

November 14, 2025

To,
The Manager – Listing Department
National Stock Exchange of India Limited
5, Exchange Plaza,
Bandra-Kurla Complex,
Bandra (East), Mumbai 400051

To,
The Manager – Listing Department
BSE Limited
Floor 25, P.J.Towers,
Dalal Street,
Mumbai 400 001

Symbol: FINPIPE

Scrip Code: 500940

Sub.: Transcript of the Earnings Call

Ref.: Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Dear Sir / Madam,

This is further to our intimation dated November 5, 2025 and in terms of the subject referred regulation, we hereby submit the transcript of the Earnings Call held on Monday, November 10, 2025, post declaration of the Unaudited Financial Results of the Company for the Quarter and Half Year ended September 30, 2025.

The transcript of the said Earnings Call will be available on the website of the Company at <https://www.finolexpipes.com/>.

This is for your kind information and records.

Thanking you,

For Finolex Industries Limited

Dakshinamurthy Iyer
Company Secretary & Compliance Officer
M. No.: A13004

Encl.: As above





“Finolex Industries Limited
Q2 & H1 FY '26 Earnings Conference Call”
November 10, 2025



MANAGEMENT: **MR. UDIPT AGARWAL, MANAGING DIRECTOR –**
FINOLEX INDUSTRIES LIMITED
MR. CHANDAN VERMA, CHIEF FINANCIAL OFFICER –
FINOLEX INDUSTRIES LIMITED

MODERATOR: **MR. ARUN BAID – ICICI SECURITIES LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to the Finolex Industries Q2 and H1 FY '26 Earnings Conference Call hosted by ICICI Securities Limited. As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star then zero on a touch-tone phone. Please note, this conference is being recorded.

I now hand the conference over to Mr. Arun Baid from ICICI Securities. Thank you, and over to you, sir.

Arun Baid: Thank you, Mark, and good afternoon, everybody. On behalf of ICICI Securities, I welcome you all to the Q2 FY '26 Results con call of Finolex Industries. We have from the management's side, Mr. Udipt Agarwal, Managing Director; and Mr. Chandan Verma, CFO.

Now I hand over the call to Mr. Udipt for his opening remarks, post which, we'll have the Q&A. Over to you, Udipt.

Udipt Agarwal: Good afternoon, gentlemen. Thanks, Arun. Good afternoon, ladies and gentlemen. Welcome to the investors conference call for quarter 2 of FY '26 and H1 FY '26 earnings release. We thank you for your continued support and interest in Finolex Industries.

Finolex Industries has registered a marginal dip in volume during the quarter and also for the H1 of this current financial year, mainly on account of prolonged heavy monsoon. The operating performance of the company has been notably improved during the quarter and also during the first half of the year due to our continued focus on margin and also operational efficiency.

The company's endeavor, as we have been saying in the last conference calls as well, is to grow in the non-agri segment is ongoing. And we will also talk about -- a little bit more about it as we go forward in our Q&A session.

But before I open the floor for Q&A, I want to take you through some of the performance indicators. So Q2 financial year '26 some of the highlights are as under, for quarter 2 FY '26, the volume as I mentioned decreased by about 6% to 65,336 metric tons against the 69,341 metric tons during the same period last year.

Total income from operations has improved slightly about 4% to INR859 crores for the quarter as against INR828 crores for the same quarter previous year. EBITDA, we have seen a significant improvement in our EBITDA margin, which has gone up to INR130 crores against the last year of -- last year same quarter of INR11 crores. PAT also has gone up to INR119 crores against the INR51 crores in the same quarter last year.

So the highlights for the first half, that overall volume in the first half has been down by about 2% to 157,645 metric tons against nearly 159,961 metric tons in H1 of the previous year. Total income from the operations is also slightly down to INR1,902 crores against INR1,969 crores last year.

EBITDA has improved by about 3% in the first half to INR224 crores as against INR217 crores of last year. Correspondingly, the PAT also has changed but -- to INR216 crores compared to INR557 crores. But let's remember that INR557 crores first half of last year, also included exceptional gains of INR417 crores.

We continue to -- as a company, we continue to have a very strong balance sheet with a net cash surplus of around INR2,360 crores as of 30th September '25.

I think with this little overview on the numbers, I would leave the floor open for questions. Together with me is my colleague, Chandan, and we would be very happy to respond to the queries.

Moderator: Thank you very much, sir. We will now begin the question and answer session. First question is from the line of Shravan Shah from Dolat Capital.

Shravan Shah: Sir, first off, I wanted to understand this change in inventory which is a INR172-odd crores negative, and that's why there is a significant improvement in the EBITDA and EBITDA margin. So a couple of things to understand here. First, how much is inventory gain in this quarter, how much one can look at to reverse in the third quarter? And if we exclude this, then what kind of margin -- EBITDA margin one can now look at it from third quarter onwards?

Chandan Verma: So how we look at our numbers. So if you compare our gross margin, so looking into the inventory number directly, inventory changes will not give you the right perspective. How we should look into the gross margin and what is there in the current quarter and what is there in the earlier quarter?

So if I give you the perspective, our gross margin during the current quarter stood at 42%, whereas the same number of the corresponding quarter of the previous year is 30%, number one. Number two, having said that, this inventory gain and loss as such is not directly in the quarter, but the number you can see in the financial result is only on account of what is the inventory that we have been carrying at the end of the previous quarter versus at the end of the current quarter. So inventory gain or loss per se, we do not have in this quarter as well, number one.

Number two, as in our opening remarks, Mr. Udipt has mentioned, we have been continuously focusing in our performance evaluation and focusing on the margin. So based on that, we will continue to give our endeavor to keep the EBITDA margin to the same possible at this level. We'll try to maintain that.

Shravan Shah: That's a great thing, sir, if you can manage such kind of EBITDA percentage, 15% plus, it's a great thing. Another thing, just to further understand here in terms of the realization. So if I look at on Q-o-Q basis also, so there the realization has significantly increased kind of 16%. So a couple of things to understand there first.

If you can also share the agri, non-agri and also the overall volume has declined. But in that also agri, non-agri growth and from where this realization increase is coming and how now one can look at even if let's assume there is no ADD then this kind of realization is sustainable?

Chandan Verma: So Shravan, as we have mentioned, we have -- during the current quarter, our volume is on overall basis down by 6%. And if you make a breakup of the 6% between agri and non-agri, actually, because of the prolonged monsoon, we have suffered a setback in agri segment, whereas there is a plus volume of around 7% in our non-agri segment. So on an overall basis, there is a 6% decline, but this is largely contributed by the agri decline, but non-agri, we have registered a volume growth of 7%.

And on a quarter-on-quarter basis, the ratio between agri and non-agri, current quarter, it is 56 to 44, whereas corresponding quarter of the last year, it was 61 to 39. As you know in non-agri segment, gives of the larger in terms of realization. So agri is the sector where we get the large volume. So we -- we'll be able to push our volume in the non agri this quarter, the realize pattern is definitely going to be higher.

Shravan Shah: Got it. So compared to Q1, Q-o-Q, the non-agri share has significantly increased from 30% to 44%, and that is why we have seen a significant increase in the realization?

Chandan Verma: Yes. Correct, Shravan.

Shravan Shah: Sir, now how we look at from the third quarter onwards, because our endeavor was to have a 50%, 50% agri, non-agri, share. So this kind of 56%, 44% share, that kind of can be maintained in the third and fourth quarter?

Udipt Agarwal: Shravan, the third quarter, fourth quarter, we also see a significant demand growth in the agri segment. Quarter 2, we all know is, because of the monsoons, there is always dull demand in agri segment. So that's why you also see that reflection in our share of volumes with agri versus non-agri.

Yes, our long-term endeavor remains in that direction that we want to have a fairly good dependence on both agri and non-agri just to manage our -- manage the seasonality in the business. But I don't think we would be able to maintain 55%, 45% of that kind of a thing, unless there is a significant shift in the demand.

Shravan Shah: So -- but broadly, because the entire in terms of EBITDA now depends on this non-agri share. So roughly if somebody has to understand how one can understand for the second half? Because if our agri share goes up, realization again will be a dip, and that obviously will have an impact on the EBITDA margin. So in that sense, I wanted to understand?

Udipt Agarwal: No, but there would also be a volume growth. That will also drive the margins or the margins, yes. Right now, if you look at our quarter 2 traditionally is a lower volume quarter because of the monsoons. And as we move into the quarter 3, there will be demand for this will come back,

agri. And that will also help us to improve the volumes. So I think we would be able to sustain the margin in the current percentage range.

Shravan Shah: Got it. So in terms of the now on the volume front, so 1H, 1.6% growth. So previously, we were looking at kind of a high single digit to double digit, so that means that we should be having an 18% kind of growth in the second half. So now how one can look at the growth in the second half or maybe for full year, what we are looking at? And maybe if you can help us going forward also because we are looking at double-digit kind of growth, given now the PVC prices are kind of bottomed out and maybe ADD will help there also?

Udipt Agarwal: Yes. Certainly, I'll answer the -- ADD will certainly have. We'll get to know probably in the next one week or so. Hopefully, this week, what is going to be the outcome of the decision from the government. So that will certainly help. You are absolutely right. The second part -- or the first part of your question, which was outlook on the growth, so yes, we -- I think -- it would be fair to say that we will -- we are now looking at mid-single-digit numbers in terms of our growth forecast for the year.

Shravan Shah: But going forward from FY '27 onwards, we can see a kind of a double-digit kind of a growth that's kind of sustainable?

Udipt Agarwal: Yes. I think, as you know, our volumes are -- our business is dependent on agri and non-agri and non-agri when we talk about, we also talk about a lot of infra-related projects in the real estate developments which are happening in the country. So as long as that thing continues, I don't see any reason why we should be doing less than the market.

Shravan Shah: Okay. And lastly, sir, what was our CPVC volume, sir? And maybe if you can help us the growth in Q2 for us?

Udipt Agarwal: In Q2, our volume share was about 8%, Chandan, if I'm right?

Chandan Verma: Yes, we have been able to contribute 8% in the CPVC segment.

Shravan Shah: And their growth will also be a 5%, 7%?

Chandan Verma: No, no, no. CPVC is going at a higher rate because we have a lot of endeavor in the CPVC segment. It is growing at double digit -- at the pace of double digits.

Shravan Shah: Sir, I hope we should maintain a double-digit growth and maybe going forward under 15% kind of EBITDA margin.

Moderator: The next question is from the line of Sonali from Jefferies.

Sonali: Some bookkeeping questions. Firstly, what was your PVC to EDC spread in Q2 FY '26 versus Q2 FY '25? And also Q1, if you could give us?

- Udipt Agarwal:** PVC to EDC Q1, it was \$522, and current quarter, it is \$532 -- \$535, sorry, my bad. \$535, which is PVC to EDC. Another one is what you have been asking PVC to...
- Sonali:** VCM, Yes.
- Udipt Agarwal:** Yes. \$151 v \$187.
- Sonali:** Understood, sir. And what is the PVC to EDC spread right now as we speak?
- Udipt Agarwal:** Right now, it's roughly around \$535.
- Sonali:** So almost close to the average of Q2? Understood. Secondly, what were your average prices for PVC and EDC and VCM during this quarter?
- Udipt Agarwal:** That detail, actually, we do not disclose. That is the actual -- at what rate we have structured our VCM and what is the procured rate because it is two, three sectors that plays a bigger role. On the market-driven price plus at what rate we -- how we are negotiating our supply that also depends. So that is something that we do not disclose to the -- in public.
- Sonali:** No problem, sir.
- Udipt Agarwal:** That number I have given you it is more or less will give you an indication.
- Sonali:** Understood, sir. very well understood. My last question is, now first quarter was 9% EBITDA margin, second quarter is 15%. Despite volatile PVC in Q2 and you explained the reasons for that. So Q3, Q4, how should we look at the run rate? I'm not asking for an estimate but approximate run rate. Should we go back -- do you foresee us to go back to Q1 sort of less than 10% EBITDA margins or maintain sort of mid-teen EBITDA margins?
- Udipt Agarwal:** So on a year-on-year full year basis, we would like to maintain a higher digit -- higher digit EBITDA will be achievable. So 15% is the number that we can see for the current quarter. However on the overall basis, higher single digits are more or less achievable.
- Sonali:** Sir, higher single digit you said for the full year. Is that right?
- Udipt Agarwal:** Yes. Around, you can say, around 10% to 12% around.
- Sonali:** For the full year?
- Udipt Agarwal:** Yes, for the full year.
- Sonali:** Full year EBITDA margin. And you're saying mid-single-digit volume growth for the full year. Is that right?
- Udipt Agarwal:** Yes, yes, yes.
- Moderator:** The next question is from the line of Praveen from PL Capital.

Praveen: My first question is...

Moderator: Sorry to interrupt Sir, your voice is very low. Could you please come closer to the mic?

Praveen: Is it fine?

Udipt Agarwal: Not really.

Moderator: Just a second, sir.

Udipt Agarwal: Speak a bit louder. Your voice is quite feeble.

Praveen: Hello.

Moderator: Yes, it's better.

Praveen: Okay. So my first question is related to the -- what you had said about the agri, non-agri segment. Is that the bifurcation for the volume we had given or the value?

Chandan Verma: Volume, volume. We always give a number -- whatever the number we are giving in terms of volume only.

Praveen: Okay. Second thing is on the PVC and VCM route, I recall that there is some procurement challenges. How that stays like that's normalized? Or still you are getting some issues?

Chandan Verma: Yes, you are right, there were some structural issues which are going on globally in terms of the VCM market, and we are trying to work through it via our long-term contracts.

Praveen: Okay. So we are not facing any challenges related to procurement of VCM right now?

Chandan Verma: I'm not saying that there are no challenges. But as I mentioned, we are trying to work it through the contract so that we had a continued supply of VCM for our operations.

Praveen: Right, certainly. Second question is related to the capacity. So what capacity right now we have right now for pipe and fitting?

Chandan Verma: Pipes and fittings -- Pipe and fitting all together, it's 5,20,000.

Praveen: Okay. And that we are expected to maintain for a full year?

Chandan Verma: Capacity is definitely strong capacity I'm talking about, 520,000 capacity. If you can recall in our earlier calls, we are saying 25,000 of the latest capacity we have done addition in Q1. So the -- after that, our total capacity stands at 5,20,000 at this moment.

Praveen: Okay. Okay, sir. Second thing is on the agri demand as an overall, so definitely, I understand because of rain and Q2 also got impacted, seasonally also it's low. But -- and overall, how you are seeing the agri demand is playing out right now?

- Udipt Agarwal:** Agri demand, as you know, I mean this is impacted because of the -- I mean not only the early onset of monsoon, but also prolonged monsoon. I mean we are still having rains in some parts of the country. And so that has a continued impact on our volumes as well.
- But I think on an overall basis, we don't see a decline in the demand overall. It should come back. And when it comes back, there could also be a pent-up demand, which also be there. So I don't think there is going to be any significant impact on the agri demand.
- Praveen:** Okay. And one clarification, sir. You have said related to non-agri you are doing infra as well as real estate projects. So any bifurcation or any color on that? How much is the infra contribution and where you are going to see the infra contribution the way forward?
- Udipt Agarwal:** Praveen, as you might already know that we do most of our business through channel partners, we do not supply directly to these kind of projects. So it's very difficult to really put a finger on how much is coming from infra, how much from real estate segment. But that is something which we call as our project sales, and we see that there is a momentum in that area and that also drives our non-agri sales.
- Moderator:** The next question is from the line of Ritesh Shah from Investec India.
- Ritesh Shah:** A couple of questions. I wanted your broad thoughts on one, how are we looking at our market share in volumetric terms? That is one. Second is on the use of cash, any particular timeline that you have in mind on how we'll go about it? And third, any specific changes at the company level that you aspire for, say, over the next 12 to 18 months, 12 to 24 months?
- A specific question that I had over here was we have indicated in the past about the variable component for the employees. Has there been any progress? Do you think that, that is something which is required? So these are the first three questions?
- Chandan Verma:** Ritesh, Chandan here. So just to update because you know the PVC market pipe market is a very -- a mix of market where there is organized players and unorganized players both. So considering this, it's very difficult to give what the market share that we are having.
- Having said that, if you compare ourselves with the three major players, if you compare ourselves three major players like Astral, Supreme and Finolex. In that scenario, our sales roughly comes out to be 25%. If you compare ourselves with three big payers in PVC pipe segment, largely, number one.
- Number two, your question was cash. Cash utilizing definitely, that question all we have been seeing for some time because we have -- at the end of the day, we'll have to see how the cash is getting utilized over the deployment in our internal requirement as well as capex utilization. After that, anything something left out, then that has to go back to shareholders in whatever form that is suitable.

Third, the stock option that is very old scheme that very -- I think 4, 5 years back or probably 5, 6 years back, we have decided something to give the option to employee, but it is not materialized at this moment. It is on hold at the moment.

Ritesh Shah: Sir, any timelines on the usage of cash on books because almost like INR2,400 crores of cash sitting on the books since quite some time? Sir, any timelines in place over here, sir?

Chandan Verma: Ritesh, it is very difficult to put any timeline because it gave -- because there are -- depends up on what kind of our planning is going on in our cash that is there on the table. And once that materializes, that goes for the multiple level of approval, including Board, then we'll be able to conclude how -- what we will be able to utilize and by what timeline.

Ritesh Shah: Sure. Sir, variable component for employees that I was referring to marketing and sales, not the ESOP part?

Chandan Verma: Okay. Sorry, my bad.

Ritesh Shah: Any progress over there?

Chandan Verma: Yes. No. So at this moment, we still -- that we have not decided to go ahead with the variable component. So when next year, our this appraisal cycle will come, then definitely will look into. At this moment, it's not yet decided. Currently, we are working on the fixed basis only.

Ritesh Shah: Sure. And last question, where do we procure CPVC resin from given there are a lot of new capacity announcements locally as well and there's new incremental capacity, we understand Reliance is also putting up something this month. So is it something that we have factored to basically, if you're not sourcing locally that will start to source locally, what bearing it will have on working capital and the sourcing cost?

Udip Agarwal: So we have already been -- it's not like that we are not buying from Reliance. We are already buying from Reliance locally. Because as you know, our capacity is not sufficient -- our internal PVC resin capacity is not...

Ritesh Shah: So I'm referring to CPVC, CPVC.

Udip Agarwal: Yes. CPVC also. I mean we have been taking from all the sources. And we are constantly in touch with Reliance. So for other places, we are already buying from Reliance. So it's not like that we are not buying from Reliance. And it is not only Reliance, there are other producers also, as you rightly mentioned, there are capacities which are coming up.

And we are in touch with everybody and trying to evaluate and improve the suppliers as we go along. It would always be a mix of local versus imports. But I think -- I guess I still -- not guess, my estimate would be that going forward into the future, probably dependence on the imports would be reducing more and more because of the local capacity is coming up, not only by the

Indian producers, but also some of the international producers like Lubrizol is trying to do something local here in India.

Ritesh Shah: Okay. Sir, possible to highlight which are the new PVC and CPVC capacities, which are coming up in India over the next two years?

Udipt Agarwal: I mentioned just one name, Lubrizol is international. You know a couple of players in Gujarat who are coming up with this kind of capacity here in India.

Ritesh Shah: Okay. Anything from Reliance side, specifically on the CPVC side?

Chandan Verma: Reliance would also be is -- also putting up the capacity.

Moderator: The next question is from the line of Sneha Talreja from Nuvama Limited.

Sneha Talreja: Just two clarifications here. One you said is mid-single-digit growth. And does that include the benefit of antidumping duty and channel restocking that you're already building up?

Udipt Agarwal: Yes, that takes care of. Yes, that's included in there. The benefit of the anti-dumping is already included in there. But you see that is the overall market correction. It would be more or less a pass-through for us.

Sneha Talreja: Understood. Secondly, what I wanted to understand was that one place, you said that you would be maintaining 15% sort of EBITDA margin. On the other one, your annualized EBITDA margin guidance stands about 10% to 12%-odd. So just wanted the clarity over there?

Chandan Verma: And just on correct, just in the previous question, we have clarified that EBITDA margin for the year, we are going to maintain around 10% to 12%. So that is in line that you are asking the same.

Sneha Talreja: So that means you expect margin cooling for the coming 2 quarters, which would actually take care of the increasing agri mix because you are expecting improving demand from agri over the next 2 quarters. Is my understanding correct there?

Chandan Verma: Yes, yes. Your understanding is correct, yes.

Moderator: The next question is from the line of Mehul from Nayan M Vala Securities Private Limited.

Mehul: Yes, sir, I just wanted to know current utilization. What is the current capacity utilization?

Chandan Verma: So this year, as of currently for the 6 months ended, our total capacity utilization is around 70%.

Mehul: 70%?

Chandan Verma: Yes.

Mehul: And what are you expecting for '26 and '27?

- Chandan Verma:** Next year?
- Mehul:** For full year '26 and '27?
- Chandan Verma:** This will be around -- this will be roughly around 74% to 75% '27, '28.
- Mehul:** For both the years?
- Chandan Verma:** Sorry, '26, '27.
- Moderator:** The next question is from the line of Vishal Shah from Sameeksha Capital.
- Vishal Shah:** Sir, what is the reason for a substantial reduction in trade payable and other current liability for H1?
- Chandan Verma:** Reason for reduction in the other current liability, right?
- Vishal Shah:** Yes, trade payable, major end. Yes, please, sir.
- Chandan Verma:** So other current liability largely consists of our borrowings at the year-end -- at the point in time of reporting. So currently, since our procurement uplifting is low, and the last quarter, we have been at a full. That's why it represents the borrowing that we have in the market. So as our scale of operation is going to be higher during the upcoming quarter, then again, that will be equalized in terms of our year-end number.
- Vishal Shah:** And creditors?
- Chandan Verma:** It is also the same line. So as the procurement activity will go up in the upcoming quarters, it will also go up in the same line.
- Moderator:** The next question is from the line of Shubham Padiyar, an Individual Investor.
- Shubham Padiyar:** My question is for Mr. Agarwal. So I just wanted to understand since this is -- this is his first year. So is there any short-term and long-term focus against that he has? And also, is there something that needs to be changed in the company or something that he thinks that can be added in the company, anything of that sort?
- Udipt Agarwal:** Thank you for the question. See, our businesses, as we have been saying, is that we are pipes and fitting producer and marketer, yes? So that position remains unchanged, yes. So we'll continue to drive the focus on pipes and fittings. And of course, we would be continuing to be looking at the products which we will be going into this kind of market.
- I think any company of our size will do that, that's normal to happen. We'll continue to drive the operational efficiency, we talked about just in the previous question, the capacities, what we have and what would be the utilization.

There has been a question about our expansion plans also. So that will continue to drive, okay, but structurally, I think our businesses, as I mentioned in the opening, is about pipes and fittings, manufacturing, marketeers, and that position is not going to change.

Shubham Padiyar: And also, do you have any strategy at place on the -- how do we achieve the 50:50 agri, non agri split?

Udipt Agarwal: Yes, there are a lot of discussions going on within the organization about it, including where do we structure ourselves. So that is also under discussion and so really putting a focus onto this that how soon do we achieve this 50-50?

Shubham Padiyar: Because I think we've been planning to achieve this for the last 5 to 7 years and we haven't been able to do that. So just wanted to understand what's happened from going forward?

Udipt Agarwal: Yes. I gave you some things around it, yes. We are also looking at how do we structure ourselves to be better capture this, move into that direction. So that's one such indicator. I gave you an indicator about the product, which we'll move into more into the non-agri kind of a business. So that's also something which we are evaluating at this moment.

Moderator: The next question is from the line of Shashwath Jalan from Augmenta.

Shashwath Jalan: Sir, also, you have mentioned about the full year guidance on the volume front and also on the volume mix between agri and non-agri. I just wanted to understand if we are to split it between -- the non-agri between housing and infra and then agri as well. In the second half, which segment do you think then have some sort of a negative surprise in terms of volume of our external factors?

Udipt Agarwal: So it's -- as we said earlier also, it's difficult to segregate and put a finger on how much is coming from the infra segment and how much coming from real estate in non-agri business because most of our business is through channel partners. So we do not deal directly. So it's difficult to put an estimate. Overall, we are able to say how much we are into agri and how much into non-agri. What was the second part of your question?

Shashwath Jalan: Yes. Just the overall demand do you see in the agri in second half?

Udipt Agarwal: I mean the agri demand is dependent on the quite largely on monsoon. But that's primarily otherwise, at this moment, there are no indicators which can have a negative impact on the agri demand.

Moderator: The next question is from the line of Ritesh Shah from Investec India.

Ritesh Shah: Sir, can you detail the capex numbers for this fiscal, next fiscal and one after that, if possible?

Udipt Agarwal: Yes. I mean, we have been saying this that on a yearly basis, we have to continue to support the growth in the market. We will be investing anywhere between INR100 crores to INR200 crores

at a minimum in terms of our capex. And that would be also the way we see at this moment would be the number going forward.

Ritesh Shah: Sir, this would be maintenance capex? Or would it be a new growth capacity? Just trying to understand how will the capacity number increase. So you indicated 520 KT right now. So can one assume this number to increase by say, 30, 50 KT every year, what should be considered?

Udipt Agarwal: Yes. So if you look at it, this -- out of this 520,000 tons, which we have a capacity with nearly 50,000 tons come up in the last 6 to 9 months. That capacity addition is a continuous process at our end, yes. We'll continue to add this kind of capacity as to support our growth in the market. And the numbers would be in this region only INR100 crores to INR200 crores per year.

Ritesh Shah: Sir, should we assume this INR100 crores to INR200 crores...

Udipt Agarwal: This is not a maintenance capex. This is the new capacity addition.

Ritesh Shah: So this would be net new capacity addition because I would presume we might be phasing out some old machines or refurbishing them? How should we look into that?

Udipt Agarwal: No, that's not there. This is why I'm talking about the net capacity additions.

Ritesh Shah: Okay. So sir, fair to assume 100 kt of capacity addition every year?

Udipt Agarwal: I don't think so 100 would be necessary, but somewhere in the region of 50, 70, 80 would be more realistic. But it all depends, I mean, how the demand grows. If the demand grows faster, we are geared to add capacities.

Ritesh Shah: Okay. Sir, second is, you did indicate that we are hopeful antidumping duty will probably come in a week's time. Sir, how much is the antidumping duty quantify that by region, if you could provide some color? And if at all, it gets imposed as which has been proposed, what is the quantum of rupees per kg increase that we see, say, for any particular grade of PVC resins?

Udipt Agarwal: Yes. I mean, the impact is different for different origin material, yes. What we see is that the impact could be anywhere between INR3 to INR6 per kg depending on the origin region from where it comes.

Ritesh Shah: Sir, how do we arrive at this INR3 to INR6 per kg?

Udipt Agarwal: Yes. I mean there is anti-dumping duty component. If you look at the DGTR notification. So in the origin and they have given a dollar number to it. And based on that, you calculate. Yes. That's why I said, depending on the origin price, which comes to it is and then the duty number is there. For example, if it is \$50. I'm just making up a number. For any region, if it is a \$50, then you can calculate how much it is, right?

- Ritesh Shah:** Sure. Sure, sir. And sir, just last question. Sir, what percentage of our fitting is part of the 520 Kt and overall, when we look at the sales volumes, fittings will be what percentage of the volumes?
- Udipt Agarwal:** So Chandan has a better handle on the numbers.
- Chandan Verma:** In terms of our overall fitting that comes out to be, around 12% during current quarter.
- Ritesh Shah:** This is sales?
- Chandan Verma:** Volume, volume.
- Ritesh Shah:** Sales volume, 12% of the total volumes, right?
- Chandan Verma:** Yes.
- Ritesh Shah:** And sir, from a capacity standpoint, when we say 520 KT, what percent of it would be fittings?
- Chandan Verma:** It will be around 18%.
- Ritesh Shah:** 18%.
- Moderator:** The next question is from the line of Varun from B&K Securities.
- Varun:** Sir, on the current quarter's EBITDA, what percentage would be attributable to the resin business and how much would be attributable to the pipes business?
- Udipt Agarwal:** See, we have been reporting the consolidated number because we do not sell resins now. So everything is for captive. So we always report it as one number.
- Chandan Verma:** And eventually, we have been saying that the resin sales to the external parties is no longer there, except a few parties are very miniscule. So what are the volumes you are seeing is only the pipe volume.
- Varun:** Okay. Just actually, I wanted to understand what -- for the current quarter's improvement, how much is due to the resin business and how much is due to the product mix in pipes?
- Chandan Verma:** No, that you'll have to keep in mind because that is the reason that we are focusing only on the pipe business. So we are considering nowadays, resin is only as we put the material. So whatever the volume that we are getting, there is no separate signification of the resin. Resin is now playing an input cost for our overall pipe. So the entire business or if you can see a number that you are seeing that is attributable to pipe only. We have stopped clarifying our segregating business resin as a separate business.
- Varun:** Okay. So because the PVC delta improved this quarter. So there must be some benefit because of that.

- Chandan Verma:** Whatever the impact, either on the positive side or negative side that you see that will be -- that will be impacting our pipe performance. No separate classification for the resin.
- Varun:** Okay. And sir, because going forward, we will have antidumping on PVC. And so the delta would increase even further. So is that not a possible case for further margin expansion on, say, on the backward integration side of the business?
- Udipt Agarwal:** Backward integration of PVC production is kind of a petrochemical complex. So if anything you want to do backward integration, -- I mean it's a different kind of a capacity addition with different kind of magnitude altogether. We all have seen how the petrochemical complexes look like. So that needs a different kind of planning.
- And antidumping, we all know is for a specified period of time. So if you look at the kind of a petrochemical complex by the time you start conceiving it, putting it on the ground, and you start getting production, it's got its own maturity cycle. And PVC, the anti-dumping duty is also for 5 years.
- So during the life cycle of the backward integration, it would be difficult to justify returns. That's point number one. Point number 2 is, with all these new capacities of PVC coming up here in India, there would be sufficient local capacities still be available for the resin to be available competitively. And this was one of the questions and the earlier one of the participants was also is that how are we trying to manage in terms of sourcing locally our capacities.
- At this moment, there is no as such for plan. There are always discussions which goes on in a company like of our size and magnitude, we already have expertise in this area and have developed it in the past but this is at a discussion stage. I cannot give you a timeline, but when and what form we would be able to get backward integrated, if at all, we decide. Our focus continues to remain on pipes and fittings.
- Varun:** Okay. But just I wanted to understand since after the antidumping, we'll get some margin benefit because of the PVC/EDC delta, which would further widen?
- Udipt Agarwal:** Yes, it should support the industry, yes.
- Varun:** But still we maintain the like 10% to 12% EBITDA margin guidance, so like is it possible that we outperform that number as well like post the anti dumping?
- Udipt Agarwal:** Difficult to say, it all depends on how the international players international suppliers into India decide to run their petrochemical complexes and want to price their product.
- Moderator:** The next question is from the line of Ritesh Shah from Investec India.
- Ritesh Shah:** No questions. My questions have been answered.



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Moderator: As there are no further questions from the participants, I now hand the conference over to the management for the closing comments.

Udipt Agarwal: I just wanted to say thanks to everybody for attending today's call and this afternoon, very first day of the week. And -- but if there are any further questions, we would be happy to respond to those, please feel free to get in touch with us, and have a wonderful rest of the day. Thank you.

Chandan Verma: Thank you all participants from my side as well. Thank you for your interest in Finolex.

Moderator: On behalf of ICICI Securities Limited, that concludes this conference. Thank you for joining us. You may now disconnect your lines.