RATING BUY | CMP INR 141 | TP INR 206

Finolex Industries (FNXP IN)

Q2FY27 Result Update

November 03, 2026

■ Estimate Change | ☑ Target | ■ Reco.

Change in Estimates

	Current		Previous	
	FY28E	FY29E	FY28E	FY29E
Rating	BUY		BUY	
Target Price	206		226	
Sales (INR mn)	44,905	49,249	44,905	49,249
% Chng.	-	-		
EBITDA (INR mn)	6,278	7,082	6,278	7,082
% Chng.	-	-		
EPS (INR)	9.4	10.6	9.4	10.6
% Chng.	-	-		

Key Data	FINX.BO | FNXP IN
BSE Code	500940
NSE Code	FINPIPE
52-W High / Low	INR 199 / INR 137
Face Value	2
Sensex / Nifty	75,693 / 23,441
Market Cap	INR 87 bn / $ 921 mn
Shares Outstanding	620.48 mn
3M Avg. Daily Value	INR 76.65 mn

Shareholding Pattern (%)

Promoters	52.47
FIIs	5.78
Mutual Funds	11.36
Domestic Institutions	0.36
Public & Others	30.04
Promoter's Pledge (INR bn)	-

Stock Performance (%)

	1M	3M	6M	12M
Absolute	(6.4)	(12.8)	(18.1)	(24.7)
Relative	(11.1)	(10.1)	(16.8)	(16.5)

Key Financials - Consolidated

Y/e Mar	FY26	FY27E	FY28E	FY29E
Sales (INR mn)	41,134	43,668	44,905	49,249
EBITDA (INR mn)	6,789	5,869	6,278	7,082
Margin (%)	*16.5*	*13.4*	*14.0*	*14.4*
PAT (INR mn)	5,991	5,546	5,832	6,526
EV (INR mn)	66,531	63,599	61,237	58,857
Total Debt (INR mn)	4,373	3,373	3,373	3,373
C&C Eq. (INR mn)	314	246	608	988
EPS (INR)	9.7	9.0	9.4	10.6
Gr. (%)	*23.7*	*(7.4)*	*5.2*	*11.9*
DPS (INR)	2.9	2.7	2.9	3.2
Yield (%)	*2.1*	*1.9*	*2.0*	*2.3*
RoE (%)	*9.7*	*8.7*	*8.6*	*9.1*
RoCE (%)	*8.8*	*7.1*	*7.2*	*7.8*
EV/Sales (x)	1.6	1.5	1.4	1.2
EV/EBITDA (x)	9.8	10.8	9.8	8.3
PE (x)	14.5	15.7	14.9	13.3
P/BV (x)	1.4	1.3	1.3	1.2

Channel Restocking Drives Volume Recovery

Quick Pointers

- Volume grew by ~28% YoY in P&F segment.
- EBITDAM contracted by ~380bps to 11.4 YoY primarily due to a decline in the PVC-EDC spread.

FNXP P&F volumes recovered in Q2FY27, supported by channel restocking following significant destocking in Q1FY27 amid PVC price volatility. Management indicated that channel inventory levels have largely normalised, with Oct'26 volumes witnessing a relatively better performance and turning marginally positive YoY. While the company refrained from providing specific volume growth guidance for FY27, it remains cautiously optimistic about H2FY27 recovery, supported by stabilising PVC prices and improving demand conditions. Management reiterated its FY27 EBITDA margin guidance of 14–15%.We estimate revenue/EBITDA/PAT CAGR of 6.2%/1.4%/2.9% for FY26-29E with P&F volume CAGR of 3.0% and EBITDA margin of 14.4% by FY29E. We maintained 'BUY' rating with a TP of INR 206 based on 18x Sep'28 earnings plus valued stake in the group listed entity Finolex Cables at 50% discount to consensus target market value.

Q2FY27 financial performance: FNXP revenue grew by 27.4% YoY to Rs10.9bn, (Ple: 9.2bn). Pipe & fittings volume increased by 27.7% YoY at 83,407MT. Gross margins contracted by ~1000bps YoY to 32.6% (PLe: 42.0%). EBITDA reported Rs 1.2bn down by 4.5% YoY (PLe: Rs 1.3bn) with EBITDA margins contracted by 380bps to 11.4% (PLe: 14.5%). PBT stood at Rs 1.5bn (Ple: Rs1.6bn). Adj PAT remained flat YoY at Rs 1.1bn (PLe: Rs 1.3bn).

H1FY27 financial performance: Revenue grew by 4.0% YoY to Rs 19.7bn, Pipe & fittings volume declined by 4% YoY to 151,106MT. Gross margins contracted by 175bps YoY to 35.4%. EBITDA grew by 3.2% YoY to Rs2.3bn. EBITDA margins remained flat YoY to 11.7%. PBT grew by 4.7% YoY to Rs 2.9bn. PAT grew by 3.5% YoY to Rs2.3bn.

Quarter Summary

Y/e Mar	Q2'27E	Q2'27A	% Var.	Q2'26A	YoY gr. (%)
Net Sales (INR mn)	9,291	10,940	*17.7*	8,587	*27.4*
EBITDA (INR mn)	1,347	1,244	*(7.6)*	1,302	*(4.5)*
Margin (%)	*14.5*	*11.4*	*(310) bps*	*15.2*	*(380) bps*
PAT (INR mn)	1,397	1,150	*(17.7)*	1,236	*(7.0)*

Source: Company, PL

Praveen Sahay
praveensahay@plindia.com | +91-22-66322369

Rahul Shah
rahulshah@plindia.com | +91-22-66322534

Conference Call Highlights:

- Management refrained from providing specific volume growth guidance for FY27, while reiterating its EBITDA margin guidance of 14–15%.
- FNXP witnessed margin pressure during Q2FY27 due to an inventory cost lag, the higher-cost raw material inventory procured during Q1FY27 was consumed during Q2FY27, thereby impacting profitability.
- Management indicated that domestic PVC demand-supply conditions remain relatively constrained and does not foresee any significant downside in PVC prices during Q3FY27, given the prevailing market conditions and continuation of the MIP.
- The industry witnessed significant disruption in Q1FY27 due to PVC price volatility, which resulted in channel destocking. However, Q2FY27 saw a recovery in volumes across organised players, primarily driven by channel restocking as PVC prices stabilised.
- Management highlighted that channel inventory levels have largely normalised, supporting a favourable operating environment heading into H2FY27. Oct'26 witnessed relatively better volume performance compared with the corresponding period last year.
- The PVC price stood at USD 771/MT vs USD 737/MT in Q2FY26, PVC-EDC spread stood at USD 455/MT vs USD 535/MT, PVC-VCM spread at USD 171/MT vs USD 187/MT.
- CPVC accounted for approximately 8% of overall sales volumes in Q2FY27.
- The agricultural-to-non-agricultural product mix stood at approximately 60:40 during Q2FY27.
- The company plans annual maintenance and debottlenecking capex of ~INR1.5bn.
- FNXP has a installed capacity of 520k MTPA, including an estimated 95k MTPA of fittings capacity. Of the total fittings capacity, approximately 40kMTPA is manufactured in-house, while remaining is sourced through third-party manufacturers.
- The company is currently operating at approximately 67–68% capacity utilisation, providing sufficient headroom to cater to demand requirements for both FY27 and FY28.

Exhibit 1: Quarterly Estimates

(INR mn)	1QFY27	*YoY gr. (%)*	2QFY27	*YoY gr. (%)*	3QFY27E	*YoY gr. (%)*	4QFY27E	*YoY gr. (%)*
Net Sales	8,836	*-15%*	10,940	*27.4%*	9,941	*10.7%*	13,952	*6.2%*
EBITDA	1,066	*14%*	1,244	*-4%*	1,173	*-4.7%*	2,302	*-30.7%*
Margins (%)	*12.1*	*309*	*11.4*	*-379*	*11.8*	*-191*	*16.5*	*-877*
Adj. PAT	1,145	*17%*	1,150	*-7%*	993	*-14%*	1,834	*-30%*

Source: Company, PL

Exhibit 2: Q2FY27 Result overview

Y/e March (INR mn)	Q2FY27	Q2FY26	YoY gr. (%)	Q2FY27E	%Var.	Q1FY27	QoQ gr. (%)	H1FY27	H1FY26	YoY gr. (%)
Net Sales	**10,940**	**8,587**	***27.4***	**9,291**	***17.7***	**8,836**	***23.8***	**19,775**	**19,019**	***4.0***
Expenditure										
Operating & Manufacturing Expenses	7,376	4,922	*49.8*	5,389	*36.9*	5,396	*36.7*	12,772	11,951	*6.9*
% of Net Sales	*67.4*	*57.3*		*58.0*		*61.1*		*64.6*	*62.8*	
Gross Profit	**3,564**	**3,665**	***-2.8***	**3,902**	***-8.7***	**3,440**	***3.6***	**7,004**	**7,068**	***(0.9)***
Gross margin (%)	*32.6*	*42.7*		*42.0*		*38.9*		*35.4*	*37.2*	
Personnel Cost	472	520	*-9.3*	551	*-14.4*	551	*-14.4*	1,023	1,104	*(7.3)*
% of Net Sales	*4.3*	*6.1*		*5.9*		*6.2*		*5.2*	*5.8*	
Other Expenses	1,848	1,843	*0.3*	2,004	*-7.8*	1,823	*1.4*	3,671	3,727	*(1.5)*
% of Net Sales	*16.9*	*21.5*		*21.6*		*20.6*		*18.6*	*19.6*	
Total Expenditure	9,696	7,286	*33.1*	7,944	*22.1*	7,770	*24.8*	17,466	16,781	*4.1*
EBITDA	**1,244**	**1,302**	***-4.5***	**1,347**	***-7.7***	**1,066**	***16.7***	**2,309**	**2,238**	***3.2***
Margin (%)	*11.4*	*15.2*		*14.5*		*12.1*		*11.7*	*11.8*	
Depreciation	282	274	*2.9*	275	*2.8*	275	*2.8*	557	541	*3.1*
EBIT	**961**	**1,027**	***-6.4***	**1,073**	***-10.4***	**791**	***21.5***	**1,752**	**1,697**	***3.2***
Interest	33	43	*-22.3*	45	*-25.8*	69	*-51.4*	102	98	*4.1*
Other income	553	578	*-4.2*	560	*-1.2*	753	*-26.5*	1,307	1,224	*6.7*
PBT	**1,481**	**1,562**	***-5.2***	**1,588**	***-6.7***	**1,476**	***0.4***	**2,957**	**2,823**	***4.7***
Total Taxes	351	425	*-17.6*	330	*6.2*	333	*5.3*	683	753	*(9.3)*
ETR (%)	*23.7*	*27.2*		*20.8*		*22.6*		*23.1*	*26.7*	
Adj. PAT	**1,131**	**1,136**	***-0.5***	**1,258**	***-10.1***	**1,143**	***-1.1***	**2,273**	**2,070**	***9.8***
Profit from Associate	20	99		140		2		22	147	
Extra-ordinary income / (exp)	-	-		-		-		-	-	
Reported PAT	**1,150**	**1,236**	***(6.9)***	**1,397**	***(17.7)***	**1,145**	***0.4***	**2,295**	**2,217**	***3.5***

Source: Company, PL

Financials

Income Statement (INR mn)

Y/e Mar	FY26	FY27E	FY28E	FY29E
Net Revenues	**41,134**	**43,668**	**44,905**	**49,249**
YoY gr. (%)	-	*6.2*	*2.8*	*9.7*
Cost of Goods Sold	23,963	27,817	28,514	31,273
Gross Profit	17,172	15,852	16,390	17,976
Margin (%)	*41.7*	*36.3*	*36.5*	*36.5*
Employee Cost	2,426	2,227	2,200	2,315
Other Expenses	4,262	3,188	3,143	3,349
EBITDA	**6,789**	**5,869**	**6,278**	**7,082**
YoY gr. (%)	*42.7*	*(13.5)*	*7.0*	*12.8*
Margin (%)	*16.5*	*13.4*	*14.0*	*14.4*
Depreciation and Amortization	1,068	1,086	1,165	1,241
EBIT	**5,721**	**4,782**	**5,113**	**5,841**
Margin (%)	*13.9*	*11.0*	*11.4*	*11.9*
Net Interest	206	242	241	241
Other Income	2,114	2,450	2,500	2,700
Profit Before Tax	**7,629**	**6,990**	**7,372**	**8,300**
Margin (%)	*18.5*	*16.0*	*16.4*	*16.9*
Total Tax	2,060	1,866	1,962	2,195
Effective Tax Rate (%)	*27.0*	*26.7*	*26.6*	*26.4*
Profit After Tax	**5,569**	**5,125**	**5,410**	**6,105**
Minority Interest	-	-	-	-
Share Profit from Associate	422	422	422	422
Adjusted PAT	**5,991**	**5,546**	**5,832**	**6,526**
YoY gr. (%)	*23.7*	*(7.4)*	*5.2*	*11.9*
Margin (%)	*14.6*	*12.7*	*13.0*	*13.3*
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	**5,991**	**5,546**	**5,832**	**6,526**
YoY gr. (%)	*(25.1)*	*(7.4)*	*5.2*	*11.9*
Margin (%)	*14.6*	*12.7*	*13.0*	*13.3*
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	5,991	5,546	5,832	6,526
Equity Shares O/s (mn)	**618**	**618**	**618**	**618**
EPS (INR)	**9.7**	**9.0**	**9.4**	**10.6**

Source: Company, PL

Balance Sheet (INR mn)

Y/e Mar	FY26	FY27E	FY28E	FY29E
Non-Current Assets				
Gross Block	**28,526**	**29,281**	**30,331**	**31,031**
Tangibles	28,526	29,281	30,331	31,031
Intangibles	-	-	-	-
Acc: Dep / Amortization	**18,464**	**19,392**	**20,557**	**21,798**
Tangibles	18,464	19,392	20,557	21,798
Intangibles	-	-	-	-
Net Fixed Assets	**10,062**	**9,889**	**9,774**	**9,233**
Tangibles	10,062	9,889	9,774	9,233
Intangibles	-	-	-	-
Capital Work In Progress	391	364	376	389
Goodwill	-	-	-	-
Non-Current Investments	25,515	27,415	28,915	30,415
Net Deferred Tax Assets	(2,013)	(2,013)	(2,013)	(2,013)
Other Non-Current Assets	194	194	194	194
Current Assets				
Investments	24,617	26,617	28,617	30,617
Inventories	10,260	8,944	8,632	9,596
Trade Receivables	3,623	3,846	3,955	4,048
Cash & Bank Balance	314	246	608	988
Other Current Assets	-	-	-	-
Total Assets	**75,956**	**78,549**	**82,132**	**86,633**
Equity				
Equity Share Capital	1,237	1,237	1,237	1,237
Other Equity	60,910	64,411	68,100	72,245
Total Networth	**62,147**	**65,648**	**69,336**	**73,481**
Non-Current Liabilities				
Long Term Borrowings	-	-	-	-
Provisions	179	179	179	179
Other Non Current Liabilities	284	284	284	284
Current Liabilities				
ST Debt / Current of LT Debt	4,373	3,373	3,373	3,373
Trade Payables	3,664	3,890	4,000	4,387
Other Current Liabilities	3,159	3,024	2,808	2,773
Total Equity & Liabilities	**75,956**	**78,549**	**82,132**	**86,633**

Source: Company, PL

Cash Flow (INR mn)

Y/e Mar	FY26	FY27E	FY28E	FY29E
PBT	8,050	7,412	7,794	8,721
Add. Depreciation	1,068	1,086	1,165	1,241
Add. Interest	206	242	241	241
Less Financial Other Income	2,114	2,450	2,500	2,700
Add. Other	(1,903)	(2,450)	(2,500)	(2,700)
Op. Profit before WC Changes	7,420	6,290	6,699	7,504
Net Changes-WC	(3,826)	1,131	72	(793)
Direct Tax	(1,677)	(1,866)	(1,962)	(2,195)
Net Cash from Op. Activities	**1,918**	**5,555**	**4,809**	**4,515**
Capital Expenditures	(650)	(886)	(1,062)	(714)
Interest / Dividend Income	1,056	2,450	2,500	2,700
Others	(1,963)	(1,900)	(1,500)	(1,500)
Net Cash from Invt. Activities	**(1,557)**	**(336)**	**(62)**	**486**
Issue of Share Cap. / Premium	-	-	-	-
Debt Changes	2,007	(1,000)	-	-
Dividend Paid	(2,226)	(2,045)	(2,143)	(2,381)
Interest Paid	(189)	(242)	(241)	(241)
Others	(83)	-	-	-
Net Cash from Fin. Activities	**(491)**	**(3,288)**	**(2,384)**	**(2,622)**
Net Change in Cash	**(130)**	**1,932**	**2,363**	**2,379**
Free Cash Flow	1,268	4,669	3,747	3,802

Source: Company, PL

Quarterly Financials (INR mn)

Y/e Mar	Q3FY26	Q4FY26	Q1FY27	Q2FY27
Net Revenues	**8,977**	**13,139**	**8,836**	**10,940**
YoY gr. (%)	*(10.3)*	*12.1*	*(15.3)*	*27.4*
Raw Material Expenses	5,149	6,863	5,396	7,376
Gross Profit	3,827	6,276	3,440	3,564
Margin (%)	*42.6*	*47.8*	*38.9*	*32.6*
EBITDA	**1,231**	**3,320**	**1,066**	**1,244**
YoY gr. (%)	*47.5*	*93.9*	*13.9*	*(4.5)*
Margin (%)	*13.7*	*25.3*	*12.1*	*11.4*
Depreciation / Depletion	265	262	275	282
EBIT	**966**	**3,058**	**791**	**961**
Margin (%)	*10.8*	*23.3*	*9.0*	*8.8*
Net Interest	30	78	69	33
Other Income	525	364	753	553
Profit before Tax	**1,461**	**3,345**	**1,476**	**1,481**
Margin (%)	*16.3*	*25.5*	*16.7*	*13.5*
Total Tax	409	898	333	351
Effective Tax Rate (%)	*28.0*	*26.8*	*22.6*	*23.7*
Profit After Tax	**1,052**	**2,447**	**1,143**	**1,131**
Minority Interest	-	-	-	-
Share Profit from Associate	109	165	2	20
Adjusted PAT	**1,161**	**2,613**	**1,145**	**1,150**
YoY gr. (%)	*23.5*	*58.7*	*16.7*	*(6.9)*
Margin (%)	*12.9*	*19.9*	*13.0*	*10.5*
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	**1,161**	**2,613**	**1,145**	**1,150**
YoY gr. (%)	*23.5*	*58.7*	*16.7*	*(6.9)*
Margin (%)	*12.9*	*19.9*	*13.0*	*10.5*
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	**1,161**	**2,613**	**1,145**	**1,150**
Avg. Shares O/s (mn)	618	618	618	618
EPS (INR)	**1.9**	**4.2**	**1.9**	**1.9**

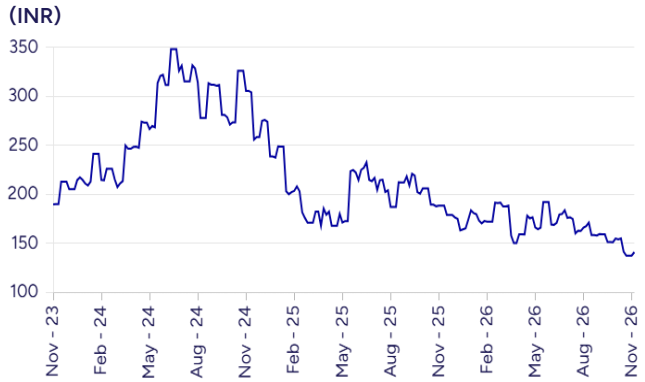
Source: Company, PL

Key Financial Metrics

Y/e Mar	FY26	FY27E	FY28E	FY29E
Per Share (INR)				
EPS	9.7	9.0	9.4	10.6
CEPS	11.4	10.7	11.3	12.6
BVPS	100.5	106.2	112.1	118.8
FCF	2.1	7.6	6.1	6.1
DPS	2.9	2.7	2.9	3.2
Return Ratio (%)				
RoCE	8.8	7.1	7.2	7.8
ROIC	10.5	8.6	9.0	9.9
RoE	9.7	8.7	8.6	9.1
Balance Sheet				
Net Debt : Equity (x)	-	-	-	-
Net Working Capital (Days)	91	74	70	69
Valuation (x)				
PER	14.5	15.7	14.9	13.3
P/B	1.4	1.3	1.3	1.2
P/CEPS	12.3	13.1	12.4	11.2
EV/EBITDA	9.8	10.8	9.8	8.3
EV/Sales	1.6	1.5	1.4	1.2
Dividend Yield (%)	2.1	1.9	2.0	2.3
FCFF Yield (%)	1.5	5.4	4.3	4.4
PEG Ratio	0.6	(2.1)	2.9	1.1

Source: Company, PL

Price Chart



Recommendation History

No.	Date	Rating	TP (INR)	Share Price (INR)
1	06-Oct-26	Buy	226	149
2	08-Aug-26	Accumulate	197	164
3	02-Jul-26	Accumulate	207	176
4	28-May-26	Accumulate	207	192
5	02-Apr-26	BUY	203	159
6	03-Feb-26	Accumulate	199	175
7	07-Jan-26	Accumulate	211	181
8	10-Nov-25	Accumulate	228	188
9	06-Oct-25	Accumulate	240	206
10	21-Aug-25	Accumulate	228	203

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (INR)	Share Price (INR)
1	Amber Enterprises India	BUY	9234	6925
2	Astral	Buy	1593	1362
3	Avalon Technologies	REDUCE	1786	2430
4	Bajaj Electricals	HOLD	281	293
5	Cello World	Buy	428	340
6	Century Plyboard (I)	Buy	871	678
7	Cera Sanitaryware	Buy	7548	5057
8	Crompton Greaves Consumer Electricals	BUY	294	216
9	Cyient DLM	REDUCE	873	1030
10	Finolex Industries	Buy	226	149
11	Greenpanel Industries	Buy	271	160
12	Havells India	Accumulate	1212	1073
13	Kajaria Ceramics	BUY	1325	1138
14	Kaynes Technology India	BUY	4280	3365
15	KEI Industries	BUY	5961	3873
16	LG Electronics India	Accumulate	1870	1771
17	Polycab India	BUY	11083	8207
18	Premier Energies	BUY	1136	910
19	R R Kabel	BUY	2735	2123
20	Supreme Industries	Accumulate	3583	3250
21	Syrma SGS Technology	Accumulate	1788	1625
22	Vikram Solar	Accumulate	162	149
23	Voltas	Buy	1251	1061
24	Waaree Energies	BUY	3115	2238

PL's Recommendation Nomenclature (Absolute Performance)

BUY	:	> 15%
Accumulate	:	5% to 15%
Hold	:	+5% to -5%
Reduce	:	-5% to -15%
Sell	:	< -15%
Not Rated (NR)	:	No specific call on the stock
Under Review (UR)	:	Rating likely to change shortly

ANALYST CERTIFICATION

Indian Clients

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