

CMP: INR 224

Rating: BUY

Target Price: INR 342

Stock Info

BSE	542907
NSE	PRINCEPIPE
Bloomberg	PRINCP:IN
Reuters	PRCE.NS
Sector	Plastic Products – Industrial
Face Value (INR)	10
Mkt Cap (INR Mn)	24,810
52w H/L (INR)	388/205
Avg yearly Vol (in 000')	325.97

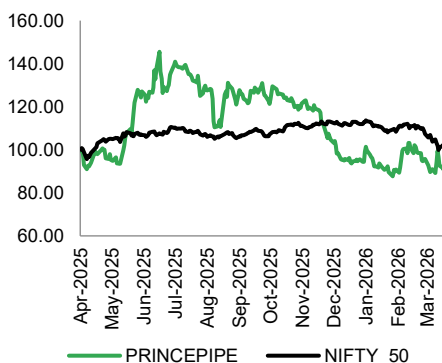
Shareholding Pattern %

(As on Dec, 2025)

Promoters	60.94%
Public & Others	39.06%

Stock Performance (%)	1m	6m	12m
PRINCEPIPE	-8.5	-31.2	-15.1
Nifty 50	-8.8	-8.7	-2.1

PRINCEPIPE Vs Nifty 50



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Prince Pipes & Fittings Ltd. is one of India's top-five integrated piping solutions manufacturers, incorporated in 1987 and operating across the full polymer spectrum UPVC, CPVC, PPR, HDPE, and SWR. With eight strategically located manufacturing facilities (including recently commissioned plants in Begusarai, Bihar and Sangareddy, Telangana), a distribution ecosystem of over 1,500 channel partners, and ~7,000 SKUs spanning plumbing, agriculture, borewell, sewerage, and water storage, Prince Pipes is a vertically integrated platform uniquely positioned to capture India's accelerating water infrastructure and real estate-led demand. The company has recently diversified into the high-growth bathware segment through the acquisition of the Aquel brand, complementing its core piping franchise with a margin-accretive adjacency. PPFL operates with zero net debt as of 9M FY26, has a CRISIL A+ credit rating, and is backed by a promoter family with over four decades of industry expertise making it one of the most credible long-cycle compounders in Indian building materials.

PVC resin cycle has decisively turned margin re-rating underway: After a brutal 4-5 year destocking cycle driven by a sustained decline in PVC resin prices from ~INR 185/kg to ~INR ~60/kg, the commodity has sharply reversed rising from ~INR 60 to ~INR 109/kg over the past three months. This structural inflection is a game-changer for PPFL's profitability. During the downcycle, dealers aggressively drew down inventory to avoid mark-to-market losses, suppressing primary sales volumes far below underlying end-demand. With prices now rising, the channel is urgently restocking, January 2026 dispatches clocked high double-digit volume growth and the inventory losses that dragged EBITDA margins to 5% in Q3 FY26 are set to reverse materially. Management has guided for Q4 FY26 EBITDA margins of 10%+, implying a near-doubling sequentially. On a sustainable, inventory gain/loss-neutral basis, Company is targeting 10–12% EBITDA margins for FY27, with upside potential from operating leverage.

In-house CPVC compounding drives structural cost advantage: PPFL has transitioned out of its Lubrizol tie-up to fully in-house CPVC compounding under the SmartFit Plus brand, launched in Q3 FY26. This delivers a 6–7% cost reduction on CPVC, which the company has passed on to the channel, catalysing high double-digit volume growth in CPVC the fastest-growing polymer in the portfolio. As CPVC scales toward 25–26% of revenue mix (from ~20–22% currently), margins will structurally improve. CPVC commands significantly superior gross margins versus commodity PVC, and Prince's pricing competitiveness now decoupled from third-party compound costs will enable further market share capture in what is one of the fastest growing plumbing segments in India.

Capacity build complete which will lead to operating leverage to kick in: PPFL has invested heavily over the past four years, commissioning new plants in Bihar (Begusarai) and Telangana (Sangareddy) that add meaningful capacity in under-penetrated East and South India. Current utilisation stands at ~50–52%; management targets 65–70% over the next two years a level that will substantially improve fixed-cost absorption and drive EBITDA margin expansion well above current levels. Importantly, no major greenfield capex is planned for FY27 only a maintenance capex guided at INR 700 - 750 Mn is expected, meaning free cash flow generation will meaningfully accelerate as volumes grow. With significant land banks at Jaipur, Telangana, and Bihar, Company can scale within existing footprints without incremental land or infrastructure costs.

Aquel bathware high-margin optionality with long runway: The acquisition of the Aquel bathware brand with investment of INR 550 Mn positions company in a segment with structurally superior margins gross margins guided at 25–30% post in-house manufacturing vs. 12–15% currently (job-work model). Bathware revenues are tracking INR 480 - 500 Mn annually (FY26E), with breakeven targeted by Q3/Q4 FY27 at ~INR 800-1000 Mn annualised run-rate. The Aquel facility acquisition (INR 400-450 Mn capex in Q4 FY26) will eliminate the job-work margin drag. The Aquel Cashback programme for plumbers deepens influencer engagement, leveraging company's existing distribution. With South and East roll-out in progress, Bathware could double revenues within two years providing a meaningful margin-accretive growth pillar beyond the core piping business.

Channel checks confirm genuine demand revival not just restocking: Beyond the near-term restock tailwind, ground-level channel checks and management interactions (March 2026) point to an improving primary demand environment. Plumbing and SWR which were shunned by dealers during the price-volatile phase are seeing active restocking. Real estate activity remains in a healthy upcycle, agri demand is seasonal-strong aided by affordability at current PVC prices (~INR 109/kg), and tier-2/tier-3 city infrastructure spend is gaining momentum. Critically, the price gap between organised and unorganised players has virtually vanished, accelerating consolidation from unorganised to organised players a structural tailwind for company as a top-5 processor with pan-India distribution depth.

Outlook: Prince Pipes & Fittings is entering a compelling inflection point in its business trajectory, driven by three concurrent and mutually reinforcing positives: a sharp reversal in PVC resin prices triggering aggressive channel restocking and a significant margin recovery; structural volume growth from fully commissioned capacity additions in the strategically underpenetrated East and South India geographies; and a steady improvement in product mix, powered by in-house CPVC compounding economics and the progressive scale-up of the Aquel bathware platform. With the most capital-intensive phase of its expansion cycle now firmly behind it, PPFL is well positioned to deliver a meaningful acceleration in free cash flow generation through FY27 and FY28. We have a Buy Rating on the stock with a Target Price of INR 342 based on 25x PE ratio of FY28.

Valuation Summary:

Year-end March (INR Mn)	FY23	FY24	FY25	FY26E	FY27E	FY28E
Net Sales	27,109	25,687	25,239	26,691	33,058	37,229
EBITDA	2,503	3,074	1,635	2,075	2,949	3,802
PAT	1,214	1,825	431	369	1,106	1,511
EPS (INR)	11.0	16.5	3.9	3.3	10.0	13.7
EBITDA Margin (%)	9.2%	12.0%	6.5%	7.8%	8.9%	10.2%
EV/EBITDA	9.6	8.2	16.3	13.1	9.4	7.2
P/E (x)	20.4	13.6	57.4	67.2	22.4	16.4
ROE %	8.9	11.8	2.7	2.3	6.5	8.2
Debt/Equity (x)	0.04	0.07	0.17	0.17	0.17	0.17

Consolidated Financials
Income statement (INR mn)

Year End-March	FY23	FY24	FY25	FY26E	FY27E	FY28E
Gross Sales	27,109	25,687	25,239	26,691	33,058	37,229
Net Sales	27,109	25,687	25,239	26,691	33,058	37,229
YoY (%)	2.03%	-5.24%	-1.75%	5.75%	23.85%	12.62%
Adjusted COGS	20,922	18,193	18,839	19,688	24,113	26,936
YoY (%)	10.61%	-13.04%	3.55%	4.50%	22.48%	11.71%
Personnel/ Employee benefit expenses	1,161	1,477	1,742	1,909	2,379	2,605
YoY (%)	-0.14%	27.27%	17.94%	9.58%	24.65%	9.47%
<i>Manufacturing & Other Expenses</i>	<i>2,523</i>	<i>2,943</i>	<i>3,023</i>	<i>3,020</i>	<i>3,616</i>	<i>3,887</i>
YoY (%)	8.05%	16.66%	2.71%	-0.11%	19.76%	7.48%
Total Expenditure	24,606	22,613	23,604	24,616	30,109	33,427
YoY (%)	-39.77%	22.81%	-46.82%	26.90%	42.11%	28.94%
EBITDA	2,503	3,074	1,635	2,075	2,949	3,802
YoY (%)	-39.77%	22.81%	-46.82%	26.90%	42.11%	28.94%
EBITDA Margin (%)	9.23%	11.97%	6.48%	7.77%	8.92%	10.21%
Depreciation	830	912	1,070	1,574	1,499	1,797
% of Gross Block	8.13%	7.58%	7.31%	9.28%	7.80%	8.33%
EBIT	1,673	2,162	565	501	1,449	2,005
EBIT Margin (%)	6.17%	8.42%	2.24%	1.88%	4.38%	5.38%
Interest Expenses	110	65	115	139	139	175
Non-operating/ Other income	86	161	139	136	164	185
PBT	1,648	2,438	588	498	1,475	2,014
Tax-Total	434	613	157	130	369	504
Adj. Net Profit	1,214	1,825	431	369	1,106	1,511
Reported Profit	1,214	1,825	431	369	1,106	1,511
PAT Margin	4.48%	7.10%	1.71%	1.38%	3.35%	4.06%
Shares o/s/ paid up equity sh capital	111	111	111	111	111	111
Adj EPS	10.98	16.51	3.90	3.34	10.01	13.66
Dividend payment	221	0	111	111	144	166
Dividend payout (%)	18.21%	0.00%	25.62%	29.98%	12.99%	10.98%
Retained earnings	993.08	1,824.96	320.81	258.23	962.60	1,344.90

Balance sheet

Year-end March	FY23	FY24	FY25	FY26E	FY27E	FY28E
Sources of Funds						
Equity Share Capital	1,106	1,106	1,106	1,106	1,106	1,106
Reserves & Surplus/ Other Equity	12,534	14,338	14,659	14,917	15,880	17,225
Networth	13,640	15,444	15,764	16,023	16,985	18,330
Unsecured Loans/ Borrowings/ Lease Liabilities						
	598	1,198	2,704	2,842	3,000	3,181
Other Liabilities	31	99	64	70	77	85
Total Liabilities	19,287	21,232	23,194	24,050	25,960	28,339
Total Funds Employed	38,270	41,808	45,028	46,779	50,633	55,423
Application of Funds						
Net Fixed Assets	6,806	7,976	9,605	10,485	10,996	11,332
Capital WIP	190	353	197	197	197	197
Investments/ Notes/ Fair value measurement	0	0	0	0	0	0
Current assets	11,976	12,465	12,857	12,834	14,233	16,275
Inventory	4,256	4,379	6,095	5,860	6,277	7,104
Days	91	87	101	104	105	99
Debtors	4,150	5,849	4,229	4,778	6,010	6,419
Days	57	71	73	73	66	63
Other Current Assets	1,397	1,055	1,283	1,412	1,553	1,708
Cash and Cash equivalent	1,215	761	802	335	-111	473
Current Liabilities/Provisions	5,343	5,132	6,070	6,706	7,688	8,754
Creditors / Trade Payables	3,202	2,491	2,611	2,829	3,319	3,811
Days	58	46	37	46	43	43
Liabilities	1,523	1,606	1,604	1,838	2,127	2,480
Net Current Assets	6,634	7,333	6,787	6,128	6,544	7,521
Total Asset	19,287	21,232	23,194	24,050	25,960	28,339
Total Capital Employed	12,654	13,899	16,406	17,923	19,416	20,818

Cash Flow Statement

Year End-March	FY23	FY24	FY25	FY26E	FY27E	FY28E
Profit before tax	1,214	1,825	431	369	1,106	1,511
Adjustments: Add						
Depreciation and amortisation	830	912	1,070	1,574	1,499	1,797
Interest adjustment	25	-96	-24	2	-26	-10
Change in assets and liabilities	2,290	2,641	1,588	2,056	2,724	3,464
Inventories	1,932	-122	-1,716	235	-417	-827
Trade receivables	196	-1,698	1,619	-549	-1,232	-408
Trade payables	-784	-711	119	218	490	491
Other Liabilities and provisions	-326	525	765	416	490	573
Other Assets	-415	336	-252	-130	-143	-157
Taxes	189	-146	-72	0	0	0
Net cash from operating activities	3,096	867	1,928	2,246	1,912	3,136
Net Sale/(Purchase) of tangible and intangible assets, Capital work in progress	-1,147	-2,244	-2,544	-2,454	-2,010	-2,133
Net Sale/(Purchase) of investments	-774	743	251	121	97	141
Others	0	0	0	0	0	0
Net cash (used) in investing activities	-1,921	-1,501	-2,293	-2,333	-1,913	-1,992
Interest expense	-90	208	639	-176	-173	-207
Dividend paid	385	221	111	111	144	166
Other financing activities	-227	-21	-111	-111	-144	-166
Net cash (used) in financing activities	-538	188	418	-397	-461	-539
Closing Balance	1,223	777	830	346	-115	490
FCF	1,931	-1,031	-820	-269	-167	926
Capex (% of sales)	1,164	1,898	2,749	2,402	2,314	2,420

Key Ratios

Year-end March	FY23	FY24	FY25	FY26E	FY27E	FY28E
Solvency Ratios						
Debt / Equity	0.04	0.07	0.17	0.17	0.17	0.17
Net Debt / Equity	-0.05	0.02	0.11	0.15	0.18	0.14
Debt / EBITDA	0.23	0.37	1.62	1.34	0.99	0.81
Current Ratio	-0.26	0.12	1.11	1.17	1.03	0.69
DuPont Analysis						
Sales/Assets	1.41	1.21	1.09	1.11	1.27	1.31
Assets/Equity	1.41	1.37	1.47	1.50	1.53	1.55
RoE (%)	8.90	11.82	2.74	2.30	6.51	8.24
Per share ratios						
Reported EPS	10.98	16.51	3.90	3.34	10.01	13.66
Dividend per share	2.00	0.00	1.00	1.00	1.30	1.50
BV per share	123.37	139.69	142.59	144.92	153.63	165.79
Cash per Share	10.99	6.89	7.26	3.03	-1.00	4.28
Revenue per Share	245.19	232.34	228.28	241.42	299.00	336.73
Profitability ratios (%)						
Net Profit Margin (PAT/Net sales)	4.48	7.10	1.71	1.38	3.35	4.06
Gross Profit / Net Sales	22.82	29.18	25.36	26.24	27.06	27.65
EBITDA / Net Sales	9.23	11.97	6.48	7.77	8.92	10.21
EBIT / Net Sales	6.17	8.42	2.24	1.88	4.38	5.38
ROCE	12.00	13.43	3.30	2.89	7.93	10.24
Activity ratios						
Inventory Days	91.11	86.62	101.46	104.29	104.89	98.65
Debtor Days	57.20	71.04	72.87	72.85	66.36	62.93
Creditor Days	57.85	45.70	36.77	45.63	42.94	42.94
Leverage ratios						
Interest coverage	15.19	33.26	4.91	3.61	10.45	11.43
Debt / Asset	0.03	0.05	0.11	0.12	0.11	0.11
Valuation ratios						
EV / EBITDA	9.64	8.18	16.26	13.11	9.43	7.20
PE (x)	20.40	13.57	57.42	67.15	22.39	16.39

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Stock Rating Scale

BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

Absolute Return

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