

Key Changes	Target		Rating		Earnings	Target	Rs.988
Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame	CMP	Rs.819
Mid Cap	FNXC:IN	81,927	FINCABLES	500144	12 Months	Return	+21%

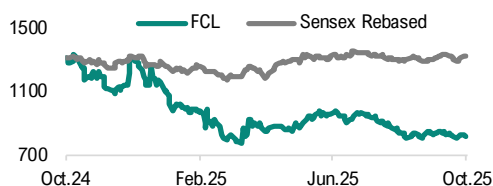
Data as of: 07-10-2025, 18.00 pm

Company Data	
Market Cap (Rs. cr.)	12,522
52 Week High — Low (Rs.)	1,362-720
Enterprise Value (Rs. cr)	12,452
Outstanding Shares (Rs cr)	15.3
Free Float (%)	49.0
Dividend Yield (%)	0.98
6m average volume (cr)	0.01
Beta	1.2
Face value (Rs)	2.0

Shareholding (%)	Q3FY25	Q4FY25	Q1FY26
Promoters	35.9	35.9	35.9
FII's	11.0	10.6	10.7
MFs/Institutions	16.3	16.1	15.6
Public	37.0	37.5	37.9
Total	100.0	100.0	100.0
Promoter Pledge	Nil	Nil	Nil

Price Performance	3 Month	6 Month	1 Year
Absolute Return	-15.3%	-5.6%	-37.8%
Absolute Sensex	-1.7%	8.8%	0.4%
Relative Return	-13.6%	-14.4%	-38.2%

*over or under performance to benchmark index



Y.E March (Rs.cr)	FY25A	FY26E	FY27E
Sales	5,319	5,825	6,684
Growth (%)	6.1	9.5	14.7
EBITDA	514	618	736
EBITDA Margin (%)	9.7	10.6	11.0
PAT Adjusted	544	637	762
Growth (%)	(4.8)	17.0	19.7
Adjusted EPS	35.6	41.6	49.8
Growth (%)	(4.8)	17.0	19.7
P/E	23.0	19.7	16.4
P/B	2.7	2.4	2.2
EV/EBITDA	24.2	20.2	17.0
ROE (%)	12.4	13.1	14.0
D/E	0.0	0.0	0.0

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Earnings Outlook Optimistic; Margin to Improve

Finolex Cables Ltd. (FCL) is India's largest manufacturer of electrical (80% of revenue) and telecommunication cables (16%). FCL has a wide distribution network with a high brand recall.

- In Q1FY26, revenue grew 13% YoY, driven by a 16% YoY increase in electric wire volumes. However, the communication cables segment declined 7% YoY due to client-side contract delays.
- EBITDA declined 9% YoY, with margins contracting by 40 bps YoY to 9.4%, primarily due to input price volatility and an unfavourable product mix.
- Going ahead, healthy demand from the real estate sector and government capex will drive power cable demand, and BharatNet phase-3 orders will drive overall growth.
- Despite recent margin pressure arising from project-driven sales and copper price volatility, management expects margins to recover to ~12% within the next few quarters, supported by the ramp-up of e-beam products and integration of fibre optics operations.
- However, we revise our FY26E EPS estimates downward by 16%, factoring in continued weakness in the communication segment and lower contributions from other business lines. However, we expect EBITDA margins to improve to ~11% in FY26E-27E, supported by volume recovery and a more favourable product mix.

Outlook & Valuation

We anticipate FCL's earnings growth of 19% CAGR over FY25-27E buoyed by robust real estate & construction activity, a revival in government infrastructure spending and the start of BharatNet Phase-3 orders. **We value FCL's core business at 18x FY27E P/E and its stake in Finolex Industries at Rs.91, arriving at a SOTP-based target price of Rs.988. Considering the improving demand outlook, including margin recovery, we upgrade our rating to BUY from Accumulate.**

Quarterly Financials Standalone.

Rs.cr	Q1FY26	Q1FY25	YoY (%)	Q4FY25	QoQ (%)
Sales	1,396	1,230	13.4	1595	(12.5)
EBITDA	131	120	8.7	166	(21.4)
Margin %	9.4	9.8	-41bps	10.4	-106bps
EBIT	117	110	6.8	154	(23.9)
PBT	171	156	9.8	208	(18.0)
Reported PAT	139	123	13.3	152	(8.6)
Adjusted PAT	139	123	13.3	152	(8.6)
EPS (Rs)	9.1	8.0	13.3	9.9	(8.6)



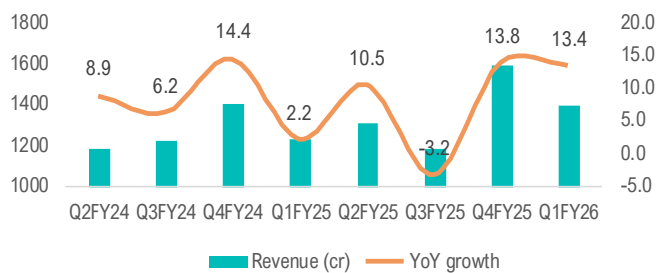
Key Concall Highlights

- Capex Plan: Rs.300cr earmarked for FY26; Rs.80–90cr for electrical cables and Rs.325–350cr for optical fibre expansion.
- FMEG revenue grew to Rs.250cr (FY25) from Rs.40cr (FY17), but below expectations. Growth will be driven by product expansion and retail reach.
- Management acknowledged underperformance vs peers due to limited power cable exposure and cautious utility participation. While FCL's focus remains on margin preservation over volume-led growth.
- Despite available capacity, FCL remains cautious on DISCOM orders due to weak financials, tender pricing, and industry practices.
- Power cable demand is expected from upcoming data centres, though sizing remains uncertain due to design variability.
- Copper price volatility continues to impact margins; mitigated via monthly average sourcing and delayed price adjustments.
- Margin recovery to ~12% expected over next few quarters, supported by e-beam ramp-up and fibre optics integration.

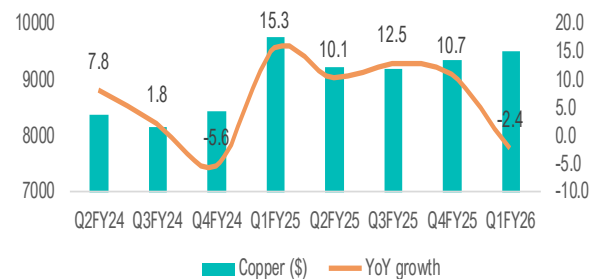
SOTP Valuation

Particulars	Segments	FY27E EPS	Valued at P/E	Holding discount	Value/Share (Rs)
FCL Standalone	Core Business	Rs.49.8	18.0x	-	897
Finolex Industries	FCL holds 32.4%	Rs.9.6	9.5x	40% holding discount	91
Total Value per share					988

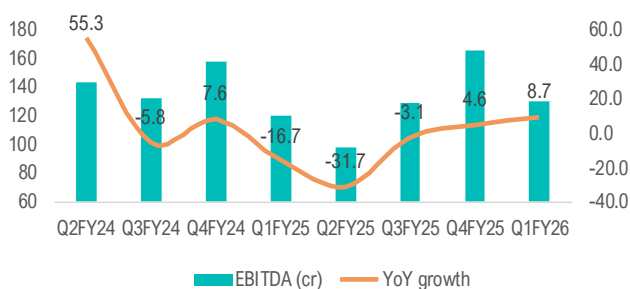
Revenue



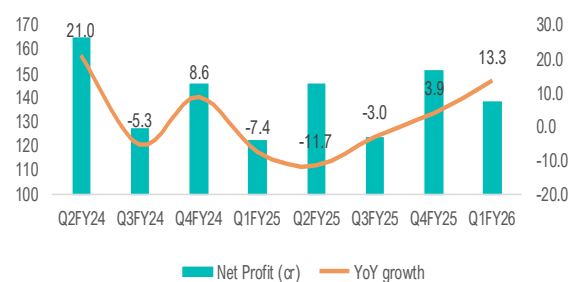
Copper prices



EBITDA



PAT



Change in Estimates

Year / Rs cr	Old estimates		New estimates		Change (%)	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Revenue	6,333	-	5,825	6,684	(8.0)	-
EBITDA	725	-	618	736	(14.7)	-
Margins (%)	11.4	-	10.6	11.0	(782bps)	-
Adj. PAT	756	-	637	762	(15.8)	-
EPS	49.4	-	41.6	49.8	(15.8)	-



Standalone Financials

PROFIT & LOSS

Y.E March (Rs cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Sales	4,481	5,014	5,319	5,825	6,684
% change	18.9	11.9	6.1	9.5	14.7
EBITDA	496	581	514	618	736
% change	19.4	17.2	-11.5	20.3	18.9
Depreciation	46	44	47	55	64
EBIT	449	537	468	563	671
Interest	1	2	2	2	1
Other Income	198	218	248	276	332
PBT	646	753	714	838	1,003
% change	22.7	16.5	-5.2	17.4	19.7
Tax	144	181	169	201	241
Tax Rate (%)	0.2	0.2	0.2	0.2	0.2
Reported PAT	502	572	544	637	762
Adj.*	-	-	-	-	-
Adj. PAT	502	572	544	637	762
% change	24.0	13.9	(4.8)	17.0	19.7
No. of shares (cr)	15	15	15	15	15
Adj EPS (Rs)	32.8	37.4	35.6	41.6	49.8
% change	24.0	13.9	(4.8)	17.0	19.7
DPS (Rs)	6.0	7.0	8.0	8.0	8.0

CASH FLOW

Y.E March (Rs cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Net inc. + Depn.	548	615	591	692	826
Non-cash adj.	(159)	(167)	(204)	4	4
Changes in W.C	(33)	140	(180)	(23)	(113)
C.F. Operation	356	577	207	673	717
Capital exp.	(31)	(219)	(235)	(115)	(120)
Change in inv.	(324)	(307)	64	(468)	(501)
Other invest.CF	131	86	89	-	-
C.F - Investment	(225)	(440)	(82)	(583)	(621)
Issue of equity	-	-	-	-	-
Issue/repay debt	(0)	0	(0)	-	-
Dividends paid	(92)	(107)	(122)	(122)	(122)
Other finance.CF	(0)	0	-	(2)	(1)
C.F - Finance	(97)	(112)	(128)	(123)	(123)
Chg. in cash	4	3	(0)	(3)	(3)
Closing cash	67	93	90	57	30

BALANCE SHEET

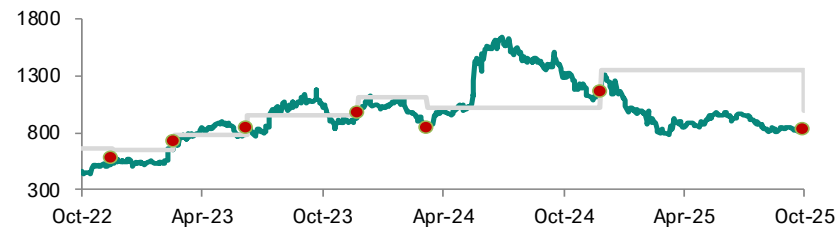
Y.E March (Rs cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Cash	67	93	90	57	30
Accounts Receivable	218	177	243	255	284
Inventories	675	576	717	792	922
Other Cur. Assets	2,301	2,772	2,871	3,319	3,809
Investments	367	397	356	386	416
Gross Fixed Assets	759	806	938	1,238	1,358
Net Fixed Assets	434	443	582	827	883
CWIP	21	168	210	25	25
Intangible Assets	1	1	1	1	1
Def. Tax (Net)	(33)	(59)	(82)	(84)	(87)
Other Assets	(0)	(0)	(0)	(0)	(0)
Total Assets	4,050	4,568	4,989	5,578	6,282
Current Liabilities	309	325	348	421	483
Provisions	18	20	21	22	26
Debt Funds	14	18	20	20	20
Other Liabilities	-	-	-	-	-
Equity Capital	31	31	31	31	31
Reserves & Surplus	3,679	4,175	4,569	5,083	5,723
Shareholder's Fund	3,710	4,206	4,599	5,114	5,754
Total Liabilities	4,050	4,568	4,989	5,578	6,282
BVPS	243	275	301	334	376

RATIOS

Y.E March	FY23A	FY24A	FY25A	FY26E	FY27E
Profitab & Return					
EBITDA margin (%)	11.1	11.6	9.7	10.6	11.0
EBIT margin (%)	10.0	10.7	8.8	9.7	10.0
Net profit mgn.(%)	11.2	11.4	10.2	10.9	11.4
ROE (%)	14.4	14.4	12.4	13.1	14.0
ROCE (%)	12.8	13.5	10.6	11.5	12.3
W.C & Liquidity					
Receivables (days)	16.1	14.4	14.4	15.6	14.7
Inventory (days)	68.4	57.8	55.0	59.1	58.5
Payables (days)	20.5	20.5	20.2	30.1	30.9
Current ratio (x)	10.0	10.5	10.6	10.0	9.9
Quick ratio (x)	0.9	0.8	1.0	0.6	0.6
Turnover & Leverage					
Gross asset T.O (x)	6.3	6.4	6.1	5.4	5.1
Total asset T.O (x)	1.2	1.2	1.1	1.1	1.1
Int. covge. ratio (x)	362.2	264.5	280.0	375.3	671.3
Adj. debt/equity (x)	0.0	0.0	0.0	0.0	0.0
Valuation					
EV/Sales (x)	2.8	2.5	2.3	2.1	1.9
EV/EBITDA (x)	25.2	21.4	24.2	20.2	17.0
P/E (x)	25.0	21.9	23.0	19.7	16.4
P/BV (x)	3.4	3.0	2.7	2.4	2.2



Recommendation Summary (last 3 years)



Dates	Rating	Target
24.Nov.21	Accumulate	663
22.Nov.22	Accumulate	643
24.Feb.23	Hold	784
15.Jun.23	Accumulate	953
30.Nov.23	Accumulate	1,108
15.Mar.24	Buy	1,019
03.Dec.24	Accumulate	1,354
08.Oct.25	Buy	988

Rating Criteria

Ratings	Large caps	Midcaps	Small Caps
Buy	Upside is above 10%	Upside is above 15%	Upside is above 20%
Accumulate	-	Upside is between 10%-15%	Upside is between 10%-20%
Hold	Upside is between 0% - 10%	Upside is between 0%-10%	Upside is between 0%-10%
Reduce/sell	Downside is more than 0%	Downside is more than 0%	Downside is more than 0%

Not rated/Neutral

Definition:

Buy: Acquire at Current Market Price (CMP), with the target mentioned in the research note; **Accumulate:** Partial buying or to accumulate as CMP dips in the future; **Hold:** Hold the stock with the expected target mentioned in the note.; **Reduce:** Reduce your exposure to the stock due to limited upside.; **Sell:** Exit from the stock; **Not rated/Neutral:** The analyst has no investment opinion on the stock.

Symbols definition:

▲ Upgrade

● No Change

▼ Downgrade

To satisfy regulatory requirements, we attribute 'Accumulate' as Buy and 'Reduce' as Sell.

The recommendations are based on 12 month horizon, unless otherwise specified. The investment ratings are on absolute positive/negative return basis. It is possible that due to volatile price fluctuation in the near to medium term, there could be a temporary mismatch to rating. For reasons of valuations/ return/lack of clarity/event we may revisit rating at appropriate time. Please note that the stock always carries the risk of being upgraded to BUY or downgraded to a HOLD, REDUCE or SELL.

Not rated/Neutral- The analyst has no investment opinion on the stock under review.

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