

# Finolex Cables Limited

## FINOLEX CABLES LIMITED

ISIN: INE235A01022

BSE:500144

NSE: FINCABLES

CMP: Rs.497.60

Mon, 8<sup>th</sup> Nov '21

### OVERVIEW

- Finolex Cables Ltd is India's largest and most well-known electrical and communications cable producer, with a revenue of more than 26 billion rupees (about \$400 million).
- The firm began its operations by producing PVC-insulated electrical cables for the automotive sector.
- The company also manufactures lighting goods, electrical accessories, switchgear and water heaters in addition to a large range of Wires & Cables.

### STRENGTHS

- Finolex Cables Ltd is a Strong Performer, Getting Expensive (DVM) - 451.9% returns for over 5.6 years
- The company's Growth Factor Screener: Rising returns on equity (ROE), Momentum, and Earnings Yield - 671.7% returns for Nifty 500 over 5.8 years.
- The company is efficient in managing Assets to generate Profits - ROA improving since last 2 year

### BUSINESS STRATEGY

- The sector contains around 200 small and medium-sized producers whose products are 10-20% less expensive, making it a highly competitive market.
- The wires and cables business is poised for healthy growth in the next years, since it is a basic commodity that is utilised across numerous industries such as engineering, consumer goods, construction, railroads, capital goods, and organisation.

### GLOBAL PARTNERS

- FINOLEX PLASSON INDUSTRIES PVT. LTD. (FPIPL - finolexdrip.com) is a joint venture between India's Finolex Group and Israel's Plasson Ltd. (plasson.com).
- FPIPL also offers extensive agronomic advice and knowledge transfer programmes on irrigation, fertilisation, and other aspects of agriculture. The company's purpose is to help users get the most out of FPIPL's technologies. FPIPL has successfully implemented irrigation systems on more than 7,50,000 acres of land for a variety of crops.

### FUTURE PROSPECTS

- Over the projected period, the single-mode cable sector is predicted to account for the greatest revenue share.
- Over the projected period, North America is predicted to account for the greatest revenue share. Increased internet penetration, widespread adoption of 5G networks, the Internet of Things (IoT), and FTTH, as well as increased adoption of fibre optics in the healthcare are driving market growth in North America.

### SUMMARY OF FINANCIALS

- Revenue / turnover of FINOLEX CABLES LIMITED is Over INR 1000 crs
- The current gross Margin of the company is 23.3 %
- The current operating margin of the company is 12.5%.
- Total assets of the company has increased by 14.05 %
- Liabilities of the company has increased by 16.89 %

Growth Rates (Compound Annual)	1 Yr	3 Yr	5 Yr	10yr
Revenue %	-4.2	-0.6	3.0	3.1
Operating Income %	-6.3	-6.4	2.5	9.8
Earnings/Share %	18.0	11.8	7.0	18.2
Dividends %	22.2	22.4	25.0	24.8
Book Value/Share %	13.7	12.0	14.0	16.9
Stock Total Return	71.7	0.3	2.4	29.4
Market +/-	31.9	15.7	-8.3	20.8

Valuation Analysis	Current	5Yr Avg	Ind	Mkt
Price/Earnings	14.4	19.7	49.2	15.2
Forward P/E	-	-	-	-
Price/Cash Flow	63.4	23.6	-	9.9
Price/Free Cash Flow	121.9	27.5	-	-
Dividend Yield %	1.2	0.9	0.6	2.8
Price/Book	2.1	3.3	5.4	2.1
Price/Sales	2.4	2.6	2.8	-

Profitability Analysis	Current	5Yr Avg	Ind.	Mkt.
Return on Equity %	-	15.7	11.0	15.4
Return on Asset %	-	13.7	6.2	5.6
Gross Margin %	23.3	25.4	27.7	-
Operating Margin %	12.5	13.9	8.1	-
Net Margin %	16.7	14.5	5.9	21.4
Inventory Turns	-	3.9	3.5	-
Fixed Asset Turns	-	6.6	4.7	-

Financial Position (INR)	03-20(Mil.)	03-21 (Mil.)
Cash	8,560	246
Inventories	5,931	7,554
Receivables	—	—
Current Assets	20,692	23,434
Fixed Assets	4,134	4,199
Intangibles	5	2
Total Assets	34,068	38,857
Payables	1,870	1,869
Short-Term Debt	0	0
Current Liabilities	2,389	2,507
Long-Term Debt	-	3
Total Liabilities	4,031	4,712
Total Equity	30,037	34,145

Source: Company filings & Analyst research