🏛 PRIMAEGIS RESEARCH — INSTITUTIONAL GRADE

📊 FINOLEX CABLES LTD

NSE: FINCABLES | BSE: 500144 | Sector: Electrical Equipment / W&C | Analysis Date: 14 March 2026

₹856	₹13,098 Cr	21.4x	₹701–₹1,028	CRISIL AA+	~25%
CMP (13 MAR '26)	MARKET CAP	P/E (TTM)	52-WEEK RANGE	CREDIT RATING (STABLE)	ORGANIZED W&C MKT SHARE

🔍 **ACCUMULATE** | Target: ₹1,050–₹1,150 (18–34% upside) | Time Horizon: 18–24 months

📝 Executive Summary

💡 Finolex Cables is India's largest electrical and telecom cable manufacturer with ~25% share of the organised wire market. It is a **cash-rich, near-debt-free** compounder with CRISIL AA+/Stable credit, undergoing a strategic pivot toward fiber backward-integration, solar cables, and FMEG. The stock trades at a **steep 35–50% discount to sector peers** primarily due to an ongoing promoter family dispute, offering a meaningful margin of safety for investors with an 18–24-month horizon. Near-term earnings are moderated by copper price headwinds, FMEG losses, and a deliberately sequenced capex cycle.

🟢 BULL CASE

Fiber preform plant commissioning (Mar 2026) + Solar cable ramp + management stability restoration → re-rating toward 30x P/E → **₹1,200+**

🟡 BASE CASE

Steady 13–15% revenue CAGR, margins recover to 11–12%, DCF/peer blend → **₹1,050–₹1,100**

🔴 BEAR CASE

Copper spike, governance deterioration, FMEG drag continues, sector de-rating → **₹700–₹750**

📊 CONVICTION LEVEL

★★★★☆

Medium-High. Strong fundamentals offset by manageable governance overhang.

1 Framework #1: Fundamental Research

1.1 BUSINESS MODEL & SEGMENT ARCHITECTURE

Finolex Cables (est. 1958, Pune) is vertically integrated across the electrical and telecom cable value chain. Revenue streams span four primary segments:

⚡ Electrical Wires & Cables

~65% of revenues. Household wires (FR/FRLS), power cables, armoured cables, industrial cables. 28% volume growth in Q3FY26.

🌐 Telecom & OFC Cables

~20% of revenues. Optical fiber cables, jelly-filled cables. 34% volume growth in Q3FY26. Backward-integrating into preform manufacturing.

🚗 Auto Cables

~10% of revenues. Automotive wiring harnesses. 42% volume growth in Q3FY26. Benefits from auto sector recovery.

🏠 FMEG / Solar

~5% of revenues. Switches, switchgear, MCBs, solar cables. Revenue ~₹225 Cr in FY24. Not yet at breakeven. Target ₹500 Cr by FY28.

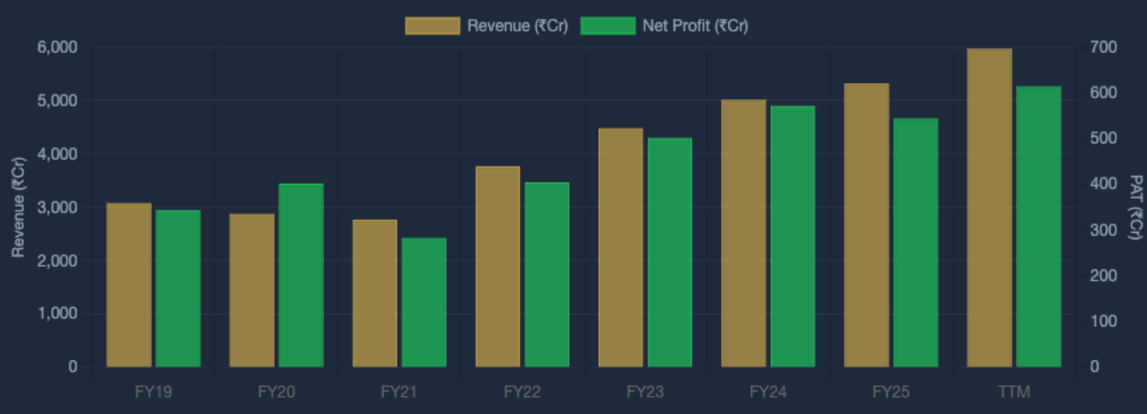
1.2 INCOME STATEMENT — 10-YEAR HISTORY (₹ CRORE)

YEAR	REVENUE	OP. PROFIT	OPM%	OTHER INC.	PAT	EPS (₹)	DIV. PAYOUT%
FY2017	2,445	371	15%	100	316	20.65	15%
FY2018	2,815	423	15%	127	358	23.42	17%
FY2019	3,078	455	15%	118	344	22.50	20%
FY2020	2,877	370	13%	172	402	26.32	21%
FY2021	2,768	355	13%	77	283	18.50	30%

YEAR	REVENUE	OP. PROFIT	OPM%	OTHER INC.	PAT	EPS (₹)	DIV. PAYOUT%
FY2022	3,768	416	11%	151	405	26.46	23%
FY2023	4,481	496	11%	198	502	32.81	21%
FY2024	**5,014**	**581**	**12%**	**218**	**572**	**37.37**	**21%**
FY2025	**5,319**	**516**	**10%**	**246**	**544**	**35.60**	**22%**
TTM	**5,965**	**593**	**10%**	**260**	**614**	**40.12**	—

⚠ **Key Observation:** Operating margins have compressed from ~15% (FY17–19) to ~10% (FY24–25) driven by copper price inflation, FMEG losses, and a price-correction quarter in Q3FY26. Other income (₹246–₹260 Cr/yr) from investment portfolio significantly inflates reported PAT — stripping this, core operating PAT is ~₹298–₹354 Cr.

📈 REVENUE & PAT TREND (₹ CR)



📊 OPERATING MARGIN TREND (%)

1.3 BALANCE SHEET SUMMARY (₹ CRORE)

YEAR	EQUITY+RESERVES	BORROWINGS	OTHER LIAB.	FIXED ASSETS	CWIP	INVESTMENTS	OTHER ASSETS	TOTAL ASSETS
FY2020	2,719	8	285	387	27	726	1,872	3,012
FY2022	3,264	9	328	380	87	1,120	2,013	3,600
FY2023	3,710	14	360	435	21	1,713	1,915	4,083
FY2024	4,206	18	404	444	168	2,576	1,439	4,628
FY2025	**4,600**	**20**	**451**	**583**	**210**	**2,770**	**1,507**	**5,071**
Sep 2025	**4,807**	**22**	**613**	**577**	**303**	**3,066**	**1,496**	**5,441**

✅ **Balance Sheet Fortress:** Debt-to-equity near zero (₹20 Cr borrowings vs ₹4,600 Cr equity). Investment portfolio of ₹2,770–₹3,066 Cr in mutual funds/equities effectively makes this a cash-rich company. Net worth of ~₹5,192 Cr provides exceptional downside protection. CWIP rising to ₹210–₹303 Cr signals active capex cycle.

1.4 CASH FLOW STATEMENT (₹ CRORE) — PAT VS OCF CONVERGENCE CHECK

YEAR	PAT	OPERATING CF	OCF/PAT RATIO	INVESTING CF	FINANCING CF	NET CF
FY2020	402	309	0.77x	+587	-86	810
FY2021	283	114	0.40x	-859	-86	-831
FY2022	405	473	1.17x	-378	-87	8
FY2023	502	356	0.71x	-225	-97	35
FY2024	572	577	1.01x	-440	-112	26
FY2025	**544**	**207**	**0.38x**	**-82**	**-128**	**-3**

⚠ **FY2025 OCF Divergence (Watch):** OCF of ₹207 Cr vs PAT ₹544 Cr (ratio: 0.38x) signals significant working capital buildup. This is explained by inventory stocking ahead of capex cycle and receivables expansion. Cumulative 5-year OCF (FY21–25) = ₹1,727 Cr vs cumulative PAT ₹2,306 Cr → ratio ~0.75x — broadly acceptable but trending weaker. Needs monitoring in FY26.

1.5 KEY FINANCIAL RATIOS

₹0	Long-term Debt
16.2%	ROCE (FY25)
12.4%	ROE (FY25)
10%	OPM (FY25)
17 days	Debtor Days
61 days	Inventory Days
57 days	Cash Conv. Cycle
2.29x	Price/Book

1.6 TAM, VALUE CHAIN & FINOLEX'S POSITION

Total Addressable Market: India Wire & Cable market valued at ~USD 23 Bn in 2026, projected to reach USD 35.6 Bn by 2031 at 9% CAGR. Organized segment growing faster at 15–16% driven by infrastructure spending, China+1, and electrification.

Electrical Wires (Domestic) — ~₹30,000 Cr/yr

Telecom/OFC Cables — ~₹8,000 Cr/yr

Auto Cables — ~₹12,000 Cr/yr

Solar Cables — ~₹4,000 Cr/yr (fast growing)

Value Chain Position

- **Raw Material (Copper, Aluminium, HDPE)**
  Sourced externally + backward integrated copper rod melting in-house
- **Wire Drawing / Extrusion**
  Core manufacturing — Finolex's primary competency. Pimpri (Pune) + Goa plants
- **Optical Fiber Preform (NEW)**
  Phase 1 commissioning Mar 2026 → removes import dependence on Sumitomo/Prysmian
- **Cable Assembly / Testing**
  BIS, UL, ISO certified. B2B institutional + B2C retail channel
- **Distribution (2.25L retailers, 5K dealers)**
  Strongest retail reach in organized W&C after Polycab

💡 **Segment ROCE Estimates:** Electrical Cables: ~18–22% | Telecom/OFC: ~12–15% (improving post preform) | Auto: ~15–18% | FMEG: negative (sub-scale)

1.7 KEY SUPPLIERS

INPUT	% OF COST	KEY SOURCES
Copper (rods/cathode)	70–75%	Hindalco, Sterlite, Imports (LME-linked)
HDPE / PVC / XLPE	10–12%	Reliance, GAIL, imports

INPUT	% OF COST	KEY SOURCES
Aluminium	3–5%	Hindalco, Vedanta
Optical Fibre (till Mar'26)	4–6%	Sumitomo, Prysmian (import)
Other Raw Materials	5–8%	Various

1.8 KEY CUSTOMERS & REVENUE MIX

SEGMENT	CUSTOMER TYPE	REVENUE %
Electricals (Retail)	Electricians, retailers, B2C	~45%
Electricals (Institutional)	Govt infra, builders, EPC	~20%
Telecom/OFC	BSNL, Jio, Airtel, state govts	~15%
Auto Cables	OEMs, Tier-1 auto suppliers	~10%
Exports	US, Europe, ME (growing)	~5%
FMEG / Solar	Retail, EPC contractors	~5%

1.9 Q3 FY26 CONCALL HIGHLIGHTS (FEB 12, 2026) — MANAGEMENT: MAHESH VISWANATHAN (DY. CEO & CFO)

- **Revenue**
  ₹1,599 Cr (+35% YoY) — strong volume-led growth; selling price raised 5 times during the quarter (~12% net increase) due to copper costs
- **Electrical Wires**
  Volume +28% YoY. Aggressive price corrections followed by recovery. Operating at 80–85% capacity utilisation.
- **Auto Cables**
  Volume +42% YoY. Benefiting from auto sector buoyancy. Margin profile improving.
- **OFC**
  Volume +34%. Preform plant (100MT Phase-1) production trials underway; commissioning expected by March 2026. Fiber draw to double to 8M FKM.
- **Agriculture Cables**
  Underperformed due to off-season and pricing pressure. Expected to recover in Q1FY27 with monsoon cycle.

- **Competition**
  "New entrants like Birla Group and possibly Adani entering the market. We believe there is sufficient space for coexistence." — Mahesh Viswanathan
- **Data Centers**
  "Data center boom will drive demand for both power cables (electrical) and telecom fiber — a sweet spot for Finolex given its product mix."
- **FMEG**
  Revenue ~₹225 Cr in FY24; targeting breakeven at ₹250–260 Cr. In-house manufacturing deferred — pure assembly/sourcing model for now.
- **Capex**
  ₹580 Cr committed for fiber draw doubling; ₹390 Cr for preform plant + solar cable capacity expansion (e-beam tech).
- **Management Guidance**
  15–17% revenue CAGR over 3 years. EBITDA margins to recover to 11–12% as copper stabilises and preform savings kick in.

1.10 EIC ANALYSIS

Economy

India GDP 6.5–7% growth, infrastructure spending (NIP ₹111 Lakh Cr), PM Awas Yojana housing, rural electrification and PLI scheme for components — all strongly positive for cable demand.

Industry

Wire & Cable market growing 15–16% in organised segment. Rising share of organised players (BIS enforcement, GST compliance). China+1 export opportunity emerging. Fiber: 5G, BharatNet Phase-2, Data Centers. Solar: Massive capacity addition under national RE targets.

Company

25% market share in organised wires, CRISIL AA+, near-zero debt, backward-integrating into preform, new growth vectors (solar cables, FMEG). Governance overhang from family dispute is the primary near-term risk.

1.11 SWOT ANALYSIS

💪 Strengths

- Market leader in organised wires (~25% share)
- Zero long-term debt; ₹2,770 Cr investment portfolio

⚠️ Weaknesses

- Heavy copper cost exposure (70–75% of RM)
- OPM structurally lower than Polycab/KEI

- CRISIL AA+/Stable rating
- Backward integrated (copper rod melting, preform)
- Trusted brand — 65+ year heritage
- 2.25 lakh retailers, 5,000 channel partners

- FMEG segment not yet profitable
- Promoter family dispute (governance risk)
- High "other income" inflating reported PAT

🌟 Opportunities

- Data center cable demand surge
- Solar cables (e-beam tech advantage)
- 5G/BharatNet OFC demand
- Export markets (North America, Europe)
- EV charging cables
- Preform backward integration → margin expansion

🔥 Threats

- New entrants (Birla, Adani)
- Copper price spikes → margin pressure
- Pricing wars in commodity wire segment
- Slowdown in telecom tendering
- Family dispute escalation impact

1.12 PORTER'S FIVE FORCES

🏭 **Supplier Power**
MEDIUM
Copper LME-priced; partial mitigation via in-house rod melting

🛒 **Buyer Power**
MEDIUM
Fragmented retail; institutional buyers have moderate pricing power

🆕 **New Entrants**
HIGH
Birla, Adani entering; capital-intensive but not impossible

🔄 **Substitutes**
LOW
No substitute for copper wiring in electrical infrastructure

⚔️ **Rivalry**
HIGH
Polycab, KEI, RR Kabel competing aggressively in all segments

2 Framework #2: Management Stability Analysis

🔴 **CRITICAL GOVERNANCE FLAG — PROMOTER FAMILY DISPUTE:** The Chhabria family feud is the single most significant governance risk. Prakash Chhabria (Orbit Electricals, 30.75% stake) vs Deepak Chhabria faction. Deepak was removed as Executive Chairman in October 2023 after 72.34% of shareholders voted against his reappointment. NCLAT confirmed this outcome in August 2024. Operations remain stable per CRISIL but board structure is in transition.

2.1 CURRENT BOARD COMPOSITION

DIRECTOR	ROLE	STATUS
Nikhil Naik	Chairman (Non-Exec)	Active
Mahesh Viswanathan	Deputy CEO & CFO	Active
Deepak K. Chhabria	Former Exec. Chairman	Removed Oct'23
Independent Directors	Various Committees	Stable

2.2 PROMOTER STRUCTURE & KEY RISK

Orbit Electricals (Prakash Chhabria faction)
Holds 30.75% of Finolex Cables equity. Now controls Orbit after NCLAT ruling.

KP Chhabria Family (Deepak)
~5% stake. Removed from board. Legal dispute ongoing in civil courts.

Total Promoter Holding
35.86% — stable for 8 quarters. Zero pledge on promoter shares.

Key Dispute Origin

1958 family business split over Orbit Electricals share gift deed (Mar 28, 2016); claim of forgery by Deepak.

2.3 AUDITOR ASSESSMENT

🟢 Statutory Auditor: Large reputed firm. No qualification or adverse remarks in recent annual reports.

🟢 No auditor change in last 5 years — stability indicator.

🟢 CRISIL has independently verified accounts and found no fraud indicators.

2.4 CFO STABILITY

🟢 Mahesh Viswanathan has been CFO/Dy.CEO through the dispute period — operational continuity maintained.

🟡 Board-level uncertainty may delay strategic decisions on FMEG scale-up and M&A activity.

2.5 RED FLAG SUMMARY

FLAG	SEVERITY
Family dispute	HIGH
Promoter stake pledging	NONE
Related party txns	MEDIUM
Auditor qualification	NONE
CFO churn	STABLE

3 Framework #3: Technical Analysis

3.1 PRICE STRUCTURE

LEVEL	PRICE (₹)
Current Price	₹856
52W High	₹1,028
52W Low	₹701
Strong Support 1	₹800–₹820
Strong Support 2	₹740–₹760
Resistance 1	₹920–₹950
Resistance 2	₹1,000–₹1,028
200-DMA (est.)	~₹870–₹900

3.2 TREND & PATTERN ANALYSIS

Monthly Chart
Stock in consolidation range ₹700–₹1,028 for 12 months. Lower highs forming — distribution pattern.

Weekly Chart
Recent bounce from ₹700 52W low. MACD showing early positive crossover.

Daily Chart
Below 200-DMA — bearish short-term structure. Needs close above ₹900 to confirm reversal.

RSI
~42 on daily — not oversold but weak. Weekly RSI ~48 — neutral-bearish.

3.3 INSTITUTIONAL FLOW ANALYSIS

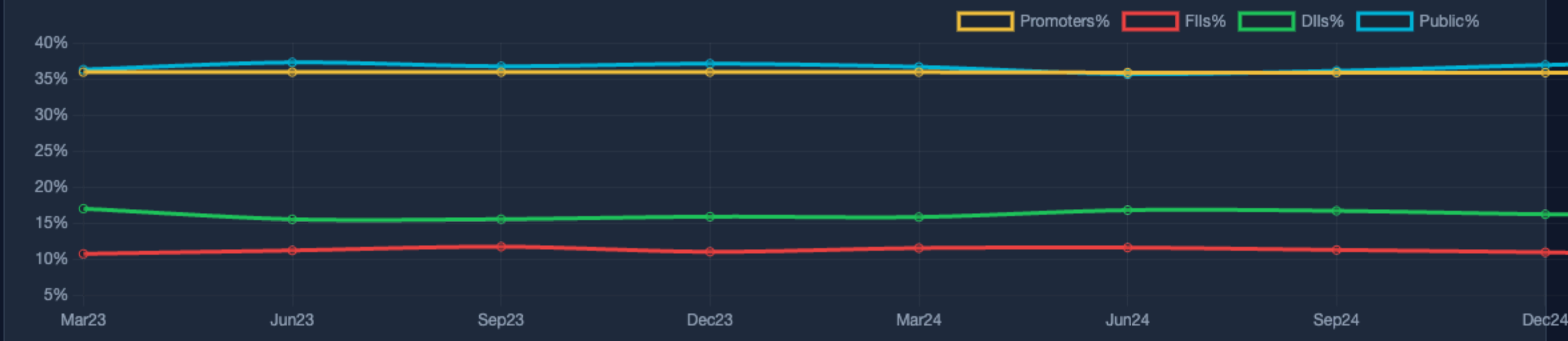
FII Trend
📉 Declining: 11.58% (Mar'24) → 9.42% (Dec'25). 216 bps net selling. Caution signal.

DII Trend
📈 Stable-increasing: 15.87% (Mar'24) → 15.77% (Dec'25). DIIs holding firm.

Public / Retail
Rising: 36.65% (Mar'24) → 38.96% (Dec'25). Retail accumulating on dips.

Block Deal (Mar'25)
9,82,425 shares at ₹953.50 — institutional-grade transaction.

📊 SHAREHOLDING PATTERN TREND (QUARTERLY %)



3.4 TECHNICAL VERDICT

Short-Term (1–3 months)

🔴 Bearish. Below 200-DMA, FII selling, sector weak. Avoid fresh longs unless ₹800 holds.

Medium-Term (3–9 months)

🟡 Neutral-Accumulate. Base building near 52W low. Catalyst: preform commissioning, Q4FY26 beat.

Long-Term (12–24 months)

🟢 Bullish. Structural story intact. Breakout above ₹1,028 targets ₹1,200+.

4 Framework #4: Enhanced Fraud Check

4.1 PAT VS OPERATING CASH FLOW (FRAUD INDICATOR #1)

YEAR	PAT (₹CR)	OCF (₹CR)	OCF/PAT	VERDICT
FY2022	405	473	1.17x	✅ CLEAN
FY2023	502	356	0.71x	🟡 WATCH
FY2024	572	577	1.01x	✅ CLEAN
FY2025	544	207	0.38x	🟡 EXPLAIN
5Y Cumulative	2,306	1,727	0.75x	ACCEPTABLE

💡 FY2025 OCF weakness explained by: (a) inventory build ahead of capex cycle, (b) receivables expansion with 35% revenue growth in Q3. NOT indicative of fraud — operational cause identified. Monitor FY26 OCF recovery.

4.2 OTHER INCOME ANALYSIS (EARNINGS QUALITY)

YEAR	OTHER INC. (₹CR)	% OF PBT	VERDICT
FY2021	77	20%	LOW
FY2022	151	29%	MEDIUM
FY2023	198	31%	MEDIUM
FY2024	218	29%	MEDIUM
FY2025	246	34%	HIGH
TTM	260	33%	HIGH

⚠️ Other income constitutes 33–34% of PBT — **not fraud** but a genuine concern. Largely from mark-to-market gains on ₹2,770 Cr investment portfolio. Core operating PAT = PBT less other income × (1-tax) ≈ ₹295–₹360 Cr. P/E on true operating earnings is ~36–44x — NOT as cheap as headline 21x suggests.

4.3 REVENUE SPIKE CHECK

4.4 RELATED PARTY TRANSACTIONS

- 🟢 No artificial quarter-end revenue spikes observed. Q4 typically seasonally stronger (construction season).
- 🟢 Revenue growth corroborated by volume disclosures (28% electrical, 42% auto) in concall.

- 🟡 RPTs with Finolex J-Power Systems (51:49 JV with J-Power Systems Japan) for EHV cable manufacturing — commercially justifiable.
- 🟢 No loans to promoter entities or subsidiaries. Clean structure.
- 🟡 CRISIL flags pending family dispute — no financial impact yet.

4.5 ASSET QUALITY

- 🟢 Asset turnover: Revenue/Assets = ₹5,319/₹5,071 = 1.05x — reasonable for capital-intensive cable manufacturer.
- 🟢 Depreciation policy: Consistent 39–47 Cr/yr for ₹380–500 Cr fixed assets — realistic rates.
- 🟢 No significant contingent liabilities beyond the family dispute sub-judice matter.

4.6 FRAUD RISK OVERALL SCORE

✅ **LOW FRAUD RISK.** CRISIL AA+ rating (independent verification), no auditor qualifications, consistent cash flow (5Y OCF/PAT 0.75x), zero promoter pledge, transparent concall disclosures. The primary concern is governance (promoter dispute) rather than financial fraud. Investment grade quality confirmed by institutional coverage.

5 Framework #5: ESG Assessment

🌿 E — ENVIRONMENTAL

- 🟢 Solar cable manufacturing (e-beam technology) — green product portfolio
- 🟡 Copper-intensive operations have energy footprint; backward integration improves efficiency
- 🟢 BRSR reporting compliance maintained; water-stress at Pimpri/Goa plants manageable
- 🟢 No significant environmental penalties or violations on record

ESG-E Score: MEDIUM-POSITIVE

👥 S — SOCIAL

- 🟢 CSR spending in compliance with 2% of net profit requirement
- 🟢 Large workforce (manufacturing) — employment generator in Pune, Goa, Roorkee
- 🟡 Labour Code compliance: ₹6 Cr provision in Q3FY26 for gratuity — proactive compliance
- 🟢 Product safety: BIS, UL certified — consumer trust

ESG-S Score: POSITIVE

🏛 G — GOVERNANCE

- 🔴 Promoter family dispute — significant governance overhang
- 🟡 Board in transition; new independent chairman (Nikhil Naik) installed
- 🟢 Zero promoter pledge — positive
- 🟢 Whistleblower mechanism in place; no reported violations
- 🟡 Related party disclosure: adequate but JV structure warrants monitoring

ESG-G Score: MEDIUM-NEGATIVE

⚠️ **ESG Composite:** Finolex scores **Medium** overall. The environmental and social pillars are broadly positive, but governance weaknesses from the promoter dispute drag the composite score. Resolution of the family feud would be a significant ESG re-rating catalyst. Long-term, the solar cable/fiber optic product mix is ESG-aligned and improving.

6 Framework #6: Valuation Analysis

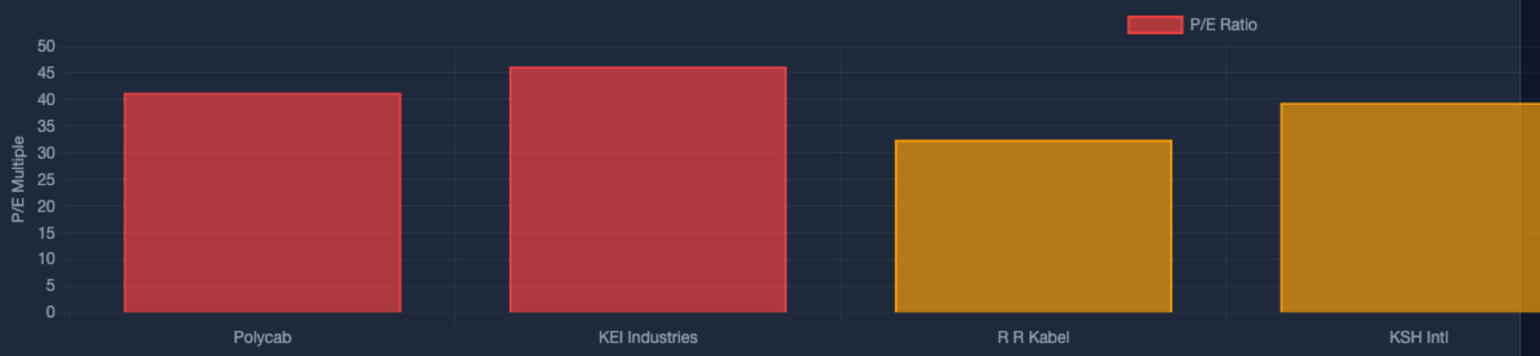
6.1 RELATIVE VALUATION — PEER COMPARISON (MARCH 2026)

COMPANY	MKT CAP (₹CR)	CMP (₹)	P/E	P/B	ROCE%	ROE%	REV GROWTH (QOQ%)	PAT QTR (₹CR)	DIV. YIELD	ASSESSMENT
Polycab India	1,08,420	7,194	41.3x	~8x	29.7%	~25%	+46%	630	0.49%	EXPENSIVE
KEI Industries	39,791	4,158	46.2x	~7x	21.3%	~18%	+20%	235	0.11%	EXPENSIVE

R R Kabel	15,208	1,343	32.5x	~4x	19.8%	~15%	+42%	118	0.45%	FAIRLY VALUED
Finolex Cables ★	**13,098**	**856**	**21.4x**	**2.3x**	**16.2%**	**12.4%**	**+35%**	**136**	**0.93%**	UNDERVALUED
Universal Cables	2,090	603	13.3x	~1.5x	8.6%	~8%	+26%	27	0.66%	CHEAP BUT WEAK
KSH International	2,629	387	39.4x	—	21.5%	—	+59%	23	0%	SMALL/EXPENSIVE
Sector Median	—	—	*~32x*	*~4x*	*~20%*	*~15%*	—	—	—	—

💡 **Valuation Gap:** Finolex trades at 21.4x vs sector median ~32x = **33% discount** to peers. Vs Polycab (41x) = **48% discount**. Discount is justified partly by: (a) lower ROCE (16% vs Polycab 30%), (b) governance overhang, (c) lower growth vs peers in institutional segment. However, the discount is arguably excessive given CRISIL AA+ quality, zero debt, and ₹2,770 Cr investment portfolio. Even partially closing this gap → meaningful upside.

📊 PEER P/E COMPARISON



6.2 DCF VALUATION MODEL

PARAMETER	ASSUMPTION
Revenue CAGR (FY26–30)	14–16%
EBITDA Margin Target	11–12% (recovery from 10%)
CAPEX / Revenue	3–4% (peak capex phase)
Working Capital Days	55–60 days
Tax Rate	24%
Cost of Equity (Ke)	13% (risk-free 7% + ERP 5% + beta 1.2)
Terminal Growth Rate	5.5%
WACC	~13% (near-zero debt → Ke ≈ WACC)

YEAR	REVENUE (₹CR)	EBITDA	FCF EST.
FY2026E	6,100	671	350
FY2027E	7,000	812	470
FY2028E	8,050	965	560
FY2029E	9,250	1,110	670
FY2030E	10,640	1,277	800
Terminal Value			FCF_{2030} × (1+g) / (WACC-g) = ~₹10,667 Cr

DCF Fair Value

₹1,020 – ₹1,150 per share

Based on 10-year DCF including ₹2,770 Cr investment portfolio (₹181/share value)

6.3 VALUATION SENSITIVITY MATRIX

REVENUE CAGR ↓ / EBITDA MARGIN →	9%	10%	11%	12%	13%
10% Revenue CAGR	₹680	₹790	₹880	₹970	₹1,060
13% Revenue CAGR	₹780	₹900	₹1,010	₹1,120	₹1,240
15% Revenue CAGR (Base)	₹860	₹990	₹1,100	₹1,220	₹1,350
18% Revenue CAGR	₹980	₹1,120	₹1,260	₹1,400	₹1,540

WACC: 13%, Terminal Growth: 5.5%. Includes ₹181/share from investment portfolio. Current price ₹856 is in the 10–13% CAGR / 9–10% margin zone — implying market is pricing in a pessimistic scenario.

DCF VALUATION

₹1,020–₹1,150

10-year DCF with 13% WACC

PEER MULTIPLE (25X P/E TARGET)

₹1,000–₹1,100

FY27E EPS ₹44 × 25x (discount to sector 32x)

BLENDED FAIR VALUE

₹1,050–₹1,150

18–34% upside from CMP ₹856

6.4 ANALYST PRICE TARGETS

BROKER	TARGET (₹)	RATING	NOTE
Sharekhan	1,250	BUY	Preform commissioning, fiber growth catalyst
Anand Rathi	975	BUY	Post Q2 downward revision; margin normalisation expected
MarketsMojo	—	HOLD	Q3FY26 strong revenue masks margin pressure
PrimaEgis (This Report)	₹1,050–₹1,150	ACCUMULATE	18–34% upside; medium-high conviction

7 Framework #7: Investment Case

7.1 INVESTMENT THESIS — 5 PILLARS

🔋

PILLAR 1

Market leader in organised wires with 25% share — **structural moat** from brand + distribution

🏦

PILLAR 2

Balance sheet fortress — zero debt + ₹2,770 Cr investments = **massive downside protection**

🌐

PILLAR 3

Fiber preform backward integration → **margin expansion** + import substitution by FY27

☀️

PILLAR 4

Solar + EV + data center cables = **multi-year secular growth** tailwinds in new segments

💰

PILLAR 5

Valuation discount 33–48% to peers → re-rating potential upon governance resolution

7.2 SCENARIO ANALYSIS

🟢 **BULL CASE (₹1,200+ | Probability: 25%) — 18–24 months**

Preform plant fully commissioned by Jun 2026; fiber draw doubled; copper prices stabilise at ₹750/kg; FMEG crosses ₹300 Cr (breakeven); Birla/Adani competition absorbs rather than displaces demand; governance dispute resolved via family settlement; P/E re-rates to 28–30x; FY28E EPS ₹52 → Target ₹1,200–₹1,560.

🟡 **BASE CASE (₹1,050–₹1,150 | Probability: 55%) — 18–24 months**

Revenue CAGR 14–15%; EBITDA margins recover to 11–11.5% in FY27; preform on schedule; copper at ₹800–₹850/kg (manageable); FMEG at breakeven by FY27; governance stable but unresolved; P/E stays at 24–26x; FY27E EPS ₹44 → Target ₹1,050–₹1,150.

🔴 **BEAR CASE (₹700–₹750 | Probability: 20%) — 12 months**

Copper spikes to ₹1,000+/kg; governance dispute escalates into operational disruption; telecom tender delays continue; FMEG continues bleeding; aggressive price competition from Birla; sector de-rating; P/E falls to 16–18x; FY26E EPS ₹38 → Target ₹608–₹684. (Note: Investment portfolio provides ₹180/share floor).

7.3 POSITIVE CATALYSTS (TIMELINE)

Mar 2026
🟢 Fiber Preform Plant (Phase 1) commissioning → cost savings begin

Q4FY26 Results
Revenue likely to beat ₹1,700+ Cr; confirmation of margin recovery → positive surprise

FY27 Q1
Fiber draw capacity doubles → 8M FKM → telecom revenue inflection

FY27
FMEG reaching breakeven → drag to contribution changes from negative to neutral

Ongoing
Data center + solar cable orders → re-rating of growth multiple

Any time
🟢 Governance resolution (family settlement) → significant re-rating trigger

7.4 RISK MATRIX

RISK	PROBABILITY	IMPACT	MITIGATION
Copper price spike (>₹1,000/kg)	MED	HIGH	Pass-through pricing, inventory management
Governance deterioration	MED	HIGH	CRISIL monitoring; ops ring-fenced
Birla/Adani competition	LOW-MED	MED	Brand, distribution depth, certification moat
Preform delay	MED	MED	Phase 1 trials already underway
FMEG continued drag	MED	LOW	<5% of revenue; ring-fenced losses
Telecom tender delays	MED	MED	Offset by data center demand
Sector P/E de-rating	LOW	HIGH	Relative cheapness provides cushion

7.5 ENTRY / EXIT STRATEGY

🟢 Entry Levels

Strong Buy: **₹800–₹820** (near 52W support)
Accumulate: **₹820–₹900** (current zone)
Hold / Monitor: **₹900–₹1,000**

🎯 Targets

Target 1: **₹1,000** (17% upside)
Target 2: **₹1,100** (28% upside)
Target 3 (Bull): **₹1,200+** (40%+)

🔴 Stop Loss

Trailing Stop: **₹750** (close basis)
Fundamental exit: Governance materially impacting operations
Or: EBITDA margins remain below 9% for 2+ quarters

8 Framework #8: Consolidated Analysis

8.1 INVESTMENT SCORECARD

Business Quality	7.5/10
Management Quality	5.0/10 ⚠
Financial Strength	8.5/10
Growth Prospects	7.5/10
Valuation (Cheapness)	8.0/10
ESG Score	6.0/10

7.1

/ 10 Overall Score

ACCUMULATE

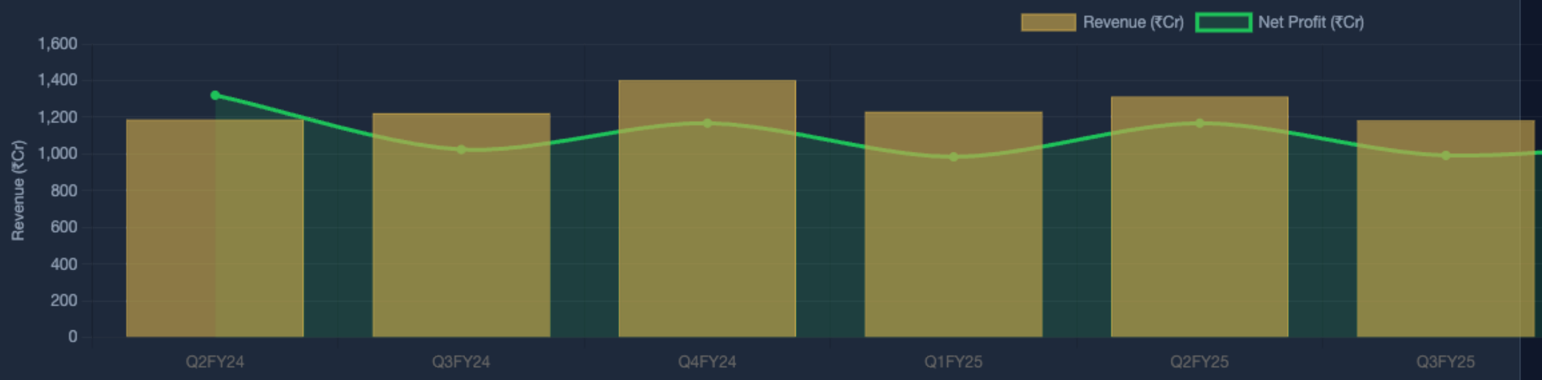
Rating: Medium-High Conviction

8.2 MANAGEMENT GUIDANCE VS ACTUALS (CREDIBILITY TRACKER)

PERIOD	GUIDANCE	ACTUAL	DELIVERED?
FY2024	Revenue growth 12–15%	+11.9% (₹5,014 Cr)	PARTIAL ✓
FY2025	Revenue 15–17% growth	+6.1% (₹5,319 Cr) — copper price disruption	MISSED ✕
FY2025	FMEG breakeven at ₹250–260 Cr	Revenue ~₹225 Cr in FY24; not yet at breakeven in FY25	MISSED ✕
Q3FY26	Preform commissioning by Mar 2026	Production trials underway as of Q3FY26 — on track	ON TRACK ✓
FY26 (mgmt)	Revenue ~₹6,000+ Cr TTM	TTM ₹5,965 Cr — largely on track	ON TRACK ✓

⚠ **Management Credibility: MEDIUM.** Revenue guidance met in FY24 but missed FY25 due to external copper price disruption (partially excusable). FMEG breakeven keeps getting pushed. Preform commissioning appears on track. Overall: guidance execution is 60/100 — moderate credibility.

QUARTERLY REVENUE & NET PROFIT (₹ CR) — LAST 8 QUARTERS



8.3 MACRO-ECONOMIC SENSITIVITY

🔴 Copper Price (KEY RISK)

70–75% of raw material costs. Every 10% rise in copper prices compresses EBITDA margin by ~1.5–2%. Copper LME at ~$9,500/MT in Mar 2026. Management passes through increases with 1–2 quarter lag.

🟢 Infrastructure Spending

NIP (National Infrastructure Pipeline) of ₹111 Lakh Cr, PM Awas housing, rural electrification — all strongly correlated with cable demand. Govt capex = direct demand driver.

🔵 Interest Rates

Near-zero debt company — NOT sensitive to rate cycles operationally. Lower rates POSITIVE for investment portfolio returns and construction demand (indirect).

8.4 FINAL INVESTMENT RECOMMENDATION

ACCUMULATE

Target: ₹1,050–₹1,150

Time Horizon: 18–24 months | Stop Loss: ₹750

Position Sizing: 3–5% of portfolio

Finolex Cables is a **high-quality, cash-rich market leader** trading at an unjustified discount to peers. The stock is penalised for a governance dispute that has not materially impacted operations, creating a **compelling asymmetric risk-reward**. The investment portfolio of ₹2,770 Cr (~₹181/share) provides a partial floor. Upcoming catalysts — preform commissioning, fiber capacity doubling, FMEG approaching breakeven, and data center/solar cable ramp — offer multiple paths to earnings upgrades and re-rating. Risks are real but manageable; accumulate on dips toward ₹800–₹850 for an 18–34% return over 18–24 months.

Sources: Screener.in · CRISIL · GuruFocus · InvestyWise · Wire&Cable India · Business Standard · NCLAT Orders · GuruFocus Concall · MarketsMojo · MordorIntelligence