10 November 2025

2QFY26 Results Update | Sector: Midcaps

Prince Pipes and Fittings

Estimate change	⟷
TP change	⟷
Rating change	⟷

Bloomberg	PRINCPIP IN
Equity Shares (m)	111
M.Cap.(INRb)/(USDb)	34.6 / 0.4
52-Week Range (INR)	475 / 210
1, 6, 12 Rel. Per (%)	-7/21/-39
12M Avg Val (INR M)	122

Financials & Valuations (INR b)

Y/E Mar	2026E	2027E	2028E
Sales	26.8	31.6	36.8
EBITDA	2.6	3.4	4.2
PAT	0.9	1.6	2.2
EBITDA (%)	9.6	10.7	11.4
EPS (INR)	8.3	14.3	20.0
EPS Gr. (%)	111.5	71.9	40.5
BV/Sh. (INR)	365.6	395.5	439.6
Ratios			
Net D/E	0.1	0.0	-0.1
RoE (%)	5.7	9.2	11.7
RoCE (%)	5.6	8.7	11.3
Payout (%)	24.2	14.1	10.0
Valuations			
P/E (x)	37.9	22.0	15.7
EV/EBITDA (x)	14.0	10.4	7.8
Div Yield (%)	0.6	0.6	0.6
FCF Yield (%)	1.3	3.4	6.7

Shareholding Pattern (%)

As on	Sep-25	Jun-25	Sep-24
Promoter	60.9	60.9	60.9
DII	16.0	15.7	17.5
FII	3.7	3.8	7.3
Others	19.4	19.6	14.3

Note: FII includes depository receipts

CMP: INR313 TP: INR430 (+37%) Buy

Improving performance despite PVC price volatility

Earnings beat our estimate

- Prince Pipes and Fittings (PRINCPIP) reported a steady quarter amid the ongoing challenges of volatile pricing and the extended monsoon, affecting demand. The company reported a marginal decline in revenue (~4% YoY), with volumes declining only 1% YoY to 42.8k MT. However, its EBITDA/kg grew 22% YoY/42% QoQ to INR12.9, mainly led by a better product mix (higher sales of CPVC pipes)
- Management anticipates a healthy recovery in demand in 2HFY26, driving high single-digit volume growth for FY26 (Oct'25 was subdued due to festivals and ADD-related uncertainties, while Nov'25 is seeing a healthy pickup). Consequently, margins are expected to recover sequentially to low double digits by 4QFY26 (normalized levels), fueled by operating leverage and an improved product mix. The implementation of ADD by mid-Nov'25 is expected to be a key trigger for the PVC industry and for PRINCPIP.
- We largely maintain our FY26E/FY27E/FY28E earnings and value the stock at 25x Sep'27E EPS to arrive at our TP of INR430. **Reiterate BUY.**

Flattish volume growth; higher VAP mix supports margins expansion

- Consolidated revenue declined 4% YoY to INR5.9b (est. INR6.3b), while volumes marginally declined 1% YoY to 42.8k MT. Realization continued to decline (down 3% YoY, to INR139/Kg) amid volatile PVC pricing.
- Consolidated EBITDA grew 21% YoY/39% QoQ to INR551m (est. INR501m). EBITDA margin stood at 9.3% (est. 7.9%), which expanded 190bp YoY/250bp QoQ. EBITDA/kg stood at INR13/kg (up 22%/42% YoY/QoQ). Adj. PAT remained flat YoY and grew 3x QoQ to INR146m (est. INR128m).
- The bathware segment (Aquel brand) generated revenue of ~INR120m/INR220m, with a net loss of ~INR50m/INR100m in 2QFY26/1HFY26.
- Net working capital days further improved to 85 as of Sep'25 vs. 98 as of Mar'25. This was largely led by lower inventory (down eight days) and receivables (down nine days), offset by lower payable days (down four days).
- Gross debt stood at INR2.3b in Sep'25 vs INR2.6b in Mar'25. CFO stood at INR2b in Sep'24 compared to INR990m in Sep'24.

Highlights from the management commentary

- **CPVC:** With the CPVC segment witnessing faster growth, PRINCPIP plans to diversify its raw material sourcing beyond Lubrizol. The company also plans to launch its own brand soon. Management expects both company and industry growth to be driven by the CPVC segment going forward.

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- **Capex:** PRINCPIP commissioned its Phase 2 capacity at Bihar in Sep'25. The company incurred capex of ~INR1.2b (INR700m for Bihar plant) in 1HFY26, with expected capex of INR1-1.1b in 2HFY26 (INR500-600m for operational plant and INR450-500 for the Bathware business)
- **Bathware business (Aquel):** At present, the company's revenue is primarily generated from the Northern and Eastern regions, while it has begun expanding its distribution network in the Southern and Western markets. The Bathware business is expected to break even within the next four quarters, with a quarterly revenue run rate projected at INR220-250m.

Valuation and view

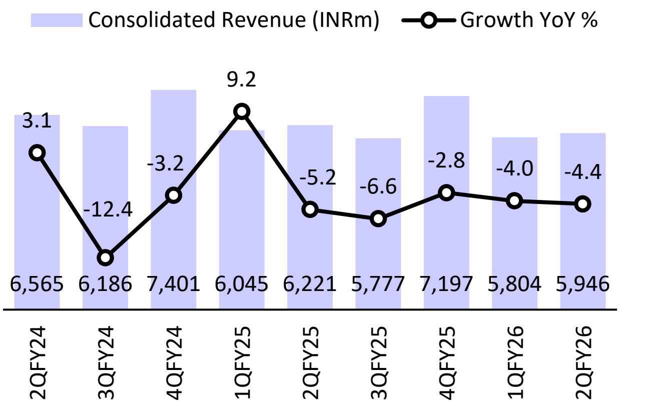
- With the stabilization of PVC prices, an improving demand outlook, the ramp-up of the new Begusarai plant, and geographical expansion of the bathware segment into the Southern and Eastern markets, the company is well-positioned for renewed growth in the coming quarters.
- We expect PRINCPIP to clock a 13%/37%/72% CAGR in revenue/EBITDA/PAT over FY25-28. We value the stock at 25x Sep'27 EPS to arrive at our TP of INR430. **Reiterate BUY.**

Consolidated - Quarterly Earning Model **(INR m)**

Y/E March	FY25				FY26				FY25	FY26E	FY26E	Var
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2Q	%
Gross Sales	**6,045**	**6,221**	**5,777**	**7,197**	**5,804**	**5,946**	**6,659**	**8,374**	**25,239**	**26,783**	**6,330**	**-6**
YoY Change (%)	9.2	-5.2	-6.6	-2.8	-4.0	-4.4	15.3	16.4	-1.7	6.1	1.8	
Total Expenditure	5,462	5,764	5,748	6,648	5,408	5,395	5,973	7,428	23,621	24,204	5,829	
EBITDA	**583**	**457**	**30**	**548**	**396**	**551**	**686**	**946**	**1,618**	**2,579**	**501**	**10**
Margins (%)	9.6	7.3	0.5	7.6	6.8	9.3	10.3	11.3	6.4	9.6	7.9	
Depreciation	257	276	264	273	307	325	328	330	1,070	1,290	310	
Interest	14	16	32	33	52	45	40	35	97	172	45	
Other Income	26	39	15	57	27	16	30	30	137	104	25	
PBT before EO expense	**337**	**204**	**-252**	**299**	**64**	**198**	**348**	**612**	**588**	**1,221**	**171**	
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0	0	
PBT	**337**	**204**	**-252**	**299**	**64**	**198**	**348**	**612**	**588**	**1,221**	**171**	
Tax	90	57	-48	58	15	51	88	154	157	309	43	
Rate (%)	26.7	28.0	18.9	19.2	24.2	26.0	25.2	25.2	26.7	25.3	25.1	
Minority Interest & Profit/Loss of Asso. Cos.	0	0	0	0	0	0	0	0	0	0	0	
Reported PAT	**247**	**147**	**-204**	**242**	**48**	**146**	**260**	**458**	**431**	**912**	**128**	
Adj PAT	**247**	**147**	**-204**	**242**	**48**	**146**	**260**	**458**	**431**	**912**	**128**	**14**
YoY Change (%)	25.8	-72.1	-154.3	-55.8	-80.5	-0.5	-227.4	89.3	-73.8	112	-13	
Margins (%)	4.1	2.4	-3.5	3.4	0.8	2.5	3.9	5.5	1.7	3.4	2.0	

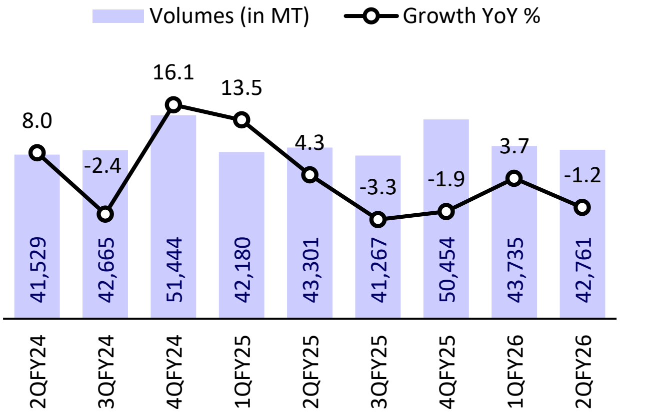
Key Exhibits

Exhibit 1: Consolidated revenue trend



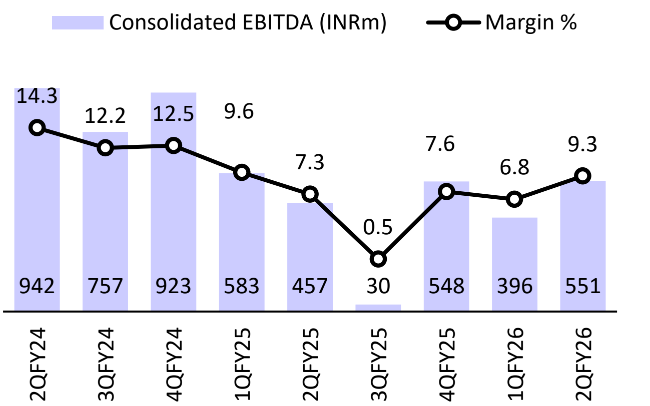
Source: Company, MOFSL

Exhibit 2: Volume trend



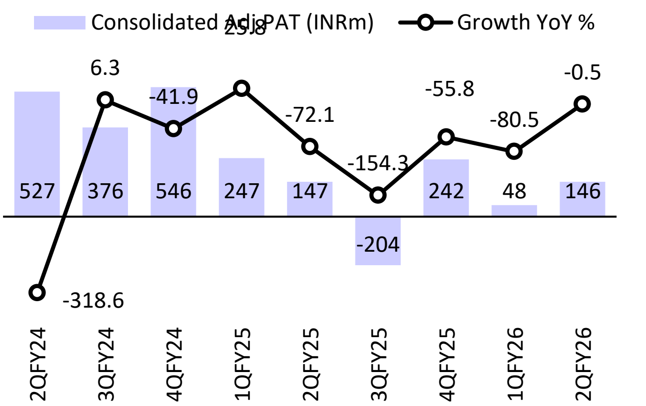
Source: Company, MOFSL

Exhibit 3: Consolidated EBITDA trend



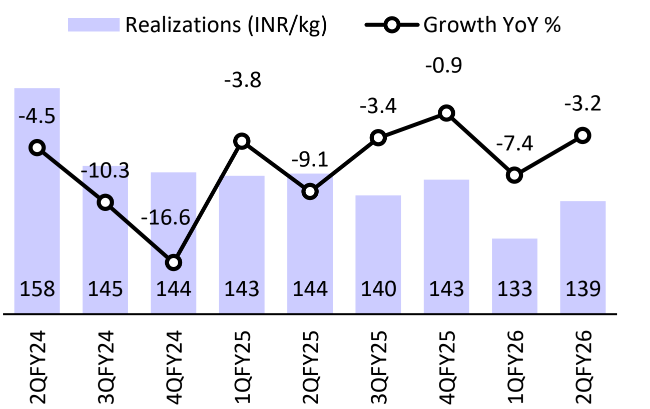
Source: Company, MOFSL

Exhibit 4: Consolidated adj. PAT trend



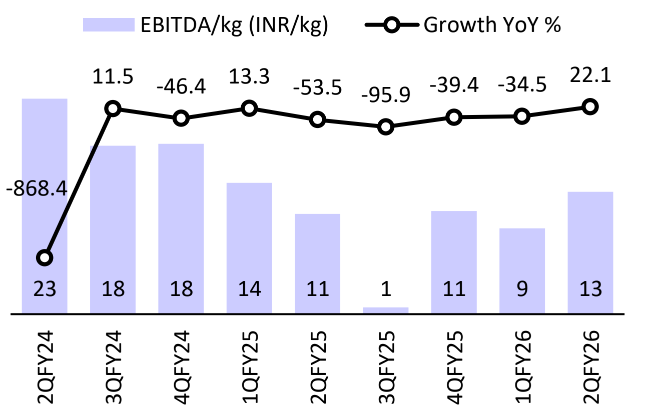
Source: Company, MOFSL

Exhibit 5: Consolidated realization trend



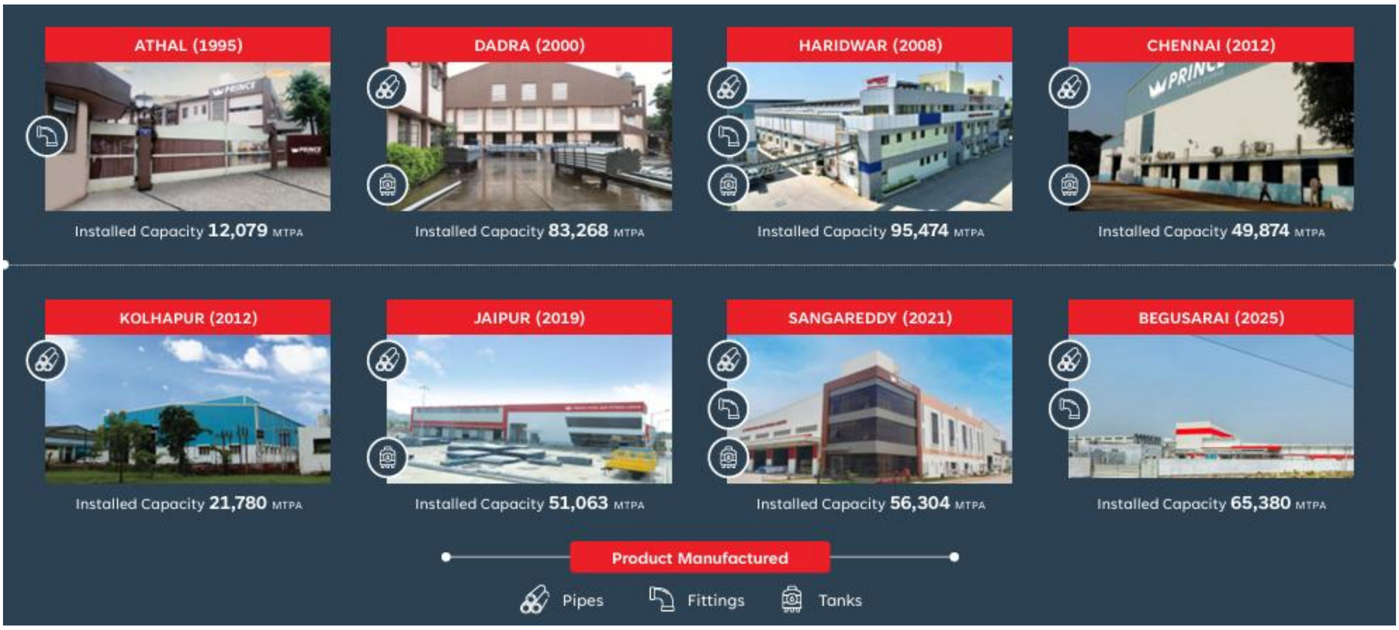
Source: Company, MOFSL

Exhibit 6: Consolidated EBITDA/kg trend



Source: Company, MOFSL

Exhibit 7: Capacity across India



Source: Company, MOFSL

CONFERENCE CALL

Highlights from the management commentary

Demand and Market Environment

- The PVC industry continued to face a challenging macroeconomic environment during the quarter, marked by subdued demand (~9% decline in PVC consumption in 2QFY26) and volatility in PVC resin prices.
- The CPVC market has performed better than the PVC market.
- Demand in key end-user segments, such as infrastructure and real estate, remained soft, impacted by an uneven and extended monsoon that delayed construction activities, while the agriculture segment also witnessed muted demand due to erratic rainfall, which affected farm-related activities.
- Delays in the implementation of ADD created uncertainties for channel partners, leading to volatility in domestic resin prices.

Operational Performance

- PRINCPIP reported no inventory losses in 2QFY26.
- The company reported margin expansion due to a favorable product mix (good volume growth in CPVC) and cost optimization.
- The company's WC days stood at 85 days for 1HFY26 (93 days YoY); trade receivables stood at 52 days (55 days YoY).

Guidance and Outlook

- Management expects demand to recover in 2HFY26, supported by the restocking activity and improvement in consumption trends.
- PRINCPIP emphasized innovation and differentiation to gain a competitive advantage. Management plans to pursue differentiation in its product portfolio and expansion of its distributional channels.
- The company plans to mitigate near-term market uncertainties through strong fundamentals, customer centric approach, and operational efficiency.

- PRINCPIP has maintained its guidance of **high single-digit volume growth** in FY26. The implementation of ADD is expected to address uncertainties and improve sentiments among channel partners.
- The company expects double-digit (~12%) normalized EBITDA margin by 4QFY26.
- Management expects the CPVC supply to increase locally and plans to diversify its RM sourcing. It also plans to launch its in-house brand for CPVC.
- The company expects private sector projects (currently 25% contribution to revenue) to deliver a growth rate of ~20-25% YoY.

Capacity Additions and Capex

- The company commenced Phase 2 operations at the Bihar manufacturing unit in Sep'25. The expansion has enhanced production capacity, operational efficiency, and regional supply capabilities, supporting the company's growth strategy across the Eastern region. At present, the plant's installed capacity is 65,380MT.
- PRINCPIP invested a total of INR2.4b in the Bihar plant; depreciation on the new capacity has commenced.
- Going forward, the total depreciation run rate is expected to be ~INR300-320m on a quarterly basis.
- PRINCPIP has highlighted its commitment to investing in capacity additions and scaling its operational.
- The company incurred capex of INR1.2b (INR700m for the Bihar plant) in 1HFY26, with expected capex of INR1-1.1b in 2HFY26 (INR500-600m for the operational plant and INR450-500 for the Bathware business).
- The company has not planned significant capex for existing product lines in FY27. However, it is looking to add new value-added products in 4QFY26 (where GP margins are higher than the current levels) and will plan capex for these products.

Bathware business (Aquel)

- Continuing its growth momentum, Aquel expanded its footprint with new display centers in Jammu & Kashmir and Uttar Pradesh in 2QFY26. These centers are expected to enhance customer accessibility, improve brand visibility, and showcase Aquel's commitment to delivering premium plumbing and bathware solutions across key regional markets.
- In 1HFY26/2QFY26, revenue from the Bathware business stood at INR220m/INR120m, with a consolidated loss of INR100m/INR50m.
- The company primarily generates revenue generated from the Northern and Eastern regions and has is expanding its distribution network in the Southern and Western markets. The company expects the Bathware business to break even within the next four quarters.

Others

- PRINCPIP received the Ambition Box Employee Choice Award – 2025 for fostering a positive and inclusive workplace culture.
- Management mentioned that the company experienced a pickup in November.

- Advertisement spend amounted to INR150m (~1-1.5% of Revenue) in 1HFY26 and is expected to be 2-2.5% of revenue if market sentiment improves.
- PRINCPIP contributed to the construction of the Navi Mumbai International Airport by providing robust CPVC piping and advanced cable ducting systems.
- PRINCPIP's volumes were affected in selected geographies during the quarter.
- Capacity expansion in advance to favor the upscale in demand in the future
- The company has strengthened its sales team and is looking to expand its distribution footprint in select geographies by Mar'26.
- Key announcements on CPVC are expected by management in the next few weeks.

Valuation and view

- With the stabilization of PVC prices, an improving demand outlook, the ramp-up of the new Begusarai plant, and geographical expansion of the bathware segment into the Southern and Rastern markets, the company is well-positioned for renewed growth in the coming quarters.
- We expect PRINCPIP to clock a 13%/37%/72% CAGR in revenue/EBITDA/PAT over FY25-28. We value the stock at 25x Sep'27 EPS to arrive at our TP of INR430. **Reiterate BUY.**

Exhibit 8: Revisions to our estimates

Earnings change	Old			New			Change		
(INRm)	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	26,799	32,609	37,953	26,783	31,632	36,816	0%	-3%	-3%
EBITDA	2,487	3,317	4,123	2,579	3,379	4,201	4%	2%	2%
Adj. PAT	880	1,525	2,150	912	1,568	2,203	4%	3%	2%

Financials and valuations

Consolidated - Income Statement (INRm)

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Total Income from Operations	**16,357**	**20,715**	**26,568**	**27,109**	**25,687**	**25,239**	**26,783**	**31,632**	**36,816**
Change (%)	4.1	26.6	28.3	2.0	-5.2	-1.7	6.1	18.1	16.4
RM Cost	11,264	13,789	18,915	20,922	18,193	18,839	19,412	22,775	26,508
Gross Profit	5,092	6,927	7,653	6,187	7,494	6,400	7,371	8,857	10,309
Margin (%)	31.1	33.4	28.8	22.8	29.2	25.4	27.5	28.0	28.0
Employees Cost	902	997	1,162	1,161	1,477	1,742	1,847	2,056	2,319
Other Expenses	1,903	2,313	2,335	2,523	2,943	3,040	2,945	3,421	3,789
Total Expenditure	**14,069**	**17,099**	**22,412**	**24,606**	**22,613**	**23,621**	**24,204**	**28,252**	**32,616**
% of Sales	86.0	82.5	84.4	90.8	88.0	93.6	90.4	89.3	88.6
EBITDA	**2,288**	**3,616**	**4,156**	**2,503**	**3,074**	**1,618**	**2,579**	**3,379**	**4,201**
Margin (%)	14.0	17.5	15.6	9.2	12.0	6.4	9.6	10.7	11.4
Depreciation	520	594	703	830	912	1,070	1,290	1,317	1,388
EBIT	**1,768**	**3,022**	**3,453**	**1,673**	**2,162**	**548**	**1,289**	**2,062**	**2,813**
Int. and Finance Charges	332	207	139	110	65	97	172	139	68
Other Income	69	176	55	86	161	137	104	172	200
PBT bef. EO Exp.	**1,506**	**2,991**	**3,369**	**1,648**	**2,258**	**588**	**1,221**	**2,095**	**2,944**
EO Items	0	0	0	0	179	0	0	0	0
PBT after EO Exp.	**1,506**	**2,991**	**3,369**	**1,648**	**2,438**	**588**	**1,221**	**2,095**	**2,944**
Total Tax	381	773	875	434	612	157	309	527	741
Tax Rate (%)	25.3	25.8	26.0	26.3	25.1	26.7	25.3	25.2	25.2
Minority Interest	0	0	0	0	0	0	0	0	0
Reported PAT	**1,125**	**2,218**	**2,494**	**1,214**	**1,825**	**431**	**912**	**1,568**	**2,203**
Adjusted PAT	**1,125**	**2,218**	**2,494**	**1,214**	**1,646**	**431**	**912**	**1,568**	**2,203**
Change (%)	37.0	97.2	12.4	-51.3	35.6	-73.8	111.5	71.9	40.5
Margin (%)	6.9	10.7	9.4	4.5	6.4	1.7	3.4	5.0	6.0

Consolidated - Balance Sheet (INRm)

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Equity Share Capital	1,100	1,100	1,106	1,106	1,106	1,106	1,106	1,106	1,106
Total Reserves	7,277	9,335	11,547	12,534	14,338	14,659	15,350	16,697	18,679
Net Worth	**8,377**	**10,435**	**12,653**	**13,640**	**15,444**	**15,764**	**16,456**	**17,802**	**19,785**
Minority Interest	0	0	0	0	0	0	0	0	0
Total Loans	2,609	852	1,500	581	1,144	2,641	2,641	1,641	641
Deferred Tax Liabilities	133	133	123	137	191	193	193	193	193
Capital Employed	**11,119**	**11,420**	**14,275**	**14,358**	**16,779**	**18,599**	**19,290**	**19,637**	**20,619**
Gross Block	8,138	8,892	11,037	12,186	14,162	16,891	18,264	19,369	20,291
Less: Accum. Deprn.	3,302	3,896	4,599	5,429	6,341	7,411	8,701	10,018	11,406
Net Fixed Assets	**4,836**	**4,996**	**6,438**	**6,757**	**7,821**	**9,480**	**9,563**	**9,351**	**8,885**
Goodwill on Consolidation	3	3	3	3	3	3	3	3	3
Capital WIP	75	765	226	236	354	198	1,175	870	748
Total Investments	**6**	**15**	**117**	**920**	**382**	**270**	**270**	**270**	**270**
Current Investments	0	0	100	917	379	267	267	267	267
Curr. Assets, Loans&Adv.	**9,181**	**10,049**	**12,606**	**10,626**	**12,673**	**13,243**	**13,195**	**14,948**	**17,470**
Inventory	3,445	2,273	6,188	4,256	4,379	6,095	5,503	6,066	6,052
Account Receivables	1,797	3,308	4,346	4,150	5,849	4,229	4,488	5,301	6,169
Cash and Bank Balance	2,570	2,299	586	1,244	777	830	987	963	2,202
Loans and Advances	1,369	2,169	1,485	976	1,668	2,089	2,217	2,618	3,047
Curr. Liability & Prov.	**2,983**	**4,408**	**5,115**	**4,184**	**4,453**	**4,595**	**4,915**	**5,805**	**6,756**
Account Payables	1,808	3,144	3,986	3,202	2,491	2,611	2,770	3,272	3,808
Other Current Liabilities	1,042	1,131	980	825	1,758	1,730	1,875	2,214	2,577
Provisions	134	134	149	157	204	254	270	318	371
Net Current Assets	**6,198**	**5,641**	**7,491**	**6,442**	**8,220**	**8,648**	**8,280**	**9,144**	**10,714**
Misc Expenditure	0	0	0	0	0	0	0	0	0
Appl. of Funds	**11,119**	**11,420**	**14,275**	**14,358**	**16,779**	**18,599**	**19,290**	**19,637**	**20,619**

Financials and valuations

Ratios

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Basic (INR)									
EPS	**10.2**	**20.2**	**22.7**	**11.0**	**15.0**	**3.9**	**8.3**	**14.3**	**20.0**
Cash EPS	36.5	62.5	71.0	45.4	56.8	33.4	48.9	64.1	79.8
BV/Share	186.1	231.8	281.1	303.0	343.1	350.3	365.6	395.5	439.6
DPS	0.0	3.5	3.5	2.0	2.0	2.0	2.0	2.0	2.0
Payout (%)	0.0	17.4	15.5	18.2	12.1	51.3	24.2	14.1	10.0
Valuation (x)									
P/E	30.7	15.6	13.9	28.5	21.0	80.1	37.9	22.0	15.7
Cash P/E	8.6	5.0	4.4	6.9	5.5	9.4	6.4	4.9	3.9
P/BV	1.7	1.4	1.1	1.0	0.9	0.9	0.9	0.8	0.7
EV/Sales	2.1	1.6	1.3	1.2	1.4	1.4	1.3	1.1	0.9
EV/EBITDA	15.1	9.2	8.5	13.2	11.3	22.4	14.0	10.4	7.8
Dividend Yield (%)	0.0	1.1	1.1	0.6	0.6	0.6	0.6	0.6	0.6
FCF per share	-1.5	13.4	-16.3	24.4	-14.0	-12.4	4.0	10.5	21.1
Return Ratios (%)									
RoE	18.2	23.6	21.6	9.2	11.3	2.8	5.7	9.2	11.7
RoCE	15.3	21.3	20.4	9.1	11.3	2.9	5.6	8.7	11.3
RoIC	17.9	26.7	23.6	9.7	11.9	2.5	5.6	9.0	12.0
Working Capital Ratios									
Fixed Asset Turnover (x)	2.0	2.3	2.4	2.2	1.8	1.5	1.5	1.6	1.8
Asset Turnover (x)	1.5	1.8	1.9	1.9	1.5	1.4	1.4	1.6	1.8
Inventory (Days)	77	40	85	57	62	88	75	70	60
Debtor (Days)	40	58	60	56	83	61	61	61	61
Creditor (Days)	40	55	55	43	35	38	38	38	38
Leverage Ratio (x)									
Current Ratio	3.1	2.3	2.5	2.5	2.8	2.9	2.7	2.6	2.6
Interest Cover Ratio	5.3	14.6	24.8	15.2	33.3	5.7	7.5	14.8	41.1
Net Debt/Equity	0.0	-0.1	0.1	-0.1	0.0	0.1	0.1	0.0	-0.1

Consolidated - Cash Flow Statement (INRm)

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
OP/(Loss) before Tax	1,506	2,991	3,369	1,648	2,258	588	1,221	2,095	2,944
Depreciation	520	594	703	830	912	1,070	1,290	1,317	1,388
Interest & Finance Charges	285	31	84	102	49	80	68	-33	-132
Direct Taxes Paid	-372	-773	-875	-401	-733	-281	-309	-527	-741
(Inc)/Dec in WC	-1,081	77	-3,476	1,474	-2,151	-322	525	-887	-332
CF from Operations	**858**	**2,920**	**-195**	**3,654**	**335**	**1,136**	**2,795**	**1,965**	**3,127**
Others	165	0	0	-52	-6	53	0	0	0
CF from Operating incl EO	**1,023**	**2,920**	**-195**	**3,602**	**329**	**1,189**	**2,795**	**1,965**	**3,127**
(Inc)/Dec in FA	-1,188	-1,444	-1,605	-903	-1,873	-2,556	-2,350	-800	-800
Free Cash Flow	**-165**	**1,476**	**-1,800**	**2,699**	**-1,544**	**-1,367**	**445**	**1,165**	**2,327**
(Pur)/Sale of Investments	-2,570	-8	-103	-772	593	144	0	0	0
Others	80	755	1,913	193	22	66	104	172	200
CF from Investments	**-3,677**	**-697**	**205**	**-1,481**	**-1,258**	**-2,347**	**-2,246**	**-628**	**-600**
Issue of Shares	3,394	0	5	0	0	0	0	0	0
Inc/(Dec) in Debt	-371	-1,757	648	-919	560	-321	0	-1,000	-1,000
Interest Paid	-282	-207	-139	-99	-46	-106	-172	-139	-68
Dividend Paid	-110	-385	-387	-221	0	-111	-221	-221	-221
Others	2,371	-145	-1,850	17	-39	1,736	0	0	0
CF from Fin. Activity	**5,001**	**-2,494**	**-1,723**	**-1,222**	**475**	**1,198**	**-393**	**-1,360**	**-1,290**
Inc/Dec of Cash	**2,347**	**-271**	**-1,713**	**899**	**-453**	**41**	**156**	**-23**	**1,238**
Opening Balance	223	2,570	2,299	316	1,215	761	830	987	963
Other bank balance				29	16	28			
Closing Balance	**2,570**	**2,299**	**586**	**1,244**	**777**	**830**	**987**	**963**	**2,202**

Explanation of Investment Rating	
Investment Rating	**Expected return (over 12-month)**
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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