# "R R Kabel Limited
# Q1 FY27 Earnings Conference Call"
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**MR. RAJESH JAIN – CHIEF OPERATING OFFICER – R R KABEL LIMITED**
**MR. JIGAR MEHTA – CHIEF FINANCIAL OFFICER – R R KABEL LIMITED**

**MODERATOR:** **MR. CHIRAG BHATIYA – MUFG INTIME**

**Moderator:** Ladies and gentlemen, good day, and welcome to the R R Kabel Limited Q1 FY '27 Conference Call hosted by MUFG. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star then zero on your touchtone phone. I now hand the conference over to Mr. Chirag Bhatiya from MUFG. Thank you, and over to you, sir.

**Chirag Bhatiya:** Thank you, Sumit. Good afternoon, everyone, and I extend a warm welcome to all the participants on the Q1 FY '27 earnings conference call of R R Kabel Limited. Today on this call, we have Mr. Rajesh Kabra, Joint Managing Director; Mr. Rajesh Jain, Chief Operating Officer; and Mr. Jigar Mehta, Chief Financial Officer. Before we begin this call, I would like to give you a short disclaimer. This call may contain some forward-looking statements, which are completely based upon our beliefs, opinion and expectation as of today. These statements are not the guarantee of the future performance and involve unforeseen risks and uncertainties. With this, I hand over the call to Mr. Rajesh Kabraji. Over to you, sir.

**Rajesh Kabra:** Good afternoon, everyone, and thank you for joining us for RR Kabel's Q1 FY '27 Earnings Call. I have with me Mr. Rajesh Jain, our Chief Operating Officer; and Mr. Jigar Mehta, our Chief Financial Officer.

Let me begin with the broader business environment.

The quarter continued to see volatility in metal prices and foreign exchange, along with uncertainty across global markets. At the same time, the demand remains supportive. We continue to see healthy activity across infrastructure, construction, industrial projects and power-related applications.

Against this backdrop, I am pleased to share that we have started FY '27 on a strong note. During the quarter, we delivered our highest ever quarterly revenue, EBITDA and profit after tax.

Our Wires & Cables business continued to be the main driver of growth. The growth was not limited to one market. We saw growth in the domestic business as well as exports, even though we have a high exposure to the Middle East market. The disruption in the Middle East was partially offset by other export markets. Further, we also saw shipment normalization and recovery for Middle East market in May and June. However, supply chain-related issues still remain, but we are confident of overcoming those challenges.

Overall, Wires & Cable volumes grew by 17% year-on-year with similar growth seen both in domestic and export markets. Cables grew significantly faster with more than 25% volume growth, while volume growth in wires was approximately 12%. We continue to work on strengthening product availability, expanding our distribution reach and deepening our engagement with dealers and distributors. On the B2B side, our focus remains on building capabilities in project, industrial and power cables. We believe this will become an increasingly important part of our growth over the next few years.

What is also encouraging is our progress in our FMEG business. The segment recorded a healthy revenue growth and reached breakeven position during the quarter compared with losses in the earlier periods. We have been working towards this for some time, so this is an encouraging development for us. FMEG revenue grew by approximately 28% year-on-year. The quarter saw good growth in lights, appliances and switches, while the fans business benefited from the improved realization and better premium product mix. We will continue to focus on premiumization, selected product launches, distribution expansion and tighter cost control.

The quarter's performance reflects the strength of our team, distribution network, manufacturing capabilities and long-standing customer relationships. It also shows the operating discipline that we have been building across the organization. Our progress remains aligned with Project RRise announced last year.

The first quarter has given us a good start. We will, however, continue to look at the business on a full year and long-term basis. Our long-term priorities continue to be the same. We want to grow ahead of the industry in wires and cables, improve our position in the cable and B2B businesses and build FMEG into consistently profitable business. We will remain focused on execution, customer engagement and building the business for sustainable long-term growth.

I will now hand over the call to Mr. Rajesh Jain to take you through the financial and operational performance in more detail. Thank you.

**Rajesh Jain:** Thank you, Rajeshji, and good afternoon, everyone.

Let me start with the overall performance for the quarter. Revenue from operations stood at INR3,168 crores, representing growth of around 54% over Q1 of last year. Operating EBITDA stood at INR285 crores, almost double the INR143 crores recorded in the corresponding quarter last year. The operating EBITDA margin improved to 9% compared to 7% in Q1 FY '26. Profit after tax stood at INR205 crores compared with INR90 crores last year. The quarter also included an exceptional item of approximately INR14 crores relating to reversal of the provision for the statutory impact of the new labor codes.

Coming to the segment performance. Wire & Cable revenue stood at INR2,880 crores, growing at approximately 57% year-on-year on the back of impressive volume growth, strong execution and favorable industry dynamics. Segment profit increased to approximately INR285 crores from INR139 crores in Q1 FY '26. The segment profit margin improved to 9.9% compared with 7.6% in the corresponding quarter last year. Profitability improved due to improved product mix, disciplined commodity management and operating efficiency.

In the FMEG business, revenue stood approximately INR288 crores, growing by 28% year-on-year, supported by continued demand for premium and new products across key categories, along with ongoing distribution expansion. The segment reached an operational breakeven position compared with a loss of approximately INR7 crores in Q1 FY '26 and a loss of approximately INR9 crores in Q4 FY '26, making a significant milestone in the FMEG business transformation, driven by premium products and operating leverage. Lights, appliances and switches recorded healthy growth. In fans, volumes were broadly flat year-on-year, but revenue increased due to higher realization and a better product mix.

Turning to working capital. Net working capital days remained broadly stable at 50 days. Our capacity expansion program is also progressing as planned with new capacities expected to be added during the current quarter in Silvassa.

Looking ahead, we remain positive about the long-term demand outlook. Infrastructure development, housing, industrial investment, electrification and the shift towards organized and compliant products continue to support the industry. At the same time, we will remain watchful of metal prices, foreign exchange movement, inventory levels and working capital requirements.

Our focus will be on maintaining healthy volume growth, protecting margins through timely pricing and procurement decisions, improving the product mix and sustaining the progress made in FMEG.

With this, I now request to open the floor for the question-and-answer session.

**Moderator:** Thank you very much. The first question is from the line of Dhruv Jain from AMBIT Capital. Please go ahead.

**Dhruv Jain:** Congratulations on very good numbers. My first question is on cables, so in the last three or four quarters, we've seen that savings growth has improved substantially, so just wanted to understand, A, where is this market share gains that you are seeing coming from? Is it more distribution or is it more B2B? And B, where are we in terms of utilization levels here incrementally? And how should we look at margins improving from -- in the cable side? That's my first question.

**Rajesh Jain:** Thanks Dhruv. So when we talk about growth in our cable segment, as we explained in our earlier strategy also that our focus will be grow in B2B segment, more focusing on cable side of the business. And now when we are at execution phase, we see good growth coming from cable side, and majority of this is we are serving for our distribution channel only, and of course, margins, as you can see, it's like due to scale and improving product mix, and we are sure to maintain this kind of growth in coming quarters.

**Dhruv Jain:** Sure. And sir, just on that, right? I mean, in the last quarter you had mentioned that the full year FY '28 margin guidance for Wires & Cables was about 10.5%. So now that you are close to 10% in this quarter itself, do you think that you have to upgrade your guidance or you still maintain that?

**Rajesh Jain:** So we'll remain there because while we endeavor to touch our double-digit margins for the year, but since it is early in the year, we continue to maintain our overall margin guidance of 10.5% by FY '28.

**Dhruv Jain:** Got it, sir. Thank you so much and all the best.

**Moderator:** The next question is from the line of Achal Lohade from Nuvama Institutional Equities.

**Achal Lohade:** Congratulations for great execution. Just two or three questions, if I may ask. First on the industry growth, what is your sense? I know it's very hard to call out for a quarter, but still in terms of the growth for Wires & Cables, both if you could call out, what would have been the industry growth for the quarter in your best assessment?

**Rajesh Jain:** It may be tough to call out at industry level, but I think it may be around -- between 10% to 12% at most.

**Achal Lohade:** Okay. Understood. The second is in terms of the exports, like Rajeshji called out that exports grew at almost similar pace compared to domestic despite the Middle East challenges. So if you could talk a little bit more about this export aspect in terms of the key market, how are you seeing growth? What kind of mix are we seeing there? Are we seeing improvement in the cables pickup as well?

**Rajesh Jain:** So as you are aware, we are a geographically diversified company, and so there were like distribution from Middle East, but still like the overall performance is like based on other countries and other geographies, we are able to have higher growth or at par growth with our domestic market also. And particularly since now we are changing or focusing on changing product mix in export market, more focusing in cable side where we see good demand also, so this is helping us to achieve higher growth in export markets also in spite of so many global disturbances.

**Achal Lohade:** Any particular market you want to call out, sir, which has done very well and which is expected to do better? And secondly, in terms of approvals for the cables, where are we in that journey? Are we like more than midway through or it's still the beginning for us?

**Rajesh Jain:** Still, I would say it's like just opening of our larger journey, and we are in way to execution of overall global presence also and in many new geography and new product. Also we are in the process to getting approvals from new geography also, we are getting some good gains in export markets.

**Achal Lohade:** Got it. Thank you. I have more questions, but I fall back in the queue.

**Moderator:** The next question is from the line of Vidit Trivedi from Asian Market Securities.

**Vidit Trivedi:** Congratulations on a pretty strong set of numbers. Sir, last quarter, you've mentioned data center as a medium-term growth driver. I just wanted to check, have you started receiving repeat orders from this segment? Or is it -- will it be fair to say that the opportunity is still largely at the bidding stage?

**Rajesh Jain:** Data center, still it is more on like announcement phase rather than execution. And of course, we have started getting a few orders, and it is like continuous process. We will keep adding new customers in data center, and there, we are supplying like conventional cables, which is like a regular part of our product category.

**Vidit Trivedi:** So what's the share of the overall data center cables in the top line?

**Rajesh Jain:** It will be very less. To be very frank, wire and cable industry as large, very big and data center is one of the area where it applies.

**Vidit Trivedi:** Got it, sir. Sir, additionally on the exports front, with the rising investment in power infra and data center in the U.S., how do you view the opportunity there? And what approvals or investments are required to meaningfully scale your exports business?

**Rajesh Jain:** Of course, U.S. is a very big opportunity for Indian markets and for us also. And already, we have a few approvals. We are in process to onboarding a few customers also. But as you know, still things are not clear on tariff fronts and still people are not aware how the things will process. But definitely, this will be one of the very big opportunity for us in the future.

**Vidit Trivedi:** Got it. If I may squeeze just one more question pertaining to the FMEG segment. Sir, which FMEG categories are witnessing the strongest traction? And if you could just call out the premium mix in all the categories?

**Rajesh Jain:** So like we have seen very good growth in lights, appliances and switches. As already informed that in fans, we had like flattish type of volume growth. But at the same time, we will improve our realization and better premium product mix. Almost 25% of our revenues are coming from premium product side.

**Vidit Trivedi:** Got it, sir. That's helpful. Thank you and all the best.

**Moderator:** The next question is from the line of Umang Mehta from Kotak Securities.

**Umang Mehta:** Congrats on a good quarter. My first question was on margins. So if we look at the Y-o-Y expansion, I understand the base was slightly low. But is it possible to split the expansion into the buckets of mix leverage and advantageous gains? Just wanted to kind of understand how much is mix contributing to margin expansion.

**Rajesh Jain:** So overall, if you see the biggest benefit there -- or the biggest contributor is scale because of scale benefits, we were able to improve our margins apart from better cost absorption, and we are also taking many other initiatives to improve our margins. So this is a result of a combination of all these efforts and product mix and scale benefits.

**Umang Mehta:** Sure, sir. Second question is on pricing growth, so this 40%-odd pricing growth, which we've seen in 1Q, if spot prices sustain, should we expect pricing growth to improve further in second quarter? Or should it be more or less stable at current levels?

**Rajesh Jain:** If I compare with Q2 prices of last quarter and if we consider current prices to be stable in current quarter, then it may reflect around about 30% in terms of pricing or the rate fluctuation or rate hike in LME prices of raw material.

**Umang Mehta:** Got it. And just one last one was on channel stock. So there was some correction in commodity prices towards quarter end, so did we see any kind of stocking, destocking impact? Or would you say that your channel inventory is more or less normal as of quarter-end?

**Rajesh Jain:** So when we see on a very short span of time, you may say there are some discussion of stocking or destocking. But normally, what we believe this is an area which is like wire and cable is consumed throughout the year or in every sector, so there may be some impact in like end of this last quarter also. But I hope in longer term, we have to see business as usual in a longer time frame.

**Umang Mehta:** Got it. Just to clarify, you mean positive impact as of quarter end or negative impact on volumes?

**Rajesh Jain:** So if I consider only last part of Q2, then there was negative impact in volume growth.

**Umang Mehta:** Understood, very helpful, thank you so much sir and all the best.

**Moderator:** The next question is from the line of Natasha Jain from PhillipCapital.

**Natasha Jain:** Congratulations on a great execution. My first question is, could you give us some color in terms of the domestic expansion? We understand West is your strongest market, but how has expansion to, say, the Eastern, Northern part been for you? And any particular color which domains in India is doing better for you at this moment?

**Rajesh Jain:** Yes. So by large, I see we are making good progress even in South part of the country also apart from already West and North where we are doing fairly good. East, of course, still we have not done that much kind of growth. But in South, we have again -- or we are doing better than previous plans.

**Natasha Jain:** And sir, what about North India for you? Could you also give us some color and quantification in terms of the contribution geography-wise?

**Rajesh Jain:** I do not have exact breakup, but North and West contribute almost 65% in our domestic revenues.

**Natasha Jain:** Understood. And sir, second question is in terms of working capital, is there any sign of stress in the trade in terms of payment?

**Rajesh Jain:** No, we have not seen any stress in working capital. And as you have seen in our receivables, we have done fairly well and our days have reduced by 3 days in this quarter.

**Natasha Jain:** Great. Thank you so much and all the very best.

**Moderator:** The next question is from the line of Nikhil Purohit from Fident Asset Management.

**Nikhil Purohit:** Congrats on a very, very strong set. I have two questions. I joined the call a bit late, so I'm sorry if these questions have been answered. Sir, firstly, we had mentioned that exports would be impacted in quarter one. In the last quarter, we mentioned that, so can you throw some more light here, the kind of growth that we saw? How are the margins here? And also what did the geographic mix look like?

**Rajesh Jain:** So though in earlier days of Q1, we were expecting there may be some disturbance, but thankfully, we were able to achieve a similar growth in this quarter what we achieved in domestic also so overall like almost 57% growth over previous year. This were -- we were able to achieve it through other geographies in this quarter. Although there were like Middle East disturbance in initial part of this quarter, but it was offset by other export markets. And now we have also seen shipment normalization and recovery from Middle East market.

**Nikhil Purohit:** So that is visible in this quarter as well, right, in the normalization?

**Rajesh Jain:** Yes, yes.

**Nikhil Purohit:** Okay. Okay. And sir, secondly, generally, H2 is stronger than H1 in the wires and cable industry. Do we expect that trend to continue for this year also after seeing such strong number in quarter one?

**Rajesh Jain:** Normally, historically, we have always seen H2 is always better than H1, so we expect the similar thing in this year also.

**Nikhil Purohit:** Got it. Thank you.

**Moderator:** The next question is from the line of Sandesh Shetty from HSBC.

**Sandesh Shetty:** Congratulations on a very great set of numbers. First off, my first question is on project execution, especially in power T&D. We have seen some disturbances in execution due to Middle East crisis. Are you seeing improvement there now that things have subsided a bit? Are you seeing demand inquiry better there in that segment?

**Rajesh Jain:** So Middle East, as I said in last question also that now it is becoming normal and we are back to normal situation kind of things and we are seeing recovery from Middle East markets, so I think that now we are at normal levels in this quarter.

**Sandesh Shetty:** Okay. And sir, there has been a significant rise in other income, is there a one-off in that? Or is it like a normal run rate now?

**Rajesh Jain:** I will not say it is normal run rate, but since we have seen there was like positive or rather dollar was impacted in this quarter, and since we are export heavy company, so we have seen good impact, but it is part of our business only.

**Sandesh Shetty:** Okay. Thank you sir.

**Moderator:** The next question is from the line of Rahul Agarwal from IKIGAI Asset.

**Rahul Agarwal:** Sir, two questions. Firstly on the capex side, you said Silvassa starts in the current quarter. I just wanted to understand if you could just elaborate a bit on what capacities are going to come on stream over the next 12 months? And what are the products we are talking about?

**Rajesh Jain:** Yes. So in this quarter, we are expecting new capacities to be added in Silvassa, which will be on wire side of our business. But at the same time, in this year, we'll add a few capacities at Waghodia also, which will be highly focused on cable side of the business. So overall, our capex is planned in such a way that we'll be able to meet our projected growth or volumetric targets, what we have set at the beginning of the year. So this will be like well balanced among capacity addition and expected growth in revenues or sales.

**Rahul Agarwal:** Got it, sir. Sir, could you highlight some new product development in terms of pipeline, which will roll out over the next 12 months from the new capacity?

**Rajesh Jain:** See, probably it will be like in power cable side where we keep adding a few capacities. But at the same time, we will focus on new product or rather new industries also where we can have more share of the business like in maybe specialized kind of cable or within power cable also till now we are in LV cable more and HV cable side is still our presence is low, so we'll keep increasing our presence in HV cable side of the market.

**Rahul Agarwal:** Got it, sir. And last question was on FMEG. Can you just share your thoughts on how do you think about in-house manufacturing? What are the products right now we are making in-house and incremental thoughts on how do you look at manufacturing for FMEG overall?

**Rajesh Jain:** So if you see our current breakup, almost 1/3 we are doing in-house and 2/3 is we are doing outsourcing in which like ceiling fan and switchgear category, we are having in-house production. And by large, we'll maintain this kind of situation only because our focus will be more to increase market presence through better R&D and brand presence and maybe manufacturing scenario remain as it is what we have currently.

**Rahul Agarwal:** So the lighting and appliances are all outsourced, is that correct?

**Rajesh Jain:** Few part of lighting like commercial lighting, we are doing in-house, but largely appliances and lighting is outsourced.

**Rahul Agarwal:** Okay. And appliances products, sir, like in terms of meaningful revenue?

**Rajesh Jain:** So appliances are contributing almost 10% to 11% in our overall FMEG revenue, which comes generally from like geysers or coolers and small appliances.

**Rahul Agarwal:** Got it, sir. And incrementally, like longer term, is the company thinking of getting into in-house manufacturing or it's generally going to follow the same model right now?

**Rajesh Jain:** Generally, same model. We'll keep following what we are doing as of now.

**Rahul Agarwal:** Ok. Best wishes for the year. Thank you.

**Moderator:** The next question is from the line of Disha from Trinetra Asset Management.

**Disha:** My first question was on the FMEG side because the breakeven has reached like recently, and I expect that by FY '27, we are on the track like the time line has slipped a little bit. What was the specific driver for this delay? Was it the scale? Was it distribution or was it the pricing competition?

**Rajesh Jain:** So at the beginning of the year, like earlier, we were targeting for the breakeven in Q4 of FY '26, but there were like very high fluctuation or increase in our raw material prices, so we were not able to achieve that breakeven, but now we are able to achieve. But on sustainable basis, we are expecting to achieve breakeven on a yearly basis in this year and then we'll keep going.

**Disha:** Okay. And my other question was on the dealer distribution side, like how are you doing the network scaling with like revenue growth in the channel expansion in the space?

**Rajesh Jain:** Can you repeat, please? Your voice is not clear.

**Disha:** My other question was on the dealer distribution networking, and like how is the growth of expansion in the channel? And related to the revenue growth, is the distribution follow the revenue proposition will increase?

**Rajesh Jain:** Yes, I got your question. So from dealer distribution point of view, of course, we are increasing our retail presence all over India. Luckily, we have established all of our distribution channel all over the country. The only thing left of our retail distribution may be like in some states, we are doing very good pricing in other markets still at that point.

At the same time, we have more than 1.5 lakh retail touch points and it will keep growing so that our increase, and we can achieve the expected growth in Wire & Cable as well as FMEG segment.

**Disha:** Okay. Last question if I may ask, what was the exceptional item of INR14 crores this time may I know the reason behind it?

**Rajesh Jain:** So exceptional item, if you recall in like Q3 of last year, there was due to labor code, there was exceptional loss of INR19 crores. And since that time, the rules and the details are not clear, so now as everything got clear, there is reversal of INR14 crores in this quarter due to change in labor codes lately on that. Salary restructuring happened after clarity of rules, these benefits come in this quarter.

**Disha:** Yes. Got it, sir. Thank you.

**Moderator:** The next question is from the line of Dhruv Jain from AMBIT Capital.

**Dhruv Jain:** Thank you for the opportunity again. Two things, one is if you could just announce your capacity utilization and capex for '27, '28, how should we think of that number? And if you could break this down for Wires & Cables respectively, what the utilization is, that's my first question.

**Rajesh Jain:** If you see overall, we had a capex plan of around in 1,200 crores, in which almost 80% is focused towards cable side of business. Out of which, like last year, we did around INR300 crores, and this year, major of that expansion will be executed and as of INR600 crores to INR650 crores will be deployed in this year. Again, major part is towards cable only where like earlier, we had capacity utilization of almost 90%. And even now growth is more expected from cable side of the business.

**Dhruv Jain:** And sir, what is the utilization for wires?

**Rajesh Jain:** Wires, it's around 65% to 70%, yes.

**Dhruv Jain:** Okay. And sir, given the fact that we've done about 17% volume growth for this quarter, I understand that last year since the third quarter, your base was higher. But just from an FY '27 perspective, what is the kind of volume growth you anticipate in this year, and given the fact that Middle Eastern exports will also come back possibly in the rest of the quarters?

**Rajesh Jain:** If you see our long-term guidance and overall volume growth, we are expecting to achieve growth of around 18% year-on-year what we have guided at the beginning of FY '26. And we are still able to hope -- we are hoping to achieve that kind of volume growth. So this year also, we are expecting around 18% volume growth.

**Dhruv Jain:** And sir, just one thing, so your FMEG business, we've seen one of your players, a couple of players actually getting into solar and renewable in a big way. So anything that you guys are exploring in that vertical?

**Rajesh Jain:** Right now, we do not have any plan in solar, but we will keep focusing on current product category and expand those categories.

**Dhruv Jain:** Okay. Thank you sir.

**Moderator:** The next question is from the line of Achal Lohade from Nuvama Institutional Equities.

**Achal Lohade:** Thank you for the fall off opportunity. Sir, if you could help us understand in terms of the dealer distribution count, in the retail touch point, you said 150,000. How was it, say, last year same time? If you could just call out what has been the growth there?

**Rajesh Jain:** So rather than growth now, it is like dealer distribution is in consolidation phase where we want to increase the depth of distribution and like achieving higher revenue per dealer distributor, so our focus is on making balanced approach towards distribution and dealer depth and growth. But of course, retail like it is like continuous process where we'll keep adding a few thousand retailers every year. And like last year, approximately, we have added around 20,000 to 25,000 retail points.

**Achal Lohade:** And similarly, how much would have you added in dealer distribution count?

**Rajesh Jain:** No, I will not maybe increase, but there may be some reduction in numbers overall.

**Achal Lohade:** Got it. Understood. In terms of the price inflation, you mentioned 30% is the basically the LME price increase Y-o-Y. Does that mean a 15% effective pricing given metal is about 50%, 55% of the revenue? Would that be a fair assumption?

**Rajesh Jain:** So first, this 30% is about Q2 of like current year versus Q2. And -- but since there is like -- apart from this, there was inflation in dollar price also. So there may be like net impact maybe around 40% in metal price and that might reflect to around 25% in overall product pricing.

**Achal Lohade:** Understood. Got it. And third, in terms of the margins -- sorry, I missed that part, so 9.9% margin for 1Q, there is no inventory gain or any inventory loss in this, it's purely operating leverage, which is driving the margins. Have I understood right, sir?

**Rajesh Jain:** Yes, yes. This is correct because inventory is a continuous process, which is like continuous for every quarter, but this is purely organic level margin improvement and growth.

**Achal Lohade:** Neither the inventory loss?

**Rajesh Jain:** No.

**Achal Lohade:** Got it. Thank you and wish you all the best.

**Moderator:** The next question is from the line of Himanshu Singh from Baroda BNP Paribas Mutual Fund.

**Himanshu Singh:** Congratulations on good set of numbers. So I just had one question, so in terms of the unorganized players, they would be facing working capital distress and because of the elevated commodity prices. So what -- like how do you see the share from unorganized to organized in this quarter or maybe, let's say, last 6 months happening? And how has that helped you?

**Rajesh Jain:** There are no specific data how unorganized doing, but based on my experience and what we have seen maybe every year, 2% to 3% market is moving from unorganized to organized, not only for this year, but over a larger period of time if I see. So I think the journey is almost same and similar, so maybe 2% to 3% yearly the market is shifting from unorganized to organized.

**Himanshu Singh:** Okay. So nothing major happened in the last 6 months, you are saying?

**Rajesh Jain:** No, I don't think so.

**Himanshu Singh:** Okay. Thank you sir.

**Moderator:** The next question is from the line of Yash Mehta from SKP Capital.

**Yash Mehta:** So first of all, congratulations on a good set of numbers. I got a few questions, I wanted to ask, so the Wires & Cables segment margin improved from 7.6% to around 9.9%. So was this primarily because of product mix improvement, operating leverage or better commodity management?

**Rajesh Jain:** So these are like mix of all initiatives as earlier also I said, majorly if I see the margin improvements are due to scale benefits and better cost absorption. We said this, there are many other initiatives we are undertaking to improve our margins. So these are like a combination of many, all other things to achieve this kind of growth.

**Yash Mehta:** Okay. Got it. And given the current business mix and execution efficiencies, so should investors view the current margin profile as sustainable or was this quarter exceptionally very strong?

**Rajesh Jain:** So if you see our overall guidance, like we had targeted to improve our margins by 100 basis points on a year-on-year basis. And last year, we were able to achieve, and even in this quarter as per our original business plan, we are quite confident to achieve those guidelines of improving margins by 100 basis points year-on-year basis.

**Yash Mehta:** Okay. Got it. Thank you.

**Moderator:** The next question is from the line of Vidit Trivedi from Asian Market Securities.

**Vidit Trivedi:** Thank you for the follow-up question. Sir, I remember in one of your previous con call, you have said that the cables command a margin of almost 11%, 12% in the exports market, while on the domestic front, they command 6% to 7% of margin. And the case is completely vice versa in case of wires while on the domestic, they command 11%, 12%, on the exports, they do 5% margin. So can you please explain why such a difference is there on the domestic front and the exports front in both the areas -- I mean, in both the segments?

**Rajesh Jain:** So if you see India is the only country where wire is sold as a consumer product and you get premium over your brand and brand value and presence in the market. While in global markets, wire is considered as a simpler product, which is like a kind of simple with less investment you can make. But in cable, you need precise manufacturing capabilities, some typical hard approvals also and complex manufacturing process. And that is the reason.

And at the same time, I would like to clarify that our margins in cable -- in domestic cable are in the range of 6% to 7%. But going forward and if we achieve the scale, improve the availability, then we also will be in the range of 10% to 11% in domestic cable also once we achieve the scale and a sizable market share also. So overall, in export wire margins will be less, but in domestic wires, we have higher margins, while in export cables, margins are already good, but in domestic cable also, our margins are improving in current phase.

**Vidit Trivedi:** Got it sir. Thanks a lot.

**Moderator:** The next question is from the line of Vivek Gupta from Star Investments.

**Vivek Gupta:** The Wire & Cable segment margins expanded about 9.9% despite strong growth, so what are the key drivers like if you could just break down between the product mix, export mix or the operating leverage or the lower competitive intensity.

**Rajesh Jain:** So overall, if you see like in our volume growth, we have guided that in cables, we will have higher growth compared to wires because of our base or our presence also since we started our journey from wire and we have fairly good share in wire side, but in cable, now we are improving. So majority of the growth will come through cable side. And overall, if you see the way infrastructure development is coming in India or green energy in green and solar or data center or export opportunities, so overall, we see that cables may grow at higher pace than wires at industry level also and for us, it will be more contribute cable growth will be more.

**Vivek Gupta:** Okay. Sir, are you seeing any pricing pressures from the new entrants or the aggressive bidding in institutional and project business?

**Rajesh Jain:** Not really specifically, but competition is always part of our business and one has to be always ahead of the competition based on quality or availability and everything. So we have not seen anything special in this quarter or last year.

**Vivek Gupta:** Okay. Sir, which geographies contributed most to the export growth? And are there any regulatory or tariff-related opportunities helping Indian exporters to gain the share globally?

**Rajesh Jain:** So as of now, like biggest contributor in our export is Europe and Middle East and it is going to contribute as usual at higher pace. But at the same time, U.S., we see as a new opportunity and maybe once the tariff type of things settle, then we see good opportunity for us in U.S. market also.

**Vivek Gupta:** Okay. Sir, the FMEG business has achieved operational breakeven for the first time, so what specific actions enabled this turnaround? And also like is breakeven likely to sustain every quarter going forward? Or was there any seasonality benefit in this quarter one?

**Rajesh Jain:** So of course, this was first time. Though we are targeting our breakeven at yearly basis, but we are happy to share that in quarter one itself, we were able to achieve the breakeven. But at the same time, since Q2 is a little bit lower in FMEG side, this quarter may not be possible, but we are -- we'll try to achieve it, but on a yearly basis, we are quite sure to achieve breakeven in this year. We'll maintain this positive side of...

**Vivek Gupta:** Okay, sir. Sir, given the strong demand outlook, what is the capex plan for FY '27 and FY '28?

**Rajesh Jain:** So if you see our Project RRise guidance what we have given in FY '26, where we have a capex plan of INR1,200 crores comparing FY '26 to FY '28, and we are on track of that. Already I answered that out of that already INR300 crores we have invested in last year. This year, it will be around INR650 crores and so.

**Vivek Gupta:** Okay, thank you. That's all from my side.

**Moderator:** The next question is from the line of Pahal Sharma from DD Capital.

**Pahal Sharma:** I just wanted to ask like could you share which categories are contributing the most to growth? And also whether the premiumization is playing a larger role like than before?

**Rajesh Jain:** So initially, I informed that in FMEG, like we have grown in lighting, appliances and switches. And in the fan business, of course, like our realization is improving due to better premium product mix and almost 25% of our revenue is coming from premium product category.

**Pahal Sharma:** Understood, sir. And now that breakeven has been achieved, so like what are the next milestones for the FMEG business in terms of like profitability and also the scale over the next 2 to 3 years?

**Rajesh Jain:** So first of all, we are targeting growth of around 20% in FMEG business and also achieving breakeven on sustainable basis for this year and then make this business profitable in coming 2, 3 years on continuous and sustainable basis with top line growth of around 20% year-on-year.

**Pahal Sharma:** Ok sir. Thank you so much.

**Moderator:** Thank you. Ladies and gentlemen, that was the last question. I now hand the conference over to Mr. Rajesh Jain for closing comments.

**Rajesh Jain:** Thank you, everyone, for taking some time out to participate in this call. In case of any queries, reach out to us or our Investor Relations agency, MUFG Investor Relations. We wish you all the best and hope to interact with you soon. Thank you so much.

**Moderator:** On behalf of R R Kabel Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.