Sector

ENGINEERING

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Symbol: **INIL**
Current Price: **PKR 161.50**
Market Cap (PKR bn): **21.29**
Total Shares (mn): **131.88**
Free Float (mn): **59.34**
52 Week High: **PKR 127.30**
52 Week Low: **PKR 230.00**

International Industries Limited (INIL)

In FY26, INIL reported a net turnover of PKR 29 billion as compared to PKR 25 billion in SPLY. The gross margin increased to 14% from 13% during the same period. The company posted profit after tax of PKR 1.6 billion (EPS: PKR 12.16) in FY26 as compared to PKR 1.1 billion (EPS: PKR 8.37) in the SPLY.

Domestic Steel segment served as the primary revenue engine, expanding by 36.7% YoY. Growth was predominantly fueled by a 20% demand surge in the domestic automotive manufacturing sector, a key consumer of INIL tubing.

Polymer segment underperformed during the year due to a drop in institutional tenders and project announcements from the two state gas utility companies (SSGC and SNGPL). However, recovery is anticipated in FY27 as infrastructure spending resumes.

Export segment accounted for 10.4% (PKR 3.1 billion) of turnover. Exports faced margin pressures from elevated ocean freight rates and global trade barriers.

INIL expanded its new Engineering Solutions segment, launched four dedicated business divisions covering Construction, Renewable Energy, Agri, and Material Handling Solutions.

The company, alongside other group entities, initiated the divestment of its stake in Chinoy Engineering and Construction Private Limited (CCL) following the cancellation of the Reko Diq Phase 2 accommodation project.

IIL Trading Private Limited is a wholly owned subsidiary acting as a brand representational hub for overseas industrial products: Fisher (Germany - fixings/fasteners), Milwaukee (USA - power tools), and Mapei (Italy - building chemicals).

INIL also launched the UPVC segment while expanding PPRC and HDPE product lines.

The company discontinued captive gas-based power generation as it became economically unviable (PKR 50/kWh for captive gas vs. PKR 40/kWh grid tariff).

Power mix stands at 70% Grid / 30% Solar, supported by 4 MW of captive solar capacity (generating 4.85 GWh). Management is currently evaluating Battery Energy Storage Systems (BESS) for further energy cost optimization.

In FY26, INIL made an equity investment in CFS Minerals to explore opportunities in Pakistan's mining sector across Khyber Pakhtunkhwa and Balochistan. The venture remains in the exploratory phase, with active work set to begin in coming years. Target areas in KPK remain insulated from regional security challenges.

CRC represents approximately 20% of IIL's overall raw material sales mix. Nearly 100% of CRC requirements are purchased from sister company International Steels Limited. While HRC is sourced externally, since ISL doesn't produce HRC.

The domestic pipe market remains heavily distorted, split 40% organized vs. 60% unorganized. Despite tariff rationalization on imported pipes, high freight costs act as a natural barrier to entry. Importing hollow pipes requires paying freight on "trapped air," making foreign finished pipes cost-prohibitive compared to locally manufactured products.

Going forward, management remains bullish on construction and automotive sector demand. While volume growth will normalize from FY26's high base, management expects sustainable double-digit growth to continue.

Institutional gas project volume slowdown impacted FY26 polymer performance, but public sector infrastructure projects and UPVC launch are expected to drive recovery in FY27.

PKR million	4QFY25	4QFY26	YoY	FY25	FY26	YoY
Net sales	6,441	7,420	15%	25,096	29,073	16%
Cost of sales	(5,593)	(5,981)	7%	(21,949)	(25,044)	14%
Gross profit	848	1,439	70%	3,147	4,030	28%
Gross margin	**13%**	**19%**		**13%**	**14%**	
Selling/distribution expenses	(377)	(462)	23%	(1,332)	(1,744)	31%
Administrative expenses	(130)	(131)	1%	(432)	(508)	18%
Operating profit	341	846	148%	1,383	1,777	28%
Financial charges	(158)	(139)	-12%	(609)	(583)	-4%
Other income	116	43	-63%	864	1,315	52%
Other charges	(19)	(42)	122%	(73)	(94)	29%
Non-recurring items	(6)	(24)	294%	0	0	N/A
Profit before tax	275	684	148%	1,565	2,415	54%
Taxation	22	(290)	N/A	(461)	(812)	76%
Profit after tax	297	393	32%	1,104	1,603	45%
Net margin	**5%**	**5%**		**4%**	**6%**	
EPS (PKR)	2.25	2.98	32%	8.37	12.16	45%
DPS (PKR)	4.00	5.00	25%	4.00	7.00	75%

Source: Company financials (standalone), PSX

Important Disclosures

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