

May 10, 2010
Finolex Cables Ltd.
CMP Rs. 52
Results Watch
March Quarter, FY10 Results Update
Financial Highlights

Particulars	Rs mn					
	Q4 FY10	Q4 FY09	% Change	FY10	FY09	% Change
Net Sales	4639.6	3270.5	41.9%	16187.1	13415.1	20.7%
Raw Material Consumed	3743.1	2451.0	52.7%	12192.2	10565.5	15.4%
Purchase of Traded Goods	4.8	6.2	-22.6%	18.8	8.2	129.3%
Employee Expenses	131.1	136.0	-3.6%	592.2	533.2	11.1%
Other Expenses	432.8	359.8	20.3%	1432.0	1327.7	7.9%
TOTAL EXPENDITURE	4311.8	2953.0	46.0%	14235.2	12434.6	14.5%
EBIDTA	327.8	317.5	3.2%	1951.9	980.5	99.1%
<i>EBIDTA Margin</i>	<i>7.1%</i>	<i>9.7%</i>	<i>--</i>	<i>12.1%</i>	<i>7.3%</i>	<i>--</i>
Depreciation	82.7	154.1	-46.3%	372.3	387.6	-3.9%
EBIT	245.1	163.4	50.0%	1579.6	592.9	166.4%
<i>EBIT Margin</i>	<i>5.3%</i>	<i>5.0%</i>	<i>--</i>	<i>9.8%</i>	<i>4.4%</i>	<i>--</i>
Interest	39.4	56.2	-29.9%	169.0	253.0	-33.2%
Other Income	49.1	420.6	-88.3%	241.2	238.3	1.2%
Forex Losses	239.4	437.7	45.3%	760.2	879.0	-13.5%
Tax	69.4	62.8	0.0%	315.4	54.1	--
Extraordinary Items	0.0	0.0	--	491.3	832.6	-41.0%
Reported Profit After Tax	-54.0	27.3	-297.8%	1067.5	477.7	123.5%
<i>PAT Margin</i>	<i>-1.2%</i>	<i>0.8%</i>	<i>--</i>	<i>6.6%</i>	<i>3.6%</i>	<i>--</i>
EPS (Unit Curr.)	--	0.2	--	3.8	--	--

Segment Results

Segmental Revenues	Q4 FY10	Q4 FY09	% Change	FY10	FY09	% Change
Electrical Cables	2629.9	2140.7	22.9%	9824.4	7847.6	25.2%
Communication Cables	859.7	601.4	42.9%	2590.2	2531.9	2.3%
Copper Rods	2667.5	1343.5	98.5%	9783.6	7125.8	37.3%
Others	746.1	110.7	574.0%	2186.2	368.4	493.4%
Net Revenue from Operations	6903.2	4196.3	64.5%	24384.4	17873.7	36.4%
Segmental Profits	Q4 FY10	Q4 FY09	% Change	FY10	FY09	% Change
Profit/Loss Before Interest and Tax	413.7	538.7	-23.2%	2012.9	1327.0	51.7%
Electrical Cables	245.7	243.2	1.0%	1564.2	879.0	78.0%
Communication Cables	134.9	299.0	-54.9%	434.8	440.6	-1.3%
Copper Rods	24.8	13.7	81.0%	16.7	10.5	58.7%
Others	8.3	-17.2	148.3%	-2.8	-3.1	10.6%

Analysis

- FCL has seen a revenue growth of 41.9% from Rs. 3,270.5 mn in Q4 FY09 to Rs 4,639.6 mn in Q4 FY10. Revenues from electrical cables, communication cables and copper rods have increased significantly by 22.9%, 42.9% and 98.5% respectively.
- EBIDTA of the company remained more or less muted to Rs. 327.8 mn during the quarter. The EBIDTA Margins decreased to 7.1% in the current quarter as compared to 9.7% in the corresponding quarter last year, due to significant increase in the raw materials cost. Raw materials to sales ratio have increased to 80.7% from 74.9% in the corresponding period last year. Other expenses have also increased by 20.3% during the quarter.

EBIDTA Margin improved to 12.1% for FY10 vis-à-vis 7.3% in FY09.

- EBIT margin improved marginally by 30 bps to 5.3% due to significant decline in depreciation.
- The company has reported a net loss of Rs 54 mn during the quarter vis-à-vis profit of Rs 27.3 mn. Forex losses declined by 45.3%.
- Exceptional items include losses on account of foreign exchange derivatives transactions.

About the Company

Finolex Cables Ltd (FCL), the flagship company of the Finolex Group was established in 1956 in Pune. The company started its operation with the manufacture of PVC insulated electrical cables for the automobile industry. Since then, the Company has constantly endeavored to augment its product range to include, PVC insulated electrical wires and Flame Retardant Low Smoke electrical wires, PVC insulated single core and multi-core industrial flexible cables, PVC insulated winding wires and 3 core flat cables, power and control cables, polythene insulated jelly filled telephone cables, Auto & Battery cables, Co-axial and CATV cables, LAN Cables, Switchboard cables, Fibre Optic cables and others.

FCL has four manufacturing locations in Western India, two in the state of Maharashtra, at Pune and Urse and two in the State of Goa, at Verna and Usgaon respectively. The fifth one is coming up at Roorkee in the Uttarakhand state in Northern India.

The above analysis and data are based on last available prices and not official closing rates.

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