

**Stock statistics 21 August 2007**

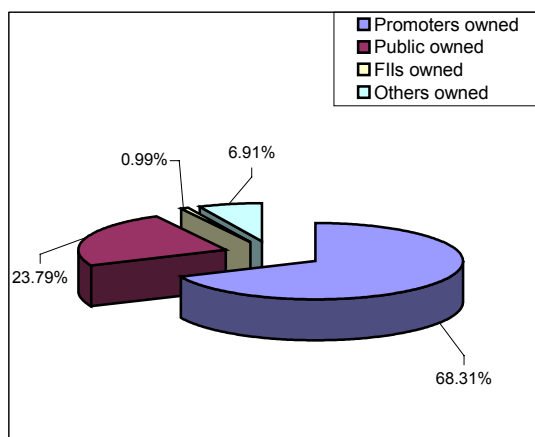
Market Cap (Rs Mn) :	4,332.66
52-Week high/low (Rs) :	695/295
Face value :	10
BSE Code :	504250
NSE Code :	OENCONNECT
Industry :	Telecom (Equip.)
Shares outstanding :	62,97,477

**COMPANY OVERVIEW**

FCI Oen Connectors (FOCL) is a 68% subsidiary of Framatone Connectors International (FCI), France. FCI is the world's fourth largest manufacturer of connectors and is a global leader supplying electronics and electrical inter-connection systems. FCI Oen Connectors makes electronics connectors that are used in the telecom, automotive, electrical and power industries. It is a manufacturer of a wide range of connectors like rack and panel connectors, terminal connectors, a flat cable connectors, circular connectors, PCB connectors, heavy-duty connectors and IC sockets. The company with the employee strength of 13,500 is committed to provide customers with high quality, innovative products for wide range of consumers and industrial applications.

**INVESTMENT RATIONALE**

**Shareholding Pattern (as on 30 June'07)**



**Key Statistics (as on 21 August 2007)**

CMP :	679
BV (FY'07) :	249.13
PE :	20.5
PB :	2.72
Beta :	0.89
Turnover (Rs Mn) :	1.87
Net worth (Rs Mn) :	1,346.20

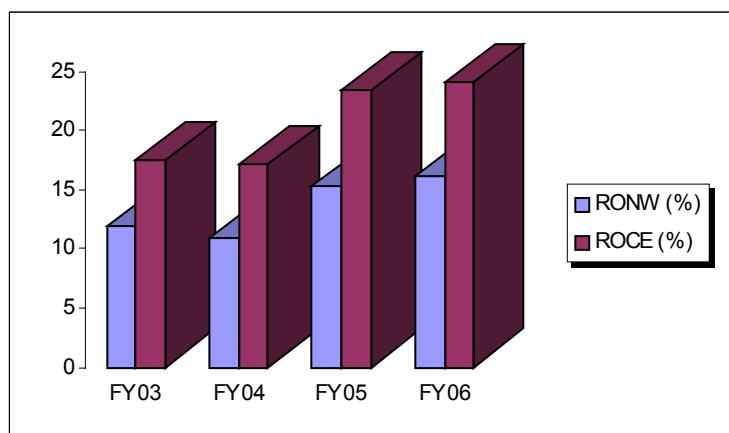
- The company plants are located in Kochi and Bangalore. The company is expanding capacities at both Kochi and Bangalore plants with total outlay of Rs 500 million, which would be fully funded by internal accruals. These projects would be completed by July 2008 and would add to the company production capacity to meet growing demand for its products.
- FCI continues to be at the forefront of technology with its diverse markets. With its focus on customer satisfaction, the company is finding new and innovative technologies to save its customers' time by reducing time-to-market and time-to-volume as well as delivering totally cost effective solutions.
- At FCI, everyone is a quality controller, from its R&D staff right through to its plant workers; by constantly checking the processes, the company aim to not only meet its expectation, but also exceed them. After all, the business reputation relies on the quality of its products.
- The company commitment to innovation results in over 6% of its annual turnover being invested into R&D. The company has also developed partnership with universities supporting PhD students within FCI facilities and have more than 6,000 people constantly working to improve its product offering.
- FCI has a long history with established distributor partnerships. The company has built a very wide and reliable distribution network making its products readily available to users throughout the world. FCI is present both at local distributors and globally with multinational ones and its divisions work closely together to build complementary distribution network to maximize coverage.

## FINANCIAL STATEMENT ANALYSIS

Rs. mn

Particulars	Q1FY07	Q2FY07	Q3FY07	Q4FY07	Q1FY08
Revenues	441.15	490.43	507.68	496.58	526.07
Growth (%)	-	11.17	3.52	(2.19)	5.94
Total Expenditure	<b>369.40</b>	<b>414.32</b>	<b>437.8</b>	<b>455.54</b>	<b>459.13</b>
Operating Profit	71.75	76.11	69.88	41.04	66.94
Growth (%)	-	6.08	(8.19)	(41.27)	63.11
OPM	16.26	15.52	13.76	8.26	12.72
Other Income	37.66	31.90	22.04	64.56	56.47
EBIDT	109.41	108.01	91.92	105.60	123.41
Interest	0.42	0.40	0.40	0.37	0.36
Depreciation	24.60	24.30	26.82	24.16	26.53
PBT	84.39	83.31	64.70	81.07	96.52
Tax	27.58	27.84	30.54	26.21	32.49
Adjusted PAT	<b>56.81</b>	<b>55.47</b>	<b>34.16</b>	<b>54.86</b>	<b>64.03</b>
Growth (%)	-	(2.36)	(38.42)	60.60	16.72
Adjusted NPM	12.88	11.31	6.73	11.05	12.17
Reported PAT	<b>56.81</b>	<b>55.47</b>	<b>34.16</b>	<b>54.86</b>	<b>199.31</b>
EPS	<b>9.00</b>	<b>8.80</b>	<b>5.40</b>	<b>8.70</b>	<b>10.20</b>
Equity Capital	62.97	62.97	62.97	62.97	62.97

The company reported excellent results for the quarter-ended Q1FY08. The revenue for the company reported the growth of 20% on Q-o-Q basis with the Q1FY08 revenues of Rs 526.07 million versus the Q1FY07 revenues of Rs 441.15 million. The company reported the operating profit of Rs 66.94 million for the Q1FY08 down by 6.70% in comparison to the operating profit of Rs 71.75 million in Q1FY07 on Q-o-Q basis but the operating profit grew up by 63.11 % in comparison to the previous quarter ended Q4FY07. The EBITDA for the company rose to Rs 123.41 million in Q1FY08 with the growth rate of 13% versus the EBITDA of Rs 109.41 million whereas EBITDA margin ended flat on Q-o-Q basis. The company reported the net profit of Rs 64.03 million in Q1FY08 versus net profit of Rs 56.81 million in Q1FY07 with the growth rate of 12.70%. The earning per share for the company rose Rs 10.20 per share in Q1FY08 as against the earning per share of Rs 9 in Q1FY07.



The company is consistently generating wealth for its shareholders. The company Return on Net Worth stood at 11.90%, 10.90%, 15.30% and 16.10% for the year ended Dec 03, Dec 04, Dec 05 and Dec 06 respectively whereas Return on Capital Employed stood at 17.50%, 17.20%, 23.40% and 24.00% for the above financial year ended respectively. Both RONW and ROCE are true indicators of company growth history and are also deriving its future growth. The company is efficiently using the capital for the generation of wealth for providers of capital.

### VALUATION

The company is growing on strong notes while delivering quality products supported by strong R&D and established distribution network both domestically and internationally. FCI is having experienced management team with skilled employees contributing to the company long-term growth.

The stock at current market price of Rs 679 is trading at 20.50 times to its earning and 2.72 times to its book value. Therefore, we initiate 'BUY' signal on the stock with target price of Rs 750 in medium to long term.

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