

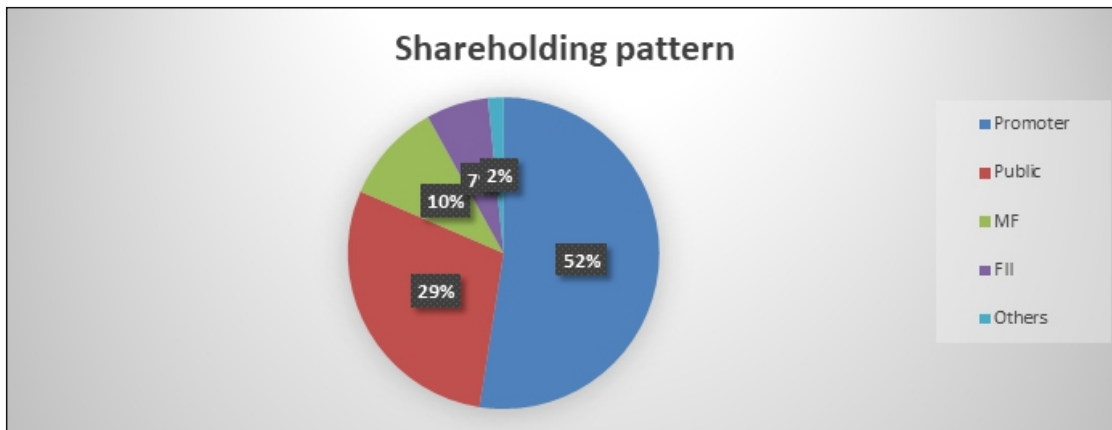
**FINOLEX INDUSTRIES**  
**Techno Funda**  
**Stock Outlook**



**Indbank**  
Merchant Banking Services Ltd  
(A Subsidiary of Indian Bank)

STOCK DETAILS	
NSE Scrip code	FINPIPE
BSE Scrip code	500940
Market cap (in Cr)	12,503
52-week High/Low (in Rs)	356 / 195
Current Price	175
Price Target (in Rs)	210

## SHAREHOLDING PATTERN



## INDUSTRY SCENARIO

PVC pipes are widely used in the agricultural sector. The past year was marked by ample rainfall in key markets - Gujarat, Maharashtra, Karnataka. This is expected to boost demand for PVC piping products in the second half of the fiscal year. Meanwhile, the non-agri market is also widening in scope in the form of plumbing requirements supported by urbanization, real estate development, and government infrastructure projects.

Corporates are shifting focus to achieve a more balanced 50:50 agri-to-non-agri revenue split in the next 3–4 years. With the construction sector expected to clock a growth of 15% over the next decade or so, the market for piping solutions looks to be expanding.

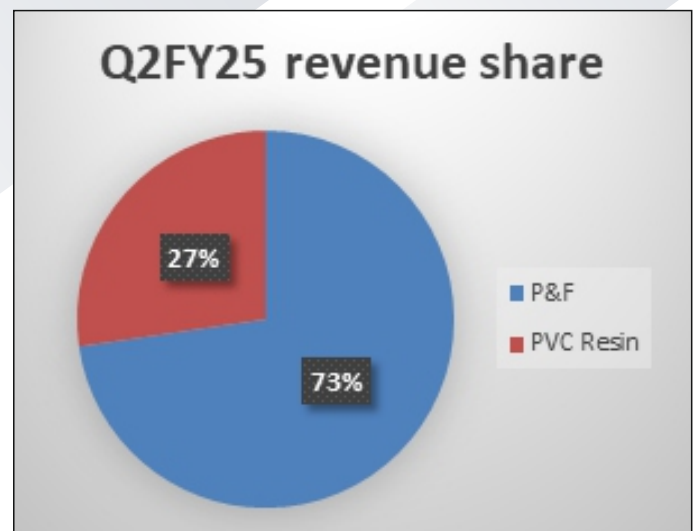
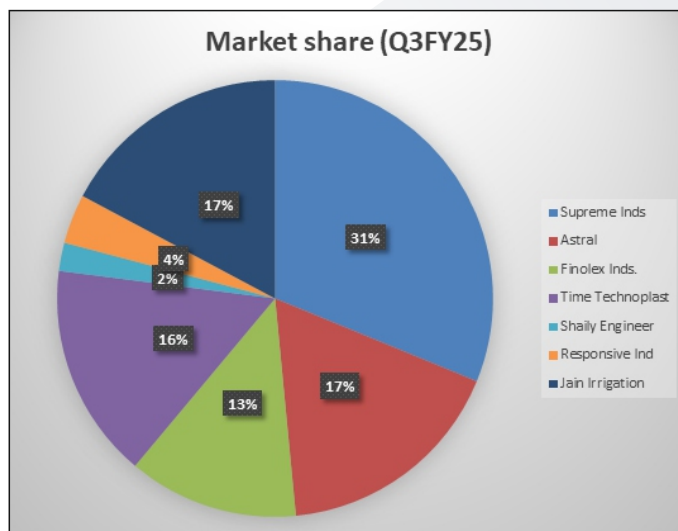
Finolex Industries Limited (FIL) is the 3rd-largest player in the PVC resin market and the 2nd-largest manufacturer of PVC pipes in India. It is the largest and only backward-integrated pipes & fittings company in India.

## STRONG BRAND REPUTATION AND PRICE STABILIZATION TO DRIVE GROWTH

The management is optimistic about recovery in margins as PVC prices stabilize and demand improves in key markets. Finolex enjoys competitive advantage in the form of brand reputation, product quality, and extensive distribution networks.

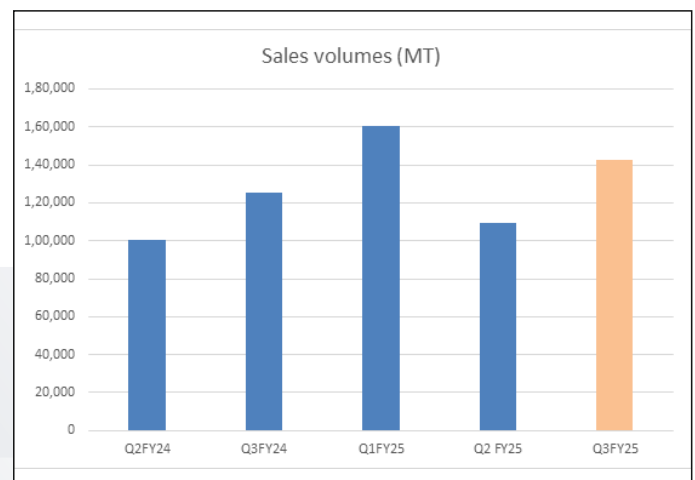
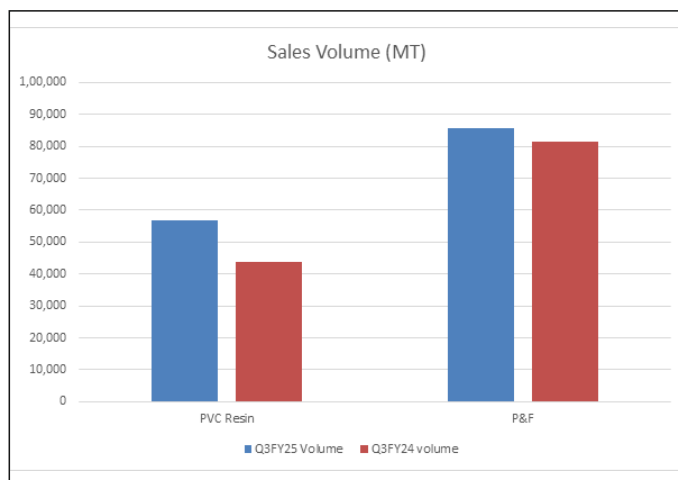
## MARKET SHARE COMPARISON

Rise in competition has created level playing field for all players in industry leading to increase in share of Finolex industries.



## Sales mix comparison

Sales volume has witnessed robust increase despite overall weak demand scenario. Pipes & Fittings volume increased by 5% to 85,767 MT from Q3 FY24, whereas PVC resin volume clocked a 30% increase in year-on-year volumes.



## CONSOLIDATED FINANCIALS

### Consolidated Income Statement

	Q3FY24	Q2FY25	Q3FY25	yoy (%)
Revenue	850.27	905.94	926.46	9.0%
Expenses	598.81	644.66	674.19	12.6%
Operating Profit	251.46	261.28	252.27	0.3%
Other Income	22.21	33.68	32.08	44.4%
Depreciation	21.41	27.58	27.06	-26.4%
Interest	3.92	4.97	4.89	-24.7%
Profit before tax	248.34	262.41	252.40	1.6%
Tax	59.49	65.47	68.32	14.8%
Net profit	188.85	196.93	184	-2.5%
OPM	30%	29%	27%	

### GROWTH COMPROMISED DUE TO SLUMP IN PVC PRICE IN LAST FEW MONTHS

- Total revenue from was down 2% despite a rise in volume
- Operating profit decreased by 30% YoY due to volatility in PVC prices and extended monsoons which dampened demand. This led to a significant fall in PVC prices thereby impacting margins.

### INCOME STATEMENT

Rs (Cr)	FY23	FY24	yoy change
Sales	4397	4317	-2%
Expenses	4105	3732	-9%
Operating Profit	293	585	100%
Other Income	121	181	
Depreciation	89	116	
Interest	27	36	
Profit before tax	297	613	106%
Tax	61	158	
Net profit	237	455	92%
EPS	4	7	

## EXPANSION PLANS

The company is expanding existing facilities in Masar and Ratnagiri by adding 40,000 to 50,000 metric tons of capacity, expected to be operational by Q4 FY '25. This provides a good opportunity for FIL to better its performance in the second half of FY '25. The company's focus on a gradual shift to non-agriculture from agriculture in its piping segment has resulted in an improved segment mix. This is expected to enhance earnings as FIL would not be largely dependent on the cyclical agricultural segment.

## GOVERNMENT INITIATIVES TO NURTURE GROWTH & RECOVERY

The government has been increasing allocation towards its flagship scheme under the Jal Jeevan Mission (JJM). Increase in budget allocation under this scheme and will continue to have positive impacts on dependent industries such as the organised pipe manufacturing sector. The government has initiated anti-dumping duty on PVC resin as a measure to promote local manufacturing. The management is optimistic about recovery in margins as PVC prices stabilize and demand improves in key markets.

## VOLUME GROWTH PROJECTED IN DOUBLE DIGIT FOR FY '26

Despite the headwinds faced in last few quarters, the management expects a stronger performance to conclude the financial year driven by post monsoon agriculture demand.

## TECHNICAL ANALYSIS

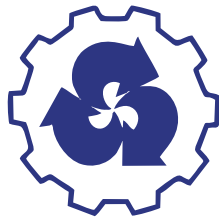


The stock has recently found strong support in the 150 region and is showing signs of recovery. It can retest levels of 195-210 in the medium term.

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