

Prince Pipes and Fittings

Demand weakness persists, recovery awaited

We attended the Prince Pipes analyst meet. The management indicated that plumbing demand was robust in July but has declined from August onwards, with September remaining weak. Consequently, the company believes it will achieve volume growth at the lower end of its previously targeted range of high single digits to low double digits. Management foresees EBITDA margin normalizing to 12% over the next few quarters, supported by a revival in volume growth and improvements in distribution. The full commissioning of the Bihar 60,000 MT plumbing capacity has been delayed by one quarter to Q3FY26. A recovery in plumbing demand is expected in H2FY26, supported by the normalization of channel inventories. We maintain our estimates. We have modelled 7% volume CAGR for FY25-28E. We have introduced FY28E financials and roll forward our valuation to Sep-27E from Mar-27E. We value the company at 22x Sep-27 EPS. We maintain REDUCE with a revised TP of INR 290/sh.

- Demand and pricing:** The management indicated that plumbing demand was robust in July but declined from August onwards, with September remaining weak. Consequently, it believes it will achieve volume growth at the lower end of its previously targeted range of high single digits to low double digits. Channel restocking improved at the beginning of Q2FY26; however, the channel is currently de-stocking due to weak demand. In response, Reliance has recently announced price protection. As per management, the Anti-Dumping Duty (ADD) is now expected to be implemented in the second half of October, later than the initially anticipated September timeline. The Finance Ministry's deadline to act on DGTR's recommendation for national dumping enforcement is mid-November. Looking ahead, management expects demand to recover in H2FY26 and forecasts ~10% rise in PVC resin prices once ADD is in effect. It foresees EBITDA margin normalizing to 12% over the next few quarters, supported by a revival in volume growth and improvements in distribution.
- Bathware to grow at a fast pace:** Bathware currently accounts for ~2% of revenue and is expected to grow rapidly. The company has also started operations in the eastern and southern markets, establishing a pan-India presence. It is targeting a revenue of INR 0.8-1bn in this segment for FY27 and aims to achieve breakeven during the same period.
- Bihar expansion to strengthen presence in eastern market:** Prince is establishing a ~60,000 MT plumbing plant in Bihar. In the first phase, completed in Mar-25, 24,000 MT has been commissioned. The company expects 45,000-50,000 MT of capacity to be operational by Q2FY26, with the remaining capacity coming on stream by Q3FY26. After commissioning, Prince plans to gradually eliminate outsourcing in the eastern region. It has budgeted ~INR 2.4bn in Capex for FY26 (INR 1bn for maintenance, INR 0.7bn for Bihar expansion, and INR 0.43bn for Bathware), of which INR 0.75bn was spent in Q1. The pace of Capex will slow down in FY27.
- Outlook and valuation:** A recovery in plumbing demand is expected in H2FY26, led by normalization of channel inventories. We maintain our estimates. We have modelled 7% volume CAGR for FY25-28E. We have introduced FY28E financial and roll forward our valuation to Sep-27E from Mar-27E previously. We value the company at 22x Sep-27 EPS. We maintain REDUCE with a revised TP of INR 290/sh.

REDUCE

CMP (as on 18 Sep 2025)	INR 338
Target Price	INR 290
NIFTY	23,424

KEY CHANGES	OLD	NEW
Rating	REDUCE	REDUCE
Price Target	INR 260	INR 290
EPS	FY26E	FY27E
revision %	-	-

KEY STOCK DATA

Bloomberg code	PRNCPIP IN
No. of Shares (mn)	111
MCap (INR bn) / (\$ mn)	37/423
6m avg traded value (INR mn)	163
52 Week high / low	INR 587/210

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(3.8)	36.2	(40.5)
Relative (%)	(5.7)	26.0	(40.6)

SHAREHOLDING PATTERN (%)

	Mar-25	Jun-25
Promoters	60.94	60.94
FIs & Local MFs	14.98	15.73
FPIs	6.19	3.75
Public & Others	17.89	19.58
Pledged Shares	-	-

Source : BSE

Pledged shares as % of total shares

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Prince Pipes and Fittings: Company Update

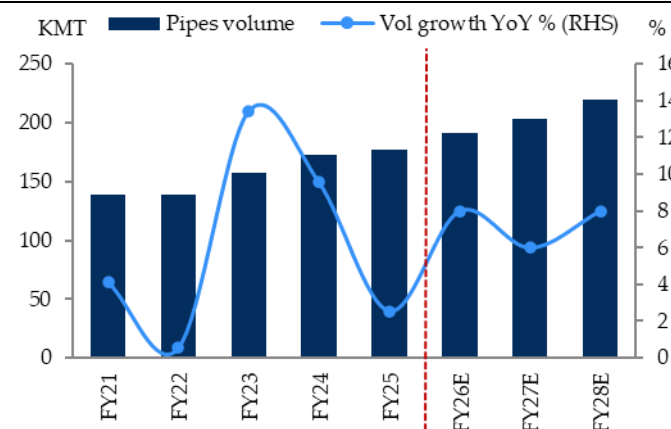
Financial summary (INR mn)

Year Ending March	FY23	FY24	FY25	FY26E	FY27E	FY28E
Pipes sales (K MT)	157.7	172.8	177.2	191.4	202.9	219.1
NSR (Rs/Kg)	172	149	142	145	148	150
EBITDA (Rs/Kg)	16	18	9	13	16	17
Net Sales	27,109	25,687	25,239	27,803	30,002	32,888
EBITDA	2,503	3,074	1,618	2,562	3,204	3,616
EBITDAM (%)	9.2	12.0	6.4	9.2	10.7	11.0
APAT	1,214	1,646	431	886	1,313	1,597
Diluted EPS (Rs)	11.0	14.9	3.9	8.0	11.9	14.4
EV / EBITDA (x)	14.2	12.1	24.0	14.7	11.6	10.0
P/E (x)	30.7	22.6	86.4	42.0	28.4	23.3
RoE (%)	9.2	11.3	2.8	5.5	7.7	8.7

Source: Company, HSIE Research

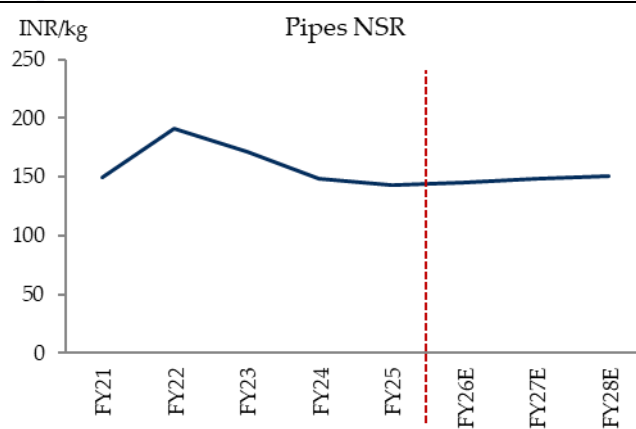
Prince Pipes and Fittings: Company Update

Plumbing volume likely to clock 7% CAGR over FY25-28E



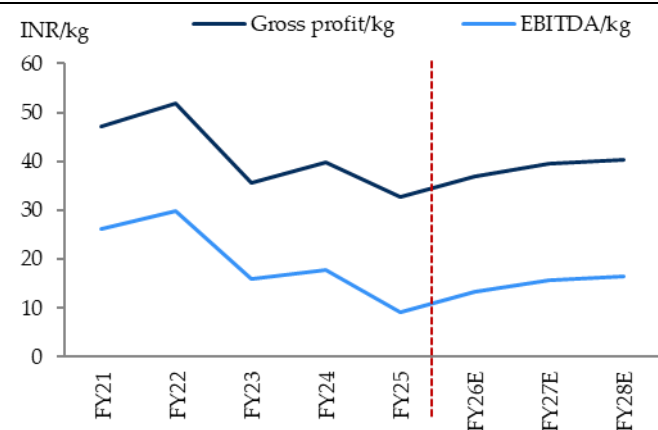
Source: Company, HSIE Research

After declining for 3 years, we expect pipes NSR to improve in FY26/27/28E



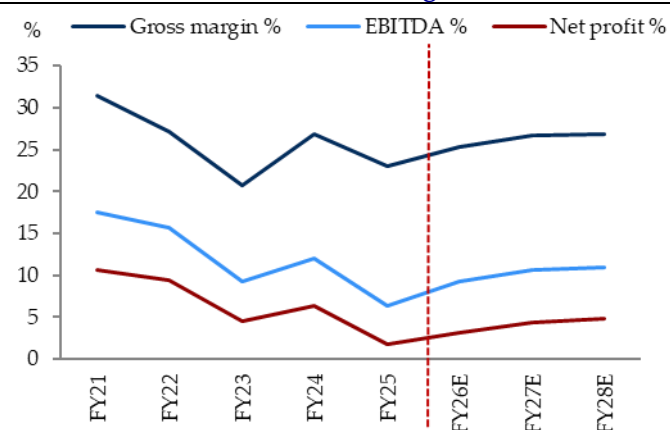
Source: Company, HSIE Research

Owing to higher incentive and inventory loss, margin has bottomed out in FY25



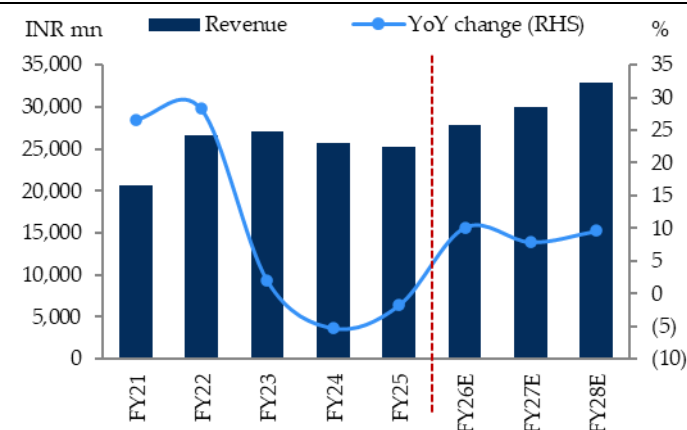
Source: Company, HSIE Research

Going forward, gross margin will improve, which will lead to better EBITDA/APAT margin



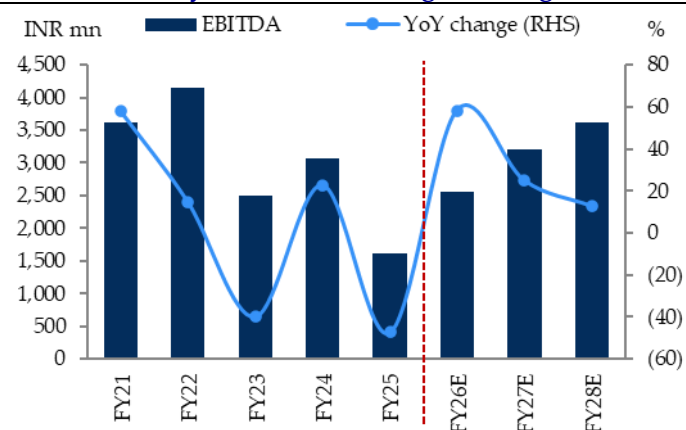
Source: Company, HSIE Research

We estimate revenue will grow at 9% CAGR over FY25-28E (volume-led)



Source: Company, HSIE Research

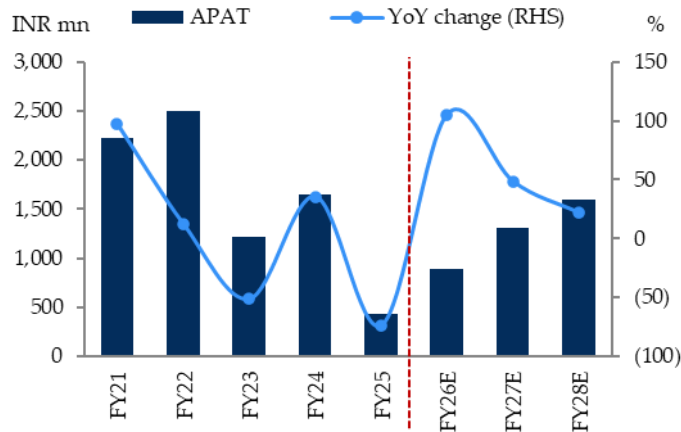
We project 31% EBITDA CAGR during FY25-28E on a low base led by normalization of gross margin



Source: Company, HSIE Research

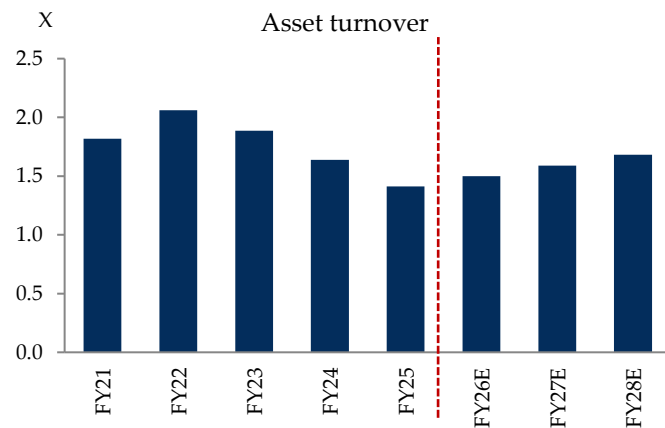
Prince Pipes and Fittings: Company Update

We expect 55% APAT CAGR during FY25-28E owing to higher EBITDA margin



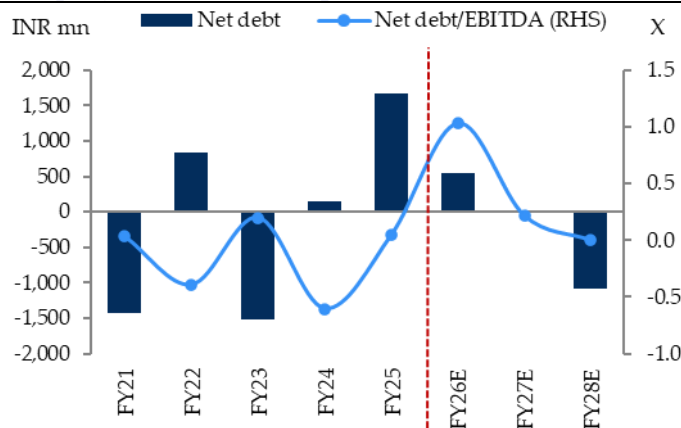
Source: Company, HSIE Research

Owing to low utilization, asset turnover will remain below 2x



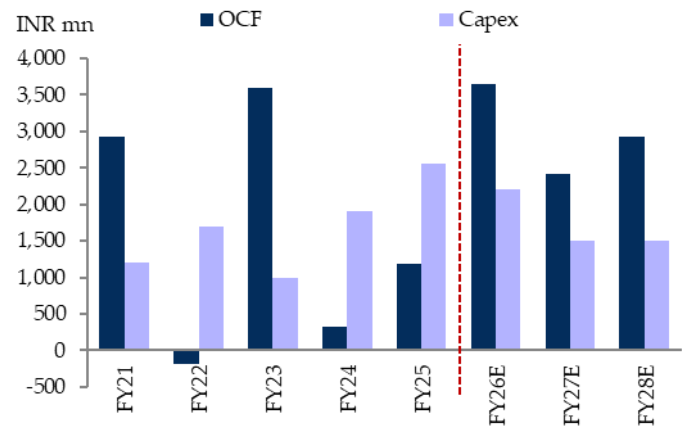
Source: Company, HSIE Research

Supported by healthy operating cash inflow, the company will be net cash positive in FY28E



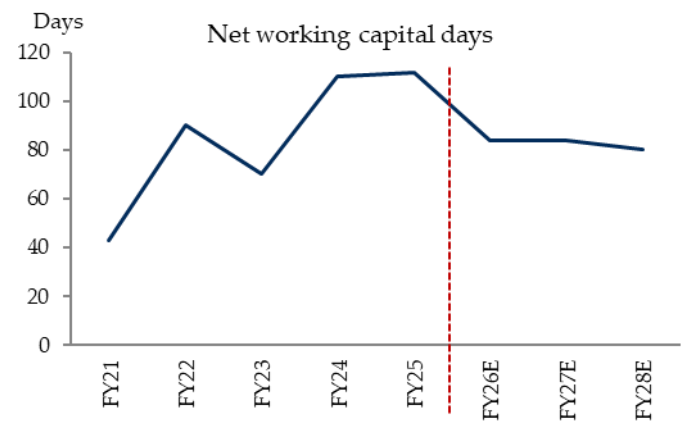
Source: Company, HSIE Research

We estimate OCF will exceed capex due to a slowdown in the pace of capex



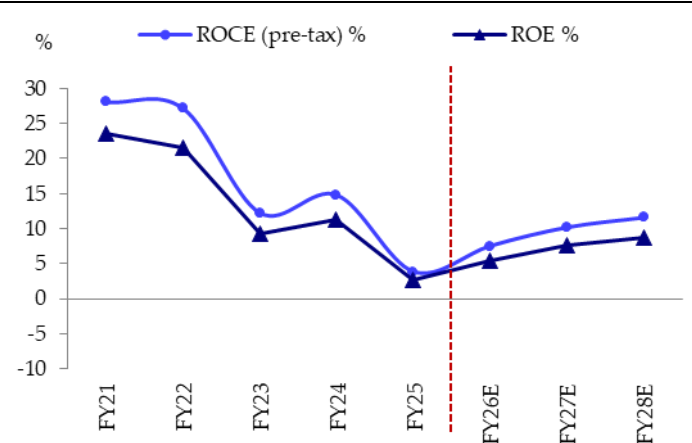
Source: Company, HSIE Research

We estimate working capital cycle to improve from elevated level



Source: Company, HSIE Research

Return ratios to improve during FY26-28E



Source: Company, HSIE Research

Financials

Consolidated Income Statement

YE Mar (INR mn)	FY23	FY24	FY25	FY26E	FY27E	FY28E
Revenues	27,109	25,687	25,239	27,803	30,002	32,888
Growth %	2.0	(5.2)	(1.7)	10.2	7.9	9.6
Raw Material	20,922	18,193	18,839	20,099	21,293	23,309
Power & Fuel	556	603	603	652	691	754
Freight Expense	361	406	446	492	521	574
Employee cost	1,161	1,477	1,742	1,881	2,069	2,235
Other Expenses	1,605	1,934	1,990	2,117	2,223	2,400
EBITDA	2,503	3,074	1,618	2,562	3,204	3,616
EBITDA Margin (%)	9.2	12.0	6.4	9.2	10.7	11.0
EBITDA Growth %	(39.8)	22.8	(47.4)	58.4	25.1	12.8
Depreciation	830	912	1,070	1,289	1,429	1,530
EBIT	1,673	2,162	548	1,273	1,775	2,086
Other Income	86	161	137	121	146	177
Interest	110	65	97	204	159	120
PBT	1,648	2,258	588	1,190	1,762	2,144
Tax	434	613	157	303	449	547
RPAT	1,214	1,825	431	886	1,313	1,597
EO (Loss) / Profit (Net Of Tax)	-	179	-	-	-	-
APAT	1,214	1,646	431	886	1,313	1,597
APAT Growth (%)	(51.3)	35.5	(73.8)	105.5	48.1	21.7
AEPS	11.0	14.9	3.9	8.0	11.9	14.4
AEPS Growth %	(51.3)	35.5	(73.8)	105.5	48.1	21.7

Source: Company, HSIE Research

Consolidated Balance Sheet

YE Mar (INR mn)	FY23	FY24	FY25	FY26E	FY27E	FY28E
SOURCES OF FUNDS						
Share Capital	1,106	1,106	1,106	1,106	1,106	1,106
Reserves And Surplus	12,534	14,338	14,659	15,412	16,528	17,886
Total Equity	13,640	15,444	15,764	16,518	17,634	18,991
Long-term Debt	31	288	948	948	948	64
Short-term Debt	598	1,009	1,820	820	820	563
Total Debt	629	1,296	2,768	1,768	1,768	626
Deferred Tax Liability	137	191	193	-	-	-
Long-term Liab+ Provisions	20	26	35	39	43	47
TOTAL SOURCES OF FUNDS	14,425	16,957	18,761	18,325	19,444	19,665
APPLICATION OF FUNDS						
Net Block	6,806	7,976	9,605	10,516	10,587	10,557
Capital WIP	236	354	198	198	198	198
Other Non-current Assets	267	435	530	557	585	614
Total Non-current Investments	3	3	3	3	3	3
Total Non-current Assets	7,311	8,767	10,336	11,274	11,372	11,372
Inventories	4,256	4,379	6,095	4,727	5,100	5,262
Debtors	4,150	5,849	4,229	4,449	4,800	5,262
Cash and Cash Equivalents	2,140	1,156	1,097	1,216	1,772	1,702
Other Current Assets (& Loans/adv)	1,430	1,081	1,437	1,365	1,432	1,503
Total Current Assets	11,976	12,465	12,857	11,756	13,105	13,729
Creditors	3,202	2,491	2,611	2,780	3,000	3,289
Other Current Liabilities & Provns	1,661	1,784	1,822	1,924	2,033	2,148
Total Current Liabilities	4,863	4,275	4,433	4,705	5,033	5,436
Net Current Assets	7,113	8,190	8,424	7,051	8,072	8,293
TOTAL APPLICATION OF FUNDS	14,425	16,957	18,761	18,325	19,444	19,665

Source: Company, HSIE Research

Consolidated Cash Flow

YE Mar (INR mn)	FY23	FY24	FY25	FY26E	FY27E	FY28E
Reported PBT	1,648	2,258	588	1,190	1,762	2,144
Non-operating & EO Items	(51)	(6)	53	-	-	-
Interest Expenses	102	49	80	204	159	120
Depreciation	830	912	1,070	1,289	1,429	1,530
Working Capital Change	1,473	(2,151)	(322)	1,470	(489)	(316)
Tax Paid	(401)	(733)	(281)	(496)	(449)	(547)
OPERATING CASH FLOW (a)	3,602	329	1,189	3,656	2,412	2,931
Capex	(998)	(1,908)	(2,554)	(2,200)	(1,500)	(1,500)
Free Cash Flow (FCF)	2,604	(1,579)	(1,364)	1,456	912	1,431
Investments	(531)	586	146	-	-	-
Non-operating Income	48	65	61	-	-	-
INVESTING CASH FLOW (b)	(1,481)	(1,258)	(2,347)	(2,200)	(1,500)	(1,500)
Debt Issuance/(Repaid)	(891)	560	1,497	(1,000)	-	(1,141)
Interest Expenses	(110)	(85)	(189)	(204)	(159)	(120)
FCFE	1,603	(1,104)	(56)	252	753	170
Share Capital Issuance	-	-	-	-	-	-
Dividend	(221)	-	(111)	(133)	(197)	(240)
FINANCING CASH FLOW (c)	(1,222)	475	1,198	(1,337)	(356)	(1,501)
NET CASH FLOW (a+b+c)	899	(453)	41	119	556	(70)
Closing Cash & Equivalents						

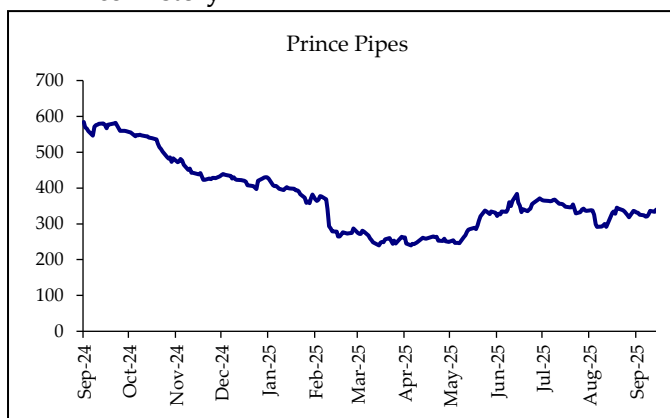
Source: Company, HSIE Research

Key Ratios

	FY23	FY24	FY25	FY26E	FY27E	FY28E
PROFITABILITY %						
EBITDA Margin	9.2	12.0	6.4	9.2	10.7	11.0
EBIT Margin	6.2	8.4	2.2	4.6	5.9	6.3
APAT Margin	4.5	6.4	1.7	3.2	4.4	4.9
RoE	9.2	11.3	2.8	5.5	7.7	8.7
RoIC (pre-tax)	13.1	15.7	3.3	7.4	10.3	11.8
RoCE (pre-tax)	12.2	14.8	3.8	7.5	10.2	11.6
EFFICIENCY						
Tax Rate %	26.3	27.1	26.7	25.5	25.5	25.5
Fixed Asset Turnover (x)	2.8	2.3	1.9	1.7	1.7	1.7
Inventory (days)	57	62	88	62	62	58
Debtors (days)	56	83	61	58	58	58
Other Current Assets (days)	23	22	28	25	25	23
Payables (days)	43	35	38	37	37	37
Other Current Liab & Provns (days)	23	26	27	26	25	24
Cash Conversion Cycle (days)	70	106	113	83	83	79
Net Debt/EBITDA (x)	(0.6)	0.0	1.0	0.2	(0.0)	(0.3)
Net D/E	(0.1)	0.0	0.1	0.0	(0.0)	(0.1)
Interest Coverage	15.2	33.3	5.7	6.2	11.2	17.4
PER SHARE DATA (Rs)						
EPS	11.0	14.9	3.9	8.0	11.9	14.4
CEPS	18.5	23.1	13.6	19.7	24.8	28.3
Dividend	-	1.0	0.5	1.2	1.8	2.2
Book Value	123.4	139.7	142.6	149.4	159.5	171.8
VALUATION						
P/E (x)	30.7	22.6	86.4	42.0	28.4	23.3
P/Cash EPS (x)	18.2	13.6	24.8	17.1	13.6	11.9
P/BV (x)	2.7	2.4	2.4	2.3	2.1	2.0
EV/EBITDA (x)	14.2	12.1	24.0	14.7	11.6	10.0
EV/sales (x)	1.31	1.45	1.54	1.36	1.24	1.10
Dividend Yield (%)	-	0.3	0.1	0.4	0.5	0.6
OCF/EV (%)	10.1	0.9	3.1	9.7	6.5	8.1
FCFF/EV (%)	7.3	(4.2)	(3.5)	3.9	2.5	4.0
FCFE/M Cap (%)	7.0	(4.2)	(3.7)	3.9	2.4	3.8

Source: Company, HSIE Research

1 Yr Price History



Rating Criteria

BUY: >+15% return potential
ADD: +5% to +15% return potential
REDUCE: -10% to +5% return potential
SELL: >10% Downside return potential

Prince Pipes and Fittings: Company Update

Disclosure:

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