kotak neo | PRIVATE CLIENT GROUP

Dated: 10 August 2026

Finolex Industries Ltd (FIL) - ADD

Q1FY27 Result Update

Current Market Price (CMP)	Fair Value (FV)
Rs. 164	**Rs.180**

Rationale:

- FIL's Q1FY27 performance was mixed bag with volumes below estimates while margin and earnings were better than estimates.
- Company reported 26.5% yoy decline in volumes due to channel destocking following the sharp PVC price correction in April.
- PVC prices have increased in the recent time and have stabilized post withdrawal of import duty exemption and implementation of minimum import price.
- We have factored in subdued volumes and strong margin in our estimates, resulting in 13% cut in earnings estimates for FY27E-FY28E.
- We maintain ADD on the stock with revised SoTP based fair value of Rs180 (Vs Rs210).

Positives:

- EBITDA/PAT grew 13.9%/10.8% yoy growth, respectively.
- Reported 310 bps yoy expansion in EBITDA margin which stood at 12.1% and was better than our estimates.
- This performance was driven by a combination of pricing and backward integration.
- Existing installed capacity still provides sufficient headroom to support growth over the next one to one-and-a-half years.
- Management has retain their earlier guidance of higher single-digit to low double-digit volume growth for FY27 with sub 15% EBITDA margin.

Negatives:

- The company reported 15.3% yoy decline in revenue.
- Q1FY27 was an exceptionally volatile quarter for the PVC industry.

(EBITDA: Earnings before Interest, tax, Depreciation and Amortization, PAT: Profit after tax, PVC: Poly-Vinyl Chloride, EPS: earnings per Share, SoTP: Sum of the Parts)

Holding Period: 12 months

RATING SCALE (PRIVATE CLIENT GROUP)

Definitions of ratings

BUY	–	We expect the stock to deliver more than 15% returns over the next 12 months
ADD	–	We expect the stock to deliver 5% - 15% returns over the next 12 months
REDUCE	–	We expect the stock to deliver -5% - +5% returns over the next 12 months
SELL	–	We expect the stock to deliver < -5% returns over the next 12 months
NR	–	**Not Rated.** Kotak Securities is not assigning any rating or price target to the stock. The report has been prepared for information purposes only.
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NA	–	**Not Available or Not Applicable.** The information is not available for display or is not applicable
NM	–	**Not Meaningful.** The information is not meaningful and is therefore excluded.
NOTE	–	Our target prices are with a 12-month perspective. Returns stated in the rating scale are our internal benchmark.

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