

Prince Pipes & Fittings

Analyst Recommendation: **HOLD**

BSE Code: 542907

NSE: PRINCEPIPE

CMP: Rs 272
2 Year Target - Rs 305

Face Value	10.00
Market Cap (Rs cr)	2,925
Stock PE	69.2
Dividend Yield	0.20%
Shares O/S (Cr)	11.1
Book Value per Share (Rs)	144
Sensex	84,233
Nifty	25,954

Investor's Rationale

Yet another weak quarterly performance:

Prince reported sales volume at 42,575MT, increased by 3% YoY, while NSR was down by 3.8% YoY at Rs134.6/Kg. The company reported 0.8% YoY de-growth in net sales at Rs5.7bn, while EBITDA came in at Rs279mn, improved by 497% over Q3FY25. Consequently, EBITDA margin expanded by 406bps YoY to 4.9%. The company reported net loss of Rs24mn. There was inventory loss of Rs180mn- Rs200mn in Q3FY26.

Increasing PVC prices to bring optimism:

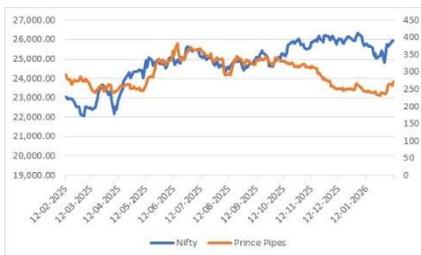
The industry is witnessing gradual recovery of PVC prices, which will support NSR improvement and overall volume off-take for organized players. Though 9MFY26 performance was weak for Prince Pipes, we expect earnings improvement as sales volume goes up gradually along with improved NSR. The company's foray into CPVC will aid overall margin expansion in future.

Prince Pipes' Q3FY26 result was below our estimates on key parameters. The management guided that the demand for piping solutions remains sluggish across core segments like plumbing, agriculture, and infrastructure due to macroeconomic headwinds. Erratic rainfall and delayed government project execution continue to hamper short-term consumption trends. However, on a positive note PVC resin prices are bottoming out following a period of extreme volatility that caused significant channel destocking.

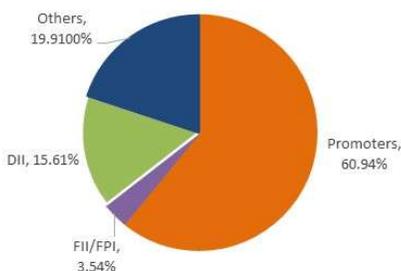
Valuation

The management intends to maintain a disciplined approach to operational resilience to navigate the difficult macroeconomic environment. We roll over to FY28E and maintain HOLD with a revised TP of Rs305, assigning 21x PER on FY28E.

1 yr. Price Chart of Stock and Nifty



Shareholding pattern as on 31st March 2025



Year-end: March	FY25	FY26E	FY27E	FY28E
Net sales	25239	25961	29256	32930
EBITDA	1618	1947	2662	3425
Net profit	431	570	1076	1603
EPS	3.9	5.3	9.7	14.5
ROCE (%)	3	4	7	10
ROE (%)	3	4	6	9
PER (x)	69.2	50.5	27.7	18.6
EV/Net sales (x)	1.3	1.2	1.1	0.9
EV/EBITDA (x)	19.6	16.5	11.7	8.7

Key Con-Call Highlights

Demand for piping solutions remains sluggish across core segments like plumbing, agriculture, and infrastructure due to macroeconomic headwinds. Erratic rainfall and delayed government project execution continue to hamper short-term consumption trends.

- PVC resin prices are bottoming out following a period of extreme volatility that caused significant channel destocking. The implementation of anti-dumping duties is expected to stabilize domestic pricing and improve sentiment among partners.
- India's per capita PVC consumption remains significantly below the global average, presenting a massive structural headroom for manufacturers. This gap is likely to be bridged by rising urbanization and government-led infrastructure development.
- The bathware segment is witnessing a shift toward organized players as consumers prefer branded solutions with comprehensive service networks. Integrated piping companies leverage existing distribution for higher-margin faucet and sanitaryware sales.
- Policy support through the extension of the Jal Jeevan Mission until 2028 provides a sustained tailwind for the industry. The government's focus on portable water coverage drives demand for irrigation and storage.

Operating Performance:

- Revenue for Q3 FY26 stood at Rs5.73bn, reflecting a marginal 1% year-on-year decline. The top-line was pressured by lower realizations despite a 3% growth in sales volume, which reached 42,575 metric tonnes.
- EBITDA surged by 498% year-on-year to Rs279mn, though this growth came off an exceptionally low base of Rs47mn. Sequential performance was weak, with EBITDA nearly halving from Rs549mn in Q2 FY26.
- Operating margins collapsed to 4.87% from 9.23% in the preceding quarter. This sharp compression was driven by volatile raw material costs and core operational strain, partially masked by ancillary income sources.
- The company reported a net loss of Rs24mn for the quarter, compared to a profit of Rs146mn in Q2 FY26. This loss includes an exceptional provision of Rs20.5mn for the new labour code.
- The bathware segment continues to scale via the Aquel brand, supported by the integration of assets acquired for Rs550mn. Plumber engagement programs and cashback rewards are utilized to drive adoption.

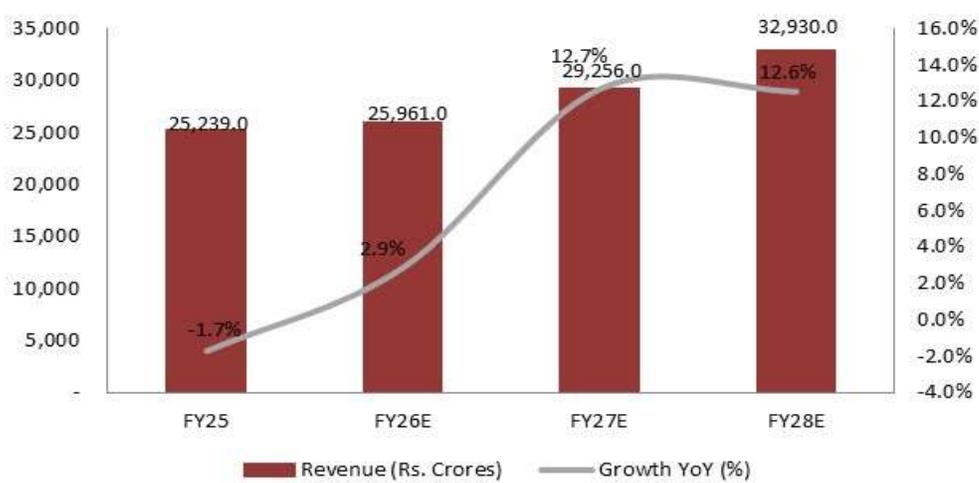
Capex and Expansion:

- Phase 1 of the Begusarai manufacturing unit in Bihar is now operational with an initial capacity of 24,000 metric tonnes per annum. This greenfield facility captures the high-growth markets of Eastern India.
- Total installed manufacturing capacity across eight strategically located units has reached approximately 397,500 metric tonnes per annum. Management is focused on debottlenecking existing facilities to support future volume growth and logistics.
- A significant investment of Rs550mn was made to acquire bathware assets, facilitating the expansion of the Aquel brand. This aligns with the strategy to diversify into higher-value building material categories.

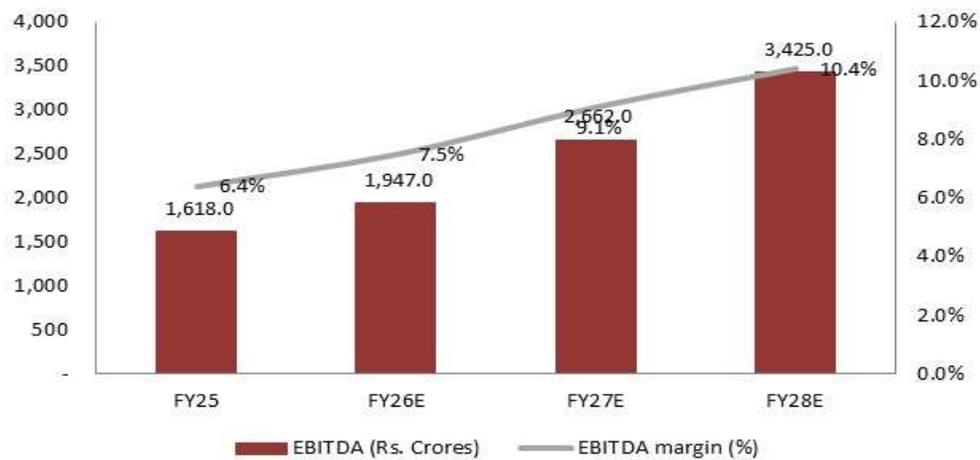
Guidance:

- Management maintains a long-term EBITDA margin target of 10-12%, though current performance remains significantly below this threshold. Achieving this requires sustained volume growth and a recovery in PVC price stability.
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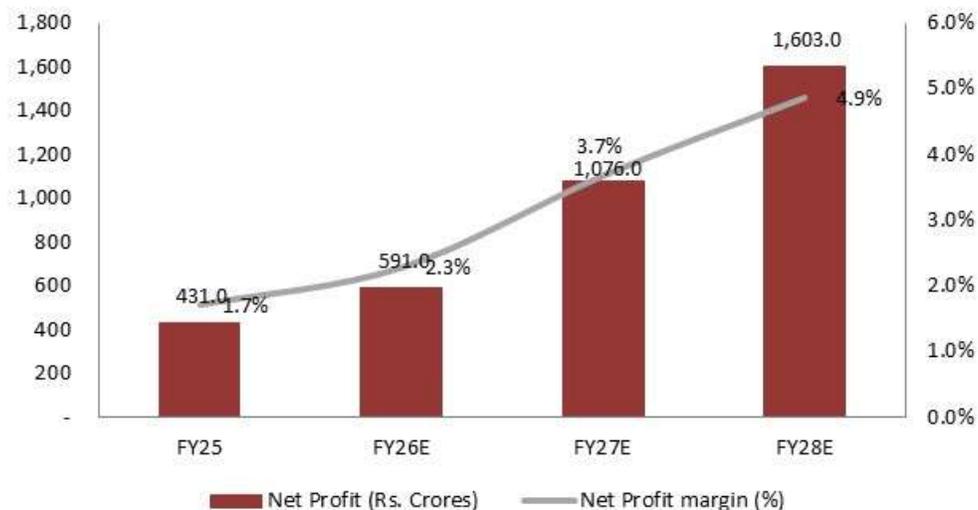
Revenue growth to be steady



EBITDA to grow going ahead



Net profit to surge going ahead





Outlook and Valuation

The management intends to maintain a disciplined approach to operational resilience to navigate the difficult macroeconomic environment. We roll over to FY28E and maintain HOLD with a revised TP of Rs305, assigning 21x PER on FY28E.

Prince Pipes Ltd - Company Overview

Prince Pipes and Fittings Limited is an integrated piping solution & multi polymer manufacturer. It was established in 1987 and initially manufactured PVC products. It is currently engaged in the manufacturing of polymer piping solutions in four types of polymers CPVC, UPVC, HDPE, PPR.

Co. holds ~5% market share in PVC pipes and is one of the top six players in the pipes & fittings industry. This is supported by 7200+ SKUs distributed through 10 warehouses and 1500+ channel partners throughout India. It is among the Top 5 processors in the Piping Industry



Balance Sheet (Consolidated)

Rs (in Million)

Year-end: March	FY25	FY26E	FY27E	FY28E
Shareholders' funds	15764	16268	17278	18815
Share capital	1106	1106	1106	1106
Reserves & surplus	14659	15163	16173	17709
Total Debt	2641	2378	2286	2221
Other liabilities	475	488	500	514
Curr Liab & prov	4313	4511	4692	4904
Current liabilities	4277	4474	4653	4863
Provisions	35	37	39	41
Total liabilities	7429	7378	7478	7640
Total equity & liabilities	23194	23646	24757	26454
Net fixed assets	9612	10512	10242	9904
Investments	267	200	150	113
Other non-curr assets	724	769	778	838
Current assets	12591	12164	13587	15600
Inventories	6095	6278	6529	6855
Sundry Debtors	4229	4356	4531	4757
Cash and Bank	830	22	943	2308
Loans and advances	1437	1508	1584	1679
Total assets	23194	23646	24757	26454

Profit & Loss Account (Consolidated)

Rs (in Million)

Year-end: March	FY25	FY26E	FY27E	FY28E
Net sales	25239	25961	29256	32930
Change (yoy, %)	-2	3	13	13
Operating expenses	-23621	-24014	-26593	-29505
EBITDA	1618	1947	2662	3425
Change (yoy, %)	-47	20	37	29
Margin (%)	6.4	7.5	9.1	10.4
Depreciation	-1070	-1206	-1276	-1346
EBIT	548	741	1386	2078
Interest paid	-97	-48	-46	-44
Other income	137	89	98	108
Pre-tax profit	588	762	1438	2142
Tax	-157	-192	-362	-539
Effective tax rate (%)	26.7	25.2	25.2	25.2
Minority Interest	-	-	-	-
Net profit	431	570	1076	1603
Exceptional items	-	-21	-	-
Adjusted net profit	431	591	1076	1603
Change (yoy, %)	-76	37	82	49
EPS	3.9	5.3	9.7	14.5
Dividend per sh	0.5	0.5	0.5	0.5



Cash Flow (Consolidated)

Rs (in Million)

Year-end: March	FY25	FY26E	FY27E	FY28E
Pre-tax profit	588	762	1438	2142
Depreciation	1070	1206	1276	1346
Tax paid	-155	-192	-362	-539
Chg in working capital	39	-112	-244	-342
Other operating activities	-	-	-	-
Cash flow from operations (a)	1543	1665	2108	2608
Capital expenditure	-2593	-2106	-1006	-1008
Chg in investments	112	67	50	38
Other investing activities	-	-	-	-
Cash flow from investing (b)	-2480	-2039	-956	-971
Equity raised/(repaid)	-	-	-	-
Debt raised/(repaid)	1497	-263	-92	-65
Dividend (incl. tax)	-66	-66	-66	-66
Chg in minorities	-	-	-	-
Other financing activities	-440	-104	-73	-206
Cash flow from financing (c)	991	-433	-231	-338
Net chg in cash (a+b+c)	53	-808	921	1299

Key Ratios & Valuations (Consolidated)

Year-end: March	FY25	FY26E	FY27E	FY28E
Book Value (Rs)	143	147	156	170
Adj EPS (Rs)	3.9	5.3	9.7	14.5
Adj EPS growth (%)	-76	37	82	49
EBITDA margin (%)	6.4	7.5	9.1	10.4
Pre-tax margin (%)	2.3	2.9	4.9	6.5
Net Debt/Equity (x)	0.1	0.1	0.1	0
ROCE (%)	3	4	7	10
ROE (%)	3	4	6	9
Asset turnover (x)	1.1	1.1	1.2	1.3
Leverage factor (x)	1.4	1.5	1.4	1.4
Net margin (%)	1.7	2.3	3.7	4.9
Inventory days	88	88	81	76
Receivable days	61	61	57	53
Payable days	40	41	39	37
PER (x)	69.2	50.5	27.7	18.6
Price/Book value (x)	1.9	1.8	1.7	1.6
EV/Net sales (x)	1.3	1.2	1.1	0.9
EV/EBITDA (x)	19.6	16.5	11.7	8.7



Equity Research

Large Cap.	Return	Mid/Small Cap.	Return
Buy	More than equal to 10%	Buy	More than equal to 15%
Hold	Between 10% & -5%	Accumulate*	Upside between 10% & 15%
Reduce	Less than -5%	Hold	Between 0% & 10%
		Reduce/sell	Less than 0%

** To satisfy regulatory requirements, we attribute 'Accumulate' as Buy and 'Reduce' as Sell.*



Member: BSE, NSE, MCX, MCX-SX, CDSL

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