

Prince Pipes & Fittings Ltd

Demand remains under pressure, re-stocking yet to commence; downgrade to NEUTRAL!

We attended the analyst meet of Prince Pipes & Fittings Ltd wherein we interacted with Mr. Anand Gupta – CFO of the company and following are the key highlights from the same:

- Demand remains subdued; Mr. Gupta mentioned that the demand is still lower than what they were anticipating.
- Delay in implementation of ADD on PVC resins has led to considerable amount of pre-buying which is still keeping open market prices lower Vs RIL prices. Recently RIL has announced price-protection which has again dented the sentiments of dealers.
- Despite the recent price hikes announced, channel partners have not resorted to re-stocking. However, the inventory levels have improved but the same remains below average.
- Ministry of Finance will decide on imposition of duty within 90-days of recommendation by Ministry of Commerce which ends on 15th Nov'25. Management expects decision by 15th-30th Oct'25.
- Management is hopeful of achieving a high-single digit growth for 9MFY26 and maintained 12% margin guidance by Q4FY26E.
- Agri segment constitutes ~30% of sales and CPVC forms ~20-22% of sales.
- By this quarter-end New Bihar plant will have capacity of 50,000Te which will be fully available for coming H2FY26E. Company had couple of job-works in East, of which they have discontinued one and other will be discontinued once Bihar is operational. Few SKUs of fittings will be serviced from Haridwar plant.
- Management does not foresee any inventory loss for the quarter; however, they do not expect any inventory gains either despite increase in resin prices.
- Situation in North India could impact the volume off-take of PPR segment which could weigh on volumes.
- Bathware segment should breakeven with Rs1-1.5Bn revenue.
- Project biz constitutes 20-22% of revenue and management is focusing to expand this mix.
- Inventory days should improve from 110 days to 70-75 days.

Analyst View

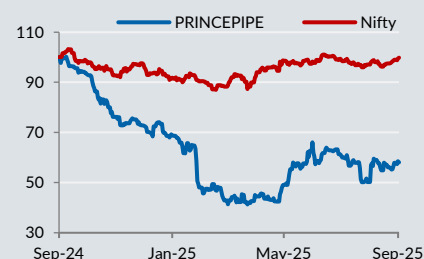
We anticipated the dealers will resort to inventory re-stocking with improvement in prices. However, the delay in implementation of duty and soft end-demand has kept volume growth under-pressure. With duty likely to get imposed in Q3FY26E, we reckon material improvement in volume growth trajectory in H2FY26E. Moreover, with new capacity of Bihar getting operationalized by Q2FY26E end, we reckon volumes to grow by ~12%YoY (notably, the same will be on the back of low-base impact). We have marginally revised our EPS estimates downwards by 6%/5% respectively for FY26E/FY27E respectively and on our revised estimates, Prince Pipes & Fittings trades at P/E(x) of 47x/25x on FY26E/FY27E EPS respectively. We continue to value the company at P/E(x) of 25x and revise our target price to Rs324; hence, we downgrade the stock to NEUTRAL from ADD.

Reco	: NEUTRAL
CMP	: Rs 324
Target Price	: Rs 324
Potential Return	: +0%

Stock data (as on Sep 18, 2025)

Nifty	25,424
52 Week h/l (Rs)	586 / 229
Market cap (Rs/USD mn)	37,248 / 422
Outstanding Shares (mn)	111
6m Avg t/o (Rs mn):	147
Div yield (%):	0.2
Bloomberg code:	PRNCPIN
NSE code:	PRINCEPIPE

Stock performance



	1M	3M	1Y
Absolute return	1.9%	-3.8%	-40.5%

Shareholding pattern (As of Jun'25 end)

Promoter	60.9%
FII+DII	19.5%
Others	19.6%

Δ in stance

(1-Yr)	New	Old
Rating	NEUTRAL	ADD
Target Price	324	339

Δ in earnings estimates

	FY26E	FY27E
EPS (New)	6.9	13.0
EPS (Old)	7.3	13.6
% change	-6%	-5%

Financial Summary

(Rs mn)	FY25	FY26E	FY27E
Net Revenue	25,239	26,910	31,437
YoY Growth	(1.7)	6.6	16.8
EBITDA	1,617	2,297	3,208
EBITDA (%)	6.4	8.5	10.2
PAT	431	761	1,434
YoY Growth	(76.4)	76.7	88.5
ROE	2.8	4.7	8.4
EPS	3.9	6.9	13.0
P/E	62.9	47.1	25.0
BV/Share	142.6	148.5	160.4
P/BV	1.7	2.2	2.0

UDIT GAJIWALA

Lead Analyst

📞 +91 22 6992 2934 / 35 / 36



SHALIN DAMANI, Associate

FINANCIALS

Exhibit 1: Income statement

Particulars (Rs Mn)	FY23	FY24	FY25	FY26E	FY27E
Sales	27,107	25,687	25,239	26,910	31,437
COGS	20,920	18,194	18,840	19,293	22,308
GP	6,187	7,494	6,399	7,617	9,129
GP%	22.8	29.2	25.4	28.3	29.0
EBITDA	2,505	3,074	1,617	2,297	3,208
EBITDA%	9.2	12.0	6.4	8.5	10.2
Depreciation	109	65	97	211	211
Finance Cost	830	912	1,070	1,209	1,272
Other Income	85	161	137	138	187
PBT	1,650	2,437	588	1,015	1,912
Tax	434	612	157	254	478
PAT	1,217	1,825	431	761	1,434
PAT%	4.5	7.1	1.7	2.8	4.6
EPS	11.0	14.9	3.9	6.9	13.0

Source: Company, YES Sec

Exhibit 2: Balance sheet

Particulars (Rs Mn)	FY23	FY24	FY25	FY26E	FY27E
Equity Share Capital	1,106	1,106	1,106	1,106	1,106
Reserves	12,534	14,338	14,659	15,309	16,633
Non-current liabilities	305	656	1,359	475	475
ST borrowings	581	955	1,757	2,642	2,642
Trade payables	3,202	2,491	2,611	2,084	2,409
Other current liabilities	1,523	1,606	1,604	1,604	1,604
Total equity and liabilities	19,287	21,232	23,194	23,317	24,966
Gross block	10,397	12,295	15,043	15,843	16,643
Acc dep	3,647	4,559	5,629	6,838	8,109
Net block	6,750	7,736	9,415	9,006	8,534
CWIP	190	353	197	197	197
Other non-current assets	270	438	533	533	533
Inventories	4,256	4,379	6,095	5,363	6,201
Trade receivables	4,150	5,849	4,229	5,373	6,277
Cash and cash equivalents	1,223	777	830	951	1,330
Loans	5	4	4	4	4
Total assets	19,287	21,232	23,194	23,317	24,966

Source: Company, YES Sec

Exhibit 3: Cash flow statement

Particulars (Rs Mn)	FY23	FY24	FY25	FY26E	FY27E
PBT	1,648	2,258	589	1,015	1,912
Add: Depreciation	830	912	1,070	1,209	1,272
Add: Interest	55	(16)	20	211	211
Less: WC changes	1,474	(2,151)	(322)	(938)	(1,416)
Less: taxes paid	(401)	(733)	(281)	(254)	(478)
Cash flow from operations	3,602	329	1,189	1,243	1,501
Capital expenditure	(903)	(1,873)	(2,556)	(800)	(800)
Cash flow from investing activities	(1,422)	(1,258)	(2,347)	(800)	(800)
Movement in borrowings	(919)	560	1,497	-	-
Interest paid	(99)	(46)	(107)	(211)	(211)
Cash from financing activities	(1,281)	475	1,198	(322)	(322)
Change in cash balance	899	(453)	41	121	379
Opening cash balance	316	1,215	761	830	951
Closing cash balance	1,215	761	802	951	1,330

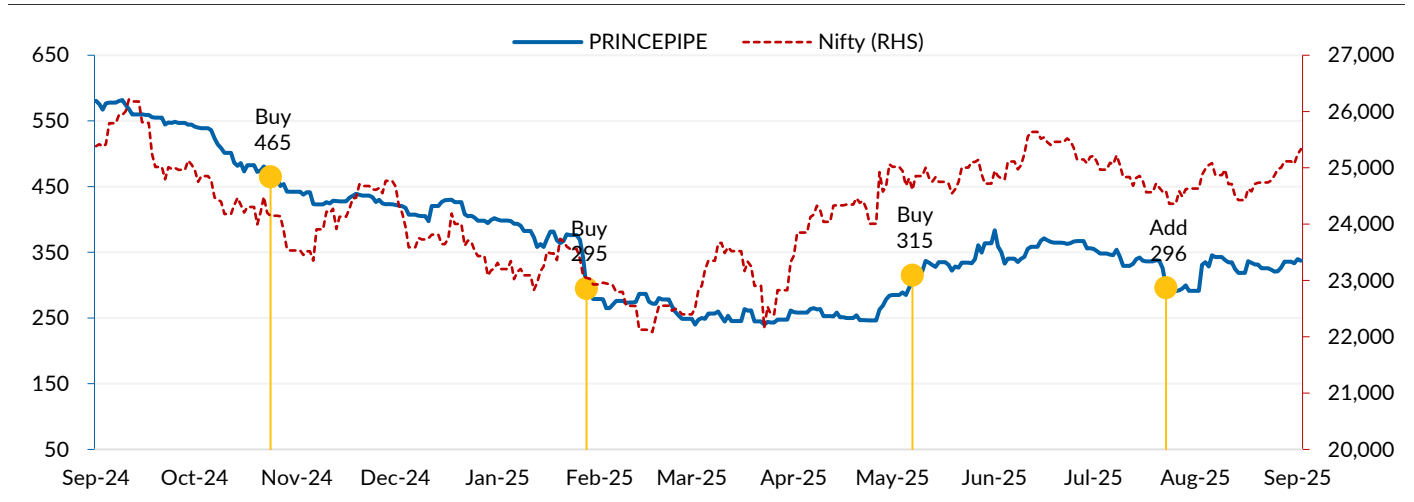
Source: Company, YES sec

Exhibit 4: Ratio analysis

Particulars	FY23	FY24	FY25	FY26E	FY27E
Growth (%)					
Total Sales	2.0	(5.2)	(1.7)	6.6	16.8
EBITDA	(39.7)	22.7	(47.4)	42.0	39.7
EBIT	(49.8)	32.0	(70.5)	79.1	73.2
PAT	(51.2)	50.0	(76.4)	76.7	88.5
Profitability (%)					
EBITDA Margins	9.2	12.0	6.4	8.5	10.2
EBIT Margins	6.5	9.0	2.7	4.6	6.8
PAT Margins	4.5	7.1	1.7	2.8	4.6
ROCE	13.1	15.5	4.1	7.2	12.1
ROE	9.3	12.5	2.8	4.7	8.4
Per Share Data (Rs)					
EPS	11.0	14.9	3.9	6.9	13.0
CEPS	18.5	24.8	13.6	17.8	24.5
BVPS	123.4	139.7	142.6	148.5	160.4
Valuations (x)					
P/E (x)	49.4	36.9	62.9	47.1	25.0
P/CEPS (x)	29.3	22.2	18.1	18.2	13.2
P/BV (x)	4.4	3.9	1.7	2.2	2.0
EV/EBITDA	23.7	19.9	17.9	16.3	11.6
Gearing Ratios					
Debt/Equity	0.0	0.1	0.2	0.2	0.1
Net Debt/Equity	(0.0)	0.0	0.1	0.1	0.1
Net Debt/EBITDA	(0.3)	0.1	1.1	0.7	0.4
Int Coverage	16.1	35.8	7.1	5.8	10.0
WCC Days					
Debtors	57	71	73	73	73
Inventory	91	87	101	101	101
Creditors	53	46	39	39	39

Source: Company, YES sec

Recommendation Tracker



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GAJIWALA
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BHAVESH GAJIWALA
Date: 2025.09.18
20:10:35 +05'30'

SHALIN PANKAJ
DAMANI
Digitally signed by
SHALIN PANKAJ DAMANI
Date: 2025.09.18
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