Finolex Cables Ltd (FCL)

Padmakshi
Financial Services

Initiating Coverage

06 April 2011

Finolex Cables Ltd (FCL)

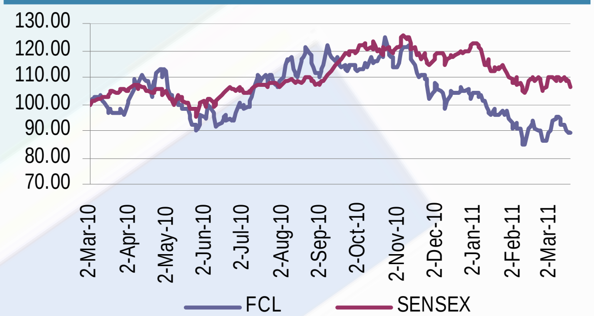
Padmakshi Financial Services

Recommendation	BUY
CMP	Rs 50
Target Price FY12	Rs 97
Sector	Electrical Equipments

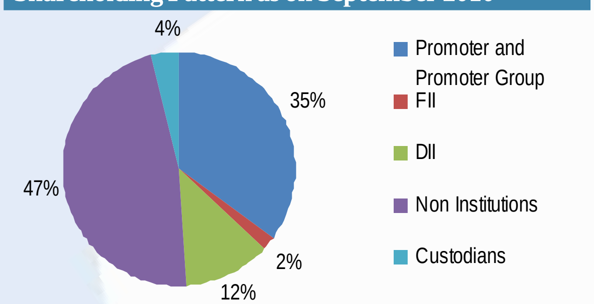
Stock Data	
Bloomberg	FNXC
BSE Code	500144
NSE Code	FINCABLES
52 Weeks High/Low	66.7/42.55
Market Cap (Rs in Cr.)	694

Description (in Cr)	FY10	FY11E	FY12E	FY13E
Revenue	1618.72	2078.72	2537.09	3070.26
EBITDA	118.99	172.11	261.55	381.68
EBITDAM	*11.87%*	*10.30%*	*11.12%*	*12.37%*
PBT	63.08	113.79	199.49	314.64
PAT	31.54	85.34	149.62	235.98
PATM	*1.92%*	*4.05%*	*5.81%*	*7.55%*
EPS	2.06	5.58	9.78	15.43

FCL v/s Sensex



Shareholding Pattern as on September 2010



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Investment Rational

Underutilized capacity and Balance sheet strength to help fund growth

The company currently operates at ~ 50% capacity across all its product lines. The unutilized capacity will enable FCL to take advantage of operating leverage when demand picks up. FCL has very little debt on the balance sheet (Debt:Equity 0.4x), leaving ample scope to leverage if demand picks up due to likely triggers of 3G spend or SEBs spend on power cables expansions.

Healthy top-line growth as well as rising margins will lead to improved performance

We expect the company's operating income to grow at 29% and 22% y-o-y for FY11 & FY12E respectively to Rs.2217 cr. and Rs.2706 cr, mainly backed by growth in the electrical cables segment and a shift to the increased use of optic fiber. Further, we expect the derivatives losses to decline from Rs.45 Cr. in FY11 to Rs.25 Cr. in FY12 and Rs.5 Cr. in FY13 thereby increasing the EBITDA margins to 12% in FY13E from 8.2 % in FY11E.

Increased Dividend Payout

With improving business prospects, the company is likely to adopt its previous dividend policy which will lead to higher dividend payout from FY11. We expect the company to pay 25% of its profit as dividends in FY11 and 30% in FY12 and FY13 leading to regular flow of returns for the investors.

J-Power tie up

Finolex has entered into a joint venture (JV) with J-Power Systems Corporation of Japan to strengthen its power cable segment. The joint venture company with 49% ownership interest would offer complete turnkey services in Extra High Voltage (EHV) cables up to 500 KV capacities in India and abroad. Along with the services in EHV, Power Cables and Accessories (Jointing Kits) would be supplied by FCL which would increase their top line. We expect the company to achieve turnover of Rs.300-400 Cr in next two years.

Valuation

At the CMP of Rs.50, the stock is trading at a P/E of 5x and EV/EBIDTA of 3.9x its FY12E numbers. We expect ROE to improve from 5% in FY10 and 12% in FY11 to 18% in FY12 on back of robust profitability. *As a base case scenario, not considering that the company passes out the rise in copper prices, with an estimated forward P/E of 10, we recommend a 'BUY' with a price target of Rs.97.*

Finolex Cables Ltd (FCL)

Company Snapshot

Finolex Cables Ltd. (FCL), is one of the country's largest and leading manufacturer of electrical & telecommunication cables with a turnover of over Rs.2217 Cr. (FY11E). It is the flagship company of the Finolex Group and was established in 1958 in Pune. The other group company Finolex Industries is into pipes and other PVC products. FCL was the first private sector company to manufacture jelly filled telephone cables (JFTC) in the year 1983. After FY02, the company has converted some of JFTC manufacturing capabilities to manufacture optic fiber.

The company has manufacturing facilities at Pimpri and Urse in Pune as well as in Goa & Uttarakhand. The company started its operation with the manufacture of PVC insulated electrical cables for the automobile industry. Since then, the Company has endeavored to augment its product range.

The product portfolio of the company consists of PVC insulated electrical wires and Flame Retardant Low Smoke electrical wires, PVC insulated single core and multi core industrial flexible cables, Rodent Repellent Multi core Flexible Cables, PVC Insulated Winding Wires and 3 Core Flat Cables, XLPE 3 Core Flat Cables, Power and Control Cables, High Voltage Power Cables (Up to 33 kV), Polyethylene Insulated Jelly Filled Telephone Cables, Auto & Battery Cables, Co-axial and CATV cables, LAN Cables, Switchboard Cables, Fiber Optic Cables and others.

Its business operations are carried out by the four broad divisions, viz. Electrical Cables, Communication Cables, Copper Rods and Others, with Electricals Cables being the largest one among the divisions.

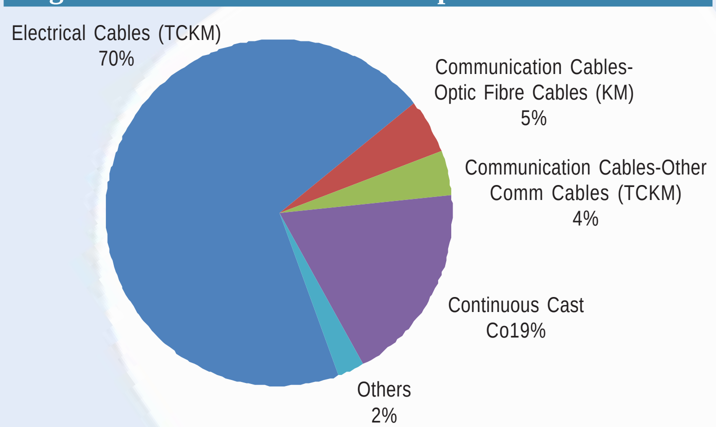
Segment Overview

Electrical Cables *is going to be the growth driver in coming three years…*

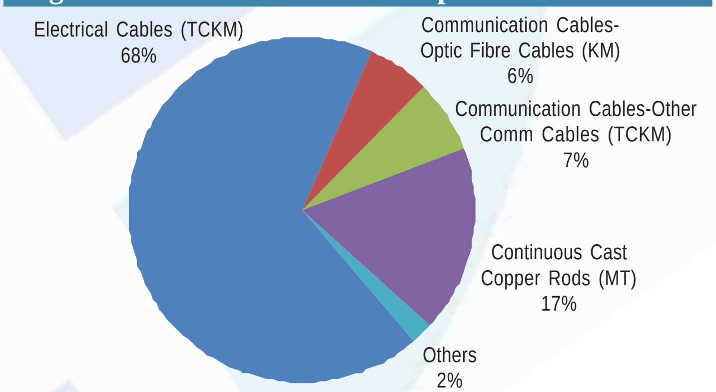
This segment is the main revenue generator for the company accounting for 64% of its total sales in FY10 and is expected to contribute about 69% in FY11. The yoy revenue growth of this segment is seen at 38% for FY11 as compared to 26% in FY10. As the business mix shifts towards high value added products, we expect the margins to improve in FY12.

This division manufactures light-duty electrical cables and power & control cables. This is the segment that derives its growth from real estate, automobile, power & infrastructure sectors. As the government's impetus is on infrastructure development, growth visibility for next couple of years remains buoyant. Moreover, the initiatives taken by central electricity authorities and SEBs to improve transmission & distribution networks to enhance efficiency thereby reducing transmission losses will go a long way in improving demand. However, lack of funds has resulted in the electricity authorities not executing their commitments

Segment wise Revenue Break-up FY2011



Segment wise Revenue Break-up FY2012



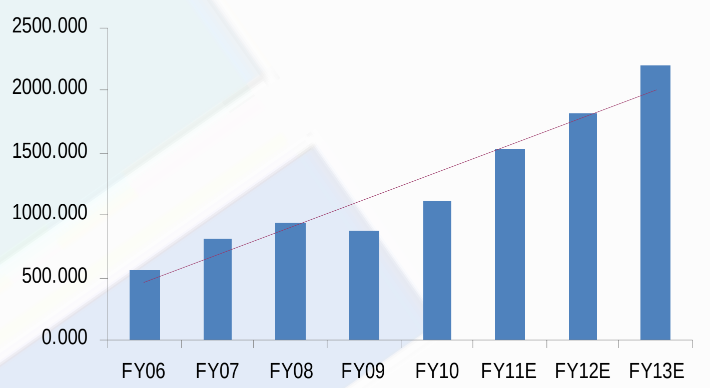
to shift to a higher voltage network. We expect this to gradually pick up helping generate higher revenues. Implementation of a unified GST across the country over the next years would further remove any fiscal imbalance and create an environment for accelerated business development.

The LT cables segment, especially the Household Wires, is marked by high level of competition from the unregulated players due to lower entry cost. The unregulated market is estimated to be about 50% of the total market size.

The product pricing in this segment is a key bottleneck for margin expansion. Because of strong competition during the last 9 months, Finolex could not pass on the rise in copper prices to the consumers, which is the key raw material (approximately 80% of the raw material cost). This scenario will improve by the end of FY11 as company has already started to pass on the rising costs to the consumers by raising their prices. Amidst competition from the unregulated market and small & regional players (producing low quality products at cheap rates), the company is trying to expand its market share by building its brand name and providing superior products. Havells and Polycab (unlisted player) are the two other major players in this segment, apart from Finolex Cables.

Currently, India has a vast network of low tension cables which has a lower transmission capacity. However, compared to other developed nations which have a power transmission network comprising of high voltage capacity, we believe that India will require a shift from low voltage to high voltage cable network in order to provide efficient power transmission. This shift is likely to create a huge demand for high voltage cables in the medium to long term.

Electrical Cables Sales growth



The company has entered into a joint venture with Japan's J-Power Corporation to manufacture extra high voltage (EHV) cables in the 60 to 500KV range. Finolex contributes 49%, amounting to around Rs.190 Cr. last year and Rs.38 Cr. by FY11 end with rest to be in phases. For the same, the company has a manufacturing facility near Pune. It has already received approvals from various authorities for the products manufactured at this facility and is expected to start its operations within two months. The initial installed capacity of 1000 km cables per annum is likely to export 20-30% of the production. The area of operation will be all countries except Japan, the targeted annual turnover is to the tune of Rs.500 crores. The joint venture will also offer complete services of turnkey installation along with supply of power cables and jointing and termination accessories. However, market for these wires is not completely developed in India. Therefore, the company plans to use this plant for exports in its initial years of operation. On account of high freight cost, J Power is unable to serve its customers in Middle East from Japan and thus India will become a manufacturing hub for exports to its customers. Going forward, when the High Tension cable markets paves its way in India, FCL will have the expertise and will be able to fulfill the eligibility criteria of having experience in the segment. Further, it will also have a first mover time advantage over other players like Polycab, who has just entered into agreement with international major Nexans (France). This JV plans to invest Rs.400 Cr. to set up a manufacturing unit at Gujarat that will make EHV cables. The JV was formed in FY09 and production is expected to start in FY11.

Communication Cables *has been laggard but may witness improved capacity utilization which would reach to 80% from current 60-62%*

The communication cables division comprises of the traditional telephone cables, optical fibers and new generation communication cables. With the increase in use of broadband for internet, optical fiber is the main focus area for the company. Contribution of JFTC (Jelly Filled Telecom Cables), which is primarily utilized for fixed-line phones, may eventually come down.

The optic fiber requirement is likely to increase domestically as the 3G players will make capital expenditures for their infrastructural development and 2G players will improve their infrastructure to provide faster broadband access. The potential is immense as our current infrastructure hardly meets the international standards.

Based on the annual usage of fiber cables across different countries, we expect its usage to increase as the current usage of cables in India is far below the global levels.

Annual usage of Fibre Cable	
U.S.	30-35 Mn Kms
Japan	18-20 Mn Kms
China	90 Mn Kms
India	15 Mn Kms

Optical fiber cables are expected to drive growth for this segment. Optical fiber cables are used in high-speed data transmission. As the requirement for faster and heavier data transmission by on-line users increases, networks will need advanced Optical Cables. Rapid increase in network reach and upgradation of existing networks would result in increased demand for these cables. This industry is witnessing robust growth on back of rapid network rollout by the Telecom Sector. Consequently, outlook for this segment remains positive and we expect it to register more than 55% growth over the next two years. We expect sales to grow to Rs.106 Cr. in FY11 and Rs.154 Cr. in FY12 in the optic fiber segment.

Copper division *mainly for in-house consumption*

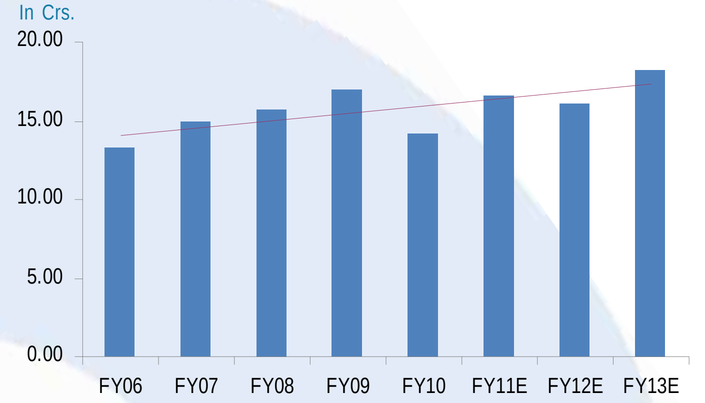
The copper rod production is mainly for the Company's in-house consumption. The division sells off any copper rods that are more than the in-house requirement. Normally, 30-40% of the production is sold to third parties. In FY11, sales of this division is expected to be around Rs.400 Cr. (previous year Rs.361 Cr).

Further, the copper requirements of the joint venture with J-Power Systems Corp. of Japan will also be partially met from the company's copper set up. Accordingly, the capacity utilization at copper rod plant is expected to improve in coming years.

Finolex Cables Ltd (FCL)

Others – *CFLs: a logical extension of its cable business*

PVC Sheets and Accessories sales pattern



The company also sells PVC (Polyvinyl Chloride) sheets, CFLs (Compact Fluorescent Lamps) and electrical switches, among other products. The business of PVC sheets is not growing as expected due to availability of substitutes like asbestos sheet, corrugated metal sheets, etc. There exists an overseas demand for PVC sheets and the company exports in modest quantity. The infrastructure at the sheet division is also being utilized to house PVC compounding as the infrastructure is best suited to derive maximum benefits.

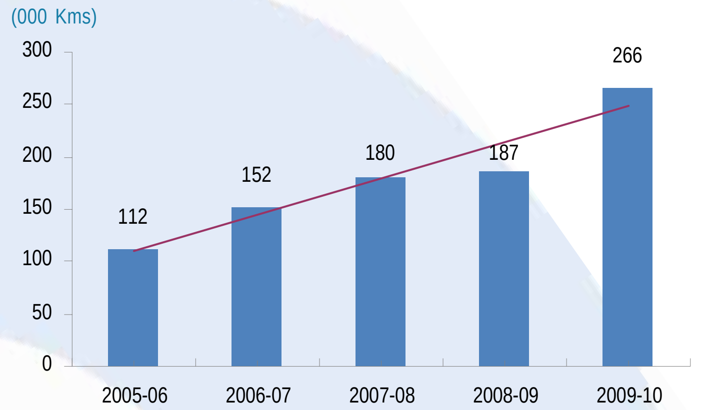
CFLs and Electrical Switches leverage on the company's existing distributor network and is a logical extension of its cable business. This is a new segment where the company is, for the first time, testing water in retail distribution space as till date other ventures dealt mainly in wholesale distribution. In this segment brand building and marketing are the key drivers. The company's strategy of marketing in one city at a time and gradually adding new cities seems to be working well.

On its part to contain the effects of global warming, the Government is promoting use of CFLs. Keeping in mind the rising demand for CFLs, the Company has been expanding its CFL manufacturing capacities. The second production line to manufacture mini CFLs was commissioned during the year. The 3rd line to manufacture T5 tube lights with a range of fittings will be commissioned in the near future. Upon commissioning the 3rd line, company will have an annual capacity of 30 Mn pieces to offer to the market. The capacity utilization at 10-15% leaves enough scope for scaling up without fresh investments in capacities. The business may improve margins but may take at least two years to be of importance in overall revenue contribution.

Finolex Cables Ltd (FCL)

Power Sector

Power cables production



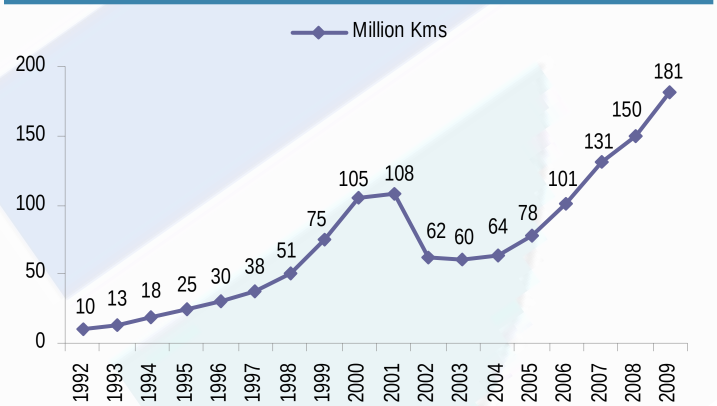
Initially, after having a monopolistic structure, the power industry has now seen many reforms including unbundling, privatization, and deregulation to name a few. These reforms have brought in healthy competition in the sector and also improved efficiency.

The Indian government has ambitious goals in the power sector. Power demand is expected to grow at 7.8% CAGR till FY15 (It grew at 7% CAGR between FY05-10). To meet this growing demand, the government is expected to invest Rs.9.3 trillion in this sector, of which Rs.3.4 trillion would be invested in Transmission & Distribution (T&D).

T & D system in India is a three tier structure involving distribution networks, state grids and regional grids. Growth in the transmission line segment is due to the ongoing development and increased investments in the power sector. This system is mainly in place to efficiently transfer power from the generating stations to the load centers and ultimately to the end users. In this whole process, a substantial amount of power is lost due to over loading the existing lines and lack of upgradation of old lines and equipments. T&D losses have an inverse relationship with the voltage configuration of the T&D system. Transmission of bulk power of high voltage (400 KV, 220 KV and 132 KV) over long distances is estimated to result in a loss of 4-5% of the total energy transmitted, while distribution at low voltage levels is estimated to lead to a loss of 15-18% of the total energy transmitted. The government's main focus in the coming years is to reduce T&D losses, which stands at around 27% as compared to 10-15% in the developed countries. These losses also include power theft, another major drawback which has forced the government to bring in the idea of replacing overhead lines to underground distribution lines. Thus the technological development required to overcome these drawbacks in the industry calls for immense potential for the electrical cable manufacturers.

Telecom Sector

Global fiber market



Broadly, the telecom cable network is divided into backbone (inter - state), backhaul (inter -region) and access (intra - region) network. Efforts all over are to convert the existing network to the fiber based network which offers greater bandwidth, and has the ability to transmit voice and data reliably. As a result, fiber optic technology has rapidly attracted both, individual and corporate users, within the Indian market. Large organizations are willing to invest huge sums in installing their own fiber-optic infrastructure to support specific needs.

Developed countries like U.S., Japan, Germany etc. lay their focus on building a better fiber-to-the-home (FTTH) Network. Countries like India and China are deploying fiber networks in their backhaul to cater to the increased bandwidth requirement due to their fast-growing wireless subscriber base. Moreover, developing countries in Africa and South America are still building their optical backbone networks. Thus we see a huge global opportunity for fiber business in India.

Finolex Cables Ltd (FCL)

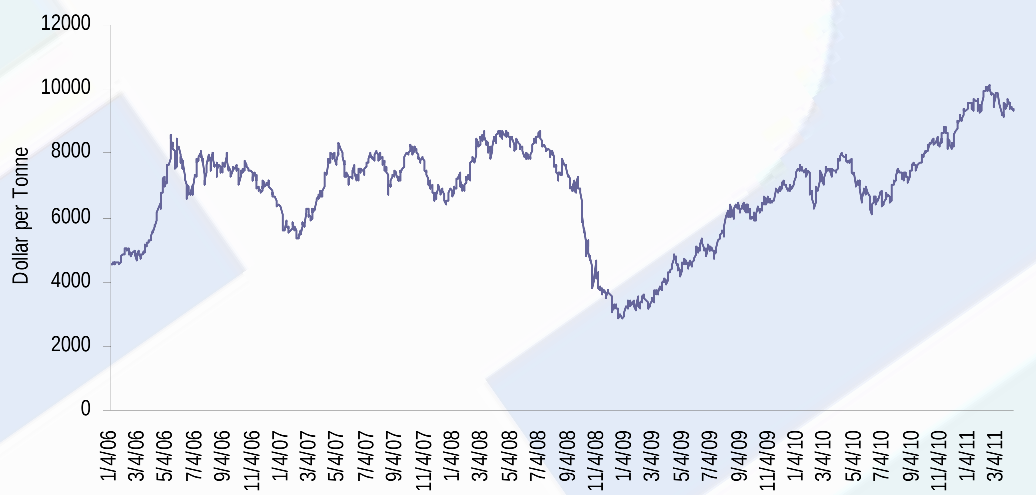
The demand for optic-fiber is growing rapidly across the globe. Over the last decade, the global fiber demand grew at 20% CAGR, with China and India leading with 39% & 33% respectively. India is currently the fastest growing and the second largest telecom market globally. With the completion of 3G and BWA (Broadband Wireless Access), all the telecom operators are continuously in the efforts to improve their network in order to facilitate these services. With every new subscriber getting added, the requirement for fiber grows. Wireless subscribers are growing at 55% CAGR in the last six years and the subscriber base is expected to cross 650 million by FY12. This in turn proves to be beneficial to the companies that manufacture telecommunication cable.

While the cable industry did not see much growth in the past few years due to rise in copper prices, installation deficiencies, inadequate network connectivity and competition among players, the future of this industry remains promising.

Copper Trend

According to The International Copper Study Group, copper is expected to face significant deficit of 4 lakh tones in FY11, after a modest deficit in FY10, as the supply is struggling to keep up with the demand. This deficit along with optimistic demand from the emerging economies like China and India indicates that prices would rise further in FY12. It is expected that the copper prices may have an average price of about UD $8000/ton for the next year and going forward it could touch US $10000. According to the ICF, in FY13 a number of new mining projects are due to come on stream globally due to which supply is likely to grow faster than demand resulting in a surplus of around 5 lakh tones. This should lead to easing of prices.

Copper Trend



Finolex Cables Ltd (FCL)

Investment Rational

Low capacity utilization of about 60% to help ride growth in next two years without too much of capex increasing operating leverage.

Finolex invested heavily into new capacities in the last few years. As the anticipated demand pick up did not materialize; the capacity utilizations are lying low at around 60% currently. But, these leave ample scope of gaining out of operating leverage once the demand catches up. With the investments that the company has done over the last few years in building additional capacity, it is comfortably placed to fuel its growth for the next 4-5 years. It is currently operating at a capacity of 60% in copper rods, 54% in electric cables and 60% in communication cables. We expect growth in revenues of nearly 22% in FY12 and 21% in FY13. This will be easily catered by existing capacities plus the planned capex of Rs.120 Cr. in two years.

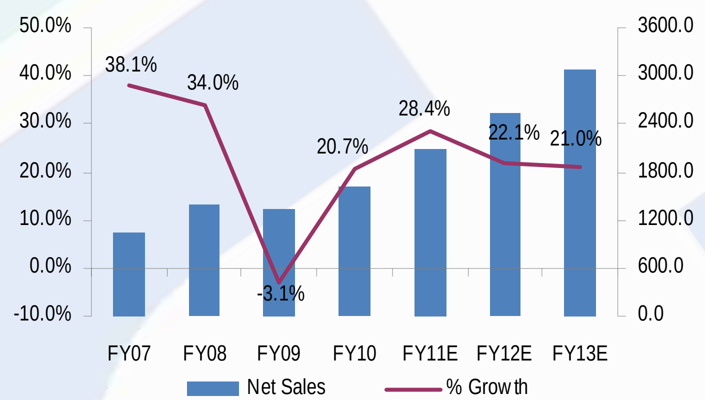
Strong balance sheet to help fund growth with leverage if required.

FCL posses a strong balance sheet with debt-equity ratio of 0.4x. The company has a net debt (after deduction of cash and liquid investment) of Rs.182 Cr. as compared to net worth of Rs.705 Cr. This would help to leverage in case of any new opportunities.

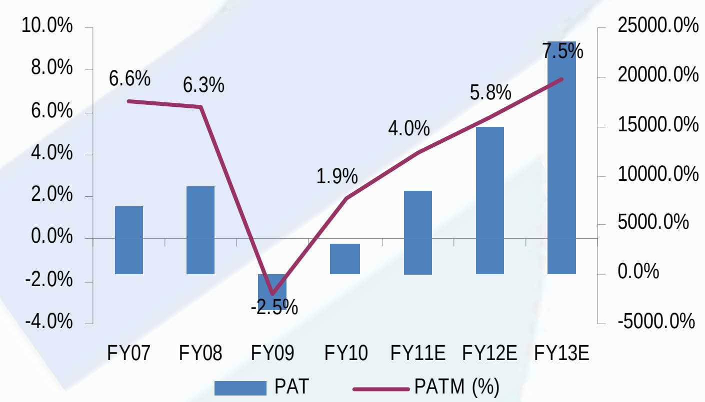
Healthy top-line growth as well as rising margins will lead to improved performance:

FCL has witnessed a decline in operating margins in FY10 and FY11 on account of increase in raw material cost as well as derivative losses. We believe that the company's Operating Income will grow by 29% yoy in FY11 and 22% in FY12 owing to gradual increase in demand and higher realization. The demand for cables from 3G implementation by telecom sector as well as increased investment by government in power sector may lead to higher revenues. Adjusted EBITDA margins (Excluding Derivative Losses) are likely to be at 11.12% and 12.37% in FY12 and FY13 respectively as the losses in derivatives would subside. Thus, benefiting from higher operating leverage and strong sales growth, the company is likely to increase its net profit to Rs.174 Cr. in FY12 and Rs.240 in FY13 i.e. a yoy growth of 34% & 38% respectively.

Sales Growth



Profit trend



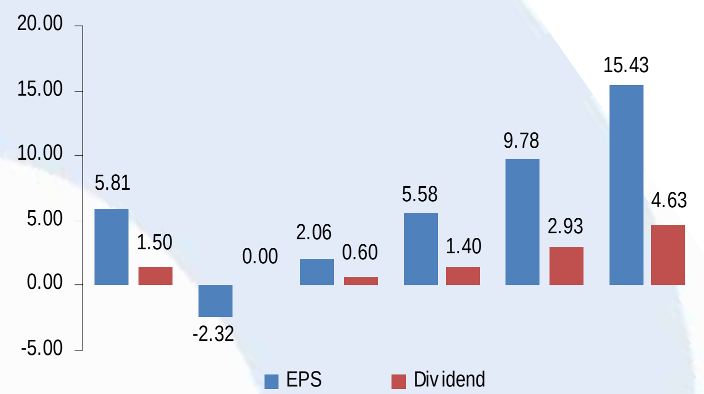
Finolex Cables Ltd (FCL)

Derivative losses to come down to Rs.25 Cr. in FY12 and Rs.5 Cr. in FY13, contributing directly to the bottom-line

The main reason that hit the company financials was the forex losses which were almost 50-70% of EBITDA in FY10 and FY11. As told by the management, these derivatives losses are to decline from Rs.45 Cr. in FY11 to Rs.25 Cr. in FY12 and Rs.5 Cr. in FY13, resulting into straight increase in bottom line and thus increase in PAT margins.

Dividend payout to increase to pre-Lehman levels by FY13E: FCL has been a regular dividend paying company. However, FCL had been conservative on dividend payout in FY09 and FY10 due to uncertainty looming the economy and thereby the business growth. Going forward, with an improvement in the business prospects, the company is likely to adopt its previous dividend policy which will lead to higher dividend payment from FY11 onwards. We expect the company to pay 25% as payout in FY11 and further 30% in FY12 and FY13 which will lead to regular flow of returns for the investors.

EPS and Dividend Chart



J-Power tie up: Finolex has entered into a joint venture (JV) with J-Power Systems Corporation of Japan to strengthen its power cable segment. This joint venture company with 49% ownership interest would offer complete turnkey services in Extra High Voltage (EHV) cables up to 500 KV capacities in India and abroad. Alongwith the services in EHV, Power Cables and Accessories (Jointing Kits) would be supplied by FCL which would increase their revenues.

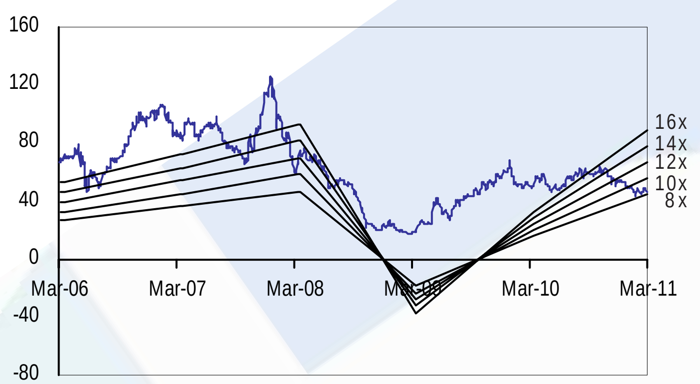
The reason for the tie up is high transportation cost for the Japanese company to export their products to the Middle East. Therefore, with the manufacturing unit of FCL and the technologies and expertise of J-Power Systems Corporation, this JV results in a cost effective deal. The market for these wires is not completely developed in India. FCL will benefit in a big way once the EHV cable business creeps into India, as they will have a first mover advantage.

Finolex Cables Ltd (FCL)

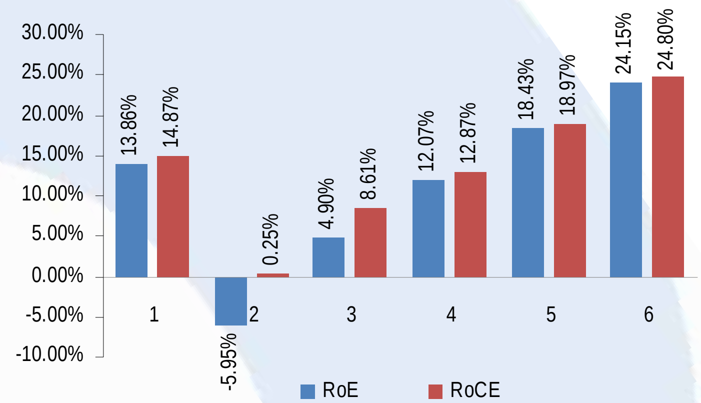
Valuation

Historically, the company's share price has been trading at a multiple of above 10x it's forward earnings till FY09, after which it got derated on account of economic slowdown. Currently it is trading 5x its FY12E EPS of Rs.9.8. Since we expect the industry and the company to do well in the coming fiscal, we value the company at 10x for our base case scenario.

PE Band



ROC & ROCE Trend



Next, going by the conservative estimates which came from management interaction and industry scenario analysis the net margin for the FY11 is expected to be at 6.18% and for FY12E at 6.78%. We have done sensitivity with +-100 bps for margin and on historical P/E band +-1. This has led to the base case scenario price target to be Rs.83 at P/E of 9x and EPS of Rs.9 for FY12E and Rs.101 for FY13E at EPS of Rs.11. The best case scenario is when demand picks up better than projected, for which the target comes to Rs.139 for FY12E and Rs.169 for FY13E. On our conservative case scenario ROE for FY12 improves to 18% against 5% for FY10 and 12% for FY11E. We believe, the stock has the potential to double in base case scenario and is a valuation bargain at the CMP (Rs.50) presenting little downside on 24 months horizon.

FY 2012

EPS	**9.27**	**10.95**	**12.63**
PE/Net Margin	5.5	6.5	7.5
9	83	99	114
10	93	109	126
11	102	120	139

FY 2013

EPS	**11.25**	**13.29**	**15.33**
PE/Net Margin	5.5	6.5	7.5
9	101	120	138
10	112	133	153
11	124	146	169

We expect FCL's revenue to grow at a rate of 22% to Rs.2706 Cr. in FY12. The Net Profit is expected to rise by 75 % y-o-y to Rs.150 Crs. The net profit margins are expected to improve by 175 bps to 5.8%. The company will record derivative losses in FY11 to the tune of Rs.45 Cr. and Rs.25 Cr. in FY12.

At the CMP of Rs.50, the stock is trading at a P/E of 5x and EV/EBIDTA of 3.9x its FY12E numbers. We expect ROE to improve from 5% in FY10 and 12% in FY11 to 18% in FY12 on back of robust profitability. *As a base case scenario, not considering that the company passes out the rise in copper prices, with an estimated forward P/E of 10, we recommend a 'BUY' with a price target of Rs.97.*

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Padmakshi Financial Services

Conpany Financials

INCOME STATEMENT						
Particulars (Rs. in crore)	**FY08**	**FY09**	**FY10**	**FY11E**	**FY12E**	**FY13E**
Net Sales	**1383.77**	**1341.51**	**1618.72**	**2078.72**	**2537.09**	**3070.26**
% Growth	*33.95%*	*-3.05%*	*20.66%*	*28.42%*	*22.05%*	*21.02%*
Other Income	34.13	50.96	24.11	29.10	39.32	56.80
% of net sales	*2.47%*	*3.80%*	*1.49%*	*1.40%*	*1.55%*	*1.85%*
Total Income	1417.90	1392.47	1642.83	2107.82	2576.42	3127.06
Total Expenditure	1250.71	1351.38	1523.83	1935.71	2314.87	2745.39
% of net sales	*90.38%*	*100.74%*	*94.14%*	*93.12%*	*91.24%*	*89.42%*
EBITDA	167.18	41.09	118.99	172.11	261.55	381.68
EBITDA - Incld exceptional item	*11.79%*	*2.95%*	*7.24%*	*8.17%*	*10.15%*	*12.21%*
EBITDA - Excl exceptional item	*11.79%*	*2.95%*	*11.87%*	*10.30%*	*11.12%*	*12.37%*
Depreciation	26.47	38.76	37.23	37.51	40.08	43.63
Interest	20.42	32.40	18.69	20.81	21.98	23.41
Exceptional Item						
EBT	120.30	-30.08	63.08	113.79	199.49	314.64
Tax	31.37	5.41	31.54	28.45	49.87	78.66
PAT	88.92	-35.49	31.54	85.34	149.62	235.98
Extraordinary Itme			-76.00	-45.00	-25.00	
Adjt PAT	88.92	-35.49	107.54	130.34	174.62	240.98
PATM (%)	*6.27%*	*-2.55%*	*1.92%*	*4.05%*	*5.81%*	*7.55%*
PATM (%) - excluding exceptional item	*6.27%*	*-2.55%*	*6.55%*	*6.18%*	*6.78%*	*7.71%*
O/S	30.59	30.59	30.59	30.59	30.59	30.59
Face Value	2.00	2.00	2.00	2.00	2.00	2.00
EPS	5.81	-2.32	2.06	5.58	9.78	15.43
Adjusted EPS	5.81	-2.32	7.03	8.52	11.42	15.76
Proposed Dividend	22.94	3.06	9.18	21.34	44.88	70.79

Finolex Cables Ltd (FCL)

BALANCE SHEET

Particulars (Rs. in crore)	FY08	FY09	FY10	FY11E	FY12E	FY13E
Share Capital	30.59	30.59	30.59	30.59	30.59	30.59
Reserve & Surplus	610.93	565.63	612.52	676.53	781.26	946.44
Networth	**641.52**	**596.22**	**643.11**	**707.11**	**811.84**	**977.03**
Secured Loans	211.26	252.45	246.57	262.94	280.14	310.14
Unsecured Loans	76.35	43.42	28.55	40.55	40.55	40.55
Loan funds	**287.61**	**295.86**	**275.12**	**303.49**	**320.69**	**350.69**
Deferred Tax Credit	17.47	22.11	31.91	35.23	35.23	35.23
Sources of funds	**946.60**	**914.19**	**950.14**	**1045.83**	**1167.76**	**1362.95**
Gross Block	**504.42**	**762.09**	**802.46**	**914.80**	**965.11**	**1032.67**
***Less:* Depreciation**	**298.91**	**346.44**	**383.66**	**421.17**	**461.25**	**504.87**
Net Block	205.51	455.74	447.63	493.63	503.87	527.80
Investments	316.85	314.10	280.27	280.27	280.27	280.27
Capital WIP	172.87	40.09	28.83	25.00	25.00	25.00
Current Assets	**737.94**	**315.79**	**414.88**	**560.83**	**678.49**	**958.22**
Current Liabilities	**486.57**	**171.39**	**192.60**	**288.86**	**294.82**	**403.30**
Net Current Assets	251.38	144.39	222.28	271.97	383.66	554.92
Application of funds	**946.60**	**914.24**	**950.18**	**1045.87**	**1167.80**	**1362.99**

Finolex Cables Ltd (FCL)

KEY RATIOS

Particulars (Rs. in crore)	FY08	FY09	FY10	FY11E	FY12E	FY13E
Operating Ratios (Days)						
Inventory Turnover	68.14	60.98	50.84	55.00	54.00	57.00
Debtors Turnover	24.58	22.48	14.51	17.00	20.00	22.00
Creditors Turnover	44.53	55.49	49.80	50.00	50.00	50.00
Per Share Data (Rs.)						
EPS	5.81	-2.32	2.06	5.58	9.78	15.43
Dividend	1.50	0.00	0.60	1.40	2.93	4.63
Book Value	37.93	41.95	38.98	42.05	46.23	53.08
Valuation Ratio (x)						
P/E	8.60	-21.55	24.25	8.96	5.11	3.24
P/BV	1.32	1.19	1.28	1.19	1.08	0.94
EV/Sales	0.74	0.77	0.62	0.50	0.40	0.32
EV/EBITDA	6.17	25.13	8.43	5.99	3.86	2.58
Returns (%)						
RoE	13.86%	-5.95%	4.90%	12.07%	18.43%	24.15%
RoCE	14.87%	0.25%	8.61%	12.87%	18.97%	24.80%
Dividend Payout	25.80%	0.00%	29.10%	25.00%	30.00%	30.00%
Market cap	764.70	764.70	764.70	764.70	764.70	764.70
Debt	287.61	295.86	275.12	303.49	320.69	350.69
Cash	21.40	28.12	37.16	36.82	75.12	130.92
EV	**1030.90**	**1032.44**	**1002.65**	**1031.37**	**1010.26**	**984.47**

Finolex Cables Ltd (FCL)

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