gross profit	13,633	17,901	23,344	26,697	30,702
EBITDA	4,857	7,838	10,662	12,632	14,770
Depreciation	705	923	1,745	1,985	2,065
EBIT	4,152	6,916	8,917	10,647	12,705
Other income	511	564	1,180	1,155	1,328
Interest expense	589	753	1,430	880	500
PBT	4,095	6,590	8,720	10,975	13,586
Reported PAT	3,116	4,922	6,508	8,245	10,203
EPS (INR)	27.6	43.5	57.5	72.9	90.2

Ratio Analysis	FY25	FY26	FY27E	FY28E	FY29E
Growth Ratios (%)					
Revenues	15.5%	27.6%	29.8%	14.4%	15.0%
EBITDA	5.4%	61.4%	36.0%	18.5%	16.9%
PBT	1.1%	61.0%	32.3%	25.9%	23.8%
PAT	4.8%	58.0%	32.2%	26.7%	23.8%
Margins (%)					
Gross Profit Margin	17.9%	18.4%	18.5%	18.5%	18.5%
EBITDA Margin	6.4%	8.1%	8.4%	8.8%	8.9%
PBT Margin	5.4%	6.8%	6.9%	7.6%	8.2%
Tax rate	23.9%	25.3%	25.3%	25.3%	25.3%
PAT Margin	4.1%	5.1%	5.2%	5.7%	6.1%
Profitability (%)					
ROE	15.7%	20.8%	22.9%	23.9%	24.2%
ROIC	15.2%	21.2%	20.9%	20.5%	22.3%
ROCE	18.5%	26.7%	27.2%	26.8%	28.5%
Financial leverage (x)					
Pre-tax OCF/EBITDA	1.2	0.6	0.7	0.8	0.8
OCF / Net profit	1.6	0.6	0.8	0.9	0.8
Working Capital					
Inventory days	59	81	82	83	84
Receivable days	39	37	38	39	40
Creditor days	44	63	63	63	63
Working Capital Days	54	56	57	59	61
Valuation Metrics					
PE (x)	34.4	58.0	43.8	34.6	28.0
P/BV (x)	5.0	11.1	9.2	7.5	6.2
EV/Sales (x)	1.4	2.9	2.3	2.0	1.7
EV/EBITDA (x)	22.1	36.6	27.3	22.8	19.2

Balance Sheet (Consolidated in INR Mn)

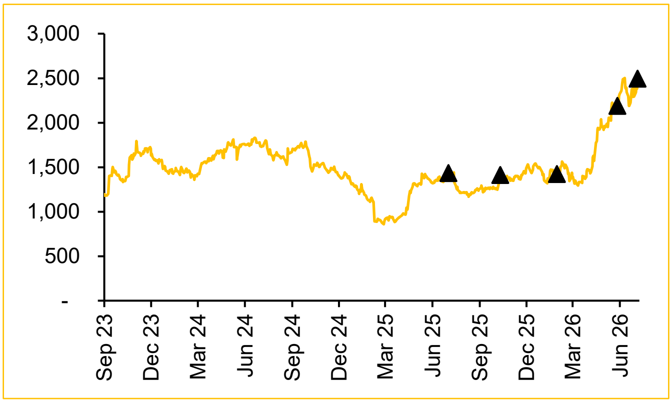
Balance Sheet	FY25	FY26	FY27E	FY28E	FY29E
Net worth	21,526	25,744	31,121	37,896	46,345
Borrowings	2,220	2,323	6,500	4,000	1,000
Trade payables	7,623	13,642	17,754	20,301	23,346
Other non-current liabilities	1,022	1,624	1,624	1,624	1,624
Other current liabilities	2,777	2,880	2,880	2,880	2,880
Total Net Worth & liabilities	**35,169**	**46,214**	**59,880**	**66,701**	**75,196**
Net block	7,076	10,720	15,698	16,713	15,649
Capital WIP	2,347	722	722	722	722
Investments	2,392	2,553	2,553	2,553	2,553
Trade receivables	8,232	9,980	13,139	15,420	18,188
Cash & cash equivalents	2,269	907	1,034	921	3,330
Other non-current assets	1,354	1,624	1,624	1,624	1,624
Other current assets	11,500	19,707	25,110	28,748	33,130
Total assets	**35,169**	**46,214**	**59,880**	**66,701**	**75,196**

Cash Flows	FY25	FY26	FY27E	FY28E	FY29E
CFO	4,944	2,953	5,225	7,731	8,655
CFI	(1,690)	(2,634)	(6,715)	(2,993)	(993)
CFF	(1,912)	(1,620)	1,616	(4,850)	(5,253)
Net Addition/(Reduction)	1,342	(1,302)	126	(112)	2,409

DuPont Analysis	FY25	FY26	FY27E	FY28E	FY29E
Tax Burden (%)	76.1%	74.7%	74.6%	75.1%	75.1%
Interest Burden (%)	98.6%	95.3%	97.8%	103.1%	106.9%
EBIT Margin (%)	5.4%	7.1%	7.1%	7.4%	7.7%
Asset Turnover (x)	2.4	2.4	2.4	2.3	2.3
ROE (%)	15.7%	20.8%	22.9%	23.9%	24.2%

Source: RRKABEL, Choice Institutional Equities

Historical share price chart: RRKABEL



Date	Rating	Target Price
July 30, 2025	BUY	1,820
November 4, 2025	BUY	1,820
February 3, 2026	BUY	1,820
May 1, 2026	BUY	1,910
July 28, 2026	BUY	2,930

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CHOICE RATING DISTRIBUTION & METHODOLOGY	
Large Cap*	
BUY	The security is expected to generate upside of 15% or more over the next 12 months
ADD	The security is expected to show upside returns from 5% to less than 15% over the next 12 months
REDUCE	The security is expected to show upside or downside returns by 5% to -5% over the next 12 months
SELL	The security is expected to show downside of 5% or more over the next 12 months
Mid & Small Cap*	
BUY	The security is expected to generate upside of 20% or more over the next 12 months
ADD	The security is expected to show upside returns from 5% to less than 20% over the next 12 months
REDUCE	The security is expected to show upside or downside returns by 5% to -10% over the next 12 months
SELL	The security is expected to show downside of 10% or more over the next 12 months
Other Ratings	
NOT RATED (NR)	The stock has no recommendation from the Analyst
UNDER REVIEW (UR)	The stock is under review by the Analyst and rating may change
Sector View	
POSITIVE (P)	Fundamentals of the sector look attractive over the next 12 months
NEUTRAL (N)	Fundamentals of the sector are expected to be in stasis over the next 12 months
CAUTIOUS (C)	Fundamentals of the sector are expected to be challenging over the next 12 months

*Large Cap: More Than INR 20,000 Cr Market Cap
*Mid & Small Cap: Less Than INR 20,000 Cr Market Cap

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