HOLD
TP: Rs 337 | ▲ 13%

PRINCE PIPES & FITTINGS

| Building Materials | 05 August 2026

Volume recovery lifts earnings; margin outlook improves

- **38% revenue growth and 290bps margin expansion drive 82% EBITDA growth; earnings beat estimates**
- **Volumes rise 22% YoY; higher realisations and value-added mix lift EBITDA/kg to Rs 19.3**
- **Revise estimates, roll forward to Sep'27 TP of Rs 337 (ascribe 20x Sep'28E EPS); maintain HOLD**

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Strong volume growth drives revenue and EBITDA: Prince Pipes reported 38% YoY revenue growth to Rs 8.2bn, driven by 22% volume growth to 52,080 MT and 13% higher realisations. EBITDA grew 82% YoY to Rs 1.0bn, with EBITDA margin expanding 290bps to 12.2%. Adjusted PAT increased 226% YoY to Rs 478mn.

Higher realisations and operating leverage support margins: EBITDA/kg improved to Rs 19.3 from Rs 12.9 in Q2FY26, supported by higher realisations, improved product mix and better cost absorption. CPVC and PPR together contributed over 30% of revenue, compared with ~25% historically. Management indicated that Q2 did not benefit from material inventory gains, as any such benefit was passed on to channel partners to support volume growth.

Double-digit volume growth targeted; margins to remain within guidance: Management expects double-digit volume growth in H2FY27, supported by healthy demand, distribution expansion and market-share gains. It retained its 11-13% EBITDA margin guidance, with a higher share of value-added products and operating leverage supporting profitability. The bathware business is expected to approach breakeven in Q3 and achieve it by Q4FY27. With installed capacity of 435kt and utilisation at 48%, the company will prioritise sweating existing assets before undertaking further capacity expansion.

Maintain HOLD; TP of Rs 337: We maintain HOLD on PRINCPIP. The company remains well positioned to gain from industry consolidation, wider retail reach and a rising share of VAP (CPVC and PPR now above 30% of revenue). We raise FY27E revenue/EBITDA/PAT by 3%/20%/37% on the strong H1 and higher margins. FY28E EBITDA/PAT rise 6%/16%, even with revenue 3% lower. We cut FY29E revenue/EBITDA/PAT by 8%/5%/4%, as we expect revenue growth and margin gains to normalise from FY29E. We retain our 20x Sep'28 P/E multiple and revise our TP to Rs 337 (earlier Rs 310). We maintain our HOLD rating on the stock.

Key changes

Target	Rating
▲	◀ ▶

Ticker/Price	PRINCPIP IN/Rs 298
Market cap	US$ 346.7mn
Free float	39%
3M ADV	US$ 0.9mn
52wk high/low	Rs 326/Rs 205
Promoter/FPI/DII	61%/43%/60%

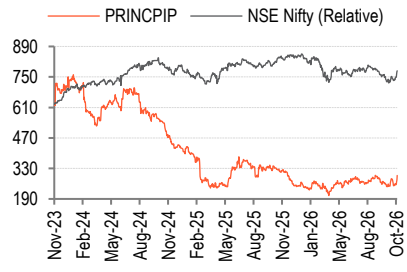
Source: NSE | Price as of 4 Nov 2026

Key financials

Y/E 31 Mar	FY26A	FY27E	FY28E
Total revenue (Rs mn)	25,983	32,679	35,620
EBITDA (Rs mn)	2,316	3,431	3,847
Adj. net profit (Rs mn)	752	1,547	1,788
Adj. EPS (Rs)	6.8	14.0	16.2
Consensus EPS (Rs)	6.8	12.4	15.4
Adj. ROAE (%)	4.7	9.1	9.7
Adj. P/E (x)	43.8	21.3	18.4
EV/EBITDA (x)	14.6	9.6	8.4
Adj. EPS growth (%)	74.4	105.7	15.5

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

Fig 1 – Quarterly Performance - Consolidated

(Rs mn)	Q2FY27	Q2FY26	YoY (%)	Q1FY27	QoQ (%)	H1FY27	H1FY26	YoY (%)	BOBCAPS Q2FY27E	Var (%)
Revenue	8,208	5,946	38	6,094	35	14,302	11,750	22	6,992	17
Gross Profit	2,403	1,680	43	2,067	16	4,470	3,162	41	1,783	35
Gross Margin (%)	29.3	28.3	100	33.9	(460)	31.3	26.9	430	25.5	377bps
EBITDA	1,005	551	82	772	30	1,777	947	(19)	524	92
EBITDA Margin (%)	12.2	9.3	300bps	12.7	(40bps)	12.4	8.1	440bps	7.5	474bps
Depreciation	355	325	9	350	1	705	632	(45)	350	1
Interest	17	45	(63)	32	(49)	49	97	(67)	32	(49)
Other Income	31	16	93	40	(22)	71	44	(8)	40	(22)
PBT	665	198	236	429	55.0	1,094	261	319	182	266
Tax	187	51	265	91	105	279	67	37	46	310
Adjusted PAT	478	146	226	337	41.5	815	195	319	136	251
Exceptional item	-	-	-	0	-	-	-	-	0	
Reported PAT	478	146	226	337	41.5	815	195	319	136	251
Adj. PAT Margin (%)	5.8	2.5	340bps	5.5	30bps	5.7	1.7	400bps	1.9	387bps
EPS (Rs)	4.3	1.3	225	3.1	41.5	7.4	1.8	319	1.2	251.0

Source: Company, BOBCAPS Research

Fig 2 – Key Operating Metrics

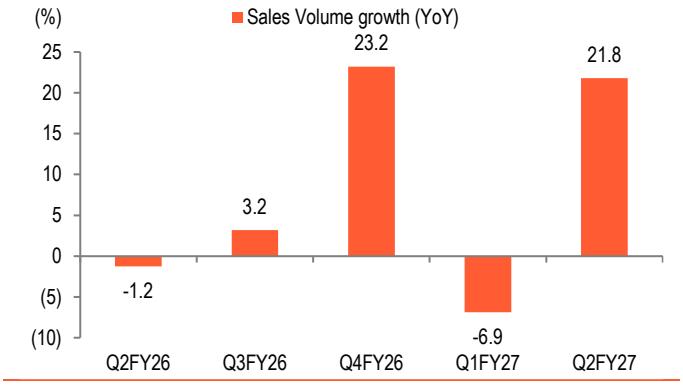
Particulars	Q2FY27	Q2FY26	YoY (%)	Q1FY27	QoQ (%)	H1FY27	H1FY26	YoY (%)
Sales Volumes (KTPA)	52080.0	42761.0	22	40729.0	27.9	92,809	86,496	7.3
Realization (Rs/kg)	157.6	139.0	13	149.6	5.3	154.1	135.8	13.4
EBITDA per unit (Rs/kg)	19.30	12.89	50	18.94	1.9	19.1	10.9	74.9
Inventory (days)	74	80	-	100	-	74	80	-
Debtor (days)	34	52	-	40	-	34	52	-
Creditor (days)	53	34	-	70	-	53	34	-
Operating cycle (days)	55	97	-	70	-	55	97	-

Source: Company, BOBCAPS Research

Earnings Call Highlights

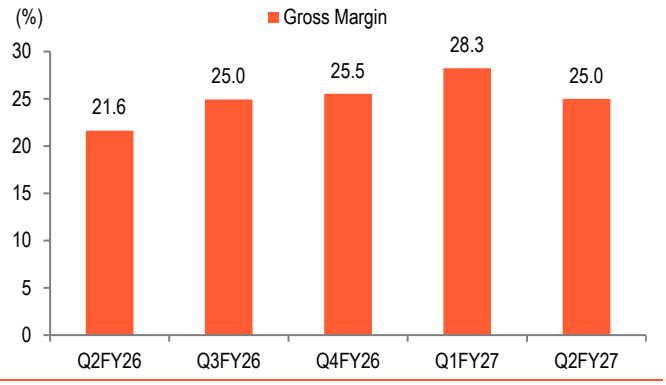
- **Industry dynamics:** Q2 volume growth had three drivers. Channel inventory was low at the start of the quarter and distributors restocked once PVC prices firmed. Management says end-demand is healthy. Smaller players have been losing share for several quarters. Management argues the restocking is not a one-off because the MIP gives a price floor, so distributors are now willing to hold stock. Oct'26 growth was in line with Q2 (~22%) but on a low base, since Diwali fell in Oct'26 last year and falls in Nov'26 this year.
- **PVC resin and pricing:** Management expects PVC to stay range-bound at Rs 95-100/kg, given elevated freight and crude. The MIP is a floor. A DGTR provisional CVD recommendation on Chinese PVC is pending with the Finance Ministry, and management cited 45-60 days from recommendation to implementation in past cases. If the CVD is not imposed, management expects the MIP to be renewed. Competitive intensity among large players is no longer predatory, with no deep discounting.
- **Margins and inventory:** There was no MTM inventory gain in Q2. The benefit of low-cost inventory was passed to the channel, and the cost increase was passed on with a lag of 7-10 days. Operating leverage and freight savings from the Bihar plant were also passed on to fund volume growth. Management says gross margin delivered in H1 is sustainable, excluding inventory gains or losses. It retains the 11-13% EBITDA margin band, which includes bathware losses.
- **Value-added products:** CPVC and PPR together are now above 30% of revenue, against ~25% earlier. CPVC grew faster than the industry. CPVC raw material costs are up 7-8% or more, to be passed on. Decilo (low-noise PP pipes) is manufactured at Haridwar plant, with Silvassa to be added by Mar'27. A new R&D function has been set up for further launches.
- **Guidance:** Management guided FY27 volume growth at double digit for FY27.
- **Barthware:** Q2 revenue was Rs 190mn against the Rs 240-250mn per quarter needed to break even, with an EBITDA loss of Rs 40mn. Management expects to come close to break-even in Q3 and to break even in Q4. South and East teams and channels are still being set up, with most sales so far from North and West.
- **Working Capital:** Working capital is 55 days, with receivables at 34 days and inventory at 74 days. Management targets receivables of 35-40 days and inventory of 70-80 days. Payables are not controllable.
- **Capex:** FY27 capex guidance is around Rs 2bn, with Rs 710mn spent in H1. FY28 capex is Rs 1.0-1.2bn, mostly replacement and maintenance across extrusion and injection moulds. The priority is utilisation and free cash flow before the next expansion. Bihar utilisation is ahead of plan.

Fig 3 – PRINCPIP's volume de grew by 22% YoY in Q2FY27



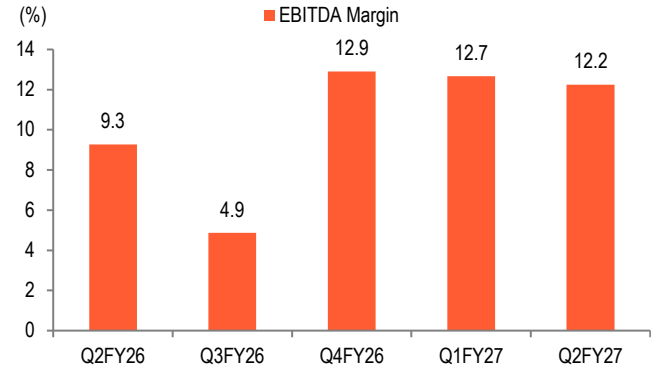
Source: Company, BOBCAPS Research

Fig 4 – Gross margin improved by 100bps YoYto 29.3% in Q2FY27



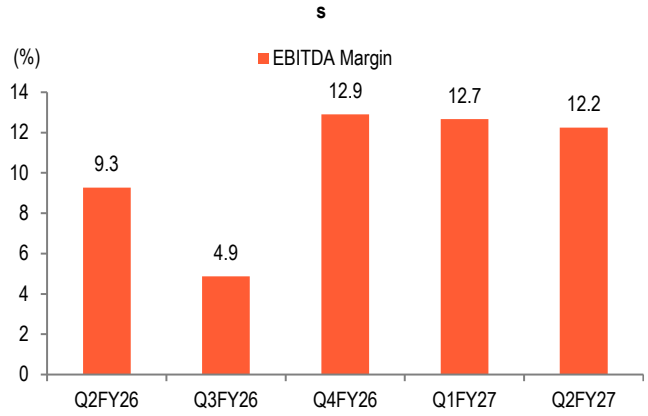
Source: Company, BOBCAPS Research

Fig 5 – EBITDA margin improved on better product mix in Q2FY27



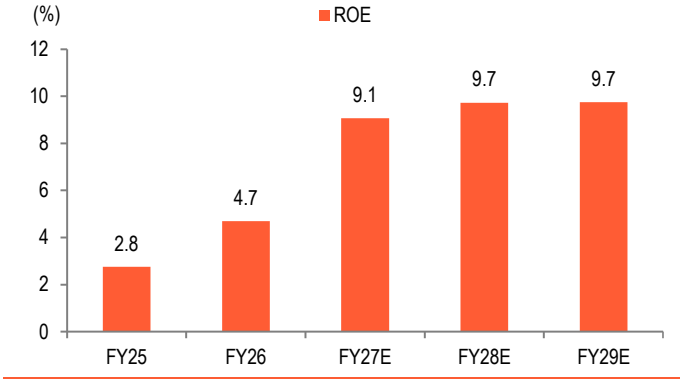
Source: Company, BOBCAPS Research

Fig 6 – PRINCPIP volume forecast to grow at 9% CAGR over FY26-FY29E



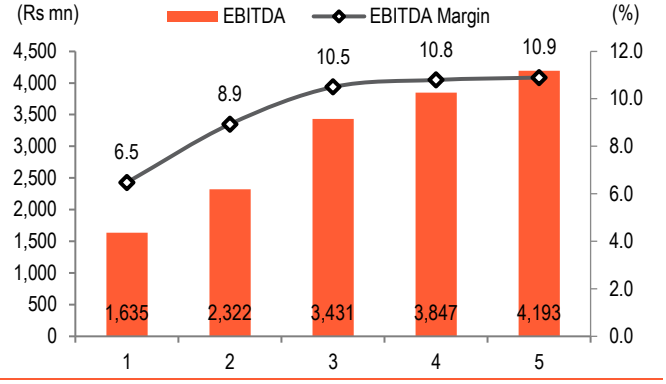
Source: Company, BOBCAPS Research

Fig 7 – ROE is projected to gradually improve to 9.7% by FY29E on gradual ramp-up of existing capacity..



Source: Company, BOBCAPS Research

Fig 8 – .. and anticipated improvement in EBITDA margin from 8.9% in FY26 to 10.9% by FY29E



Source: Company, BOBCAPS Research

Valuation Methodology

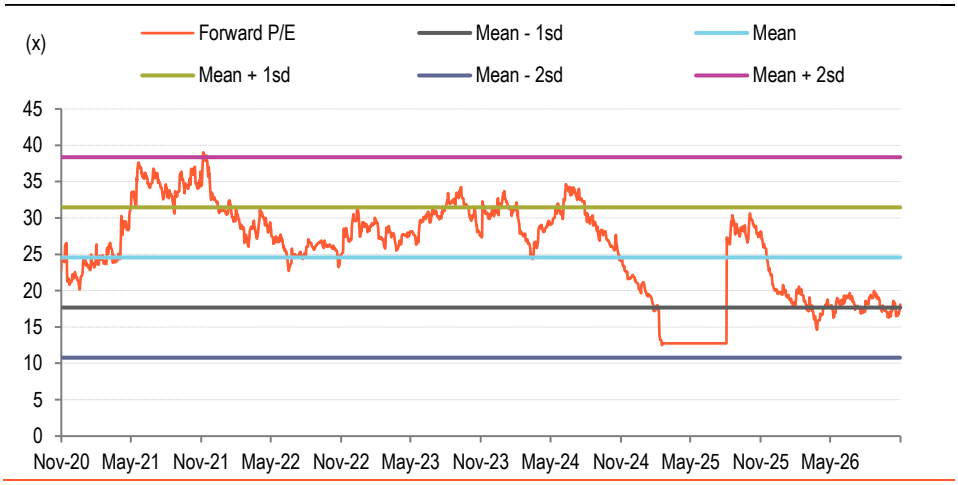
Maintain HOLD; TP of Rs 337: We maintain HOLD on PRINCPIP. The company remains well positioned to gain from industry consolidation, wider retail reach and a rising share of VAP (CPVC and PPR now above 30% of revenue). We raise FY27E revenue/EBITDA/PAT by 3%/20%/37% on the strong H1 and higher margins. FY28E EBITDA/PAT rise 6%/16%, even with revenue 3% lower. We cut FY29E revenue/EBITDA/PAT by 8%/5%/4%, as we expect revenue growth and margin gains to normalise from FY29E. We retain our 20x Sep'28 P/E multiple and revise our TP to Rs 337 (earlier Rs 310). We maintain our HOLD rating on the stock.

Fig 9 – Revised Estimates

Revision	New			Old			Var %		
Particulars	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
Revenue	32,679	35,620	38,470	31,645	36,790	42,038	3%	-3%	-8%
EBITDA	3,431	3,847	4,193	2,868	3,644	4,431	20%	6%	-5%
margin %	10.5%	10.8%	10.9%	9.1%	9.9%	10.5%	144bps	89bps	36bps
PAT	1,547	1,788	1,940	1,133	1,536	2,013	37%	16%	-4%

Source: Company, BOBCAPS Research

Fig 10 – PRINCPIP 1YF PE band chart



Source: Bloomberg, BOBCAPS Research

Fig 11 – Key assumptions

Particulars	FY25A	FY26A	FY27E	FY28E	FY29E
Sales Volume growth (%)	2.6	7.9	11.3	9.0	8.0
Realization growth (%)	(4.2)	(4.6)	13.0	0.0	0.0
EBITDA per unit (Rs/kg)	9.2	12.1	16.1	16.6	16.7
ROIC (%)	3.0	4.8	9.1	9.5	9.5

Source: Company, BOBCAPS Research

Key Risks

- Sharp recovery in real estate activity and market share gain in plastic pipes are key upside risks
- Slow ramp-up of Bihar plant and increased exposure to group companies are key downside risks

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Total revenue	**25,239**	**25,983**	**32,679**	**35,620**	**38,470**
EBITDA	1,631	2,316	3,431	3,847	4,193
Depreciation	1,070	1,311	1,406	1,502	1,652
EBIT	561	1,005	2,025	2,345	2,541
Net interest inc./(exp.)	106	96	64	56	49
Other inc./(exp.)	134	109	110	100	100
Exceptional items	0	0	0	0	0
EBT	588	1,018	2,071	2,389	2,592
Income taxes	157	266	524	601	652
Extraordinary items	0	20	0	0	0
Min. int./Inc. from assoc.	0	0	0	0	0
Reported net profit	**431**	**732**	**1,547**	**1,788**	**1,940**
Adjustments	0	20	0	0	0
Adjusted net profit	**431**	**752**	**1,547**	**1,788**	**1,940**

Balance Sheet

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Accounts payables	2,611	3,922	4,932	5,376	5,806
Other current liabilities	1,702	1,965	1,965	1,965	1,965
Provisions	-	-	-	-	-
Debt funds	1,821	787	537	537	537
Other liabilities	412	495	495	495	495
Equity capital	1,106	1,106	1,106	1,106	1,106
Reserves & surplus	14,340	15,021	16,266	17,668	19,288
Shareholders' fund	15,764	16,445	17,690	19,092	20,712
Total liab. and equities	**23,194**	**24,239**	**26,044**	**27,740**	**29,790**
Cash and cash eq.	802	1,283	1,212	1,898	3,391
Accounts receivables	4,229	3,633	4,838	5,273	5,695
Inventories	6,095	4,953	6,573	7,204	7,802
Other current assets	1,727	3,210	2,165	2,359	2,548
Investments	-	-	-	-	-
Net fixed assets	9,415	10,558	10,852	10,751	10,099
CWIP	197	238	238	238	238
Intangible assets	191	126	126	126	126
Deferred tax assets, net	-	-	-	-	-
Other assets	378	80	80	80	80
Total assets	**23,194**	**24,239**	**26,244**	**28,090**	**30,140**

Cash Flows

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Cash flow from operations	**1,189**	**5,265**	**2,181**	**2,471**	**2,813**
Capital expenditures	(2,556)	(2,110)	(1,700)	(1,400)	(1,000)
Change in investments	-	-	-	-	-
Other investing cash flows	210	(1,141)	0	0	0
Cash flow from investing	**(2,347)**	**(3,251)**	**(1,700)**	**(1,400)**	**(1,000)**
Equities issued/Others	990	324	0	0	0
Debt raised/repaid	(16)	(391)	(250)	0	0
Interest expenses	-	-	-	-	-
Dividends paid	-	-	-	-	-
Other financing cash flows	335	(1,411)	(302)	(386)	(320)
Cash flow from financing	**1,198**	**(1,533)**	**(552)**	**(386)**	**(320)**
Chg in cash & cash eq.	**41**	**481**	**(71)**	**686**	**1,493**
Closing cash & cash eq.	**802**	**1,283**	**1,212**	**1,898**	**3,391**

Per Share

Y/E 31 Mar (Rs)	FY25A	FY26A	FY27E	FY28E	FY29E
Reported EPS	3.9	6.6	14.0	16.2	17.5
Adjusted EPS	3.9	6.8	14.0	16.2	17.5
Dividend per share	0.5	1.0	2.7	3.5	2.9
Book value per share	142.6	148.7	160.0	172.7	187.3

Valuations Ratios

Y/E 31 Mar (x)	FY25A	FY26A	FY27E	FY28E	FY29E
EV/Sales	1.3	1.3	1.0	0.9	0.8
EV/EBITDA	20.9	14.6	9.6	8.4	7.4
Adjusted P/E	76.3	43.8	21.3	18.4	17.0
P/BV	2.1	2.0	1.9	1.7	1.6

DuPont Analysis

Y/E 31 Mar (%)	FY25A	FY26A	FY27E	FY28E	FY29E
Tax burden (Net profit/PBT)	73.2	74.3	74.7	74.8	74.8
Interest burden (PBT/EBIT)	104.9	101.3	102.3	101.9	102.0
EBIT margin (EBIT/Revenue)	2.2	3.9	6.2	6.6	6.6
Asset turnover (Rev./Avg TA)	2.9	2.6	3.1	3.3	3.7
Leverage (Avg TA/Avg Equity)	0.5	0.6	0.6	0.6	0.5
Adjusted ROAE	2.8	4.7	9.1	9.7	9.7

Ratio Analysis

Y/E 31 Mar	FY25A	FY26A	FY27E	FY28E	FY29E
YoY growth (%)					
Revenue	(1.7)	2.9	25.8	9.0	8.0
EBITDA	(46.9)	42.0	48.2	12.1	9.0
Adjusted EPS	(73.8)	74.4	105.7	15.5	8.5
Profitability & Return ratios (%)					
EBITDA margin	6.5	8.9	10.5	10.8	10.9
EBIT margin	2.2	3.9	6.2	6.6	6.6
Adjusted profit margin	1.7	2.9	4.7	5.0	5.0
Adjusted ROAE	2.8	4.7	9.1	9.7	9.7
ROCE	3.2	5.5	11.1	12.2	12.3
Working capital days (days)					
Receivables	61	51	54	54	54
Inventory	101	106	101	101	101
Payables	38	55	55	55	55
Ratios (x)					
Gross asset turnover	1.9	1.6	1.8	1.8	1.9
Current ratio	2.1	2.0	2.0	2.1	2.3
Net interest coverage ratio	5.3	10.4	31.5	41.8	51.7
Adjusted debt/equity	0.1	0.0	0.0	0.0	(0.1)

Source: Company, BOBCAPS Research | Note: TA = Total Assets

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Recommendation scale: Recommendations and Absolute returns (%) over 12 months

BUY – Expected return >+15%

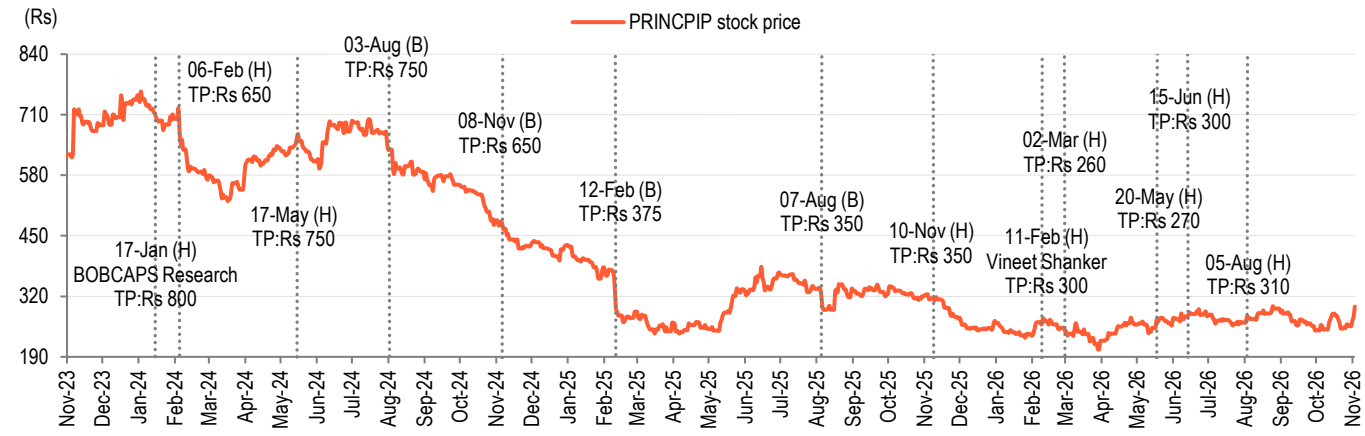
HOLD – Expected return from -6% to +15%

SELL – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

Our recommendation scale does not factor in short-term stock price volatility related to market fluctuations. Thus, our recommendations may not always be strictly in line with the recommendation scale as shown above.

Ratings and Target Price (3-year history): PRINCE PIPES & FITTINGS (PRINCPIP IN)



B – Buy, H – Hold, S – Sell, A – Add, R – Reduce

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