

# RR Kabel Ltd

## Well placed within W&C industry – Subscribe

- RR Kabel (RR) is India's fastest growing consumer electric company (FY21-FY23) and the fifth largest in the W&C space with a branded value market share of ~7% at FY23-end (FY15: ~5%). The company is also amongst India's leading W&C exporters.
- While 89% of the company's FY23 revenues were W&C-driven, RR Kabel has been focussing on growing its FMEG business both organically and inorganically.
- The company has one of the largest electrician networks of 298,084 and a retailer network of 114,851. RR Kabel remains a dominant player in India's western and central regions, even as they relatively weak in the East and South regions.
- RR Kabel has all the key growth levers in place: strong industry tailwinds, a solid brand name, and an extensive product portfolio and distribution network. Over FY20-FY23, the company's revenue/EBITDA/PAT have grown at a 31%/16%/16% CAGR.

**Good time for W&C industry:** India's W&C industry continues to benefit from strong tailwinds such as govt.'s infra thrust, rural electrification, higher per capita consumption of electricity, growth in commercial and residential sectors, 5G rollout, digitization initiatives, and China+1 strategy. With rising income and brand awareness, the industry's branded share is up from 57% in FY15 to 72% in FY23 (to touch 80% ahead). RR Kabel is well placed given its strong product portfolio, robust distribution network, brand image, and product quality.

**Focus on leveraging strong distribution network:** RR Kabel has a retailer network of 114K and one of the largest electrician networks of 298,084. It has bifurcated its market states into winner (>9% market share), growing (5-9%) and opportunity (less than 5%). Under Project KarRRma, it is eyeing to double its market share and retail reach in the house wire (HW) business. Over FY21-1QFY24, RR Kabel has grown its winning states from 9 to 12; but 15 states are under opportunity stage, implying huge growth headroom.

**Solid manufacturing, R&D capabilities:** RR has 5 manufacturing units at Waghodia, Silvassa, Roorkee, Bengaluru and Gagret are accredited to Indian and international standards and capable of precision manufacturing. W&C products are fully manufactured in-house, and 37% of FMEG products. RR also makes RMs like PVC compound, LSOH compound, cross-linked polythene compound, and solar cable compound and aims to manufacture thermoset e-beamable LSOH compound in FY24. In FY23, it launched 13/75 W&C/FMEG products.

**To grow FMEG organically/inorganically:** Over FY23-FY27E, the FMEG market is expected to grow at an 8% CAGR; RR Kabel is well placed to grab share of the pie given its strong product portfolio, brand, and omni channel presence. Besides, the acquisition of Arraystorm and Luminous fans and lights has enhanced its brand presence, positioning and manufacturing capabilities. Focus ahead would be on launching products across price points.

**Strong overseas positioning:** RR Kabel is present in 63 countries with a ~9% export market share in India. It has 35 international product certifications – the highest among Indian peers. Industry players have increased focus on exports amid huge opportunities due to China + 1 strategy. We believe RR Kabel is well placed with its strong product portfolio and certifications.

**Financial Profile:** Over FY20-23, revenue / EBITDA / PAT has grown at a CAGR of 31% / 16% / 16% respectively. While majority of the revenue comes from B2C biz which offers higher margins, RR's margins remained lower compared to other listed players majorly due to significant impact on the gross margin profile for the company. Going ahead, key focus of RR remains on improving efficiency and utilization levels which may drive margin expansion.

Issue Details	
Fresh Issue Size	Rs. 1,800mn
Face Value	5
Offer for Sale	17,236,808 Shares
Price Band	Rs. 983-1,035
Bid Lot	14 Shares and in multiple
Implied M Cap	Rs. 109-115bn
Issue Opens on	13 <sup>th</sup> September, 2023
Issue Closes on	15 <sup>th</sup> September, 2023
Listing	BSE and NSE

Issue Breakup	% of Issue
QIB	50%
NIB	15%
Retail	35%

Activity	Date
Finalisation of basis of allotment	21-09-2023
Refunds / Unblocking of ASBA Funds	22-09-2023
Credit of shares to DP Account	25-09-2023
Trading Commencement	26-09-2023

Shareholding (%)		
Category	Pre Issue	Post Issue
Promoters & Promoters Group	66.4%	62.8%
Public	33.6%	37.2%
Total	100.0%	100.0%

### Analysts

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## IPO Details

### Issue Size & Purpose

#### Exhibit 1: Issue Details

Offer details	Number of shares	Amount (Rs mn)
Fresh Issue	1,831,129 ^ - 1,739,130 Shares ~	1,800
Offer for Sale	Up to 17,236,808 equity shares ~	17,840
<b>Total Issue Size</b>		<b>19,640</b>

Source: Company Data, Equirus

~ On upper band

^ On lower band

#### Exhibit 2: OFS Details

Offer For Sale	Up to 17,236,808 Shares
<b>Selling Shareholders</b>	
Mahendrakumar Rameshwarlal Kabra - Promoter Selling Shareholder	Up to 754,417 Shares
Hemant Mahendrakumar Kabra - Promoter Group Selling Shareholder	Up to 754,417 Shares
Sumeet Mahendrakumar Kabra - Promoter Group Selling Shareholder	Up to 754,417 Shares
Kabel Buildcon Solutions Private Limited - Promoter Group Selling Shareholder	Up to 707,200 Shares
Ram Ratna Wires Limited - Other Selling Shareholder	Up to 1,364,370 Shares
TPG Asia - Investor Selling Shareholder	Up to 12,901,877 Shares

Source: Company Data, Equirus

#### Exhibit 3: Objects of the issue

Objects of the issue	Rs in mn
Repayment or prepayment, in full or in part, of borrowings availed by the company from banks and financial institutions	1,360
General Corporate Purpose	*
<b>Total</b>	<b>*</b>

Source: Company Data, Equirus

### Comparative Valuation

#### Exhibit 4: Comparable valuation

Company	CMP	P/E	EV / EBITDA	P/B	ROE
RR Kabel	1,035	57	36	11	14.2%
Polycab	5,148	54	38	10	21.0%
Finolex Cables	1,159	31	29	4	14.4%
KEI Industries	2,593	45	30	8	20.2%
Havells	1,446	74	50	12	17.1%
V-Guard Industries Ltd	315	70	44	8	13.9%

Source: RR Kabel RHP, Equirus

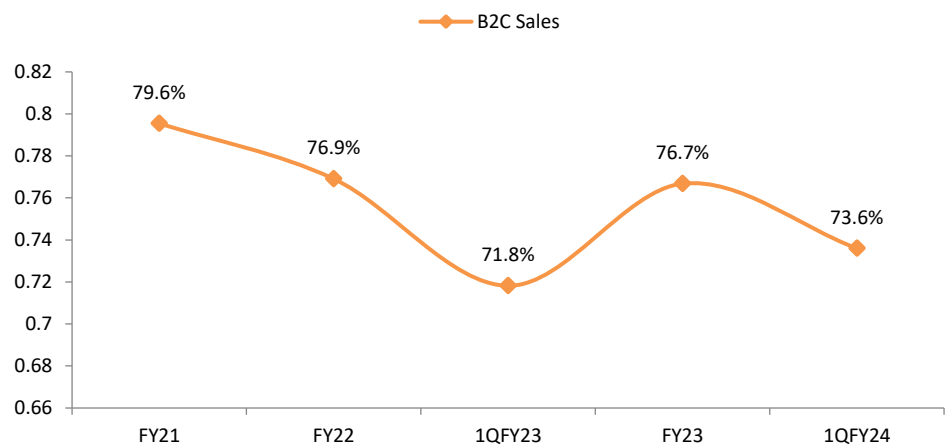
## Key Strengths

### Scaled B2C business in a large & growing W&C industry

- The W&C industry continues to benefit from strong tailwinds such as rural electrification, increase in per capita consumption of electricity, expansion of residential and commercial real estate sector, transition towards clean green energy, China+1 strategy, government support in terms of infrastructure and housing, and emergence of new-age sectors like data centres. Additionally, a shift towards branded players, technological intervention, and marketing initiatives are aiding branded players.
- RR Kabel believes it is well-positioned to capture a significant share of this growth due to its existing market share, brand recognition, a diversified product portfolio, ability to innovate, scale of operations, sizeable and certified manufacturing facilities and infrastructure, quality and safety of products, and distribution reach.

#### Exhibit 5: B2C-driven business

B2C a major revenue driver, with a ~74% share in 1QFY24



Source: RR Kabel RHP, Equirus

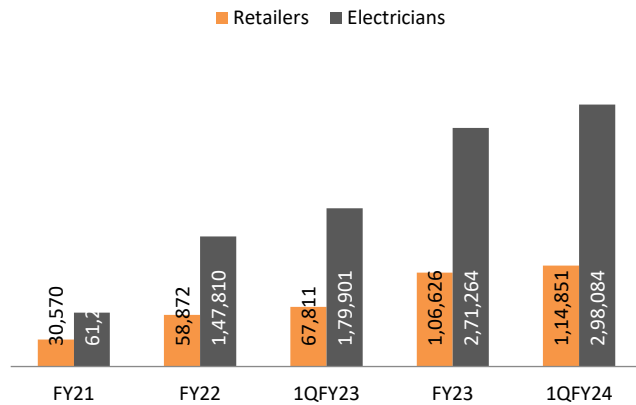
### Extensive domestic & global distribution network

- RR Kabel had one of the largest networks of electricians (271,264) across India as of Mar'23. Pursuant to several initiatives, the company has increased its electrician network from 61,224 in FY21 to 298,084 for the period ended Jun'23.
- As of Jun'23, RR Kabel had 789 employees in sales & marketing to coordinate with distributors, dealers, and retailers. It also has an 'Individual Bungalow Team' in some metros/tier I cities to identify new constructions of individual bungalows and contact end-users.
- As of Jun'23, RR Kabel had 21 warehouses across India's 17 states and UTs and aims to consolidate them over time. Warehouses are strategically located to optimize distribution by transport to achieve an optimal balance between lead time to service and distribution costs.
- Electricians are key decision makers in the consumer electrical industry. RR Kabel has implemented a partner loyalty program for retailers and electricians, including RR Connect's mobile phone application and web portal, and rewards schemes (RR Dosti 3.0, Udaan 3.0).
- RR Kabel launched 'Project KaRRma' in FY20 in two phases to achieve a higher market share in HWs by expanding retail outlets, electricians, sales force, and product portfolio. The company intends to double its market share and retail outreach in domestic house wires, by increasing micro and nano market reach. It is connected with retail outlets through routine visits and has launched loyalty management programs for electricians and retailers.
- RR Kabel has launched a five-year initiative 'Project Lakshya' in FY20, comprising two phases beginning with an objective to grow fans & lights portfolio organically and inorganically, and thereafter integrating the HEB of Luminous Fans and Lights brand. It aims to integrate Luminous HEB by enhancing synergies at the back and front end from manufacturing to sales,

As of Jun'23, RR Kabel had an electrician network of 298,084, and 21 warehouses across India's 17 states and UTs

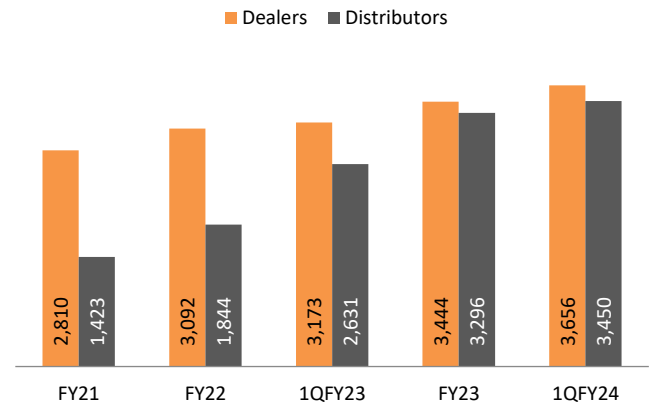
including by design integration and integration of functions, such as warehousing, logistics, procurement, and sales integration.

Exhibit 6: Strong retailer & electrician network



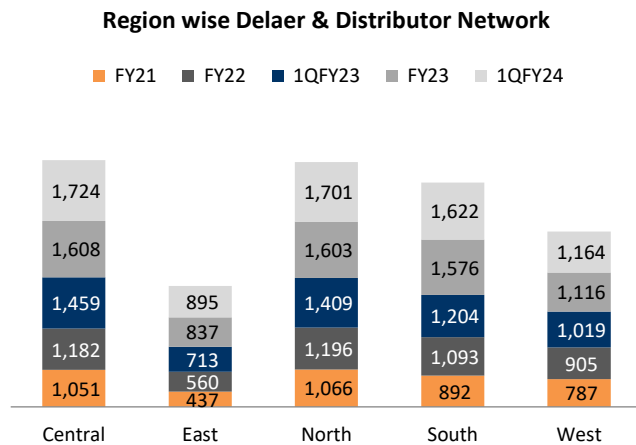
Source: Company Data, Equirus

Exhibit 7: Extensive distribution network



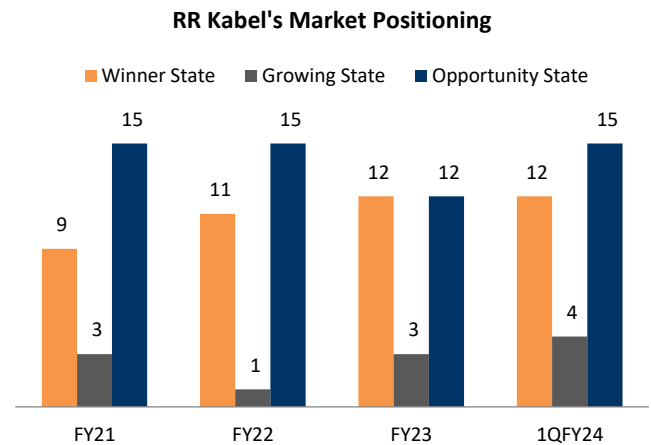
Source: Company Data, Equirus

Exhibit 8: Pan-India dealer-distributor network



Source: RR Kabel RHP, Equirus

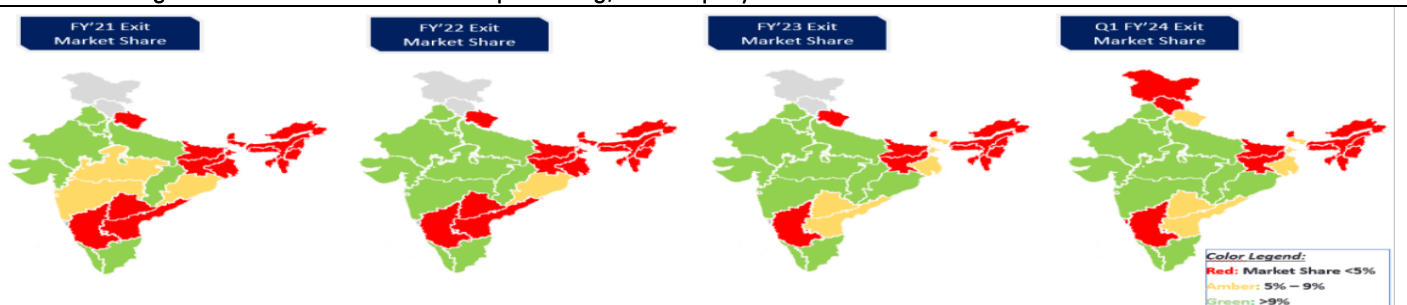
Exhibit 9: RR Kabel's market positioning



Source: RR Kabel RHP, Equirus

- RR Kabel has a focused approach towards expanding its geographical market share in India. For instance, for 90 meters HW, it has classified its geographical presence in India into 'winner', 'growing' and 'opportunity' states. In 'winner' states, the company has more than 9% value market share, in 'growing' states a 5-8.9% value market share, and in 'opportunity' states less than 5% value market share.

Exhibit 10: Market segmentation in terms of RR Kabel's positioning; the company seems weaker in East and South markets



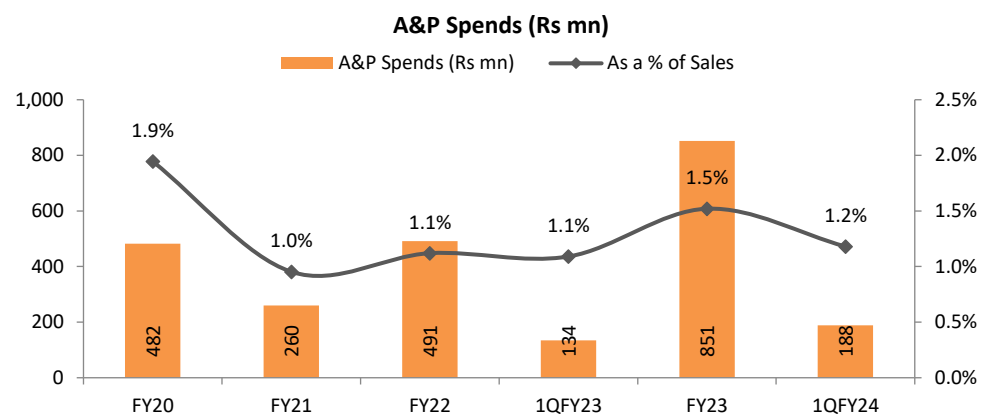
Source: RR Kabel RHP, Equirus

## Well-recognized consumer brands

- RR Kabel is the fastest growing consumer electrical company amongst peers in India, clocking a 43.4% CAGR over FY21-FY23.
- The company is the fifth largest player in India's W&C market, representing a ~5% market share by value as of FY23. Its value share in the branded W&C market is ~7% as of FY23-end vs. ~5% as of FY15.
- RR Kabel's focus on safety, quality, and continuous innovation, together with distribution network, connect with electricians, and digital and physical marketing efforts have enhanced its brand positioning. Its brand also provides the opportunity to cross-sell FMEG products to W&C customers.
- RR Kabel believes connections with electricians through incentive-driven marketing provides it a unique competitive advantage and ensures long-term stickiness.

Value share in the branded W&C market at ~7% as of FY23-end

Exhibit 11: A&P spends over the years



Source: RR Kabel RHP, Equirus

## Technologically advanced & integrated precision manufacturing facilities

- RR Kabel owns and operates five integrated manufacturing facilities in Waghodia, Silvassa, Roorkee, Bengaluru and Gagret. These facilities are accredited to Indian and international standards, capable of precision manufacturing a range of products.

Exhibit 12: Production capacities & utilization levels

Manufacturing Facilities	Product	Unit of Measurement	FY21		FY22		FY23		1QFY24	
			Installed Capacity	Utilization Level	Installed Capacity	Utilization Level	Installed Capacity	Utilization Level	Installed Capacity	Utilization Level
Waghodia, Gujarat	W&C - Copper & Aluminum	CKM	13,49,850	55%	17,19,300	62%	21,16,620	62%	5,63,230	69%
	Various types of Compound #	Mts	25,300	64%	39,950	55%	40,400	63%	10,200	73%
	Switch	Numbers	9,00,000	17%	56,83,000	59%	89,25,000	81%	24,98,400	83%
Silvassa, Dadra Nagar Haveli & Diu	W&C	CKM	19,41,000	61%	19,41,000	67%	19,36,000	87%	4,84,000	72%
	Various types of Compound #	Mts	13,200	65%	13,200	75%	13,200	86%	3,300	86%
Roorkee, Uttarakhand	Fan	Numbers	15,00,000	29%	15,00,000	35%	15,00,000	50%	3,75,000	63%
	Lights	Numbers	55,12,500	62%	39,00,000	42%	18,00,000	32%	4,50,000	18%
Bengaluru, Karnataka	Fan	Numbers	*	*	*	*	16,50,000	42%	4,12,500	54%
Gagret, Himachal Pradesh	Lights	Numbers	1,32,096	50%	1,21,088	81%	1,32,096	81%	33,024	79%

Source: RR Kabel RHP, Equirus

#Various types of compounds include polyvinyl chloride compound, low smoke zero halogen compound, cross-linked polythene compound and solar cable compound.

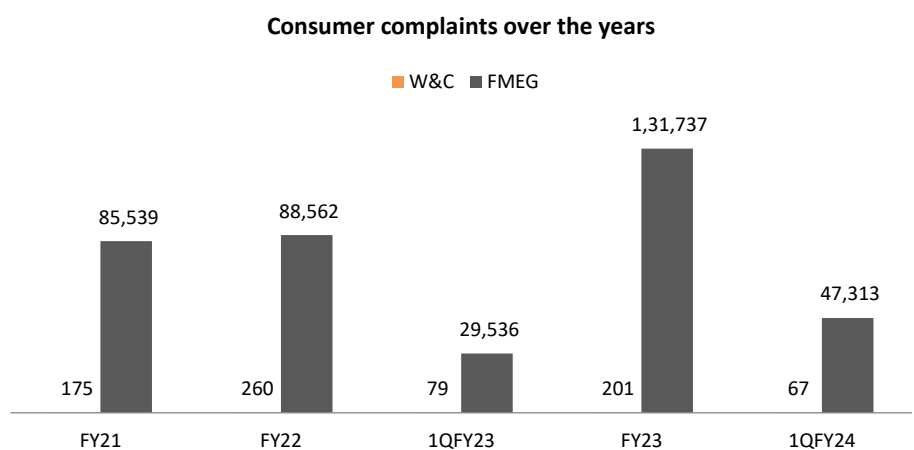
\*The company acquired Gagret Facility during FY23. Capacity of Gagret factory has been considered from 1 May'22.

- W&C is fully manufactured in-house and FMEG 37%. For rest of the needs, the company sources from more than 25 OEMs. Overall rejection for W&C was ~0.12% for 1QFY24.

- As of Jun'23, RR Kabel has a dedicated R&D team of 60, of which 22 exclusively work on R&D involving FMEG products.
- The company is backward integrated and manufactures several key raw materials in-house, at its Waghodia and Silvassa facilities. These RMs include PVC compound, low smoke zero halogen (LSOH) compound, cross-linked polythene compound and solar cable compound.
- RR Kabel intends to start manufacturing other RMs such as thermoset e-beamable LSOH compound in FY24. As of date of this RHP, the company had conducted various procedures to develop such manufacturing capabilities, including fine-tuning the formulation design, checking the commercial viability, and selecting and procuring RMs.
- Manufacturing facilities and warehouses are strategically located to achieve shorter time to market, greater cost competitiveness (via proximity to RM suppliers), and responsiveness of inventory positions to changes in the portfolio market. This allows the company to cater to domestic and international markets.
- The acquisition of HEB of 'Luminous Fans and Lights' in May'22 allowed RR Kabel to expand into the premium FMEG segment through access to manufacturing capabilities for premium FMEG products. For FMEG, the company manufactures switches at the Waghodia facility. Further, it makes fans at the Gagret facility and both fans and some professional/trade lighting products at the Roorkee Facility at low production costs.
- RR Kabel's central quality and test laboratory for W&C at Waghodia is accredited by NABL and as of Jun'23 can perform 694 tests on products. Besides, it has quality control departments at remaining facilities for process monitoring, RM testing, and type-testing of products. The company also has a dedicated quality control department for quality testing of switches at the Waghodia facility. Certain products manufactured at Waghodia have over 30 global accreditations and registrations.
- The Waghodia facility manufactures majority of products for the export market, and Silvassa facility for the domestic market.
- RR Kabel offers two years of warranty for FMEG products. The company has redressed 100% of its consumer complaints.
- RR Kabel has a quality team of 151 employees.

*RR Kabel's central quality and test laboratory for W&C at Waghodia is accredited by NABL and as of Jun'23 could perform 694 tests on products*

**Exhibit 13: Consumer complaints over the years**



Source: RR Kabel RHP, Equirus

## Well-positioned for growth in FMEG

- RR Kabel believes it is well-placed to capture a significant growth share in the FMEG segment, as a result of its omni-channel presence, extensive distribution network, a diversified product portfolio across price points, and ability to identify product gaps in the segment.
- In FY20, RR Kabel diversified into the FMEG segment by amalgamating the business from a group company. In FY20, it also acquired LED Lights Business of Arraystorm to add professional lighting fixtures and LED lights to its portfolio. Further, pursuant to recent acquisition of the HEB of 'Luminous Fans and Lights' in May'22, RR Kabel added lights and premium/mid-premium fans, thereby expanding its FMEG segment. This acquisition helped add over 23,046 retailers at the time of acquisition.
- These acquisitions have helped realize synergies through cost optimization as:
  1. Similar RMs are required by W&C and FMEG
  2. Logistics and transportation costs reduce as multiple products are carried and product volume transported is increased
  3. FMEG and W&C segments have pan-India demand
- Key benefits due to acquisitions:
  1. Improved retail distribution with the addition of retailers
  2. Access to alternate channels such as e-commerce
  3. Product portfolio expansion across price points
  4. Boost to R&D and ability to launch new and improved designs with automated manufacturing and design and in-house testing facilities. The company added over 54/5-star rated models and 12/3 BLDC fans in FY23/1QFY24.

## Experienced & committed professional management team

- RR Kabel's management team consists of KMP and senior management personnel with experience in the consumer electrical business. The CEO was appointed in Dec'22 and has rich experience in the electrical industry. The leadership team is supported by experienced senior managers who have extensive industry knowledge and been associated with leading multinational companies.
- Management team has demonstrated ability to develop and execute a focused strategy to grow business, including in emerging and developed markets, thus strengthening its market position. A combination of promoters, professional leadership, and investors has provided a competitive advantage and products with quality and safety.

## Key Strategies

### Expand distribution & establish leadership in India's W&C market

- An expanding distribution network in India will lead to greater connections and exposure to potential customers, thereby enabling RR Kabel to grow its market share in domestic branded W&C and the general consumer electrical industry.
- RR Kabel has identified geographies where it does not have a significant presence and is increasing distribution and sales efforts to grow market share here.
- The company is strengthening its existing presence on e-commerce platforms to develop an omni-channel presence. This apart, RR Kabel is expanding its product mix in established markets to capitalize on the shift to branded players and changing consumer preferences for branded products that offer quality and safety features.
- RR Kabel also intends to grow its on-shelf brand presence by expanding existing offerings.

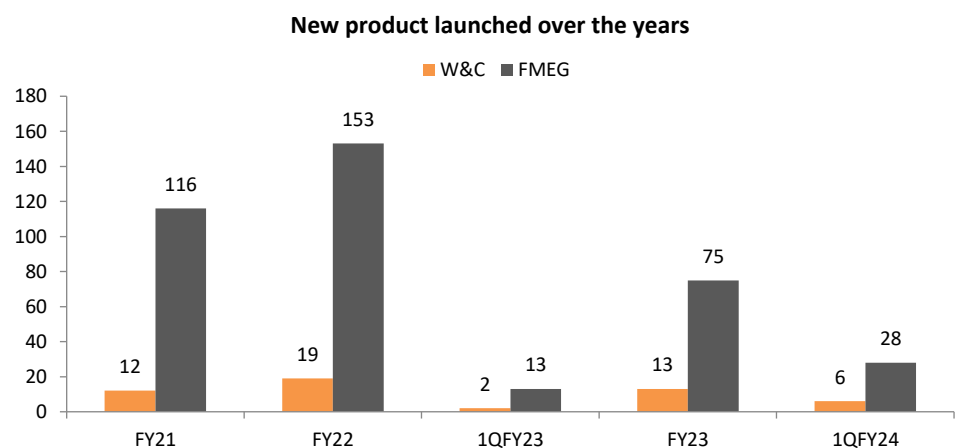
### Enhance geographical footprint of W&C segment

- In CY22, RR Kabel was one of the leading W&C exporters from India, with a ~9% of value market share. RR Kabel is well-positioned to benefit from China+1 strategy, resulting in share gains for Indian manufacturers in the global market.
- It intends to leverage a suite of globally accredited products to grow its exports business.

### Capitalize on W&C market opportunity, including through innovation and product development

- The total domestic market for W&C is expected to grow at a 13% CAGR over FY23-FY27.
- RR Kabel has identified these global trends and built capabilities to cater to the growing demand for these products.
- In particular, the company aims to enhance customer value proposition by expanding its W&C portfolio and introducing new product lines through NPD and innovation.
- Additionally, RR Kabel plans to install a new greenfield project for PVC compound and copper W&C manufacturing at the Silvassa Facility, and to its electron beam production facility (for which it has purchased one e-beam machine) and expanded power cable manufacturing at the Waghodia facility.

**Exhibit 14: New products launched over the years**



Source: Company Data, Equirus



## Grow & expand FMEG segment organically and inorganically

- The domestic FMEG market is expected to grow at an 8% CAGR over FY23-FY27.
- The company intends to manufacture value-added, high-margin FMEG products such as premium decorative fans and downlight panels, ensuring presence across price points.
- RR Kabel has licensed the *Luminous Fans and Lights* brand for premium FMEG products. Subsequently, it aims to develop and establish the *RR Signature* brand for premium FMEG products in replacement of the *Luminous Fans and Lights* brand by FY24.
- RR Kabel also targets to leverage the synergies, including in respect of logistics, promotions, and manpower, between business with the HEB of 'Luminous Fans and Lights' to optimize costs. RR Kabel seeks to build omni-channel capabilities, expand the FMEG distribution network and increase counter shares in top industry outlets for FMEG products.
- The company believes that a strong consumer brand, an extensive distribution channel, and a wide product portfolio position it to capture FMEG market share in India.
- RR Kabel has created a dedicated space for switch and switchgear at its Waghodia facility, and intends to integrate the Roorkee and Gagret facilities over time with capacity addition; it also aims to enhance capacity for the Bengaluru facility.
- The company targets to leverage existing R&D capabilities and increase R&D investments to further capitalize on emerging trends such as smart fans and designer lights.

## Enhance productivity & operational efficiencies

- RR Kabel has implemented several low-cost automation solutions to improve process reliability, product quality, and downtimes. This includes automating packing process at the Waghodia facility with an auto conveyor that has weighing, auto strapping, and shrink-wrapping capabilities, as well as installing multilayer storage systems.
- It has purchased automated machinery such as robotic rotor machining, digitized rotor inspection and automatic paint shop, at the Gagret facility, that enables to enhance productivity and quality levels with optimized manpower.
- RR Kabel intends to continue automating manufacturing facilities and IoT capacity to improve overall equipment efficiencies, by, among other things, collecting data from production lines with sensors which may be analysed using algorithms to predict possible outages.
- RR Kabel is in the process of introducing certain tools for cost optimization such as robotic process automation in finance in FY24 to automate routine manual tasks in accounts payable for vendor invoice processing and accounts receivables. The company also intends to deploy advanced analytics-based demand forecasting in sales to improve inventory days across the supply chain and inventory carrying costs. These initiatives will buoy profit margins.

*Low-cost automation solutions implemented include automating packing process at Waghodia with an auto conveyor, and installation of multilayer storage systems*

## Segmental Overview

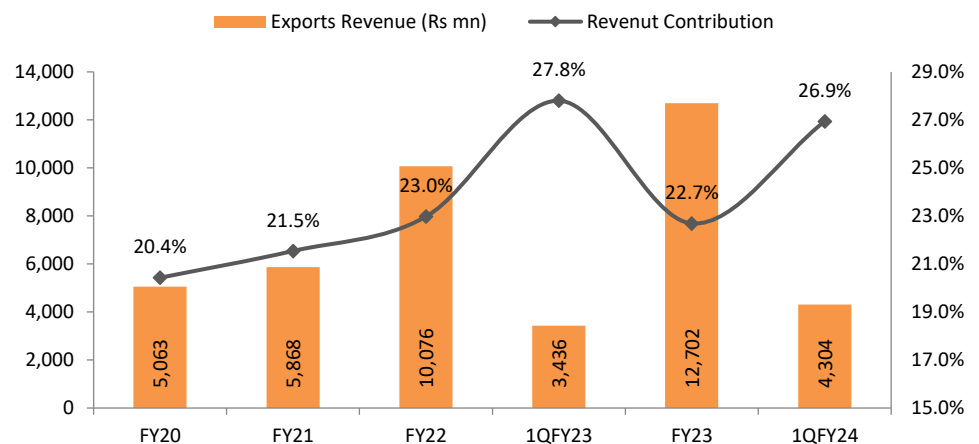
### Domestic W&C business

- W&C segment has been in operation since FY1999 and includes a range of products such as HW, industrial wires, power cables, and special cables.
- RR Kabel was the first company in India to introduce LSOH insulation technology in W&C products, and unilay core technology (heat resistant and flame retardant) products.
- In Dec'10, the company along with MEW Electricals and Ram Ratna Wires (both promoter group companies) entered into a JV with six Bangladeshi individuals in the business of manufacturing and processing of and buying, among other things, all kinds of wires, litz wires, cables, felexes, telecables, non-ferrous conductors and all electrical goods in Bangladesh. RR Kabel's shareholding in the JV, RR-Imperial Electricals, is 35%.
- As per trademark license agreement entered with Ram Ratna Research and Holdings, the company has been granted a non-exclusive license to use certain trademarks namely 'RR', 'RRV', and 'RAM RATNA' for 14 years from 29 Apr'15.
- Product portfolio:** HW (Firex LSOH, Unilay HR FR, Superex FR), Industrial wires (Single core flexible cable, control cable, Submersible flat cable), power cables (LT power cable, Medium and high voltage power cables), Special cables (Data and communication cables, Instrumentation cables, solar cables, fire and security cables, silicon rubber cable, auto cable, lift and elevator cable, appliance wiring material, battery cables, power cord)

### Exports business

- In CY22, RR Kabel was one of India's leading W&C exporters, in value terms, representing a ~9% export market share from India.
- The company currently exports to 63 countries, and had 35 international product certifications at 1QFY24-end.
- Most products are exported under the *RR Kabel* brand and manufactured under private labels for select customers. RR Kabel has long-standing relationships with 10 distributors in these markets who cover most of the exports. About 99% of the export revenues are derived from distributors and the rest 1% from OEMs.
- The company has relationships with 72 distributors for overseas markets, namely, North America, Asia Pacific, Europe, and Middle East. Additionally, it has a network of shipping agents for, inter alia, cargo handling, transportation, delivery at the destination and load port for export and import cargo.

### Exhibit 15: One of India's largest W&C exporters

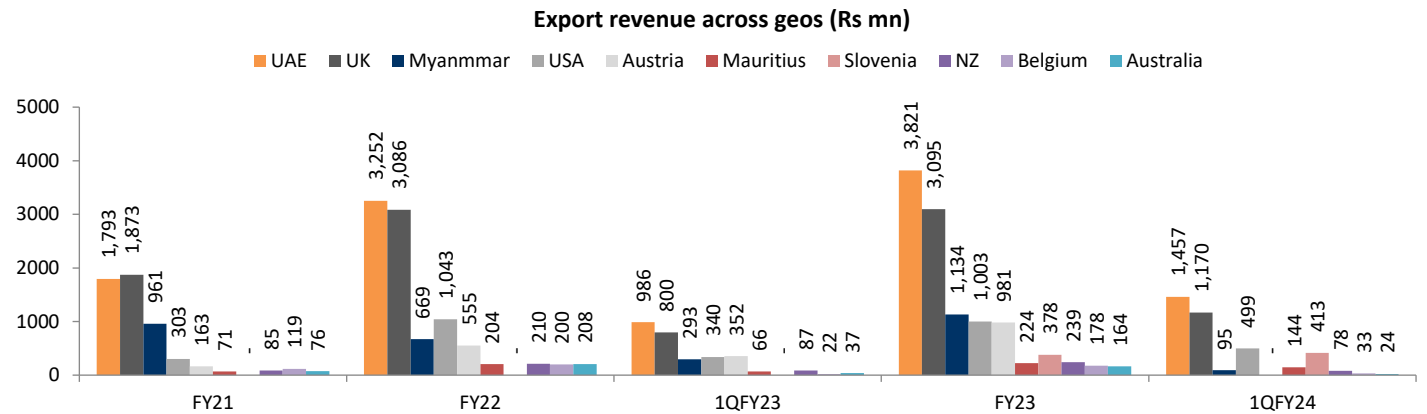


Source: RR Kabel RHP, Equirus

### W&C Product Portfolio of RR Kabel

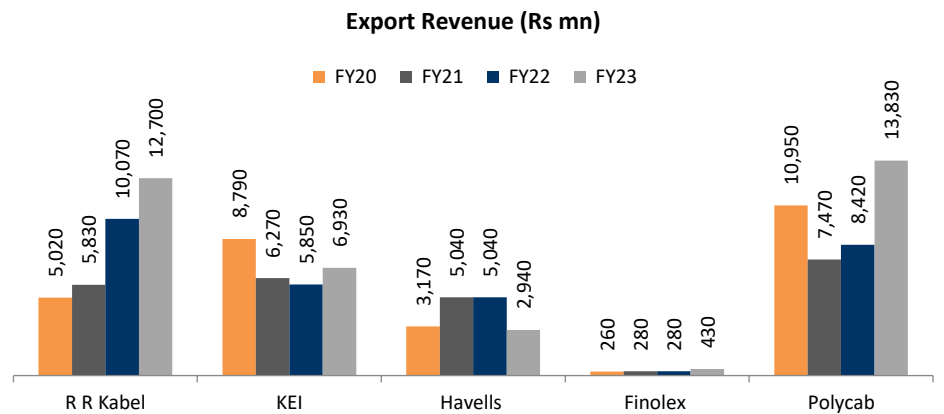


Exhibit 16: UAE and UK – major contributors to export revenues



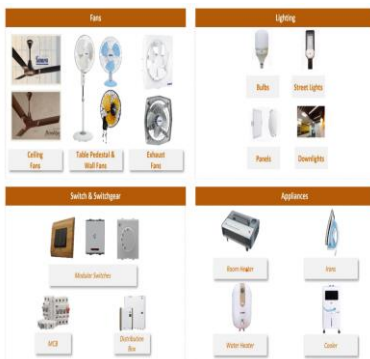
Source: RR Kabel RHP, Equirus

Exhibit 17: Export revenue for W&amp;C players (Rs mn)



Source: RR Kabel RHP, Equirus

## FMEG Product Portfolio of RR Kabel

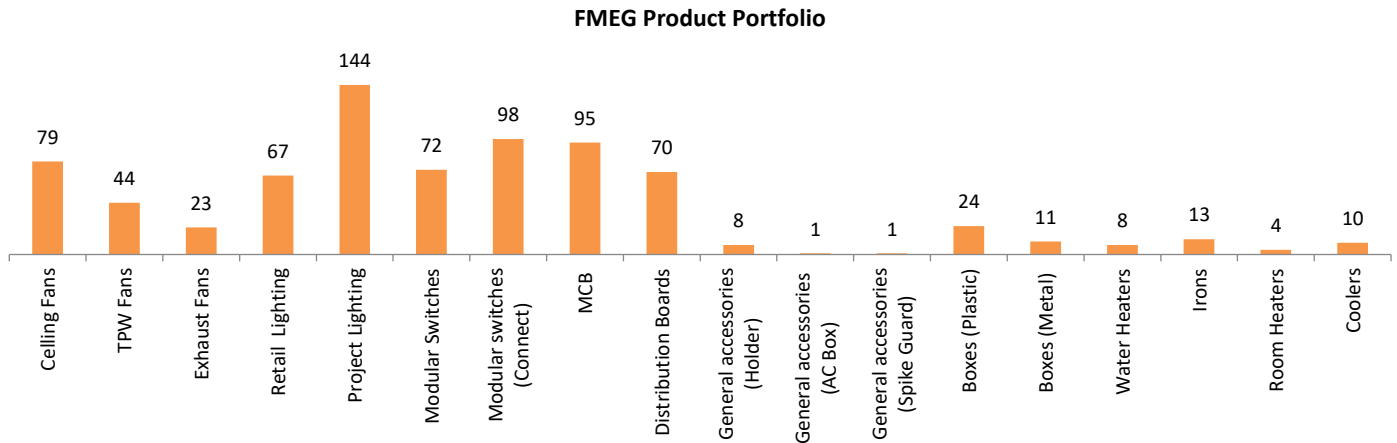


## FMEG business

- In FY20, RR Kabel amalgamated the business from a group company, Ram Ratna Electricals.
- About 97% of FMEG revenues are from the B2C channel.
- In FY20, the company acquired the LED lights and related hardware business of Arraystorm Lighting, along with its trademarks and design certificates (other than 'Ethos', 'Adappt' and 'WIoT' trademarks), to expand its portfolio to cover office, industrial and warehouse spaces. RR Kabel also started manufacturing switches in FY21.
- In May'22, RR Kabel acquired the home electrical business of Luminous Power Technologies, along with its trademarks and design certificates, to strengthen its FMEG portfolio. **Total consideration paid for the business transfer agreement was Rs 1046mn.**
- The company has the right to use 61 registered trademarks, five applications for trademark registrations, and 18 trademarks not yet applied to be registered with Trade Marks Registry for an initial period of two years subject to extension of six months at a time for a maximum of four times, in relation to the licensed 'Luminous Fans and Lights' brand pursuant to the brand license agreement dated 1 May'22 with Luminous Power Technologies.
- In terms of the brand license agreement, the company paid a lumpsum Rs 50mn as royalty for the use of licensed brands in first two years. It needs to pay Rs 50mn royalty for any extension of the agreement on a semi-annual basis for the remaining two years to use the licensed brands. RR Kabel also has a one-time right to extend the license for three months and has to pay Rs 25mn as royalty for such extension.

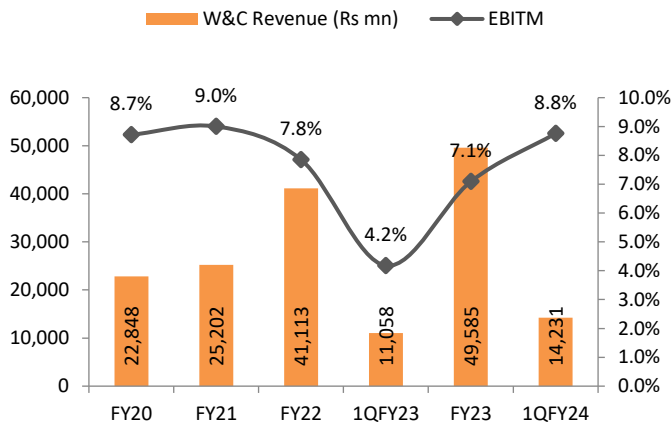
- RR Kabel has adopted the *Luminous Fans and Lights* brand for premium FMEG products and subsequently, aims to develop and establish the *RR Signature* brand for premium FMEG products in replacement of the *Luminous Fans and Lights* brand over time through FY24.

Exhibit 18: FMEG product portfolio



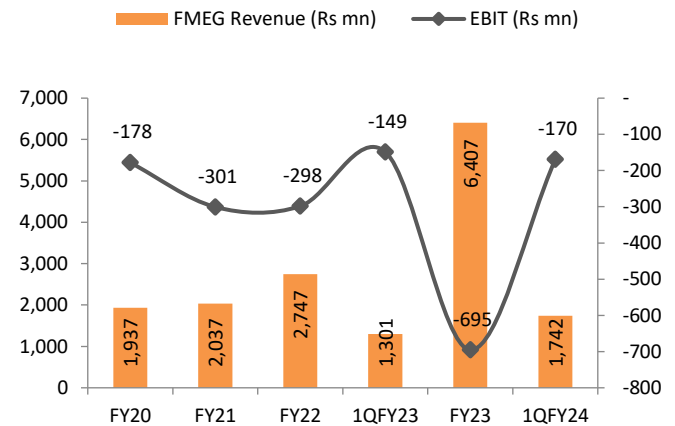
Source: RR Kabel RHP, Equirus

Exhibit 19: W&amp;C Revenue and margin profile



Source: RR Kabel RHP, Equirus

Exhibit 20: FMEG revenue and EBIT



Source: RR Kabel RHP, Equirus

## Key risks to our view

### Raw materials – price volatility, shortage

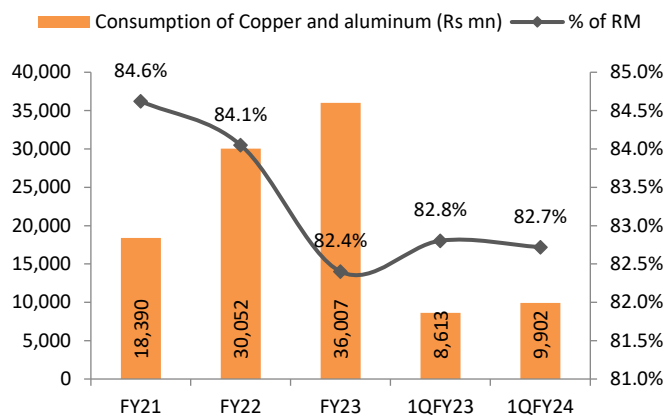
Primary RMs include aluminium, copper, galvanized iron, packing material, low smoke zero halogen compound, master batch, solar cable compound, polyvinyl chloride compound and cross-linked polythene compound. While the company manufactures polyvinyl chloride compound, low smoke zero halogen compound, cross-linked polythene compound and solar cable compound in-house, it purchases copper and aluminium at market prices.

*Inability to pass on RM cost inflation is a major risk, in our view*

Historically, RR Kabel has witnessed a surge in key RM prices, and there is no surety on its ability pass on the cost increase to consumers. There are chances of consumers cancelling/refraining from orders when RM prices spike.

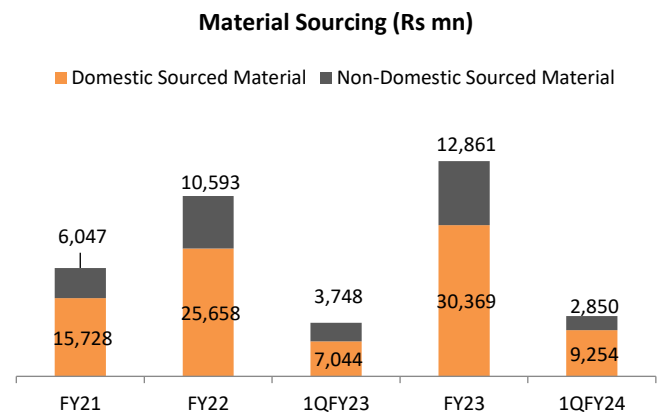
Generally, the company keeps 20-25 days of inventory of RM and WIP at factories; despite this, there were instances when it faced inventory shortages. Historically, three shipments of PVC resin of 500MT were delayed for ~50 days; these were subsequently purchased at a higher cost from local suppliers.

**Exhibit 21: Majority RM consumption is of copper and aluminium**



Source: RR Kabel RHP, Equirus

**Exhibit 22: Majority material sourced locally**



Source: RR Kabel RHP, Equirus

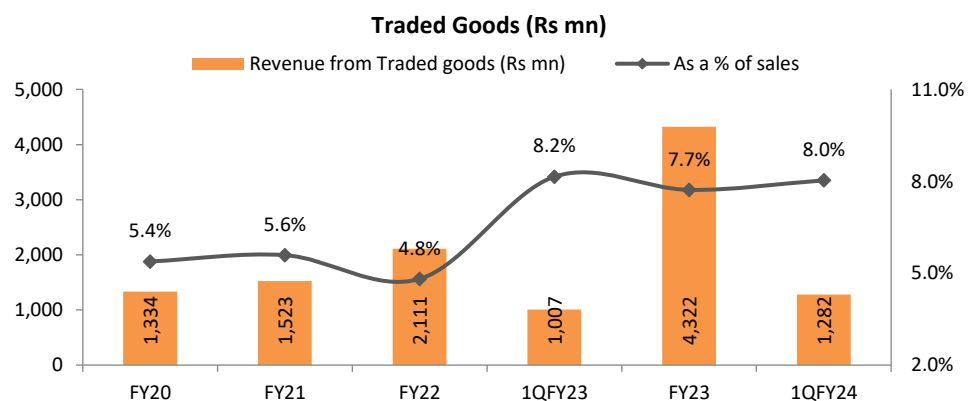
### Concentration risk of manufacturing facilities

Manufacturing facilities are concentrated in the South and West, and any events in these areas may disrupt production and operations.

### Dependence on third-party manufacturers for FMEG

About 63% of the FMEG requirement is sourced from 25 OEMs; any operational fault or risk may impact the company's ability to cater to demand.

**Exhibit 23: Dependence on third party for FMEG requirements**



Source: RR Kabel RHP, Equirus

## Inability to attract dealers & distributors

RR Kabel's performance depends on its relationship with dealers and distributors. Higher discounting, inability to maintain relations and add new dealers/distributors may act as dampeners. Additionally, higher incentives by competitors may impact the company performance. RR Kabel does not have any exclusivity contract with dealers and distributors.

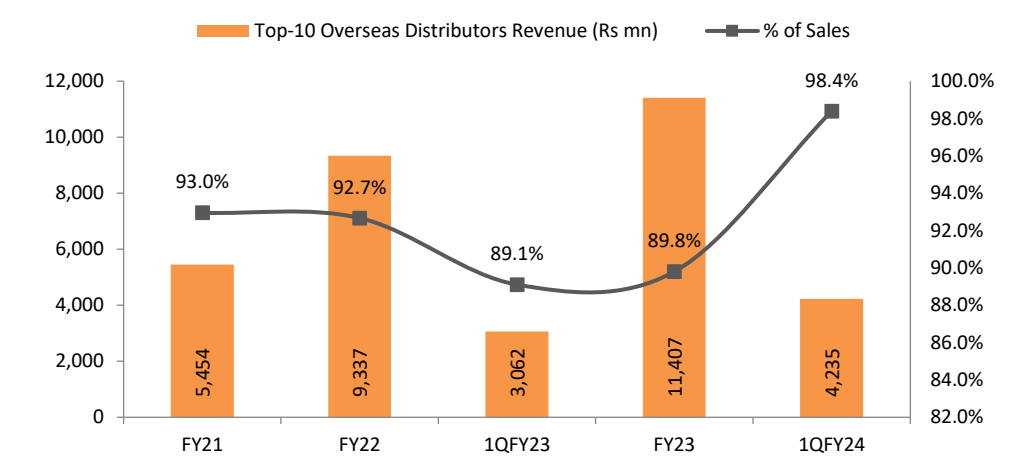
Further, as RR Kabel grows its e-commerce presence, the control that e-commerce platforms have over access, fee structures and/or pricing for products on their platforms could impact the purchase volumes and revenues from such e-commerce platforms.

RR Kabel's e-commerce revenue stood at Rs 135mn/Rs 91mn respectively during FY23/1QFY24.

## Concentration risk in export market

RR Kabel is exposed to the concentration risk of relying on a few distributors for overseas markets.

### Exhibit 24: Majority of export revenues coming from top-10 distributors



Source: Company Data, Equirus

## Risk of counterfeit products

Third parties could imitate brand name or pass off their own products as RR Kabel's product, including registering trademarks that may be confused, producing copycat products or counterfeit or pirated products. As a result, market share could be reduced due to replacement of demand for the company's products and deficiency in the quality of the copycat/counterfeit products will adversely affect goodwill and brand reputation. The company may also have to incur significant costs to remedy or manage such situations.

From FY21 to 1QFY24, the local police, with the company's assistance, made 36 raids on vendors of counterfeit products. For e.g., on March 13, 2023, 600 duplicate electric wire boxes of "RR Kabel" brand were seized in Madurai, TN, and on April 30, 2022, 68 rolls of duplicate closed circuit television cable wires of "RR Kabel" brand were seized in Noida, UP.

## Competitive pressures, especially in FMEG

While RR Kabel is consistently working to offset pricing pressures, produce new products, advance its technological capabilities, improve services/ enhance production efficiency to reduce costs, such efforts may not be successful. Also, as it plans to launch products, it may face stiff competition from other players in same markets, more so from competitors with backward integrated manufacturing processes.

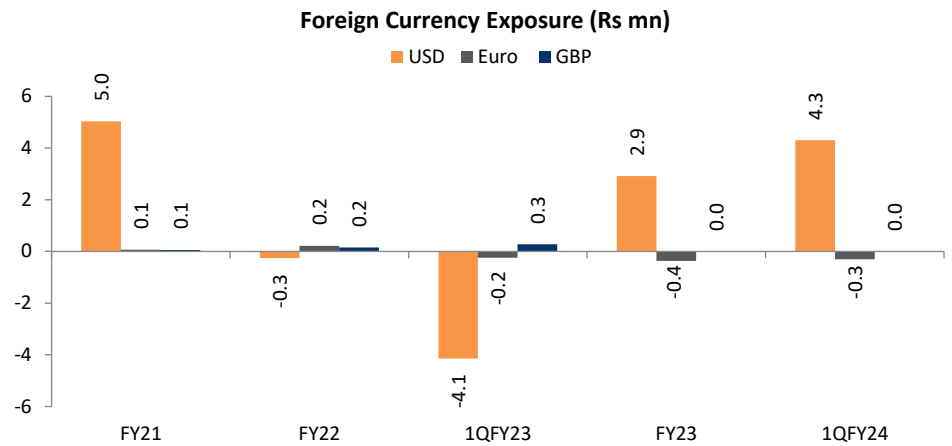
*Higher discounts, inability to maintain relations and add new dealers/distributors may hurt performance*

*Poor quality of copycat/counterfeit products to adversely affect goodwill and brand reputation*

## Foreign currency exposure

RR Kabel has foreign currency exposure in terms of exports, and aluminium and copper related import exposure.

**Exhibit 25: Foreign Currency Exposure**



Source: Company Data, Equirus

## Other risks

### Bargaining agreement with workers of Waghodia

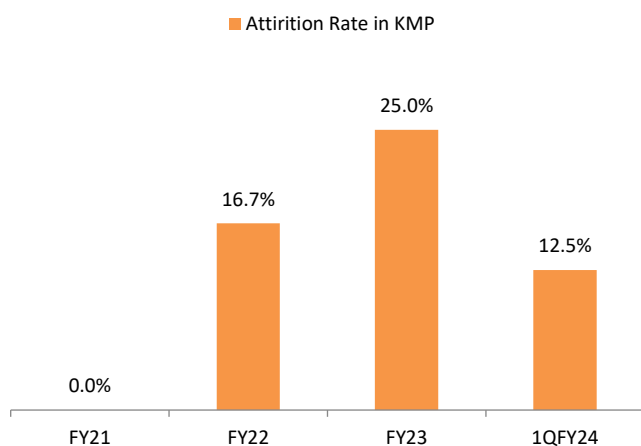
As a part of the company's efforts to resolve the strike at Waghodia facility in 2017, it has previously entered a memorandum of settlement with the Waghodia union in relation to the standard of wage and other corporate benefits for unionized employees at the facility. Latest memorandum of settlement with the Waghodia Union is dated 6 Mar'23, with a term of three years, from FY23 to FY25. Pursuant to the agreement, the company agreed with the permanent unionized company workmen and the fixed term trainee workmen at the Waghodia facility to, among other things, provide pre-agreed basic wage and certain allowances, including education allowance, HRA monthly and quarterly performance-based bonus based on the grade of unionized workers, and other customary benefits.

The company also agreed to increase the wage level and monthly settlement amount and introduced the quarterly performance-based bonus to better incentivize unionized workers at Waghodia. In exchange, the unionized workers agreed to adhere to a matrix of performance standards.

If the company is unable to adhere to the agreement terms, there can be no assurance that employees will not take measures such as work stoppage/slowdowns/strikes in response, which can have impact on the financial performance.

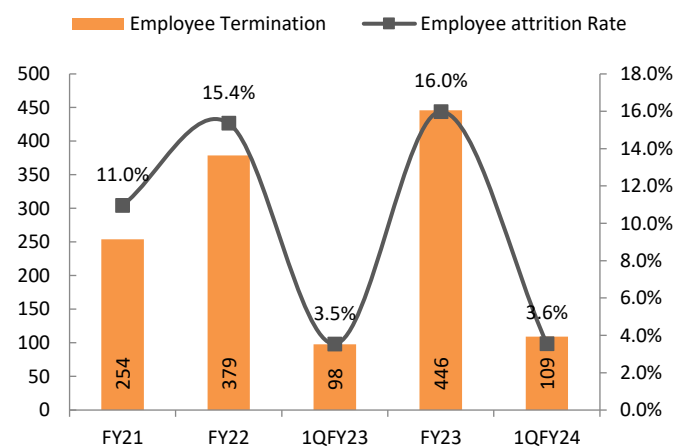
*Inability to adhere to agreement terms with Waghodia workers may lead to work stoppage/slowdowns/strikes, hurting financial performance*

**Exhibit 26: Higher attrition rate of KMP in FY23**

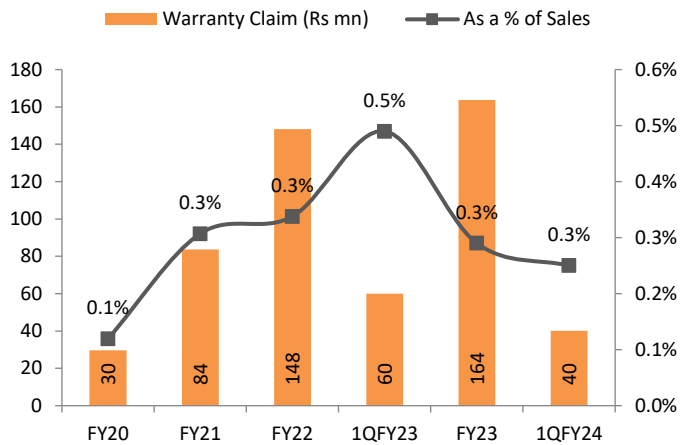


Source: RR Kabel RHP, Equirus

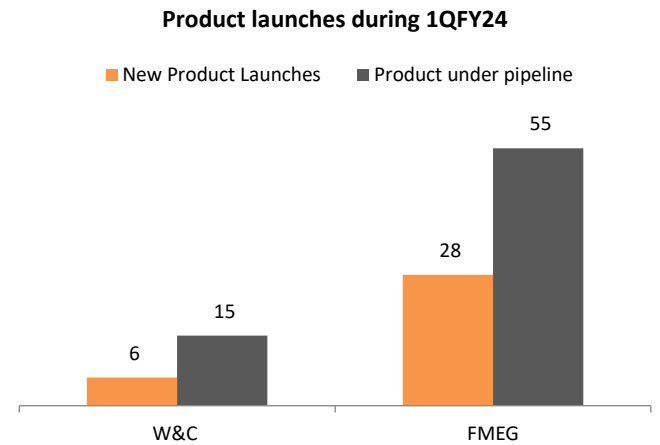
**Exhibit 27: Higher attrition may impact the performance**



Source: RR Kabel RHP, Equirus

**Exhibit 28: Higher warranty expenses may hurt financial health**

Source: RR Kabel RHP, Equirus

**Exhibit 29: Inability to launch new products**

Source: RR Kabel RHP, Equirus



## Competitive Overview

- Several fundamental and long-term macro drivers and opportunities such as rising demand in housing and offices have influenced the consumer electrical industry's growth and evolution. Other factors include electrification of rural villages, investments in transmission and distribution systems, increasing efficiencies, increasing demand for renewable power generation (solar, wind energy).
- Players have evolved from B2B to fast-growing B2C brands with the emergence of rapidly growing FMEG categories. B2C sales provide higher gross margins vis-à-vis B2B sales.

## Certification, R&D expenditure

- RR Kabel is the first company in India to be REACH-compliant – the European standard to provide for a high level of protection to human health and the environment from the use of chemicals. RR Kabel has 35 international product certifications, one of the highest among its Indian consumer electrical peers as of FY23.

### Exhibit 30: Certifications of key players

Players	Certifications
<b>RR Kabel</b>	ISO 9001, 14001, 45001, BASEC (UK), UL (USA), CSA (Canada), VDE (Germany), Intertek, CE (Europe) and TUV Rheinland (Germany), REACH (Europe), RoHS (Europe), CPR (Europe)
<b>Finolex Cables</b>	ISO 9001, 14001, 14000
<b>Polycab</b>	ISO 9001, 14001, OHSAS 18001
<b>KEI Industries</b>	ISO 9001, 14001, 45001, 17025, NABL, Achilles UVDB, CECOC, KEMANGCP, DNV-TAE00003U5, DNV-TAE00003U6, DNV-TAE00003U7, DNV-TAE00003U8
<b>Havells</b>	ISO 9001, 14001, 45001, 50001, OHSAS 18001
<b>Bajaj Electricals</b>	SABS, SASO, UL (USA), SIRIM, SLS, KBS, SONCAP, CE (Europe), ESMA, KUCAS, ISO 27001, 10002, 9001, 14001, OHSAS 18001
<b>Crompton</b>	ISO 9001, 14001, 45001
<b>V-Guard</b>	ISO 21702, 9001, 14001, 694, 12615, 8472, OHSAS 18001, JIS Z 2801, QCFI-JUSE, BIS

Source: RR Kabel RHP, Equirus

## Marketing activities & network influencers

- To enhance brand positioning of B2C players over the years, companies have consistently invested in brand building and advertisements including ATL and BTL marketing. Players like RR Kabel spend 60% of marketing expenditure on BTL activities in rural and urban areas, while the remaining on ATL activities; to this end, the company has partnered with a leading Bollywood actor and sponsored Bengaluru Pro Kabaddi Team in 2019 and KKR in 2021.

## M&A activities

### Exhibit 31: M&A activities over the years

Players	Key Acquisitions	Expansion	CY
<b>RR Kabel</b>	Home-electrical division of Luminous from Schneider Electric	Lights & Fans	2022
	Acquired Arraystorm from Kores (India)	LED Lights	2020
	Ram Ratna Electricals Limited	FMEG	2019
<b>Finolex Cables</b>	Alpha Rubber Co.	Wires & Cables	1972
<b>Polycab</b>	Silvan Innovation Labs	IoT bases home automation	2021
	JV with Techno		NA
	JV with Trafigura	Copper Wire Rod	2005
<b>KEI Industries</b>	-		-
<b>Havells</b>	Promptec Renewable Energy Solutions	LED & Solar lighting	2015
	My Lloyd	Air Conditioners	2017
<b>Bajaj Electricals</b>	Nirlep Appliances Pvt Ltd	Home Appliances	2021
	Starlight Lighting	CFLs & LEDs	2021
	Trilux Lenze	Luminaires	2005
<b>Crompton</b>	Butterfly Gandhimathi Appliances	Kitchen Appliances	2022
<b>V-Guard</b>	Simon Electric Pvt Ltd	Switches & Switchgears, Fan regulators, home automation	2021

Source: RR Kabel RHP, Equirus

RR Kabel has 35 international product certifications, one of the highest among peers

## Manufacturing capabilities

**Exhibit 32: Manufacturing capabilities across Industry**

Players	Manufacturing Facilities	Category	Units	Capacity per annum (FY 23)
RR Kabel	Waghodia, Silvassa, Roorkee, Gagret, Bangalore	Fans	Mn	3.15
		Switches & Switchgears	Mn	8.9
		Wires & Cables	Mn CKM	4.1
		PVC	MT	53,600
		Lights	Mn	1.9
Finolex Cables	Roorkee, Urse, Pimpri, Verna, Ponda	Wires & Cables	-	NA
		Switches & Switchgears	-	NA
		Copper Rods	-	NA
Polycab	25 manufacturing facilities across Halol & Daman (W&C, Fans, Switches), Roorkee (Fans), Nashik (Switchgears)	Wires & Cables	Mn Kms	5.4
		Switches	Mn	12
		Switchgears	Mn	12
		Fans	Mn	10.2
		Cables	Mn Kms	0.125
KEI Industries	Bhiwadi, Chopanki, Pathredi, Rakholi, Chinchpada	House Wires	Mn Kms	1.3
		Communication Cables	Kms	28,800
		Stainless Steel Wire	MT	9000
		Wires & Cables	-	NA
Havells	Alwar, Baddi, Faridabad, Haridwar, Neemrana, Sahibabad, Ghiloth	Switches & switchgears	-	NA
		Lightings	-	NA
		Fans	-	NA
		AC	Mn (Units)	2
		Bulbs	-	NA
		Panel Lights	-	NA
		Industrial Lights	-	NA
		Fans	Mn	2.7
Bajaj Electricals	Ranjangaon, Chakan, Nashik, Aurangabad	LED	Mn	0.8
		Starlite Lighting	Mn	11.8
		Lightings	Mn	98.4
Crompton	Goa, Vadodra, Ahmednagar, Baddi (Himachal Pradesh), Chennai (Butterfly)	Fans	Mn	10.4
		Fans	-	NA
V-Guard	Coimatore, Kashipur, Kala Amb, Perundai, Roorkee, Sikkim, Haridwar	Wires & Cables	-	NA
		Switches & Switchgears	-	NA

Source: RR Kabel RHP, Equirus

## Distribution network

**Exhibit 33: Distribution network for the industry**

Players	Dealers/ Distributors (Fiscal 2021)	Dealers/ Distributors (Fiscal 2023)	Retails Outlets (Fiscal 2021)	Retails Outlets (Fiscal 2023)
RR Kabel	4,233	6,740	30,570	1,06,626
Finolex Cables	5,000	5,000+	90,000	1,75,000
Polycab	4,100+	4,300+	1,65,000+	2,05,000+
KEI Industries	1,655	1,900+	NA	NA
Bajaj Electricals	500+	700+	2,18,000+	2,00,000+
Crompton	NA	4,000+	NA	1,50,000+
V-Guard	NA	NA	40,000+	60,000+

Source: RR Kabel RHP, Equirus

## Other Details

### Exhibit 34: Board Profile

Board Member	Designation	Brief Profile
Tribhuvanprasad Rameshwarlal Kabra	Executive Chairman	He has completed his secondary level school education from Hindi High School, Mumbai. He has extensive experience in the electrical industry. Previously, he was associated with Shramik Winding Wires Private Limited as a director. He was appointed to our Board of Directors with effect from May 13, 1997.
Shreegopal Rameshwarlal Kabra	MD	He has completed his secondary level school education from Hindi High School, Mumbai. He has extensive experience in the electrical industry. Previously, he was associated with the International Copper Association as the chairman of wire and cable product council and the Indian Electrical and Electronics Manufacturers' Association as the president. He was appointed to our Board of Directors with effect from June 27, 2014.
Mahendrakumar Rameshwarlal Kabra	Joint MD	He has completed his secondary level school education from Hindi High School, Mumbai and holds a licentiate diploma in mechanical engineering from Veermata Jijabai Technological Institute Mumbai. He has extensive experience in the electrical industry. Previously, he was associated with MEW Electricals Limited as a director. He was appointed to our Board of Directors with effect from February 6, 1995.
Mitesh Daga	Non-Executive Nominee Director *	He holds a degree of bachelor's of technology in chemical engineering from Indian Institute of Technology, Delhi and is also a holder of chartered financial analyst charter issued by the CFA Institute. He is the managing director at TPG Capital India Private Limited. Previously, he was associated with Advent India PE Advisors Private Limited, Zephyr Peacock Management India Private Limited and Capital One Services (India) Private Limited. He was appointed to our Board of Directors with effect from September 6, 2018.
Bhagwat Singh Babel	Independent Director	He holds a degree of bachelor's in technology in electrical engineering from Banaras Hindu University and a diploma of membership from the Institution of Engineers (India). He is on the board of directors of Secure Meters and was also on the board of Udaipur Urja Initiatives Producer Company Limited and the Indian Electrical and Electronics Manufacturers' Association. He was appointed to our Board of Directors with effect from August 24, 2017.
Ramesh Chandak	Independent Director	He holds a degree of master's in commerce from Nagpur University and has also completed a program on 'leading change and organizational renewal' from Harvard Business School. He is also a practicing member of the Institute of Chartered Accountants of India. Previously, he has served as the president of the Indian Electricals and Electronics Manufacturers' Association and is a trustee of the Victoria Memorial School for the Blind, Mumbai. He has been honoured with the 'CA Business Leader Corporate' award from the Institute of Chartered Accountants of India in 2008. He was appointed to our Board of Directors with effect from April 29, 2023.
Vipul Sabharwal	Independent Director	He holds a degree of bachelor's in arts from University of Delhi and holds a master's of management studies degree from University of Bombay. Previously, he was associated with Luminous Power Technologies Private Limited as managing director, Whirlpool of India Limited as vice president of sales, service and brand, Nokia India Private Limited and Gillette India Limited as general sales director. He was appointed to our Board of Directors with effect from August 23, 2022.
Jyoti Davar	Independent Director	She holds a degree of bachelor's in commerce from University of Delhi and holds a master's of arts degree from University of Delhi. Previously, she was associated with the Federation of Indian Chambers of Commerce & Industry as assistant secretary general and is currently designated as the deputy secretary general. She was appointed to our Board of Directors with effect from December 16, 2022.

Source: RR Kabel RHP, Equirus

Name	Date of Change	Reason for change in board
Ramesh Chandak	April 29, 2023	Appointment as an independent director
Mukund Manohar Chitale	April 29, 2023	Resignation as an independent director
Jyoti Davar	December 16, 2022	Appointment as an independent director
Kirtidevi Shreegopal Kabra	December 16, 2022	Resignation as a whole-time director
Mahhesh Tribhuvanprasad Kabra	December 16, 2022	Resignation as a whole-time director
Sumeet Mahendrakumar Kabra	December 16, 2022	Resignation as a whole-time director
Sanjay Narnarayan Taparia	December 16, 2022	Resignation as a whole-time director
Rajesh Babu Jain	December 16, 2022	Resignation as a whole-time director
Kannan Ramamirtham	December 16, 2022	Resignation as an independent director
Puneet Bhatia	December 16, 2022	Resignation as a non-executive director
Tribhuvanprasad Rameshwarlal Kabra	September 24, 2022	Re-appointment as a whole-time director
Vipul Sabharwal	August 23, 2022	Appointment as an independent director
Bhagwat Singh Babel	August 23, 2022	Re-appointment as an independent director
Kirtidevi Shreegopal Kabra	January 1, 2022	Re-appointment as a whole-time director
Sumeet Mahendrakumar Kabra	January 1, 2022	Re-appointment as a whole-time director

Exhibit 36: KMP &amp; Senior management team

Source: RR Kabel RHP, Equirus

Name	Date of change	Reason for change
Hemal Savla	April 29, 2023	Resigned as chief information officer
Satishkumar Anandilal Agarwal	March 1, 2023	Appointed as chief strategy officer
Sanjay Narnarayan Taparia	December 16, 2022	Appointed as president- international business
Dinesh Aggarwal	December 16, 2022	Appointed as Chief Executive Officer
Shishir Sharma	March 1, 2022	Appointed as chief sales officer
Rajesh Babu Jain	August 24, 2022	Appointed as Chief Financial Officer
Rajeev Pandiya	August 23, 2022	Resigned as chief financial officer
Joydeep Mukherjee	December 16, 2021	Resigned as chief operating officer
Hemal Savla	November 8, 2021	Appointed as chief information officer
Vinod Parur	November 1, 2021	Appointed as chief human resources officer
Vivek Abrol	June 1, 2021	Appointed as Chief Executive Officer - FMEG
Rajeev Pandiya	April 1, 2021	Appointed as chief financial officer
Partha Chakraborti	March 31, 2021	Resigned as chief financial officer

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graph TD
    Board[Board of Directors] --> ExecutiveChairman[Executive Chairman]
    Board --> ManagingDirector[Managing Director]
    Board --> JointManagingDirector[Joint Managing Director]
    ExecutiveChairman --> CEO[Chief Executive Officer (Domestic Business)]
    ExecutiveChairman --> CFO[Chief Financial Officer]
    JointManagingDirector --> CEO
    JointManagingDirector --> CEOIntl[Chief Executive Officer (International Business)]
    JointManagingDirector --> CSO[Chief Strategy Officer]
    CEO --> CEOFMEG[Chief Executive Officer - FMEG]
    CEO --> CSOWC[Chief Sales Officer - Wires & Cables]
    CEO --> CIO[Chief Information Officer]
    CEO --> CHRO[Chief Human Resource Officer]
    CFO --> CS[Company Secretary]
  
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- There are no qualifications issued by statutory auditors in their audit reports.
- There have been no defaults or rescheduling/restructuring of borrowings with financial institutions/ banks in respect of Company's borrowings.
- Other than in the ordinary course of business, there have been no time and cost over-runs in respect of our business operations.

**Exhibit 39: History of the company**

Year	Particulars
1999	Establishment of the first manufacturing facility in Silvassa and commenced the operations
2004	Commencement of in-house manufacturing of PVC compound
2011	Establishment of manufacturing plant in the industrial belt of Vadodara Acquisition of 21.01% shareholding by TPG Asia VII SF Pte. Ltd. in our Company
2019	Commencement of exports to USA Acquisition of LED business of Arraystorm Lighting Private Limited
2020	Amalgamation of Ram Ratna Electricals Limited with our Company
2021	Commencement of manufacturing of switch
2022	Acquisition of home electrical business 'Luminous Fans and Light'

Source: RR Kabel RHP, Equirus

**JV Information****1. RR-Imperial Electricals Limited (35% shareholding)**

- R R Imperial is engaged in the business of manufacturers and processors of and buy or otherwise acquire, sale, import, export, distribute or otherwise deal in and to produce super enamelled copper, aluminium winding wires, strips, bus bars, electrical motors, fans, switches, circuit breakers, transformers, electrical panel boards, CFL bulbs, D.C.C., S.C.C., D.P.C., P.V.C., fibre glass, asbestos, plastic insulated, drycore core paper insulated covered and all kinds of wires, litz wires, cables, felexes, telecables, non-ferrous conductors, including A.C.S.R. conductors and all electrical goods.

**History of share split and bonus issue**

- During Mar'23, the company split equity share of Rs 10 into 2 equity share of Rs 5 each.
- During Mar'23, the company announced bonus issue in the ratio of 1:1.
- During Aug'23, the company converted every 1 preference share in 4 equity shares.

**Other Details****Exhibit 40: Credit Rating**

Credit Rating	July 20, 2018	April 4, 2019	June 5, 2020	September 30, 2021	December 19, 2022
Rating	IND A	IND A	IND A+	IND AA-	IND AA-
Outlook	Stable	Positive	Stable	Stable	Stable

Source: Company Data, Equirus

## Financial Profile:

## Exhibit 41: Income Statement (Rs mn)

Y/E (Rs mn)	FY20A	FY21A	FY22A	FY23A
<b>Revenue</b>	<b>24,785</b>	<b>27,239</b>	<b>43,859</b>	<b>55,992</b>
COGS	19,253	21,492	36,080	45,757
Employee Cost	1,358	1,483	1,889	2,642
Other Expenses	2,127	1,962	2,859	4,370
<b>EBITDA</b>	<b>2,048</b>	<b>2,301</b>	<b>3,032</b>	<b>3,223</b>
Depreciation	388	448	461	596
<b>EBIT</b>	<b>1,660</b>	<b>1,854</b>	<b>2,572</b>	<b>2,627</b>
Interest Exp.	352	271	233	421
Other Income	270	220	463	344
<b>Profit before Tax</b>	<b>1,578</b>	<b>1,803</b>	<b>2,802</b>	<b>2,550</b>
Tax Expenses	353	460	704	661
<b>Profit After Tax</b>	<b>1,225</b>	<b>1,343</b>	<b>2,097</b>	<b>1,889</b>
Minority Interest	-	-	-	-
Profit/(Loss) from Associates	-1	11	42	9
<b>Recurring PAT</b>	<b>1,224</b>	<b>1,354</b>	<b>2,139</b>	<b>1,899</b>
Exceptional Items / OCI	-63	72	168	123
<b>Reported PAT</b>	<b>1,161</b>	<b>1,426</b>	<b>2,307</b>	<b>2,022</b>
FDEPS	12	15	24	21
DPS	-	3	5	5
BVPS	54	66	87	105

YoY Growth (%)	FY20A	FY21A	FY22A	FY23A
Sales		10	61	28
EBITDA		12	68	27
EBIT		12	39	2
PAT		23	62	-12

Key Ratios				
Profitability (%)	FY20A	FY21A	FY22A	FY23A
Gross Margin	22	21	18	18
EBITDA Margin	8	8	7	6
PAT Margin	5	5	5	4
ROE	14	14	19	14
ROIC	10	10	13	11

CAGR (%)	1 year	2 years	3 years
Revenue	28	43	31
EBITDA	6	18	16
PAT	-12	19	20

Valuation (x)	FY20A	FY21A	FY22A	FY23A
P/E	99	81	50	57
P/B	23	18	14	11
EV/EBITDA	57	51	39	36
EV/Sales	5	4	3	2

Source: RR Kabel RHP &amp; Company Data, Equirus

**Exhibit 42: Balance Sheet (Rs mn)**

Y/E (Rs mn)	FY20A	FY21A	FY22A	FY23A
Equity Capital	234	239	239	478
Instruments entirely equity in nature	4,000	4,152	4,152	4,152
Reserves	4,807	6,075	8,112	9,567
<b>Net Worth</b>	<b>9,040</b>	<b>10,466</b>	<b>12,503</b>	<b>14,197</b>
Total Debt	3,953	4,987	5,211	5,158
Other long term liabilities	188	192	285	875
Minority Interest	-	-	-	-
Account Payables	1,809	1,135	1,679	4,401
Other Current Liabilities	464	371	828	1,705
<b>Total Liabilities</b>	<b>15,454</b>	<b>17,151</b>	<b>20,506</b>	<b>26,336</b>
Net Fixed Assets	3,905	3,994	3,985	5,172
Capital WIP	154	72	429	436
long term investments	320	406	622	777
Others	150	213	222	490
Inventory	3,752	5,341	7,096	8,602
Receivables	4,190	4,204	5,171	5,919
Loans and advances	7	6	2	1
Other current assets	976	871	801	1,280
Cash & Cash Equivalents.	2,001	2,045	2,178	3,660
<b>Total Assets</b>	<b>15,454</b>	<b>17,151</b>	<b>20,506</b>	<b>26,336</b>
Non-Cash WC	6,651	8,916	10,564	9,695
Non-Cash WC Cycle	98	119	88	63
Net Asset Turnover	0	0	0	0
Net D/E	0	0	0	0

Source: RR Kabel RHP &amp; Company Data, Equirus

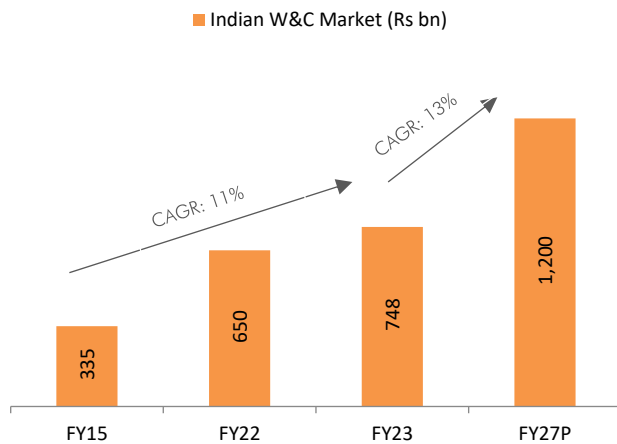
**Exhibit 43: Cash Flow Statement (Rs mn)**

Y/E (Rs mn)	FY20A	FY21A	FY22A	FY23A
Profit Before Tax	1,577	1,814	2,844	2,560
Depreciation	388	448	461	596
Others	391	283	164	430
Tax paid	335	419	733	582
Change in WC	135	-2,837	-1,754	1,534
<b>Operating Cashflow</b>	<b>2,156</b>	<b>-711</b>	<b>982</b>	<b>4,537</b>
Capex	-921	-465	-635	-1,078
Change in Invest.	-429	367	-2	-2,284
Others	68	38	11	27
<b>Investing Cashflow</b>	<b>-1,283</b>	<b>-59</b>	<b>-627</b>	<b>-3,335</b>
Change in Debt	-54	1,062	224	-64
Change in Equity	-	-	-	-
Others	-765	-321	-540	-952
<b>Financing Cashflow</b>	<b>-819</b>	<b>741</b>	<b>-316</b>	<b>-1,015</b>
<b>Net Change in Cash</b>	<b>54</b>	<b>-28</b>	<b>39</b>	<b>187</b>

Source: RR Kabel RHP &amp; Company Data, Equirus

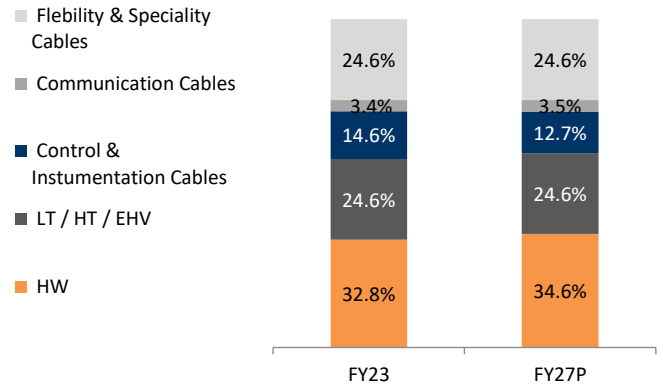
## Industry Overview:

Exhibit 44: Indian W&C market looking attractive



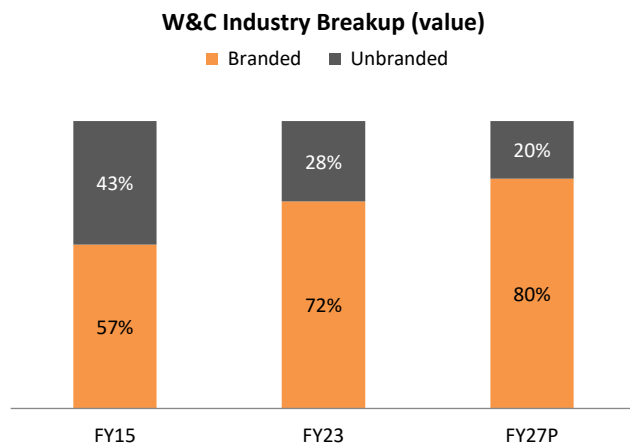
Source: RR Kabel, Equirus

Exhibit 45: W&C Market Breakup



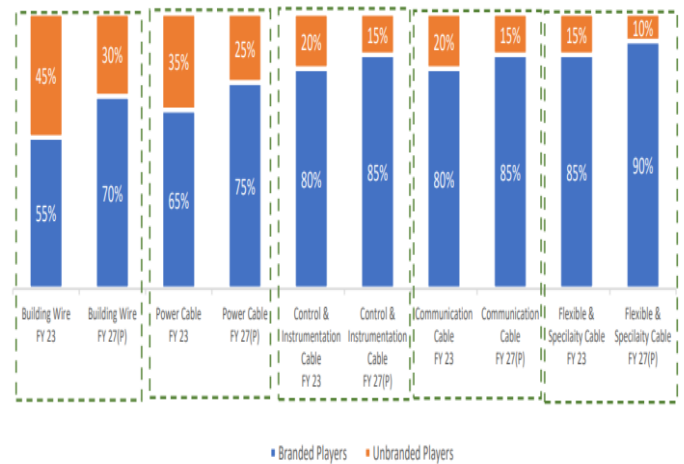
Source: RR Kabel, Equirus

Exhibit 46: Shift towards branded players



Source: RR Kabel RHP, Equirus

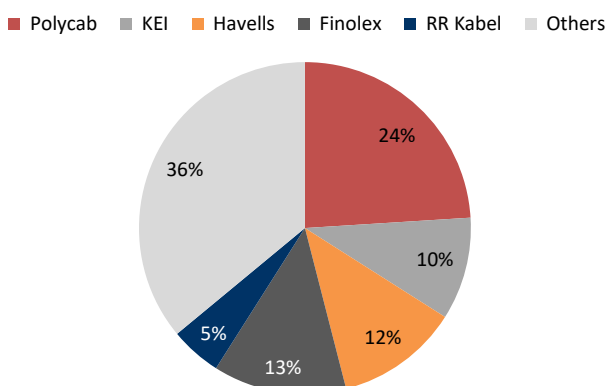
Exhibit 47: Shift towards branded players



Source: RR Kabel RHP, Equirus

Exhibit 48: Organized W&C Market Share

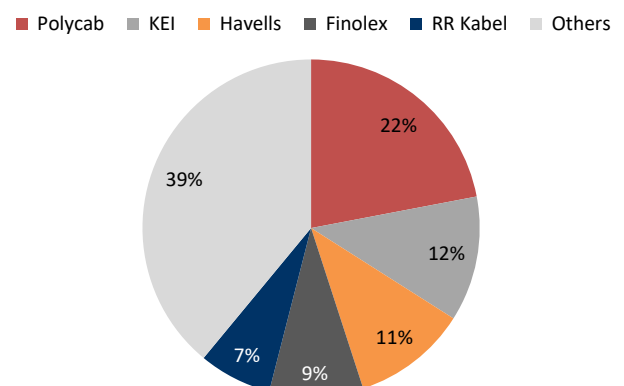
Branded W&C Market Share - FY15



Source: RR Kabel RHP, Equirus

Exhibit 49: Organized W&C market share

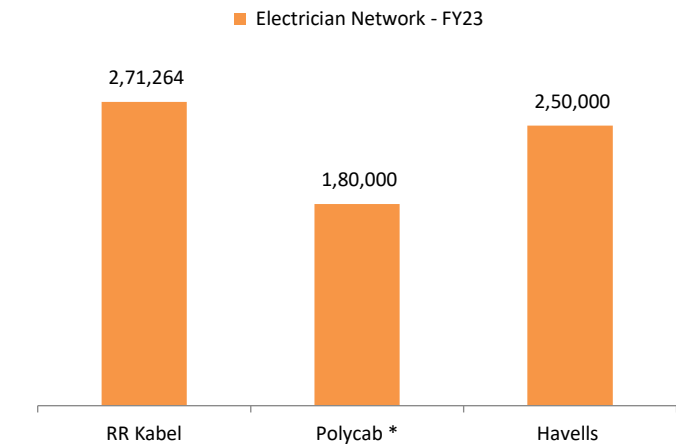
Branded W&C Market Share - FY23



Source: RR Kabel RHP, Equirus



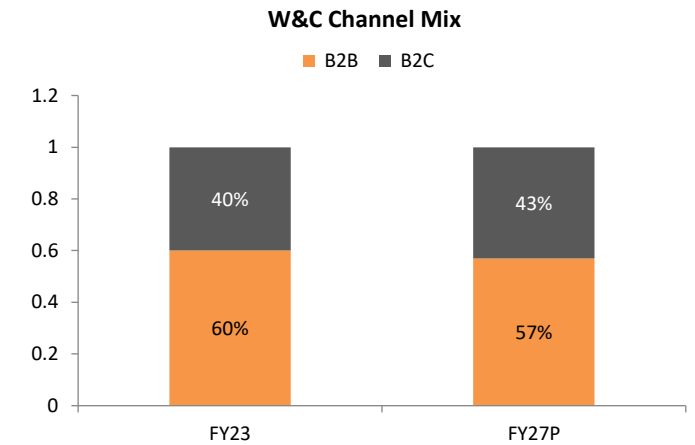
Exhibit 50: Electrician network



Source: Company Data, Equirus

\* For Polycab, number is of FY22.

Exhibit 51: W&amp;C Channel Mix

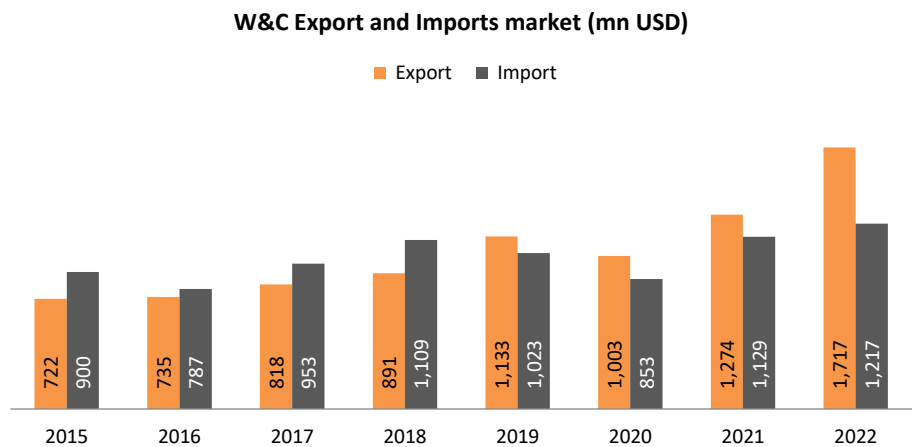


Source: Company Data, Equirus

**Key growth drivers for export market:**

China + 1 strategy, export incentives, transition towards clean and green energy and technical and regulatory compliance.

Exhibit 52: W&amp;C Exports &amp; Imports market

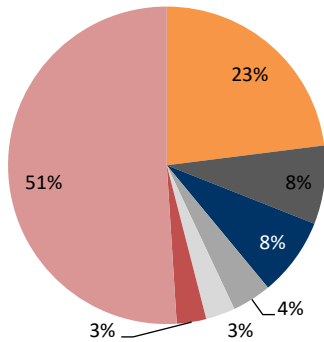


Source: RR Kabel RHP, Equirus

Exhibit 53: W&amp;C Export share – CY22 country wise

## W&amp;C Export Share - CY22

USA UAE UK Nigeria Australia Bangladesh Others

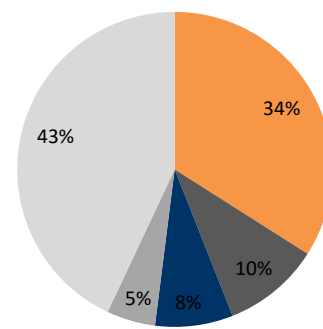


Source: Company Data, Equirus

Exhibit 54: W&amp;C Import share country wise

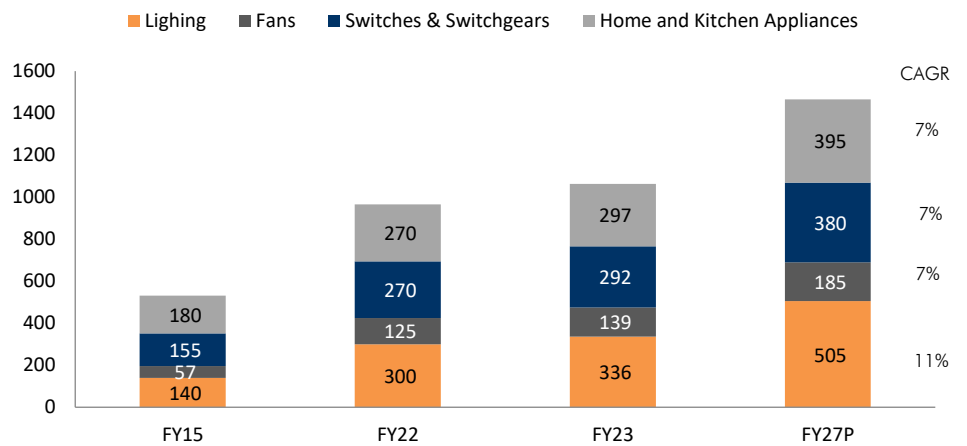
## W&amp;C Import Share - CY22

China USA Germany Korea Others



Source: Company Data, Equirus

Exhibit 55: Indian FMEG market (Rs bn)

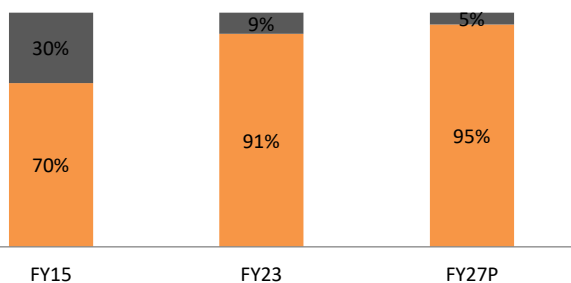


Source: RR Kabel RHP, Equirus

Exhibit 56: Shift towards branded players

## Fans Industry Breakup

Branded Unbranded

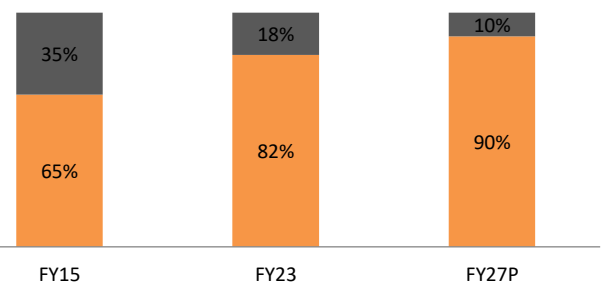


Source: RR Kabel RHP, Equirus

Exhibit 57: Shift towards branded players

## Switches &amp; Switchgears Industry Breakup

Branded Unbranded

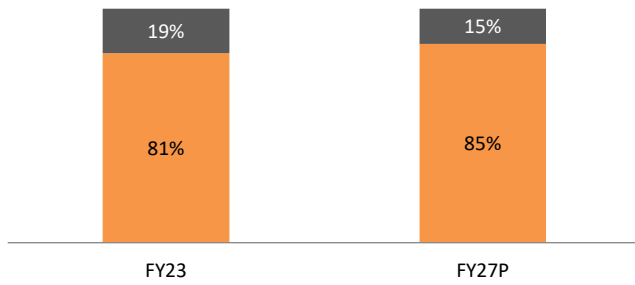


Source: RR Kabel RHP, Equirus

Exhibit 58: Shift towards branded players

## Home &amp; Kitchen Appliances Breakup (value)

Branded Unbranded

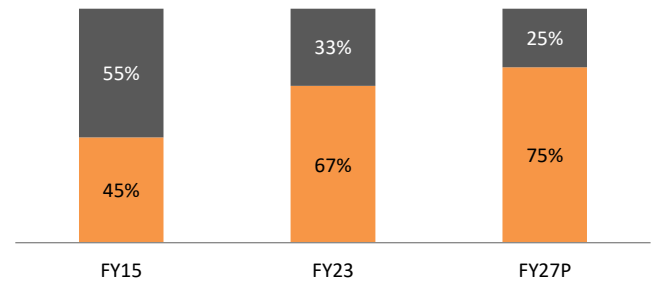


Source: RR Kabel RHP, Equirus

Exhibit 59: Shift towards branded players

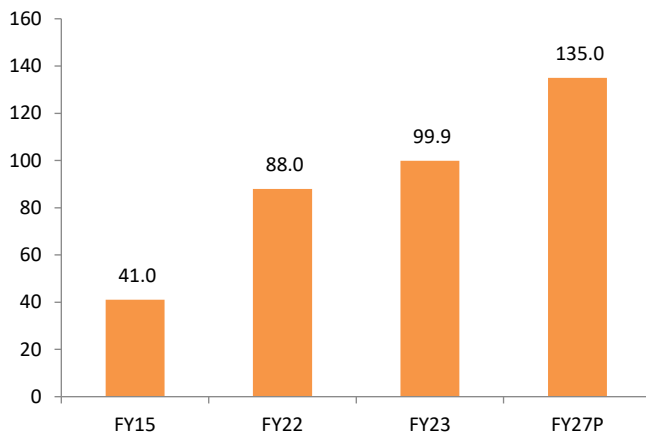
## Lighting Industry Breakup

Branded Unbranded



Source: RR Kabel RHP, Equirus

Exhibit 60: Indian Ceiling Fan Market (Rs bn)

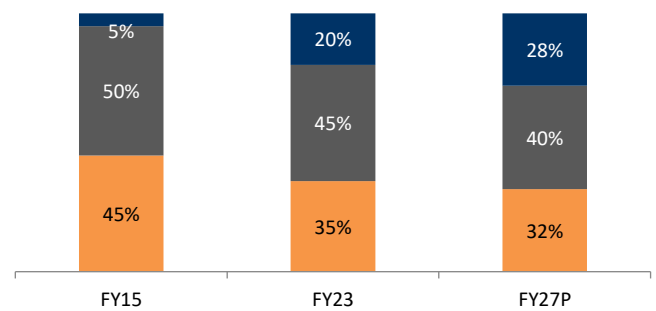


Source: Company Data, Equirus

Exhibit 61: Fans industry price segmentation

## Fans industry price segmentation

Economy Standard Premium

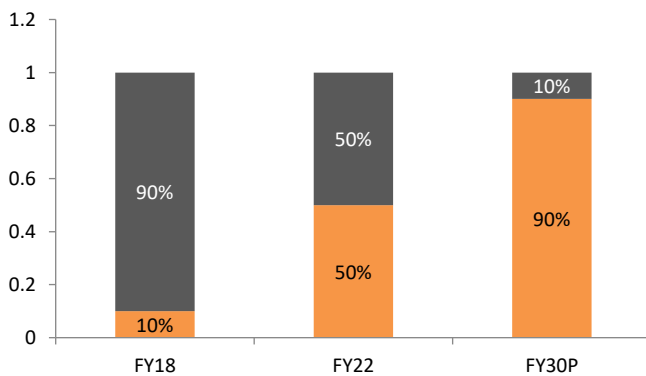


Source: Company Data, Equirus

Exhibit 62: Fans industry breakup

## Fans Industry Breakup

Star Non-Star

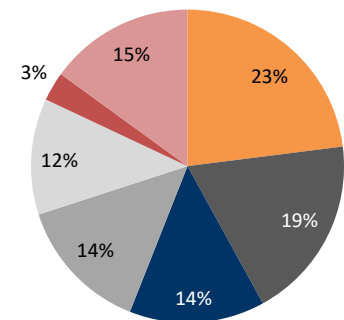


Source: RR Kabel RHP, Equirus

Exhibit 63: Fans Value Market share FY23

## Fans Value Market Share FY23

Crompton  
Havells  
Bajaj Electricals  
Usha  
Orient Electric  
RR Kabel  
Others

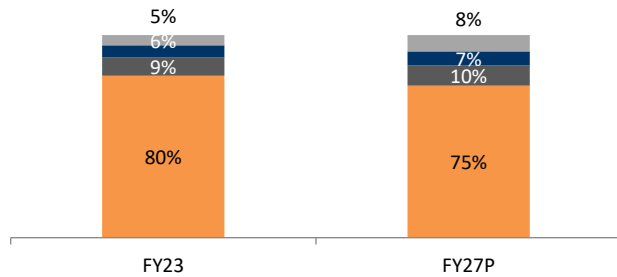


Source: RR Kabel RHP, Equirus

Exhibit 64: Fans Sales mix

## Fans Sales - Retail Channel

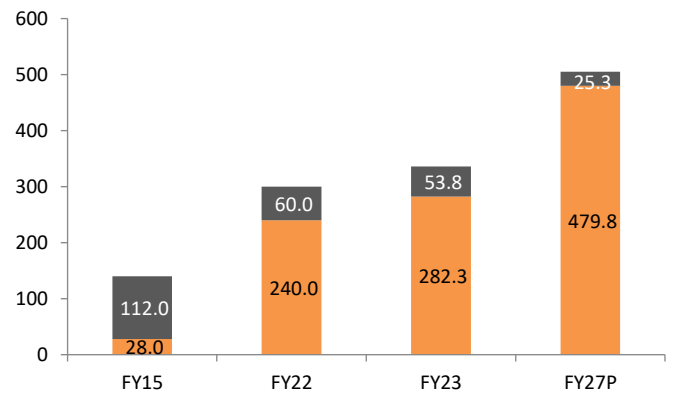
■ Distribution & Trade 
 ■ Modern B&M 
 ■ e-commerce 
 ■ Institutional



Source: RR Kabel RHP, Equirus

Exhibit 65: Indian lighting market breakup (Rs bn)

■ Indian LED (Rs bn) 
 ■ Indian Conventional lighting (Rs bn)

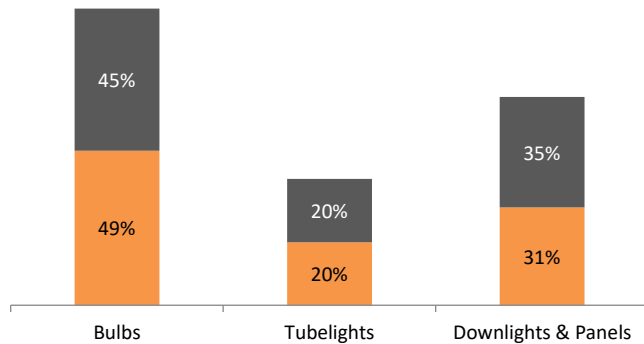


Source: RR Kabel RHP, Equirus

Exhibit 66: Indian lighting market breakup

## Product wise Indian Lighting Market

■ FY23 
 ■ FY27P

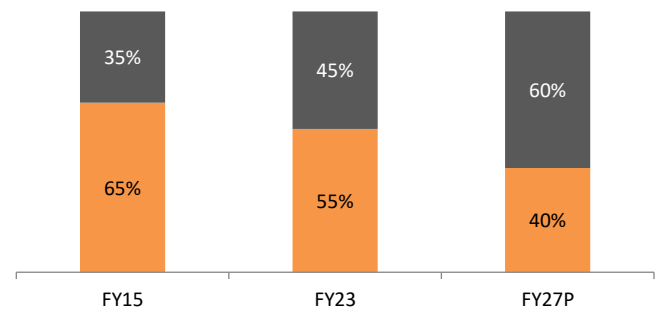


Source: RR Kabel RHP, Equirus

Exhibit 67: Lighting market price segmentation

## Lighting Market - Price Segmentation

■ Economy 
 ■ Premium

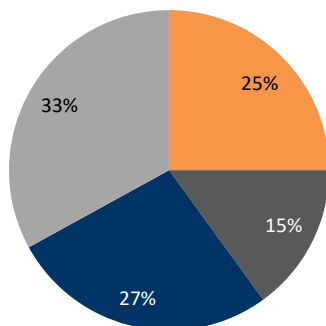


Source: RR Kabel RHP, Equirus

Exhibit 68: Lighting industry FY23 value market share

## Lighting Industry Value Market Share FY23

■ Top-5 
 ■ Challenger Brand 
 ■ Other branded players 
 ■ Unbranded

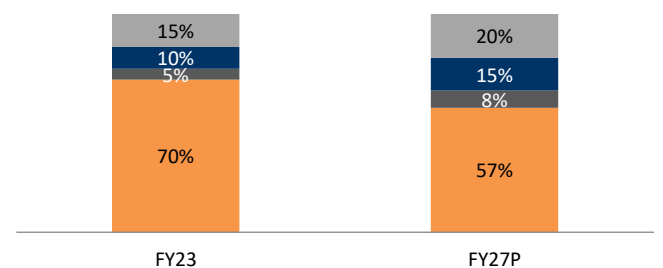


Source: RR Kabel RHP, Equirus

Exhibit 69: Lighting sales mix

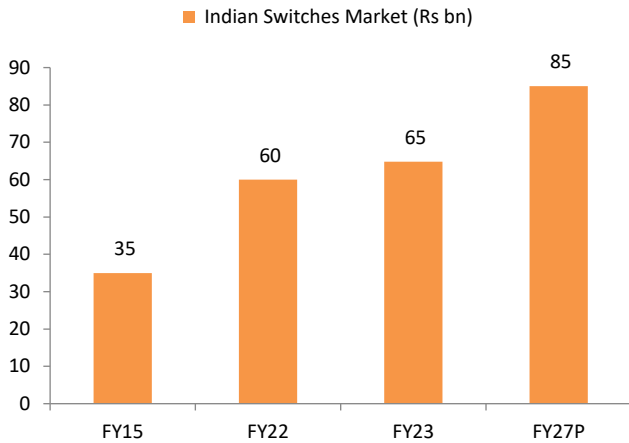
## Lighting Sales Mix

■ Distribution & Trade 
 ■ Modern B&M 
 ■ e-commerce 
 ■ Institutional



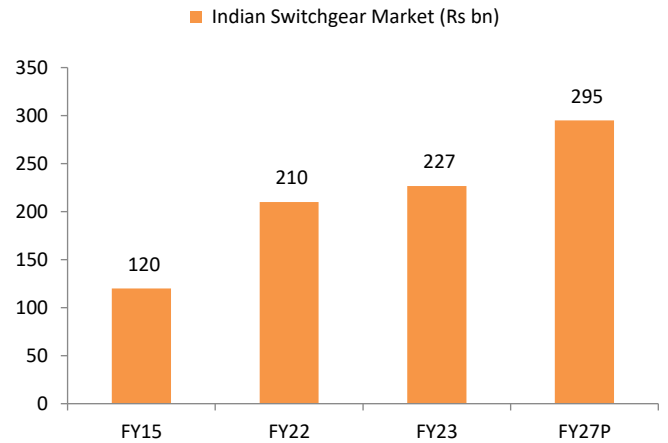
Source: RR Kabel RHP, Equirus

Exhibit 70: Indian switches market (Rs bn)



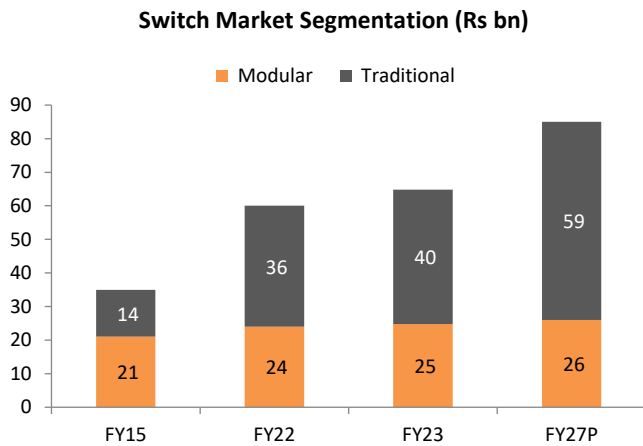
Source: RR Kabel RHP, Equirus

Exhibit 71: Indian switchgear market (Rs bn)



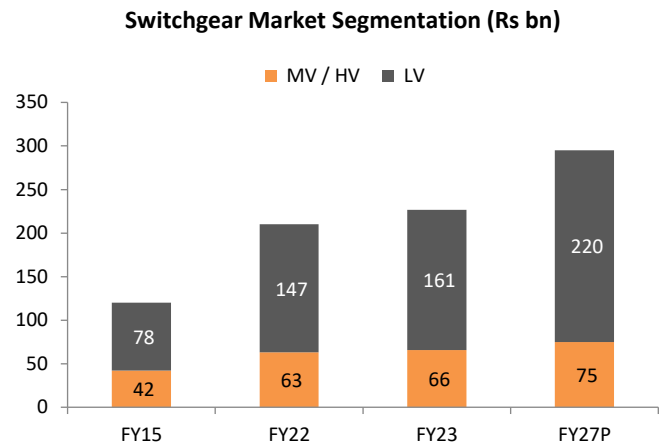
Source: RR Kabel RHP, Equirus

Exhibit 72: Indian Switch market segmentation



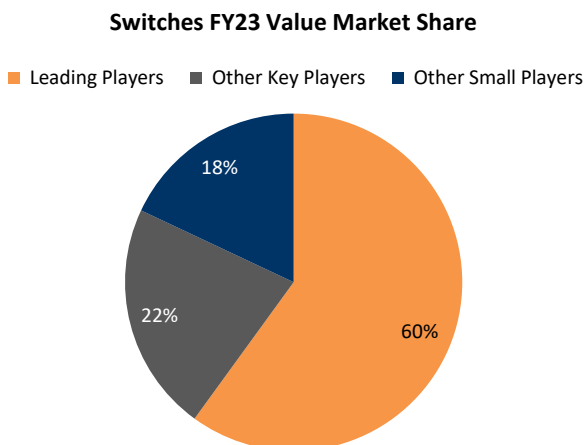
Source: RR Kabel RHP, Equirus

Exhibit 73: Switchgear market segmentation



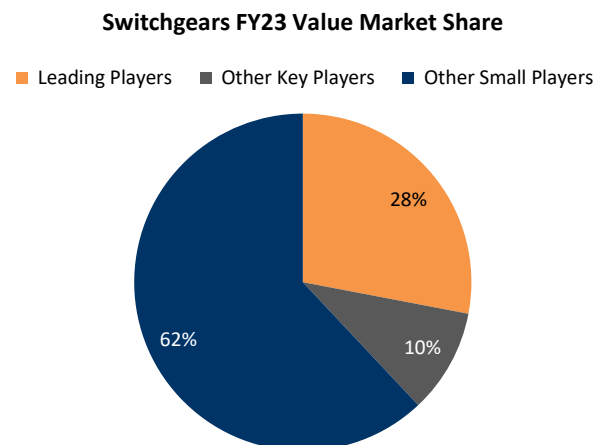
Source: RR Kabel RHP, Equirus

Exhibit 74: Switches FY23 Value Market Share



Source: RR Kabel RHP, Equirus

Exhibit 75: Switchgears FY23 Value Market Share

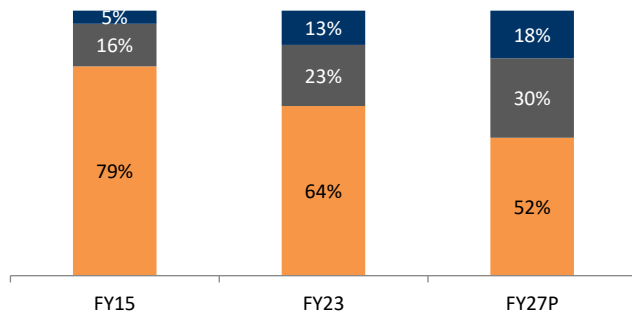


Source: RR Kabel RHP, Equirus

Exhibit 76: Switches Industry Segmentation

## Segmentation of Switch Industry

■ Economy ■ Standard ■ Premium

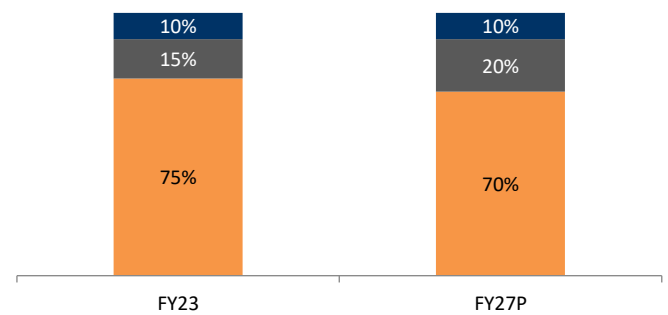


Source: Company Data, Equirus

Exhibit 77: Sales channel mix for switches and LV switchgears

## Sales Channel Mix

■ Distribution & Trade ■ Others ■ Institutional

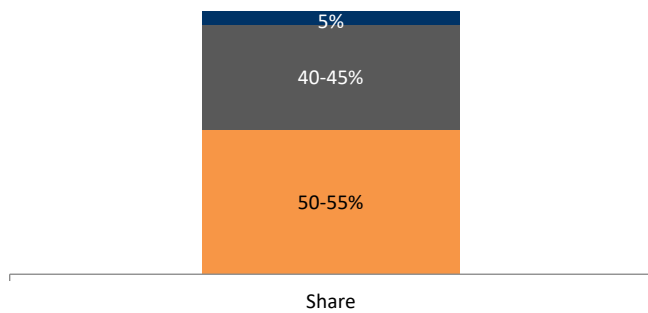


Source: Company Data, Equirus

Exhibit 78: Sales Mix for W&amp;C and FMEG.

## Sales Mix

■ Distributors & Retailers ■ Sales Team ■ Brand's Exclusive Stores

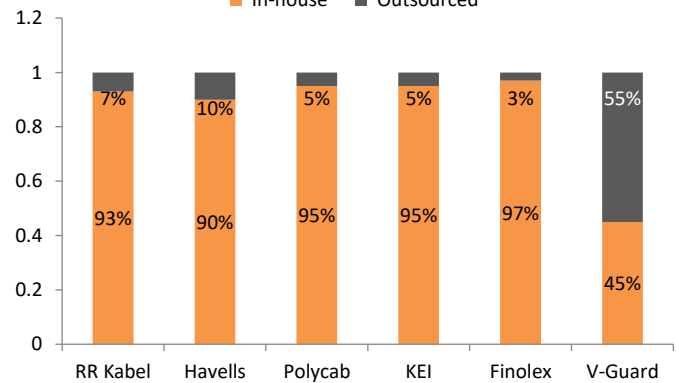


Source: RR Kabel RHP, Equirus

Exhibit 79: In-house vs. outsourcing split

## In-house vs. Outsourcing split

■ In-house ■ Outsourced



Source: RR Kabel RHP, Equirus

## Trends in the industry

## Shift towards branded players

Reasons:

1. Rising Awareness among consumers towards safety and quality
2. GST regime and technological interventions

## Premiumization

- The FMEG industry in India is witnessing increased demand for premium products as consumers are showing a rising interest towards smart, easy-to-use, and technologically advanced products. An increase in disposable income has increased the purchasing power of customers, which in turn, has accelerated the demand for premium products in India.

## Key Growth Drivers for the industry

1. Public and private investment outlay in infrastructure
2. Continued growth of residential real estate sector
3. Resilient commercial real estate sector
4. Transition of automobiles and transport towards electric vehicles
5. Rural electrification
6. Push towards renewable energy



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Research Analyst' or Relatives' actual/beneficial ownership of 1% or more	No	
Research Analyst' or Relatives' material conflict of interest	No	

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