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Issue Detail	
Price Band (Rs)	Rs.983 - Rs.1,035
Face Value (Rs)	5
Issue Size (Rs)	1962.88 Cr
Issue Type	Book Built Issue IPO
Minimum lot	14 Shares
Issue Opens	September 13, 2023
Issue Closes	September 15, 2023
Listing on	BSE, NSE

Indicative Timeline	On or before
Finalization of Basis of Allotment	September 21, 2023
Unblocking of Funds	September 22, 2023
Credit of shares to Demat Account	September 25, 2023
Listing on exchange	September 26, 2023

Other Detail	
Book Running Lead Managers	Axis Capital Limited Citigroup Global Markets India Private Limited Hsbc Securities & Capital Markets Pvt Ltd JM Financial Limited
Registrar	Link Intime India Private Limited.

IPO Shareholding (%)		
Category	Pre-Issue	Post-Issue
Promoters	66.42%	62.77%
Public	33.58%	37.23%
Total	100.00%	100.00%

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R R KABEL LIMITED

Company Background

R R Kabel Limited (RRK) was incorporated in 1995 which provides consumer electrical products used for residential, commercial, industrial, and infrastructure purposes. It has two broad segments: 1) Wires & cables including house wires, industrial wires, power cables, and special cables 2) FMEG including fans, lighting, switches, and appliances. The company undertakes the manufacturing, marketing, and sale of wires and cable products under 'RR Kabel' brand, and fans and lights under the 'Luminous Fans and Lights' brand. The company has three manufacturing units located at Waghodia, Gujarat, and Silvassa, Dadra and Nagar Haveli, and Daman and Diu which primarily carry out manufacturing operations of wire and cables and switches. Apart from that, it owns and operates three integrated manufacturing facilities which are located at Roorkee, Uttarakhand; Bengaluru, Karnataka; and Gagret, Himachal Pradesh, which carry out manufacturing operations in respect of FMEG products. Company's clientele comes from both the domestic market and international markets. In the last three months ending June 30, 2023, 71% of its revenue from operations came from the wires and cables segment; and 97% of the revenue from operations came from the FMEG segment, from the B2C channel.

Issue Details

The IPO total issue size upto Rs 1,964.01 Cr. (Fresh Issue of 180 Cr. and Offer for Sale of 1,784.01 Cr.).

Issue Objectives

1. Repayment or prepayment, in full or in part, of borrowings availed by the company from banks and financial institutions.
2. General corporate purposes

IPO Share Issue Structure

Category	Allocation	Number of Shares at ₹ 1,035	Value at upper band
			(Rs. in Cr.)
QIB (Institutional)	50%	94,30,338	976.04
Non Institutional	15%	28,29,101	292.81
Retail	35%	66,01,237	683.23
Employee*		1,15,261	10.80
Total	100%	1,88,60,677	1,962.88

Employee Discount is ₹98 Per Share*

Source: Company RHP, ACMIL Research

Outlook and Valuation

The company is well-positioned to capture a significant share of growth due to existing market share, brand recognition, diversified product portfolio, ability to innovate, scale of operations, sizeable and certified manufacturing facilities & infrastructure, quality and safety of products, and the reach of distribution network. At the upper price band of 1,035/-, stock is priced at 60.63 its FY23 EPS. **We recommend subscribing to the issue from a medium to long-term perspective.**

Company Overview

R R Kabel Limited is one of the leading companies in the Indian consumer electrical industry (comprising wires and cables and fast-moving electrical goods (FMEG) with an operating history of over 20 years in India. The Indian consumer electrical industry was estimated at ₹1,811.50 billion in Fiscal 2023 and is expected to grow at a compounded annual growth rate CAGR of 10% until Fiscal 2027 to reach a market value of approximately ₹2,665.00 Bn.

R R Kabel is one of the leading companies in the Indian consumer electrical industry on account of the following:

- Fastest growing consumer electrical company among peers in India, growing at a CAGR of 43.4% between Fiscal 2021 and Fiscal 2023.
- Fifth largest player in the wires and cables market in India, representing approximately 5% market share by value as of March 31, 2023.
- Fifth largest player in branded wires and cables market in India, representing approximately 7% market share by value as of March 31, 2023 as compared to approximately 5% market share by value as of March 31, 2015.
- Highest revenue contribution from the business-to-consumer ("B2C") sales channel in wires and cables with approximately 74% of revenue coming from the B2C sales channel as of March 31, 2023.
- In calendar year 2022, it is one of the leading exporter of wires and cables from India, in terms of value, representing approximately 9% market share of the exports market from India.
- The company has the largest network of electricians, covering 271,264 electricians across India, as of March 31, 2023
- In Fiscal 2023, revenue contribution from FMEG segment is approximately 11%, which is highest among peers. This has continued to remain the highest at 11% among peers even in the three months ended June 30, 2023.
- The company has one of the highest number of distributors servicing the extensive retail footprint in consumer electrical industry as on March 31, 2023 and have increased retailer outlets by 3.5 times from 30,570 in Fiscal 2021 to 106,626 in Fiscal 2023, pursuant to undertaking several initiatives.

The Company undertake the manufacturing, marketing and sale of (i) wires and cable products under 'RR Kabel' brand, and (ii) a variety of consumer electrical products, including fans and lights under the 'RR' brand, which is licensed by company. It also manufacture, market and sell fans and lights under the 'Luminous Fans and Lights' brand, which is licensed by company. 'RR Kabel' brand has over 20 years of operating history, while the 'RR' and the 'Luminous Fans and Lights' brands, which are licensed by company, have over 7 years and over ten years of operating history, respectively

The wires and cables segment has been in operation since Fiscal 1999 and includes a wide range of products such as house wires, industrial wires, power cables and special cables. RRK was the first company in India to introduce low smoke zero halogen ("LSOH") insulation technology in wires and cables products, and to introduce unilay core technology (heat resistant and flame retardant) products. The wires and cables segment contributed to 88.56% and 89.09% of revenue from operations in Fiscal 2023 and three months ended June 30, 2023, respectively.

Business Operations

The company sell products across two broad segments:

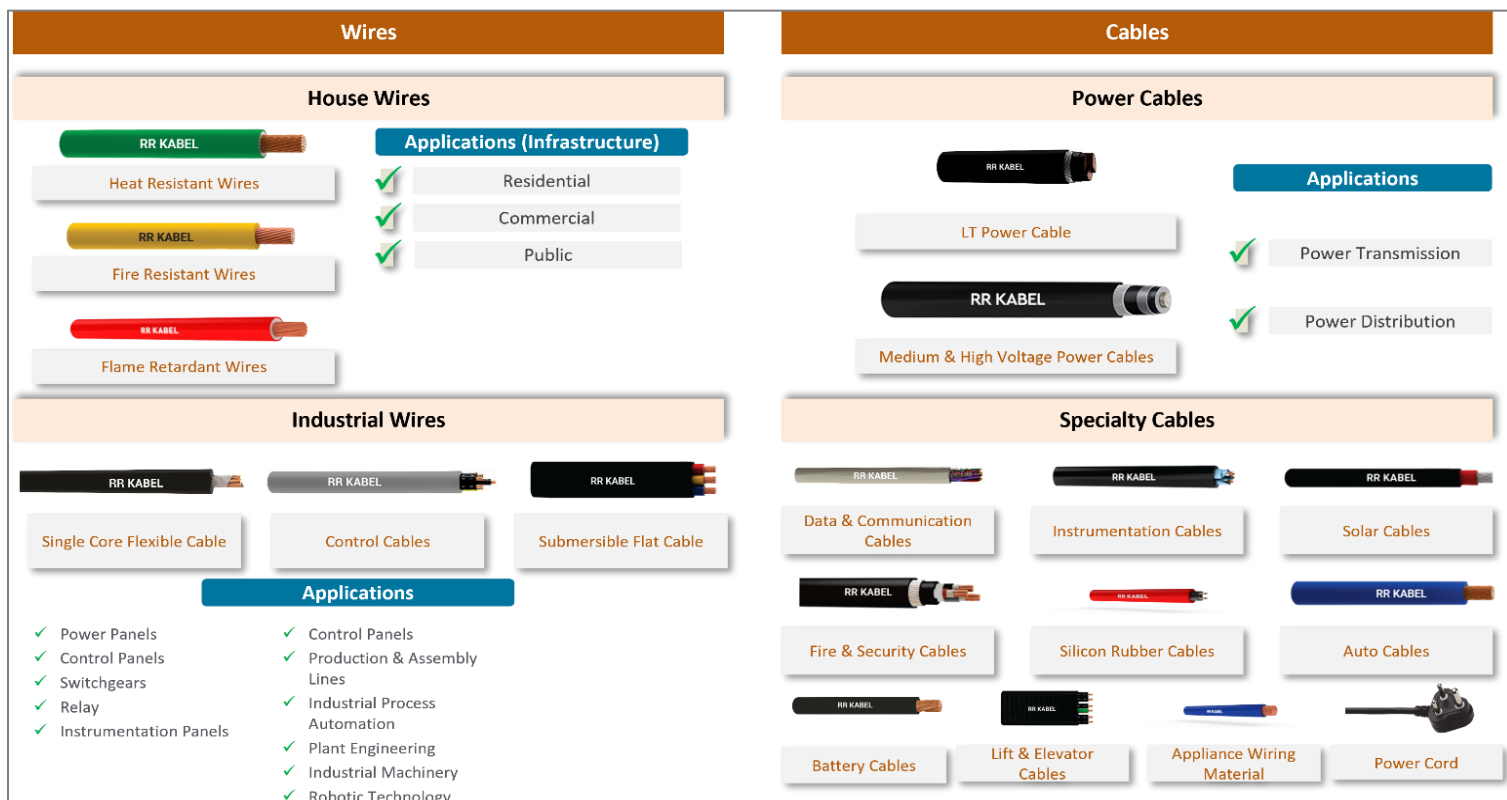
1) Wires and cables including house wires, industrial wires, power cables and special:

In three months ended June 30, 2023, 71% of revenue from operations is from wires and cables segment (of which all of revenue from operations from house wires products).

2) FMEG including fans, lighting, switches and appliances:

In three months ended June 30, 2023, 97% of revenue from operations from FMEG segment, are from the B2C channel.

The product's end use determines whether the sale is through a business-to-business ("B2B") or B2C channel. Therefore, B2C sales provide a higher gross margin as compared to B2B sales.



Source: Company RHP, ACMIL Research

Industry Overview

Wires & Cables (W&C) industry

The Indian W&C industry is estimated to have grown in the low teens in FY23 to ₹ 680-730 billion in size, contributing to 40-45% of the Indian electrical industry. Sectors like Power, Railways, Infrastructure, Oil & Gas, Telecom, Real Estate, Renewables, Defence, Automobiles, etc. are the largest demand drivers for the industry. Organized players command a lion's share of the market, at roughly 70%, while unorganized players largely dominate the rural geographies.

The demand for W&C industry is expected to be driven by factors such as expansion and modernization of power transmission and distribution infrastructure, up-gradation and expansion of the railway network, increased investments in metro railroads, smart grid initiatives, and development of smart cities.

Fast Moving Electrical Goods (FMEG)

FMEG industry Fast-Moving Electrical Goods (FMEG) are consumer electrical goods sold through various retail trade outlets and e-commerce platforms. These include fans, lights, luminaires, switches, switchgear, conduits and fittings, and so on. Over the years, the industry has evolved rapidly with the increasing participation of organized players and the emphasis on branding. Structural drivers like changes in demography, consumer behavior, technology, and rising disposable incomes have catapulted the growth of the organized FMEG sector in India.

Key Industry Demand Driver

Public and private investment outlay in infrastructure

Various policy interventions have been undertaken by GoI in the infrastructure sector to boost India's GDP and economic growth. These initiatives intend to drive the growth of W&C and FMEG industry in India.

Continued growth of residential real estate sector

Every newly built residential unit implies not only increased demand for W&C and FMEG products like light, fans and switches, but also creates an installed base for replacement demand for these products.

The demand for residential real estate in India depends on various factors such as population growth, economic conditions, and lifestyle changes. With the rise in population and urbanization, the demand for houses is likely to increase. India is expected to witness the growth in residential real estate market driven by both, the private sector led residential real estate and of government led aimed at affordable housing (PMAY and others).

Resilient commercial real estate sector

The commercial property market is estimated to expand at a CAGR of almost 13% from the projected period of the CY 2022 to CY 2027. The commercial real estate sector mainly comprises of office space, retail space, data center space in both owned and leased premises.

Transition of automobiles and transport towards electric vehicles (“EVs”)

EVs use electricity to charge their batteries which requires proper setup of wiring cables and switches to ease the process of plug- in/out at the charging stations or at home. With the increase in transition of automobiles and transports towards EVs, there is an increased demand for supply of charging stations, thus enabling the supply of more electrical products. Therefore, it is an important demand driver for the W&C industry.

Rural electrification

The betterment of road connectivity of villages and rural areas with the towns and cities has improved the standard of living of rural households. With this, the demand for basic electricity needs has also grown over time in rural areas, thus increasing the demand of new supply of electrical goods.

Push towards renewable energy

As a part of Paris Agreement, Under the United Nations Framework Convention on Climate Change, many countries have committed to hold the increase in the global average temperature to well below 2°C above pre-industrial levels. Japan, South Korea, and European Union have announced net zero emissions by CY 2050. India has also announced to achieve net zero emission by CY 2070. Such commitments of different nations towards building a cleaner, greener, and sustainable environment have resulted in increased adoption of renewable energy projects such as solar and wind energy, which in turn is expected to serve as a key growth driver for W&C and FMEG industry in India as well as global market. India is planning to install 500 GW of renewable energy capacity by CY 2030, which is expected to involve an investment of at least ₹ 2.4 lakh crore.

Competitive Strengths

Scaled B2C business in the large and growing wires and cables industry

Wires and cables, primarily used for distribution and transmission of electrical power, are an important constituent, representing nearly 40% of the consumer electrical industry in India (comprising wires and cables and FMEG). In Fiscal 2023, the total domestic market for wires and cables industry was estimated at ₹748.00 billion and is expected to grow at a CAGR of 13% until Fiscal 2027 to reach a market value of ₹1,200.00 billion.

Diverse suite of products driven by focused research and development efforts with global certifications and accreditations

The company manufacture and sell a diverse portfolio of products across categories, giving an opportunity to cross sell products. The products in the wires and cables segment include 'Firex LSOH', 'Superex', 'Unilay', medium and high voltage power cables and control cables. The company also manufacture a range of special application cables that can be customized as per customer specifications.

Extensive domestic and global distribution network

Domestic: The company has an extensive pan-India distribution presence and as on June 30, 2023, 3,450 distributors, 3,656 dealers and 114,851 retailers. As part of distribution strategy, they strive to provide end-users a seamless experience through several touchpoints. Distributors purchase products from company and on-sell its products to end-users through retailers. Dealers purchase products from company and either, directly or through retailers, on-sell to end-users. The dealers, distributors and retailers, directly and indirectly, cover electricians. The company has one of the largest network of electricians, covering 271,264 electricians across India, as of March 31, 2023.

Exports: The Company has extended business strategy to export markets and focus on recurring B2C exports. In calendar year 2022, company was one of the leading exporter of wires and cables from India, in terms of value, representing approximately 9% market share of the exports market from India.

Well recognized consumer brands

RR Kabel is fastest growing consumer electrical company amongst peers in India, growing at a CAGR of 43.4% between Fiscal 2021 and Fiscal 2023.

The Company believe to focus on safety, quality and continuous innovation, together with distribution network, connect with electricians and digital and physical marketing efforts have enabled to develop brand recognition in the consumer electrical industry. Company has invested in implementing brand initiatives, such as Kabel Nukkad and Kabel Mela, to enhance brand visibility over the last few years.

Technologically advanced and integrated precision manufacturing facilities

RR Kabel own and operate five integrated manufacturing facilities - Waghodia Facility, Silvassa Facility, Roorkee Facility, Bengaluru Facility and Gagret Facility, each located in India. These facilities are accredited to Indian and international standards, capable of precision manufacturing of range of products. The Waghodia Facility is one of the largest consumer electrical manufacturing facilities in India as of March 31, 2023, with an annual manufacturing capacity of 2.1 million CKM of wires and cables. The Waghodia and Silvassa Facilities have the capability to manufacture a wide variety of wire and cable products including house wires, industrial wires, power cables and special cables. The manufacturing facilities give us the ability to manufacture 100% of requirements for wires and cables in-house. The percentage of overall rejection for wires and cables is low at 0.12% in three months ended June 30, 2023.

Well-positioned for growth in FMEG segment

In Fiscal 2023, the total domestic market for FMEG industry was estimated at ₹1,063.50 billion, representing approximately 59% of the total wires and cable and FMEG industry. This is expected to grow at a CAGR of 8% until Fiscal 2027 to reach a market value of approximately ₹1,465.00 billion, on account of the following:

- The fan market in India was estimated at ₹138.75 billion in Fiscal 2023, and is expected to grow at a CAGR of approximately 7% until Fiscal 2027 to reach a market value of ₹185.00 billion, driven in part by premiumization, shift towards branded play and increase in demand for replacement FMEG.
- The lighting market in India was estimated at ₹336.00 billion in Fiscal 2023, and is expected to grow at a CAGR of approximately 11% until Fiscal 2027 to reach ₹505.00 billion of annual sales, driven in part by premiumization and demand for replacement FMEG.
- The switch and switchgear market in India was estimated at ₹291.60 billion in Fiscal 2023, and is expected to grow at a CAGR of approximately 7% until Fiscal 2027 to reach ₹380.00 billion of annual sales, driven in part by the integration of smart monitoring and control units across power grid infrastructure and demand for replacement FMEG.

Experienced and committed professional management team

RR Kabel has professional and experienced management team, consisting of Key Managerial Personnel and Senior Management Personnel with experience in the consumer electrical businesses. The Chief Executive Officer was appointed in December 2022 and has extensive experience in the electrical industry. The leadership team is supported by experienced senior managers who have extensive industry knowledge and have been associated with company as well as with leading multinational companies in India and outside India

Key Business Strategies

Expand distribution and establish leadership position for wires and cables segment in India

The company believes that through expanding the distribution network in India, will benefit from greater connections and exposure to potential customers, thereby positioning themselves to grow market share in the domestic branded wires and cables and the general consumer electrical industry.

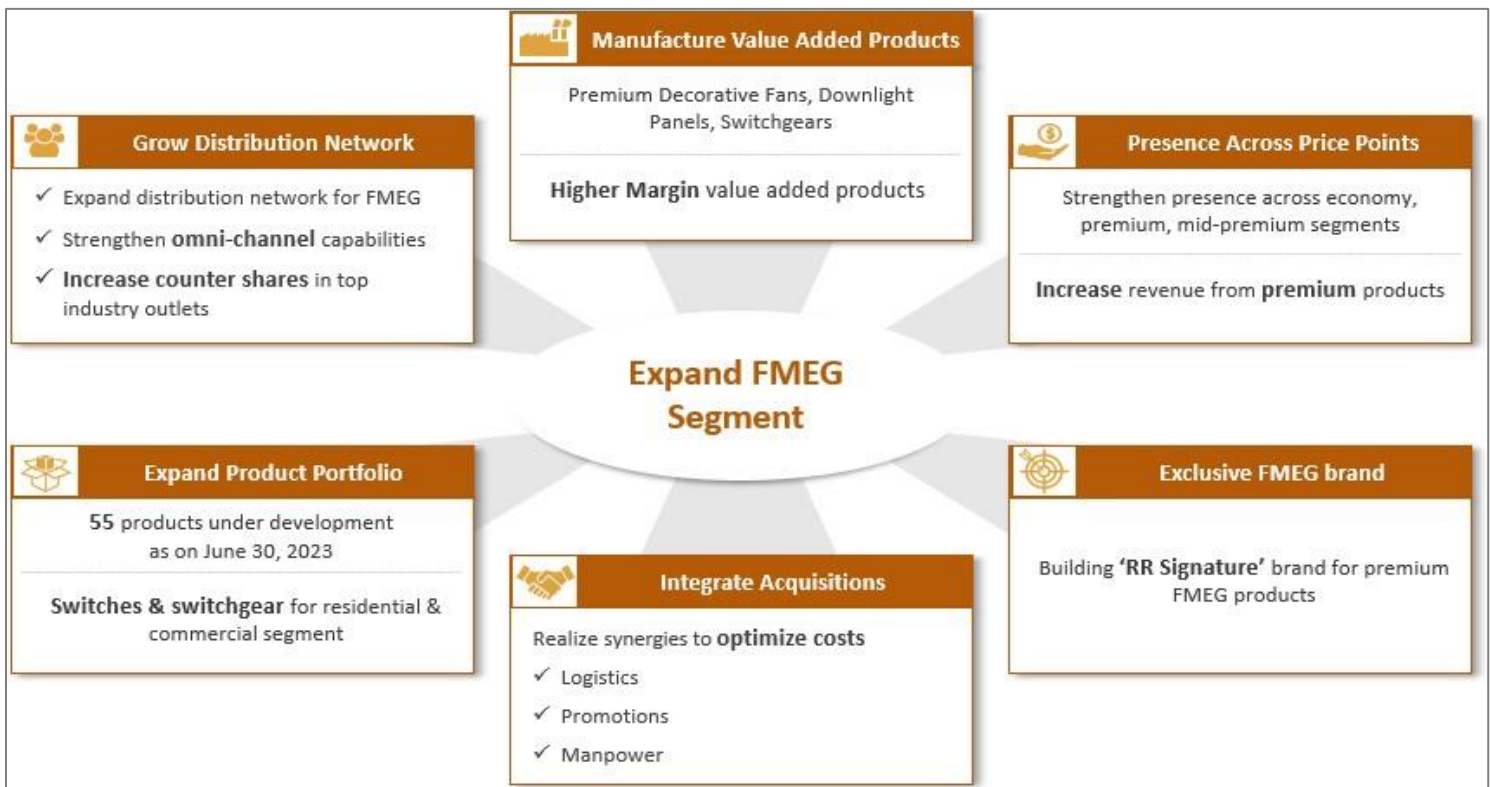
Enhancing the geographical footprint of wires and cables segment

In calendar year 2022, RR Kabel was one of the leading exporter of wires and cables from India, in terms of value, representing approximately 9% market share of the exports market from India. Leading players are well- positioned to benefit from the global shift from China-based manufacturing to China plus one strategy resulting in a share gain for Indian manufacturers in the global market.

Capitalize on the market opportunity in wires and cables segment, including through innovation and product development to expand the product portfolio

The total domestic market for wires and cables industry is expected to grow at a CAGR of 13% between Fiscal 2023 and Fiscal 2027. The emergence of new age sectors such as the construction of Multimodal Logistics Parks (“MMLPs”) as a part of the Gati Shakti National Master Plan, local data centers and airports is expected to drive the increase in demand of wires and cables such as flexible cables, control and instrumentation cables and also FMEG products in India.

Grow and expand FMEG segment organically and inorganically



Source: Company RHP, ACMIIL Research

Enhance productivity and operational efficiencies

RR Kabel intends to enhance efforts to improve productivity and operational efficiencies by investing in technology. It has implemented several low cost automation solutions to improve process reliability, product quality and down times. This includes automating packing process in the Waghodia Facility with an auto conveyor that has weighing, auto strapping and shrink wrapping capabilities, as well as installing multilayer storage systems.

Enhancing environmental initiatives

The Company adopts a structured approach to developing and implementing environmental initiatives. This involves the articulation of environmental goals (including meeting the customer expectations on sustainability), and the identification of material issues along with a gap analysis of existing policies via peer benchmarking and the selection of green key performance indicators (Green KPI's) of environmental initiatives.

Financial Snapshot (Consolidated)

Particulars (in ₹ Mn)	As at / for the Fiscal ended March 31,			Three months ended June 30,
	2021	2022	2023	2023
Revenue from operations	27,239.41	43,859.36	55,992.00	15,973.14
Profit for the year / period	1,353.98	2,139.37	1,898.72	743.48
PAT Margin (%)	4.93%	4.83%	3.37%	4.61%
EBITDA	2,532.40	3,537.27	3,577.04	1,298.99
EBITDA Margin (%)	9.22%	7.98%	6.35%	8.05%
Return on Capital Employed (%)	13.59%	17.41%	15.57%	5.95%
Return on Equity (%)	13.88%	18.63%	14.22%	5.05%
Debt to Equity Ratio (times)	0.48	0.42	0.36	0.26
Fixed Asset Turnover ratio (times)	7.01	11.12	12.37	3.1
Wires and cables volume (MT)	37,139.00	45,629.00	54,571.00	15,559

Source: Company RHP, ACMIIL Research

Comparison with Listed Peers FY23

Name of Company	Face Value Per Share	Total Income, for Fiscal 2023 (in ₹ million)	EPS (₹)		P/E	Return on Net Worth (%)
	(₹)		Basic	Diluted		
R R Kabel Limited	5	56,336.40	17.09	17.07	60.63	13.66
Havells India Limited	1	1,70,884.40	17.11	17.11	79.49	16.18
Polycab India Limited	10	1,42,411.04	84.87	84.61	62.57	19.23
KEI Industries Limited	2	69,399.53	52.94	52.86	49.72	18.44
Finolex Cables Limited	2	45,988.50	32.97	32.97	34.52	11.54
V-Guard Industries Limited	1	41,424.83	4.38	4.35	72.37	11.76
Crompton Greaves Consumer Electricals Limited	2	69,363.90	7.29	7.27	41.81	15.33
Bajaj Electricals Limited	2	55,051.14	18.8	18.77	62.5	11.34

Source: Company RHP, ACMIIL Research

Risks and concerns

- **Fluctuation in currency exchange rate**

Indian manufacturers are largely dependent on imports for sourcing LED manufacturing components and therefore fluctuation in rupee-dollar exchange rate is a concerning factor for the industry. These imported raw materials when exposed to exchange rate fluctuation, may result in abrupt increase in overall cost, thereby impacting the margin of the players.

- **Increasing competition**

Several companies have entered the lighting market with similar offerings at a cheaper price thereby, reducing the profit margins. Additionally, the industry faces intense competition from Chinese imports present in the domestic market with low quality products, resulting in low margins for the local manufacturers.

- **Increase in GST Rates**

GST rates on LED lights and components have increased from 12% to 18% in Fiscal 2022, which is expected to result in an increase in the price of LED lights and components and that will likely need to be absorbed by the consumers or the players or by both of them.

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