

**HOLD**

TP: Rs 190 | ▼ 1%

**FINOLEX INDUSTRIES**

Building Materials

29 May 2026

### Strong operating performance

- Revenue grew 12% YoY despite flat volumes; EBITDA margin expanded sharply to 25.3% on strong PVC spreads and inventory gains
- Blended EBITDA/kg nearly doubled YoY to Rs 32.6/kg; gradual improvement in CPVC/fittings mix offsets weak agri demand
- Roll forward to Mar'27 TP of Rs 190 (ascribing unchanged multiple of 20x Mar'28E) and limited upside. Maintain HOLD

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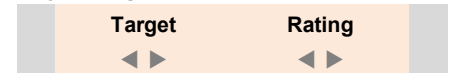
**Strong margin-led beat despite flat pipe volumes:** The company reported strong Q4FY26 revenue/EBITDA/APAT growth of 12%/94%/58% YoY, significantly ahead of our estimates. EBITDA margin expanded sharply by 1,065bps YoY to 25.3%, aided by higher realisations, inventory gains and improved product mix. Gross margin expanded 1,330bps YoY to 47.8%, while blended EBITDA per kg nearly doubled YoY to Rs 32.6/kg.

**Inventory gains and PVC spreads drive EBITDA/kg recovery:** Blended EBITDA/kg nearly doubled to Rs 32.6 (+95% YoY/+95% QoQ), supported by inventory gains of Rs 350-400 mn and strong PVC spreads during the quarter. Pipe realisations increased 13% YoY to Rs 129/kg, although volumes remained weak due to subdued agri demand and PVC-price volatility. Management highlighted that non-agri and project demand remained relatively stable, while CPVC and fittings continued to see gradual mix improvement. Net cash further improved to Rs 25.6 bn in Mar'26 versus Rs 24.3 bn in Dec'25.

**Outlook & KTAs:** Management indicated that FY27 profitability is likely to normalise from elevated Q4 levels as PVC spreads moderate, with EBITDA margin guided at sub-15% levels. Demand remains stable, supported by non-agri and project segments, while gradual improvement in CPVC/fittings mix, sufficient capacity availability and strong net-cash position (Rs 25.6 bn) continue to support medium-term growth.

**Maintain HOLD:** We expect FNXF to deliver revenue CAGR of 13% over FY26-29E driven by recovery in agri demand, improving non-agri contribution and gradual increase in CPVC and fittings mix. We raise our FY27E/FY28E revenue estimates by 2-4% and EBITDA estimates by 0-4% to factor in improving realisation and operating efficiency observed during Q4FY26. We roll forward to Mar'28E and retain our unchanged 20x P/E multiple, resulting in an unchanged TP of Rs 190. Maintain HOLD.

### Key changes



Ticker/Price	FNXP IN/Rs 192
Market cap	US\$ 1.2bn
Free float	48%
3M ADV	US\$ 2.2mn
52wk high/low	Rs 238/Rs 148
Promoter/FPI/DII	52%/6%/12%

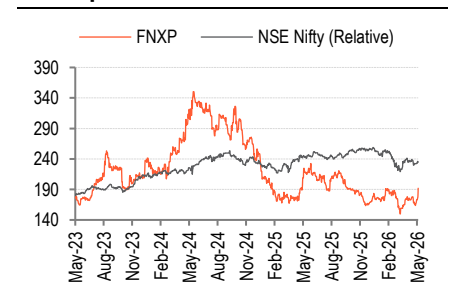
Source: NSE | Price as of 27 May 2026

### Key financials

Y/E 31 Mar	FY26A	FY27E	FY28E
Total revenue (Rs mn)	41,134	48,564	55,979
EBITDA (Rs mn)	6,789	5,927	6,696
Adj. net profit (Rs mn)	5,969	5,133	5,912
Adj. EPS (Rs)	9.7	8.3	9.6
Consensus EPS (Rs)	9.7	10.4	14.3
Adj. ROAE (%)	9.7	8.1	8.9
Adj. P/E (x)	19.9	23.1	20.1
EV/EBITDA (x)	14.5	16.5	14.4
Adj. EPS growth (%)	24.3	(14.0)	15.2

Source: Company, Bloomberg, BOBCAPS Research

### Stock performance



Source: NSE



**Fig 1 – Quarterly performance - Consolidated**

Particulars	Q4FY26	Q4FY25	YoY (%)	Q3FY26	QoQ (%)	FY26	FY25	YoY (%)	BOBCAPS Q4FY26E	Variance (%)
Revenue	13,139	11,718	12.1	8,977	46.4	41,134	41,420	(0.7)	14,238	(7.7)
RM	6,863	7,679	(10.6)	5,149	33.3	23,963	26,761	(10.5)	10,174	(32.5)
Gross Profit	6,276	4,039	55.4	3,827	64.0	17,172	14,659	17.1	4,064	54.5
Employee	620	513	20.9	703	(11.8)	2,426	2,223	9.1	548	13.0
Others	2,336	1,814	28.8	1,894	23.4	7,957	7,717	3.1	1,765	32.4
EBITDA	3,320	1,713	93.9	1,231	169.8	6,789	4,719	43.9	1,751	89.7
D&A	262	269	(2.5)	265	(1.1)	1,068	1,067	0.0	244	7.2
EBIT	3,058	1,444	111.8	966	216.6	5,721	3,652	56.7	1,506	103.0
Interest cost	78	62	25.4	30	156.6	206	296	(30.6)	30	156.6
Int. & other income	530	850	(37.7)	634	(16.5)	2,535	2,907	(12.8)	850	(37.7)
PBT	3,510	2,232	57.3	1,570	123.6	8,050	6,263	28.5	2,326	50.9
Tax	898	586	53.1	409	119.5	2,060	2,432	(15.3)	585	53.3
PAT	2,613	1,646	58.7	1,161	125.1	5,991	3,830	56.4	1,740	50.1
Adj. PAT	2,620	1,659	57.9	1,161	125.7	5,947	4,668	27.4	1,740	50.5
As % of net revenues			<b>chg (bps)</b>		<b>chg (bps)</b>			<b>chg (bps)</b>		
Gross margin	47.8	34.5	1,330	42.6	513	41.7	35.4	635		
Employee	4.7	4.4	34	7.8	(311)	5.9	5.4	53		
Others	17.8	15.5	230	21.1	(331)	19.3	18.6	71		
EBITDA margin	25.3	14.6	1,065	13.7	1,156	16.5	11.4	511		
Tax rate	25.6	26.3	(69)	26.0	(48)	25.6	38.8	(1,325)		
APAT margin	19.9	14.2	578	12.9	701	14.5	11.3	319		

Source: Company, BOBCAPS Research

**Fig 2 – Key operating metrics**

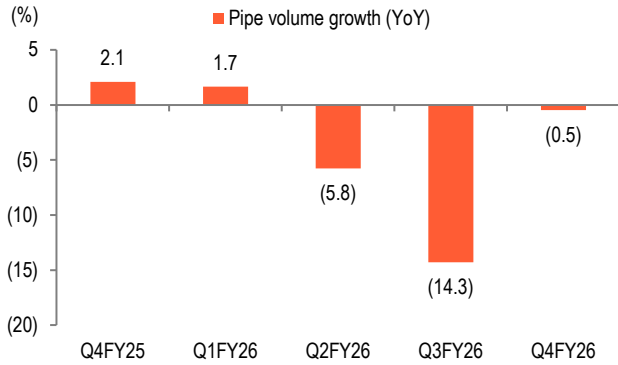
Particulars	Q4FY26	Q4FY25	YoY (%)	Q3FY26	QoQ (%)	FY26	FY25	YoY (%)
Pipe sales volume (kt)	102	102	(0.5)	74	38.5	333	348	(4.4)
Pipe sales realisation (Rs/kg)	129	114	13.0	122	5.7	124	119	3.9
Blended EBITDA per unit (Rs/kg)	32.6	16.7	94.8	16.7	94.8	20.4	13.6	50.4

Source: Company, BOBCAPS Research

## Earnings Call Highlights

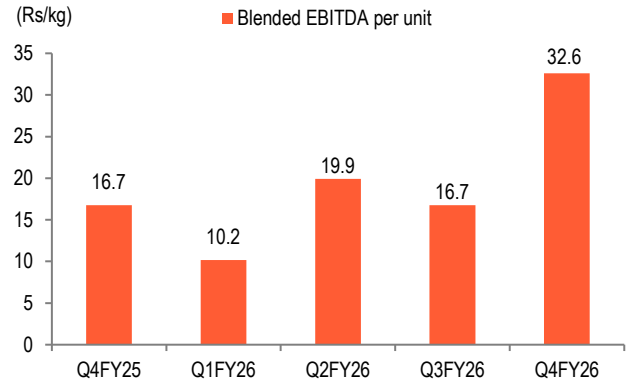
- **Industry Scenario:** Q4FY26 demand remained stable, supported by non-agri and project segments, while agri demand stayed weak due to PVC-price volatility and delayed farm purchases. Management indicated that volatility in global petrochemical markets and the Middle East situation continue to keep the industry environment uncertain.
- **PVC resin:** PVC-EDC spreads remained strong during Q4FY26, supporting profitability. Management indicated that Q4 included inventory gains of Rs 350-400 mn due to rising PVC prices during Mar-Apr'26, while reiterating that benefits from backward integration remain cyclical in nature.
- **Guidance:** Management guided for FY27 EBITDA margins at sub-15% levels versus 16.5% in FY26, indicating that Q4 profitability is unlikely to sustain once spreads normalise. Volume growth guidance remains at high single-digit to low double-digit levels, subject to monsoon, government spending and PVC-price trends.
- **Pipe & Fittings:** Agri pipes continued to account for 63% of FY26 volumes, although non-agri contribution improved gradually during the year. CPVC contribution increased to 7-8% of volumes, while fittings contributed 9-11%, supporting gradual improvement in product mix.
- **Capex:** Installed pipe capacity stands at 520kt with utilisation at 67% in FY26, indicating sufficient capacity for near-term growth. Annual capex guidance remains at Rs 1.0-2.0 bn, largely towards maintenance and debottlenecking initiatives rather than major greenfield expansion.
- **Net cash:** balance has risen from Rs24.3bn in Dec'25 to Rs25.6bn in Mar'26.

**Fig 3 – FNXP pipe volume de-grew by 0.5% YoY in Q4FY26**



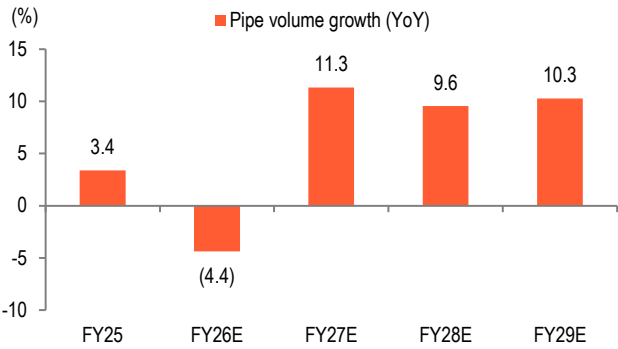
Source: Company, BOBCAPS Research

**Fig 4 – FNXP blended EBITDA per unit improved sharply in Q4FY26, due to high share of plumbing pipe revenue**



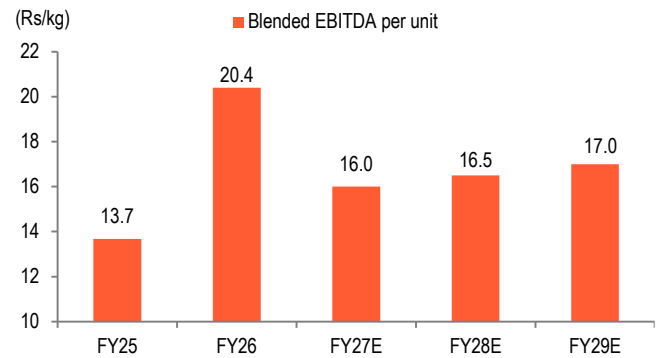
Source: Company, BOBCAPS Research

**Fig 5 – FNXP pipe volume is projected to grow at 32% CAGR over FY25-FY29E**



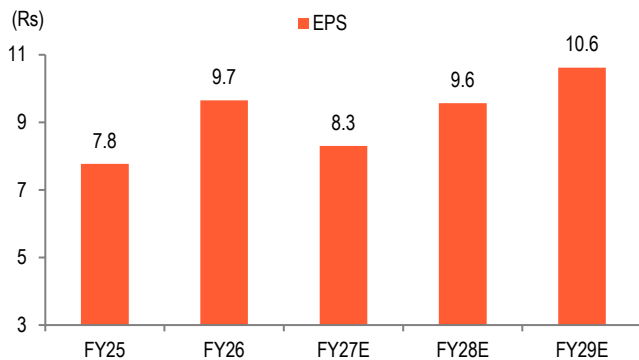
Source: Company, BOBCAPS Research

**Fig 6 – FNXP Pipe EBITDA per unit to structurally improve on higher non-agri pipe sales**



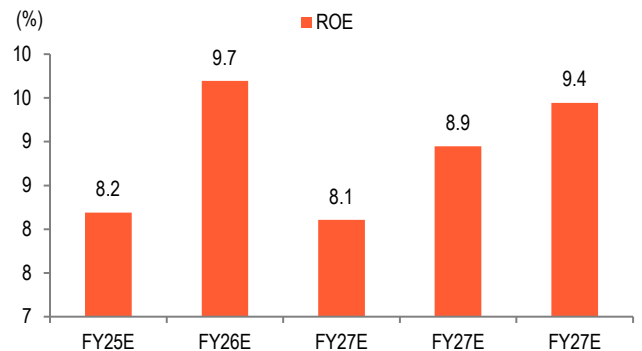
Source: Company, BOBCAPS Research

**Fig 7 – EPS to grow at a 3.2% CAGR over FY26-FY29E over a weak base**



Source: Company, BOBCAPS Research

**Fig 8 – FNXP return ratio profile to remain weak over FY27E-FY29E, on poor capital allocation**



Source: Company, BOBCAPS Research

## Valuation Methodology

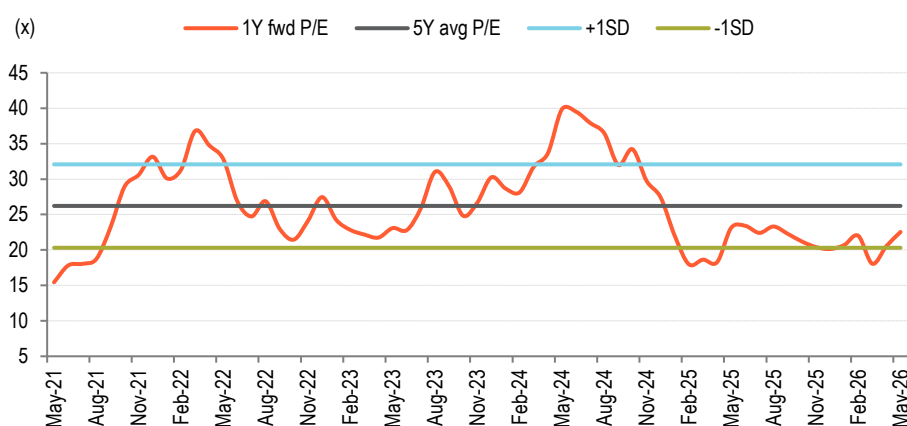
We expect FNXP to deliver revenue CAGR of 13% over FY26-29E driven by recovery in agri demand, improving non-agri contribution and gradual increase in CPVC and fittings mix. We raise our FY27E/FY28E revenue estimates by 2-4% and EBITDA estimates by 0-4% to factor in better volume growth and product mix, while broadly maintaining earnings estimates. We roll forward to Mar'28E and retain our unchanged 20x P/E multiple, resulting in an unchanged TP of Rs 190. Maintain HOLD.

**Fig 9 – Revised estimates**

Consolidated (Rs bn)	New			Old			Change (%)		
	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
Revenue	48.6	56.0	66.8	47.5	53.6	NA	2.2	4.4	NA
EBITDA	5.9	6.7	7.6	5.7	6.7	NA	4.0	(0.1)	NA
EBITDA margin	12.2	12.0	11.4	12.0	12.5	NA	20	(54)	NA
Adjusted PAT	5.1	5.9	6.6	5.1	5.9	NA	0.7	0.2	NA
Adjusted EPS	8.3	9.6	10.6	8.2	9.5	NA	0.7	0.2	NA

Source: BOBCAPS Research

**Fig 10 – Trading at 22.5x 1YF P/E vs 5Y average of 26.2x**



Source: Bloomberg, BOBCAPS Research

**Fig 11 – Key assumptions**

Particulars (%)	FY25A	FY26A	FY27E	FY28E	FY29E
Pipes volume growth	3.4	(4.4)	11.3	9.6	10.3
Pipe realisation growth	(5.2)	4.8	6.0	5.2	8.2
Blended EBITDA per unit (Rs/kg)	13.7	20.4	16.0	16.5	17.0

Source: Company, BOBCAPS Research

## Financials

### Income Statement

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
<b>Total revenue</b>	<b>41,420</b>	<b>41,134</b>	<b>48,564</b>	<b>55,979</b>	<b>66,817</b>
EBITDA	4,758	6,789	5,927	6,696	7,608
Depreciation	1,067	1,068	1,111	1,149	1,187
EBIT	3,691	5,721	4,816	5,547	6,421
Net interest inc./(exp.)	(296)	(206)	(270)	(270)	(270)
Other inc./(exp.)	2,466	2,114	2,114	2,423	2,423
Exceptional items	0	0	0	0	0
EBT	5,861	7,629	6,660	7,701	8,574
Income taxes	2,432	2,060	1,727	1,989	2,209
Extraordinary items	(4,170)	0	0	0	0
Min. int./Inc. from assoc.	402	422	200	200	200
<b>Reported net profit</b>	<b>8,000</b>	<b>5,991</b>	<b>5,133</b>	<b>5,912</b>	<b>6,566</b>
Adjustments	(3,198)	(22)	0	0	0
<b>Adjusted net profit</b>	<b>4,802</b>	<b>5,969</b>	<b>5,133</b>	<b>5,912</b>	<b>6,566</b>

### Balance Sheet

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Accounts payables	4,442	3,664	4,326	4,987	5,952
Other current liabilities	3,026	2,929	2,929	2,929	2,929
Provisions	99	230	272	313	374
Debt funds	2,211	4,373	4,373	3,873	2,873
Other liabilities	3,074	2,612	2,612	2,612	2,612
Equity capital	1,237	1,237	1,237	1,237	1,237
Reserves & surplus	59,732	60,910	63,261	66,391	70,174
Shareholders' fund	60,969	62,147	64,498	67,627	71,411
<b>Total liab. and equities</b>	<b>73,819</b>	<b>75,956</b>	<b>79,010</b>	<b>82,341</b>	<b>86,151</b>
Cash and cash eq.	22,694	24,931	26,148	26,475	25,708
Accounts receivables	3,793	3,623	4,278	4,931	5,885
Inventories	7,824	10,260	11,395	13,738	17,316
Other current assets	448	873	1,030	1,187	1,417
Investments	27,656	25,367	25,367	25,367	25,367
Net fixed assets	9,871	10,062	9,951	9,802	9,616
CWIP	732	279	279	279	279
Intangible assets	213	112	112	112	112
Deferred tax assets, net	51	108	108	108	108
Other assets	539	343	343	343	343
<b>Total assets</b>	<b>73,819</b>	<b>75,956</b>	<b>79,010</b>	<b>82,341</b>	<b>86,151</b>

### Cash Flows

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
<b>Cash flow from operations</b>	<b>10,580</b>	<b>3,438</b>	<b>3,157</b>	<b>2,456</b>	<b>1,863</b>
Capital expenditures	(1,151)	(587)	(1,000)	(1,000)	(1,000)
Change in investments	545	(1,530)	0	0	0
Other investing cash flows	690	561	2,114	2,423	2,423
<b>Cash flow from investing</b>	<b>83</b>	<b>(1,557)</b>	<b>1,114</b>	<b>1,423</b>	<b>1,423</b>
Equities issued/Others	0	0	0	0	0
Debt raised/repaid	(1,576)	2,007	0	(500)	(1,000)
Interest expenses	(1,546)	(2,226)	(2,783)	(2,783)	(2,783)
Dividends paid	(398)	(189)	(270)	(270)	(270)
Other financing cash flows	32	(83)	0	0	0
<b>Cash flow from financing</b>	<b>(3,488)</b>	<b>(491)</b>	<b>(3,053)</b>	<b>(3,553)</b>	<b>(4,053)</b>
<b>Chg in cash &amp; cash eq.</b>	<b>7,175</b>	<b>1,390</b>	<b>1,218</b>	<b>327</b>	<b>(767)</b>
<b>Closing cash &amp; cash eq.</b>	<b>29,641</b>	<b>31,031</b>	<b>32,249</b>	<b>32,575</b>	<b>31,809</b>

### Per Share

Y/E 31 Mar (Rs)	FY25A	FY26A	FY27E	FY28E	FY29E
Reported EPS	12.9	9.7	8.3	9.6	10.6
Adjusted EPS	7.8	9.7	8.3	9.6	10.6
Dividend per share	3.6	2.8	4.5	4.5	4.5
Book value per share	98.6	100.5	104.3	109.4	115.5

### Valuations Ratios

Y/E 31 Mar (x)	FY25A	FY26A	FY27E	FY28E	FY29E
EV/Sales	2.4	2.4	2.0	1.7	1.4
EV/EBITDA	20.8	14.5	16.5	14.4	12.6
Adjusted P/E	24.7	19.9	23.1	20.1	18.1
P/BV	1.9	1.9	1.8	1.8	1.7

### DuPont Analysis

Y/E 31 Mar (%)	FY25A	FY26A	FY27E	FY28E	FY29E
Tax burden (Net profit/PBT)	81.9	78.2	77.1	76.8	76.6
Interest burden (PBT/EBIT)	158.8	133.3	138.3	138.8	133.5
EBIT margin (EBIT/Revenue)	8.9	13.9	9.9	9.9	9.6
Asset turnover (Rev./Avg TA)	56.1	54.2	61.5	68.0	77.6
Leverage (Avg TA/Avg Equity)	1.3	1.2	1.2	1.2	1.2
Adjusted ROAE	8.2	9.7	8.1	8.9	9.4

### Ratio Analysis

Y/E 31 Mar	FY25A	FY26A	FY27E	FY28E	FY29E
<b>YoY growth (%)</b>					
Revenue	(4.1)	(0.7)	18.1	15.3	19.4
EBITDA	(19.1)	42.7	(12.7)	13.0	13.6
Adjusted EPS	1.0	24.3	(14.0)	15.2	11.1
<b>Profitability &amp; Return ratios (%)</b>					
EBITDA margin	11.5	16.5	12.2	12.0	11.4
EBIT margin	8.9	13.9	9.9	9.9	9.6
Adjusted profit margin	11.6	14.5	10.6	10.6	9.8
Adjusted ROAE	8.2	9.7	8.1	8.9	9.4
ROCE	9.7	11.8	10.1	11.1	11.9

### Working capital days (days)

	FY25A	FY26A	FY27E	FY28E	FY29E
Receivables	33	32	32	32	32
Inventory	69	91	86	90	95
Payables	39	33	33	33	33

### Ratios (x)

	FY25A	FY26A	FY27E	FY28E	FY29E
Gross asset turnover	1.5	1.5	1.7	1.9	2.1
Current ratio	3.6	3.5	3.6	3.8	4.1
Net interest coverage ratio	12.5	27.8	17.8	20.5	23.8
Adjusted debt/equity	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)

Source: Company, BOBCAPS Research | Note: TA = Total Assets

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 For any queries or grievances, you may contact the Grievance Officer.  
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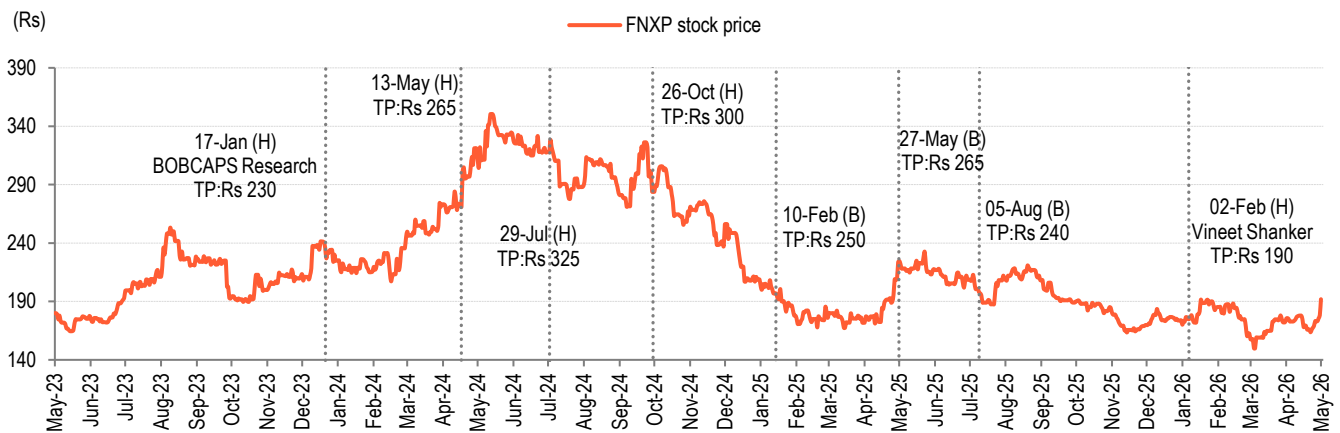
### Recommendation scale: Recommendations and Absolute returns (%) over 12 months

**BUY** – Expected return >+15%  
**HOLD** – Expected return from -6% to +15%  
**SELL** – Expected return <-6%

**Note:** Recommendation structure changed with effect from 21 June 2021

Our recommendation scale does not factor in short-term stock price volatility related to market fluctuations. Thus, our recommendations may not always be strictly in line with the recommendation scale as shown above.

### Ratings and Target Price (3-year history): FINOLEX INDUSTRIES (FNPX IN)



B – Buy, H – Hold, S – Sell, A – Add, R – Reduce

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