

19 September 2025

India | Equity Research | Company Update

Prince Pipes & Fittings

Plastic

ADD on PVC resin aiding pipe demand in near term

We attended the analyst meet of Prince Pipe (PRINCPIP). Takeaways: 1) Pipe offtake in early Q2FY26 saw some pick-up due to ADD notification but has recently seen slowdown due to PVC prices seeing some pressure from imports. 2) Management believes 10-13% is sustainable medium-term volume growth for its pipe segment. For the remaining 9MFY26, it has guided for high-single-digit to low-double-digit volume growth. 3) PRINCPIP believes ~12% margin is sustainable in pipe segment. 4) Working capital should see sustainable improvement as the company plans to reduce inventory and debtor days. We maintain our estimates but downgrade the stock to **ADD** due to limited upside with a rolled over Sept'26E TP of INR 362, set at an unchanged 20x PER 1-year forward.

Sustainable volume growth of 10-13% for pipe segment

PRINCPIP management believes 10-13% is sustainable volume growth (for the company) in the pipe segment over medium term. It believes with Bihar facility reaching a capacity of 50,000 MT by end-H1FY26, it will enable higher growth for the company from FY27. As per management, pipe industry should sustainably grow at 6-8% and PRINCPIP's growth will be higher due to market share gains and introduction of new products. ADD on PVC resin will likely result in inventory normalisation at dealers end and thus result in normal market growth. We have modelled pipe volume CAGR of 15.1% over FY25-27E due to a low base.

Pipe operating margin to be sustainable at ~12%

PRINCPIP management believes pipe segment margin will be sustainable at ~12%. It indicated that inventory losses should not reoccur in near term as PVC prices are expected to remain higher/stable due to ADD implementation. Management indicated 11-12% margin can be achieved post ~50% capacity utilisation. Higher utilisation from thereon should result in further margin improvement. Management indicated margins to improve QoQ from Q2FY26 itself due to higher PVC prices. We have modelled pipe OPM of 11%/11.3% for FY26/27E, respectively. For bathware segment, management has guided for EBITDA breakeven by H1FY27 when revenue from this segment is ~INR 0.8-1bn (vs. FY25 revenue of INR 300mn).

Financial Summary

Y/E March (INR mn)	FY25A	FY26E	FY27E	FY28E
Net Revenue	25,239	29,648	34,109	38,386
EBITDA	1,635	3,051	3,738	4,298
EBITDA %	6.5	10.3	11.0	11.2
Net Profit	418	1,361	1,816	2,188
EPS (INR)	3.8	12.3	16.4	19.8
EPS % Chg YoY	(75.0)	225.9	33.5	20.5
P/E (x)	89.2	27.4	20.5	17.0
EV/EBITDA (x)	23.7	12.4	9.9	8.6
RoCE (%)	2.4	7.2	9.0	10.4
RoE (%)	2.7	8.3	10.2	11.2

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Market Data

Market Cap (INR)	37bn
Market Cap (USD)	423mn
Bloomberg Code	PRINCPIP IN
Reuters Code	PRCE BO
52-week Range (INR)	587 /210
Free Float (%)	39.0
ADTV-3M (mn) (USD)	1.6

Price Performance (%)	3m	6m	12m
Absolute	(3.8)	36.2	(40.5)
Relative to Sensex	(5.7)	26.0	(40.6)

ESG Score	2023	2024	Change
ESG score	69.1	70.1	1.0
Environment	46.4	51.8	5.4
Social	73.8	75.9	2.1
Governance	81.4	82.7	1.3

Note - Score ranges from 0 - 100 with a higher score indicating higher ESG disclosures.

Source: SES ESG, I-sec research

Previous Reports

08-08-2025: [Q1FY26 results review](#)

23-05-2025: [Q4FY25 results review](#)

Working capital to improve

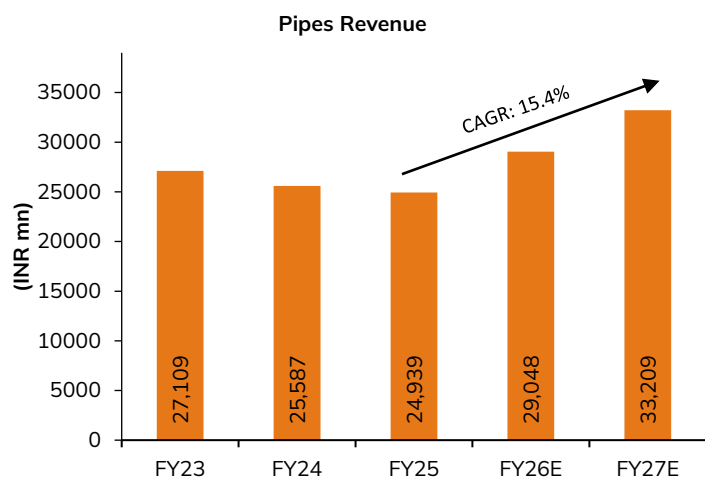
PRINCEPI management has reiterated to better manage its inventory and debtor days. It has guided to reduce its inventory days to 70-75 days sustainably (vs. 88 days in FY25) and debtor days to 50-55 days (vs. 61 days in FY25). We believe prudent inventory and debtor management, as guided by the company, if seen consistently, could result in re-rating of the stock going ahead.

Valuation and view

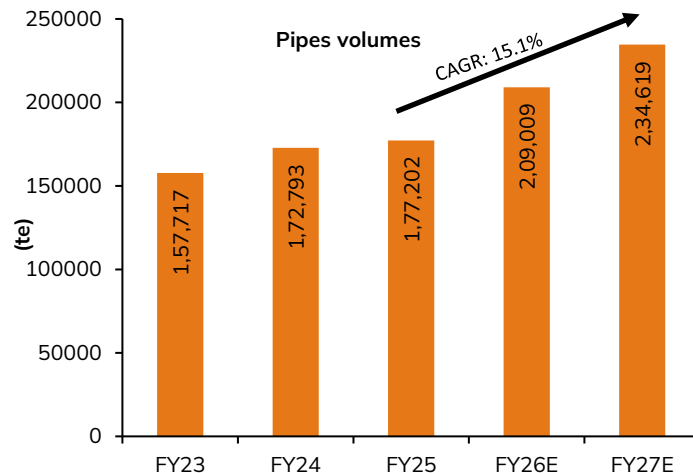
We believe PRINCEPI operates in an industry that has tailwinds due to healthy housing market and it has a reasonable brand and distribution reach, which if utilised adequately, could result in strong sustainable growth. Also, near-term growth may be higher due to a low base and tailwinds from the proposed ADD on PVC resin. We maintain estimates but downgrade the stock to **ADD** from *Buy* due to limited upside with a rolled over Sept'26E target price of INR 362 (earlier INR 345), set at an unchanged 20x PER one-year forward. We believe the multiples may change materially, if delivery on volume/profitability is at least in line with other major industry peers.

Other takeaways from analyst meet

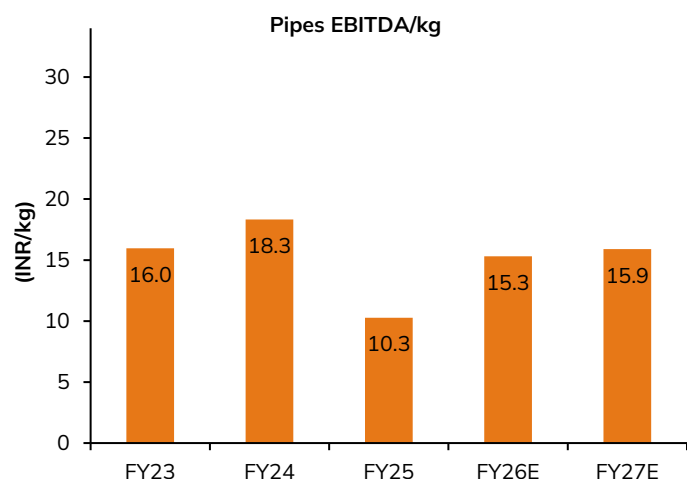
- **ADD on PVC resin** should come in second half of Oct'25 as per the management. The due date for ADD notification is around 15th Nov'25. PVC resin prices in India should stabilise around INR 75-77/kg, if the proposed ADD is implemented.
- **CPVC** contributes 20-22% of total pipe revenue. Management targets to increase the share to ~25% in medium term.
- **Agri** contributes ~30% of revenue and its demand is expected to rise in H2FY26. Key markets here are Maharashtra, Punjab, Haryana, Uttar Pradesh and South India.
- **Real estate** contributes 70-75% of total turnover and it's not performing well in tier 1 cities; however, there is strong demand from tier 2 and 3 cities. Infra sector contributes 3-4% of total revenue.
- **Builder segment sales** accounts for 20-22% of company total revenue. The company is focusing on this segment to enable higher overall growth.
- **Bihar plant** can see utilisation of 50-60% in FY27 which should aid overall growth and profitability. CPVC products have also been added to this plant and will be available for production from H2FY26.
- The company has no plans to enter the **OPVC market** in the near term.
- PRINCEPI **does not plan to do backward integration** and enter into CPVC resin manufacturing.
- **Capex:** Management has not announced any new capex for FY27. Focus will be on better utilisation of the newly-added capacity in FY27. For FY26, capex remains unchanged at ~INR 2.4bn for FY26 (including Bihar expansion).
- **Bathware segment:** The company has now started operations in Southern and Eastern markets. This segment could be EBITDA breakeven with revenue of INR 0.8-1bn is achieved.

Exhibit 1: Expect pipe revenue CAGR of 15.4% over FY25-27E


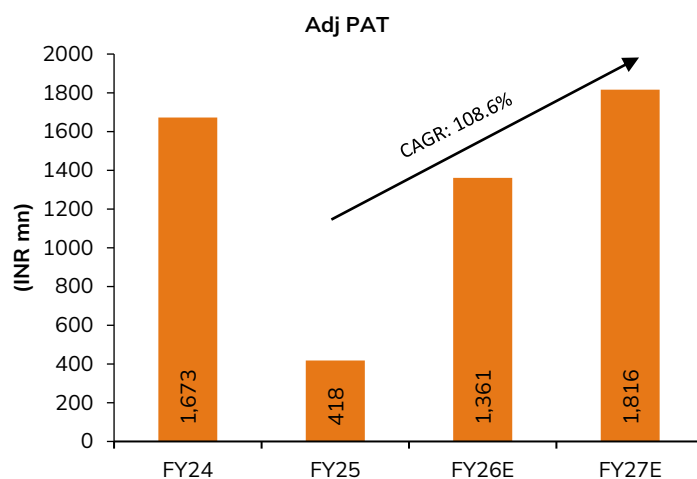
Source: I-Sec research, Company data

Exhibit 2: Expect pipe volume CAGR of 15.1% over FY25-27E


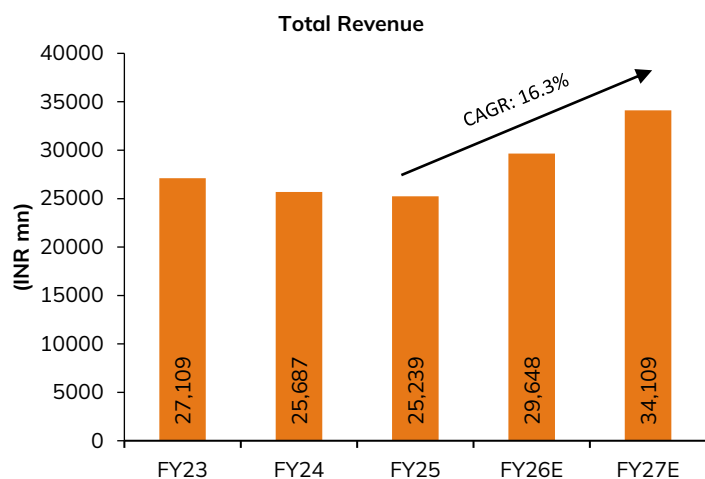
Source: I-Sec research, Company data

Exhibit 3: Pipe EBITDA/kg to improve over FY26-27E


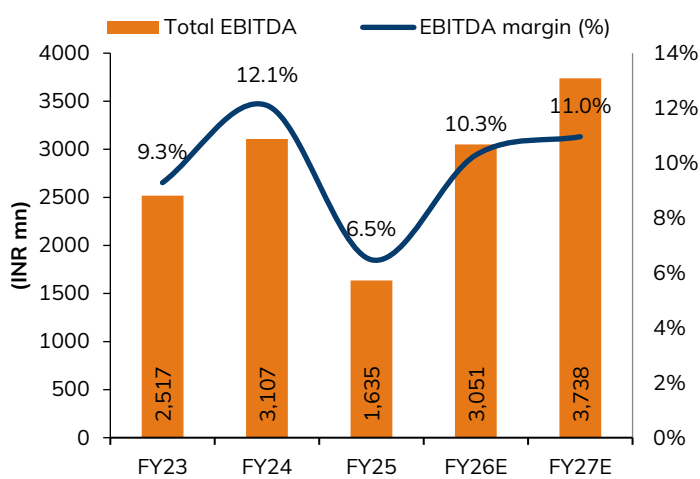
Source: I-Sec research, Company data

Exhibit 4: Expect high APAT CAGR over FY25-27E due to low base


Source: I-Sec research, Company data

Exhibit 5: Revenue to grow at 16.3% CAGR over FY25-27E


Source: I-Sec research, Company data

Exhibit 6: Combined EBITDA margin to remain healthy


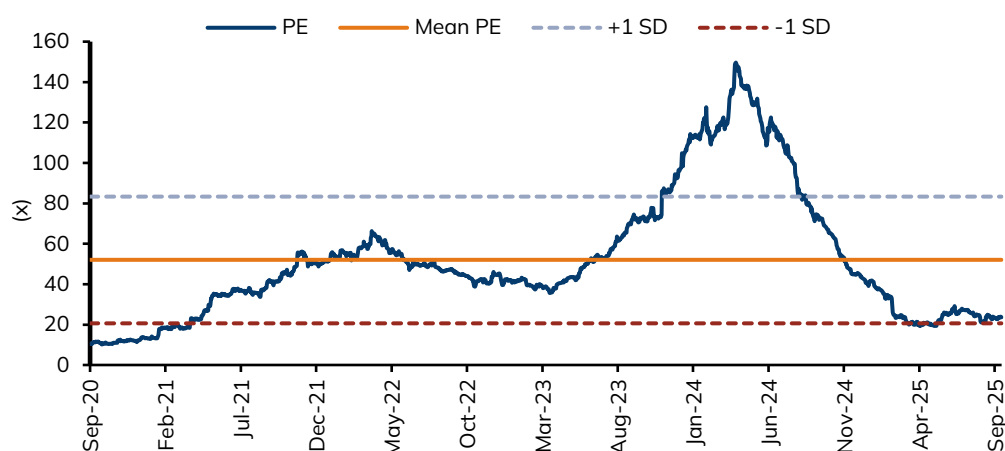
Source: I-Sec research, Company data

Valuation

PRINCEPI is among the major players in India's plastic piping industry. It has plants in eight locations and manufactures pipes and fittings on a wide base of polymer resins (CPVC, UPVC, HDPE, PPR). It also has multiple collaborations, which enables it to have a wider distribution reach (via UltraTech business solutions platform) and have a secure CPVC supply (via Lubrizol), which could benefit it from the growing preference for organised players.

PRINCEPI is likely to witness EBITDA CAGR of 51.2% (on low base) driven by pipe volume growth of 15.1% over FY25-27E. We maintain our estimates but downgrade the stock to **ADD** from *Buy* due to limited upside with a rolled over Sept'26E target price of INR 362 (earlier INR 345).

Exhibit 7: 1-year forward PE band



Source: I-Sec research, Company data

Key downside risks

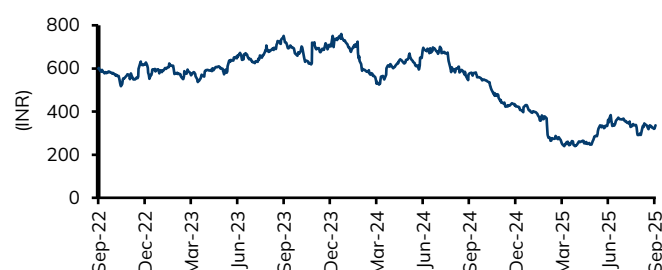
- **Slowdown in housing market:** Any unexpected demand slowdown in housing market may adversely affect growth in pipe segment.
- **Sharp fall in PVC resin prices:** A sharp and sudden fallen in PVC resin prices may adversely affect the profitability of the company.
- **Adverse product mix:** Any change in the product mix away from CPVC/plumbing segment could adversely affect profitability.

Exhibit 8: Shareholding pattern

%	Dec'24	Mar'25	Jun'25
Promoters	60.9	60.9	60.9
Institutional investors	22.6	21.2	19.5
MFs and others	15.5	14.8	15.4
FIs/Banks	0.5	0.0	0.2
Insurance	0.5	0.2	0.2
FIIIs	6.1	6.2	3.8
Others	16.5	17.9	19.6

Source: Bloomberg, I-Sec research

Exhibit 9: Price chart



Source: Bloomberg, I-Sec research

Financial Summary

Exhibit 10: Profit & Loss

(INR mn, year ending March)

	FY25A	FY26E	FY27E	FY28E
Net Sales	25,239	29,648	34,109	38,386
Operating Expenses	23,604	26,597	30,371	34,087
EBITDA	1,635	3,051	3,738	4,298
EBITDA Margin (%)	6.5	10.3	11.0	11.2
Depreciation & Amortization	1,070	1,226	1,383	1,433
EBIT	565	1,826	2,355	2,865
Interest expenditure	97	145	73	71
Other Non-operating Income	86	149	159	147
Recurring PBT	554	1,829	2,441	2,941
Less: Taxes	(141)	(468)	(625)	(753)
PAT	413	1,361	1,816	2,188
Profit / (Loss) from Associates	-	-	-	-
Less: Minority Interest	-	-	-	-
Extraordinaries (Net)	19	-	-	-
Net Income (Reported)	431	1,361	1,816	2,188
Net Income (Adjusted)	418	1,361	1,816	2,188

Source Company data, I-Sec research

Exhibit 11: Balance sheet

(INR mn, year ending March)

	FY25A	FY26E	FY27E	FY28E
Assets				
Inventories	6,095	5,465	5,825	6,537
Cash & cash eqv.	1,097	1,328	1,223	760
Sundry Debtors	4,229	4,630	5,140	5,784
Other Current Assets	1,967	2,031	2,056	2,314
Trade payables	2,611	2,924	3,344	3,754
Other Current Liabilities	1,858	2,109	2,414	2,711
Net Current Assets	8,919	8,420	8,484	8,929
Investments	3	3	3	3
Net Fixed Assets	9,612	10,586	11,306	12,173
Other Non Current Assets	191	191	191	191
Total Assets	18,725	19,200	19,985	21,296
Liabilities				
Borrowings	2,641	1,891	1,041	384
Other Non Current Liabilities	319	319	319	319
Total Liabilities	2,961	2,211	1,361	703
Equity Share Capital	1,106	1,106	1,106	1,106
Reserves & Surplus	14,659	15,884	17,518	19,487
Total Net Worth	15,764	16,989	18,624	20,593
Minority Interest	-	-	-	-
Total Liabilities & Net Worth	18,725	19,200	19,985	21,296

Source Company data, I-Sec research

Exhibit 12: Quarterly trend

(INR mn, year ending March)

	Sep-24	Dec-24	Mar-25	Jun-25
Net Sales	6,221	5,777	7,197	5804
% growth (YOY)	-5.2	-6.6	-2.8	-4.0
EBITDA	457	30	548	351
Margin %	7.3	0.5	7.6	6.0
Other Income	39	15	57	27
Extraordinaries	-9	-16	9	45
Adjusted Net Profit	154	-192	235	14

Source Company data, I-Sec research

Exhibit 13: Cashflow statement

(INR mn, year ending March)

	FY25A	FY26E	FY27E	FY28E
Operating Cashflow	1,124	3,317	3,030	2,713
Working Capital Changes	(380)	730	(170)	(908)
Capital Commitments	(2,574)	(2,200)	(2,103)	(2,300)
Free Cashflow	(1,450)	1,117	927	413
Other investing cashflow	-	-	-	-
Cashflow from Investing Activities	(2,574)	(2,200)	(2,103)	(2,300)
Issue of Share Capital	-	-	-	-
Inc (Dec) in Borrowings	1,497	(750)	(850)	(657)
Dividend paid	(55)	(136)	(182)	(219)
Others	(51)	0	0	0
Cash flow from Financing Activities	1,390	(886)	(1,032)	(876)
Chg. in Cash & Bank balance	(59)	231	(105)	(463)
Closing cash & balance	1,097	1,328	1,223	760

Source Company data, I-Sec research

Exhibit 14: Key ratios

(Year ending March)

	FY25A	FY26E	FY27E	FY28E
Per Share Data (INR)				
Reported EPS	3.9	12.3	16.4	19.8
Adjusted EPS (Diluted)	3.8	12.3	16.4	19.8
Cash EPS	13.5	23.4	28.9	32.8
Dividend per share (DPS)	0.5	1.2	1.6	2.0
Book Value per share (BV)	142.6	153.7	168.4	186.3
Dividend Payout (%)	13.2	10.0	10.0	10.0
Growth (%)				
Net Sales	(1.7)	17.5	15.0	12.5
EBITDA	(47.4)	86.6	22.5	15.0
EPS (INR)	(75.0)	225.9	33.5	20.5
Valuation Ratios (x)				
P/E	89.2	27.4	20.5	17.0
P/CEPS	25.1	14.4	11.7	10.3
P/BV	2.4	2.2	2.0	1.8
EV / EBITDA	23.7	12.4	9.9	8.6
EV / Sales	1.5	1.3	1.1	1.0
Dividend Yield (%)	0.1	0.4	0.5	0.6
Operating Ratios				
Gross Profit Margins (%)	25.4	28.0	28.4	28.6
EBITDA Margins (%)	6.5	10.3	11.0	11.2
Effective Tax Rate (%)	25.5	25.6	25.6	25.6
Net Profit Margins (%)	1.7	4.6	5.3	5.7
NWC / Total Assets (%)	33.7	29.3	28.2	29.4
Net Debt / Equity (x)	0.1	0.0	0.0	0.0
Net Debt / EBITDA (x)	0.9	0.2	0.0	(0.1)
Profitability Ratios				
RoCE (%) (post-tax)	2.4	7.2	9.0	10.4
RoE (%)	2.7	8.3	10.2	11.2
Cash Conversion Cycle (on net sales)				
Inventory Days	88	67	62	62
Receivables Days	61	57	55	55
Payables Days	38	36	36	36

Source Company data, I-Sec research

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