CMP: ₹ 266 | Target: ₹ 370 (39%) | Target Period: 12 months | BUY

February 13, 2026

Bottomed out PVC prices to revive growth

About the stock: Prince Pipes and Fittings Ltd. (PPFL) is one of the largest domestic manufacturers of PVC pipes with a market share of ~5%.

- It has 8 manufacturing units, with a combined capacity of ~4.24 LTPA, across India.
- It has a strong network of over 1500+ distributors.

Q3FY26 performance: Prince Pipes and Fittings reported revenues of ₹ 573 crore (down 1% YoY/3.6% QoQ), owing to weak realisations (blended realisations were down 3.8% YoY/3.2% QoQ) while volumes were up 3.2% YoY (almost flat QoQ). EBITDA margins at 4.9% were affected by ~₹ 20 crore inventory loss. EBITDA was up 9.4x YoY (due to low base while it declined 49% QoQ) at ₹ 28 crore. Adjusting for one-off exceptional item of ₹ 2 crore (new labour code provision), adjusted net loss stood at ₹ 0.3 crore as against net loss of ₹ 20.4 crore in Q3FY25 and net profit of ₹ 14.6 crore in Q2FY26.

Investment Rationale

- **Piping volumes set to recover aided by bottoming out of PVC prices:** The company is expected to post double digit volume growth for Q4FY26 (9MFY27 volume growth at 2% YoY) with PVC prices having risen ₹ 8.5/kg since December (₹ 7/kg passed on to customers), prompting dealer restocking. Further, it remains confident of achieving double digit volume growth for FY27, driven by industry consolidation, better price parity with unorganized players and higher CPVC penetration. It conservatively guided EBITDA margins (ex-Bathware) of 10-12% for FY27, supported by de-centralisation of plants, better product mix and operating leverage. In Bathware, it expects to achieve breakeven (₹ 18 crore loss in 9MFY26) in Q3FY27 (earlier Q2FY27).
- **Portfolio Expansion and in-house CPVC compounding:** During Q3FY26, the company launched SmartFit Plus CPVC pipes supported by in house compounding, which delivered a ~6-7% cost advantage. Additionally, it introduced CPVC solvent cement in co-ex packaging with a four year shelf life and launched two new water tank variants - Storefit HYDRA and Storefit COOL - while additional product launches are planned for Q4FY26. Going ahead, the company would be focusing on increasing capacity utilisations at Telangana & Bihar plants, rather than adding capacities over the next 2-3 years.

Rating and Target Price

- We have cut our PAT estimates for FY26E/FY27E/FY28E by ~50%/15%/11% CAGR factoring lower volume growth and EBITDA margins. We retain BUY with a revised Target Price of ₹ 370/- i.e. 23x P/E on FY28E.

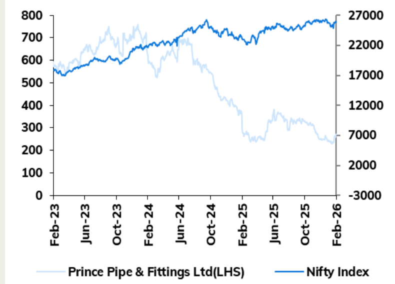
Particulars

Particular	₹ crore
Market Capitalisation	2941
Gross Debt (FY25)	264
Cash (FY25)	83
EV (₹crore)	3122
52 week H/L	388/229
Equity capital	111
Face value	10

Shareholding pattern

Particular	Mar-25	Jun-25	Sep-25	Dec-25
Promoters	60.9	60.9	60.9	60.9
FIIs	6.2	3.8	3.7	3.5
DIIs	15.0	15.7	16.0	15.6
Others	17.9	19.6	19.4	19.9

Price Chart



Key risks

(i) Sharp decline in PVC/CPVC resin prices

(ii) Slowdown in agriculture, infrastructure, real estate sectors

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Result Update

ICICI Securities – Retail Equity Research

Key Financial Summary

Key Financials (₹ Crore)	FY23	FY24	FY25	2-Year CAGR (FY23-25)	FY26E	FY27E	FY28E	3 year CAGR (FY25-28E)
Revenues	2711	2569	2524	-3.5%	2477	2813	3211	8.4%
EBIDTA	250	307	162	-19.6%	195	303	384	33.4%
EBIDTA Margins(%)	9.2	12.0	6.4		7.9	10.8	12.0	
Adjusted PAT	121	165	43	-40.4%	38	118	184	62.3%
EPS (Rs.)	11.0	14.9	3.9		3.5	10.7	16.7	
P/E (x)	24.2	17.9	68.2		76.7	24.8	16.0	
EV to EBIDTA (x)	11.3	9.7	19.3		16.0	9.9	7.3	
RoNW (%)	8.9	10.7	2.7		2.4	6.9	9.7	
RoCE (%)	18.5	13.8	3.3		3.8	9.1	12.3	

Source: Company, ICICI Direct Research

Recent earnings call highlights:

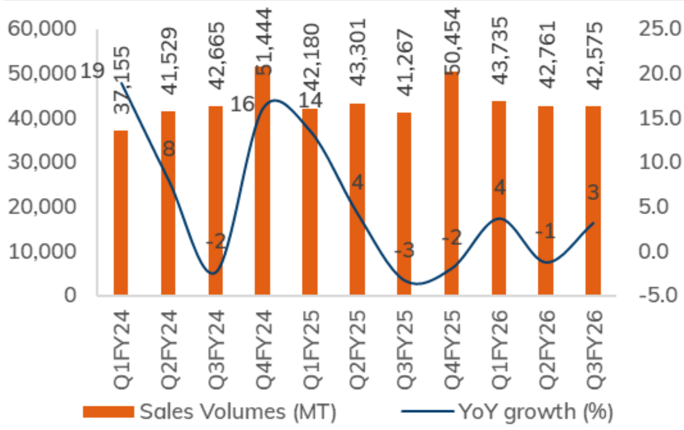
- **Guidance:** Management has guided for double digit volume growth (higher than 8-10% YoY) in FY27, driven by ongoing industry consolidation and improved price parity between organized and unorganized players, which is accelerating the shift towards branded products. Growth is also expected to be supported by higher CPVC penetration and operating leverage benefits from recently commissioned capacity expansions.
- **Outlook:** PVC prices bottomed out in December and have since increased by ₹ 8.5/Kg, leading to sharp restocking by channel partners. The price uptick was driven by the removal of export rebates by China, lower import inflows, and ongoing industry consolidation. Of the recent price increase, ₹ 7/Kg has been passed on to customers. January volumes registered double digit growth, primarily led by restocking activity. However, management expects the momentum to sustain as channel inventories normalize and price volatility eases.
- **Q3FY26 Demand:** The pipe industry witnessed subdued demand during Q3FY26, with volumes declining by 6-7% due to channel destocking and a sharp fall in PVC prices. Despite these headwinds, Prince Pipes reported ~3% YoY volume growth in Q3FY26, driven by sustained investments in brand building, distribution expansion, and portfolio diversification.
- **Working capital improvement:** Working capital days improved materially to 66 days (vs 90 days YoY), led by inventory days reducing to 76 (from 102) and receivable days improving to 49. Management targets receivables in the mid 40s over the next 6 months and inventory days will remain in range of 70-75 days.
- **CPVC:** During Q3FY26, it launched SmartFit Plus CPVC pipes backed by in house compounding. CPVC volumes recorded high double digit growth in the quarter, supported by a ~6–7% cost advantage from in house compounding. This benefit has been passed on to channel partners, enhancing competitiveness and driving stronger market share gains.
- **Capex:** ₹ 225-230 crore capex is planned for FY26. No major pipe capacity additions are planned for FY27, with the focus shifting toward ramping up utilization at the Bihar and Telangana plants. The company expects to incur annual maintenance capex of ~₹ 70–75 crore from FY27 onwards. For Q4FY26, capex of ₹ 40-45 crore is earmarked for the acquisition of a manufacturing plant for Aquel, along with ~₹ 15 crore toward maintenance capex. Any further expansion plans will be announced once current facilities achieve ~65% capacity utilization.
- **Bathware:** Bathware revenue stood at ~₹ 13 crore in Q3FY26, while losses for 9MFY26 were ~₹ 18 crore. Management expects the segment to break even at an annual revenue run rate of ₹ 80-100 crore, which is likely to be achieved between September and December 2026 as pan India distribution stabilizes. The company expanded its presence in East and South India during Q3FY26. Over the medium term, the bathware segment is expected to deliver superior margins compared to the core pipes business.
- **Bihar Plant:** The company plans to ramp up capacity utilization at its Bihar plant in Q4FY26. It has received approval for an interest subvention subsidy from the Bihar government of up to ₹ 10 crore. Of this, ₹ 6 crore has already been recognized as income, with cash realization expected upon formal grant disbursement.
- **Product Portfolio Expansion:** The company successfully launched SmartFit Plus CPVC pipes across key markets. It also introduced CPVC solvent cement in co-ex packaging with an extended shelf life of four years. In the water tank segment, two new variants—Storefit HYDRA and Storefit COOL—were launched. Additional product introductions are planned for Q4FY26.
- **Inventory Loss:** The company reported an inventory loss of ₹ 18-20 crore in Q3FY26.

Exhibit 1: Quarterly Analysis

	Q3FY26	Q3FY25	YoY (%)	Q2FY26	QoQ (%)	Comments
Operating Income	**573**	**578**	**-0.8**	**595**	**-3.6**	Piping Volumes were up 3% YoY.
Other Income	2	2	27.7	2	20.2	Bathware revenue were up 63% YoY at ₹
Total Revenue	575	579	-0.7	596	-3.5	13 crore
Raw Materials Costs	419	418	0.1	413	1.2	
Employees Expenses	47	45	4.8	45	5.0	
Other Expenses	80	112	-28.7	81	-1.9	
Total Expenditure	545	575	-5.1	539	1.1	
EBITDA	**28**	**3**	**840.2**	**55**	**-49.4**	Inventory loss of ~₹ 20 cr and Bathware
EBITDA Margins (%)	4.8	0.5	434bps	9.2	-439bps	loss of ₹ 8 cr affect overall margins
Interest	-4	3	-215.9	4	-183.9	
Depreciation	34	26	27.0	32	3.3	
Exceptional items	-2	0	-	0	-	
PBT	0.0	-25	-100.2	20	-99.8	
Tax	0.4	-5	-107.7	5	-92.9	
Adj. PAT	**-0.3**	**-20**	**-98.4**	**15**	**-102.2**	

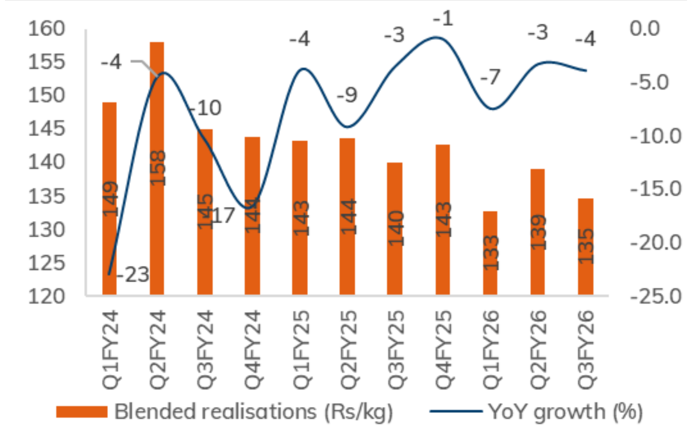
Source: Company, ICICI Direct Research

Exhibit 2: Sales Volume trend



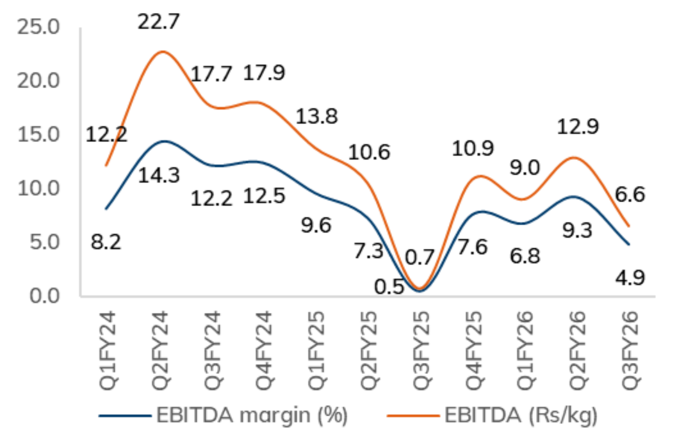
Source: Company, ICICI Direct Research

Exhibit 3: Blended realisation trend



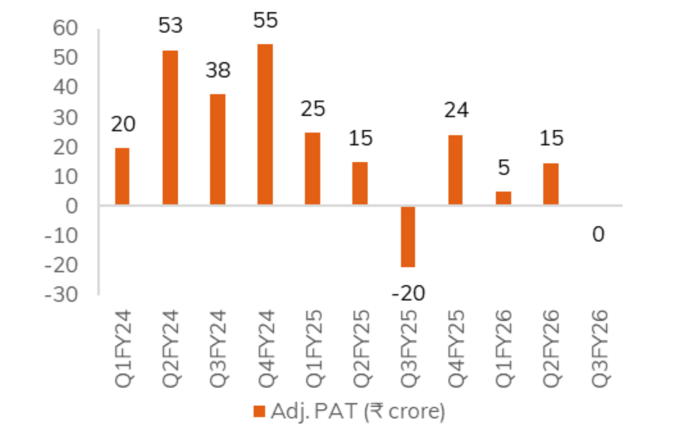
Source: Company, ICICI Direct Research

Exhibit 4: EBITDA trend



Source: Company, ICICI Direct Research

Exhibit 5: PAT trend



Source: Company, ICICI Direct Research

Financial Summary

Exhibit 6: Profit and loss statement				₹ crore
(Year-end March)	**FY25**	**FY26E**	**FY27E**	**FY28E**
Total Operating Income	**2524**	**2477**	**2813**	**3211**
Growth (%)	-1.7%	-1.9%	13.6%	14.1%
Operating Expenses	1884	1793	1962	2210
Gross Profit	640	684	851	1001
Gross Profit Margins (%)	25.4%	27.6%	30.3%	31.2%
Employee Expenses	174	192	211	232
Other Expenditure	304	297	338	385
Total Operating Exp.	2362	2282	2511	2827
EBITDA	**162**	**195**	**303**	**384**
Growth (%)	-47.4%	20.5%	55.3%	26.8%
Interest	10	21	17	9
Depreciation	107	127	131	135
Other Income	14	6	7	12
PBT before Excl. item	**59**	**53**	**162**	**252**
Total tax	16	14	44	68
PAT before MI	43	38	118	184
Income from Associates	0	0	0	0
Exceptional items	0	0	0	0
PAT	**43**	**38**	**118**	**184**
Growth (%)	-73.8%	-11.1%	209.1%	55.5%
EPS (Adjusted)	**3.9**	**3.5**	**10.7**	**16.7**

Source: Company, ICICI Direct Research

Exhibit 7: Cash Flow Statement				
(Year-end March)	**FY25**	**FY26E**	**FY27E**	**FY28E**
Profit/loss after taxation	59	53	162	252
Add: Dep. & Amortization	107	127	131	135
Change in working capital	-32	73	-31	-41
Total tax paid	-28	-14	-44	-68
Others	13	0	0	0
CF from operating activities	**119**	**238**	**218**	**278**
(Purchase)/Sale of Fixed Assets	-254	-230	-76	-77
Others	19	0	0	0
CF from Investing activities	**-235**	**-230**	**-76**	**-77**
(inc)/Dec in Loan	99	0	-100	-100
Divident & Divident tax	-11	-6	-6	-6
Equity raised	0	0	0	0
Others	33	0	0	0
CF from Financing activities	**121**	**-6**	**-106**	**-106**
Net Cash Flow	5	2	37	95
Opening Cash & Cash Equivalent	78	83	85	122
Closing Cash & Cash Equivalent	**83**	**85**	**122**	**218**

Source: Company, ICICI Direct Research

Exhibit 8: Balance sheet				₹ crore
(Year-end March)	**FY25**	**FY26E**	**FY27E**	**FY28E**
Equity Capital	111	111	111	111
Reserve and Surplus	1466	1499	1612	1790
Total Shareholders funds	**1576**	**1609**	**1722**	**1901**
Minority Interest	0	0	0	0
Total Debt	**264**	**264**	**164**	**64**
Deferred Tax Liability	19	19	19	19
Long-Term Provisions	22	22	22	22
Other Non Current Liabilities	6	6	6	6
Total Liabilities	**1888**	**1921**	**1934**	**2013**
Net Block	960	1063	1009	951
Capital WIP	20	20	20	20
Fixed Assets	**980**	**1083**	**1028**	**971**
Goodwill & Other intangible assets	0	0	0	0
Investments	27	27	27	27
Other non-Current Assets	53	53	53	53
Inventory	609	522	518	525
Debtors	423	407	462	528
Other Current Assets	130	130	130	130
Loans & Advances	0	7	8	10
Cash	83	85	122	218
Total Current Assets	**1245**	**1151**	**1241**	**1410**
Creditors	261	237	259	292
Provisions	4	4	4	4
Other Current Liabilities	167	167	167	167
Total Current Liabilities	**431**	**407**	**429**	**462**
Net Current Assets	814	744	812	948
Deferred Tax Asset	14	14	14	14
Application of Funds	**1888**	**1921**	**1934**	**2013**

Source: Company, ICICI Direct Research

Exhibit 9: Key ratios				
(Year-end March)	**FY25**	**FY26E**	**FY27E**	**FY28E**
Per share data (₹)				
Adjusted EPS	3.9	3.5	10.7	16.7
Cash EPS	10.8	21.5	19.8	25.1
BV per share	142.6	145.6	155.8	171.9
Dividend per share	0.5	0.5	0.5	0.5
Operating Ratios (%)				
Gross Profit Margins	25.4	27.6	30.3	31.2
Operating EBIDTA margins (%)	6.4	7.9	10.8	12.0
(Adjusted) PAT Margins	1.7	1.5	4.2	5.7
Cash Conversion Cycle	112	102	94	87
Fixed asset turnover (x)	2.6	2.3	2.7	3.3
Return Ratios (%)				
RoE	2.7	2.4	6.9	9.7
RoCE	3.3	3.8	9.1	12.3
RoIC	2.5	2.1	7.0	10.8
Valuation Ratios (x)				
P/E	68.2	76.7	24.8	16.0
EV / EBITDA	19.3	16.0	9.9	7.3
EV / Net Sales	1.2	1.3	1.1	0.9
Market Cap / Sales	1.2	1.2	1.0	0.9
Price to Book Value	1.9	1.8	1.7	1.5
Solvency Ratios				
Debt / EBITDA	1.6	1.4	0.5	0.2
Debt / Equity	0.2	0.2	0.1	0.0

Source: Company, ICICI Direct Research

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Sell: <-15%

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