RESULT REVIEW

HOLD

TP: Rs 300 | ⮝ 10%

PRINCE PIPES & FITTINGS

| Building Materials | 11 February 2026

PVC bottoming key, but company-specific challenges persist

- **Prolonged operational weakness, misses estimate; revenue declined 1% YoY led by weakness in realisations (-4% YoY); volume grew 3% YoY**
- **Muted volume growth vs leading players (SI and Astral) implies continued market share loss; Q4 volume rebound likely on restocking**
- **Cut estimates, roll forward to Dec-27EPS, TP Rs 300 (ascribing unchanged 25x 1YF). Maintain HOLD**

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Weak performance continued; muted volume growth (+3% YoY): PRINCPIP reported a muted performance in Q3FY26, with revenue declining 0.8% YoY (4.4% below our estimate). Volumes grew 3.2% YoY in Q3FY26. EBITDA increased sharply on a YoY basis to Rs 279mn (low base), with margin expanding 435bps YoY to 4.9% on improved gross margin. However, EBITDA came in 47.3% below our estimate amid sequential margin compression (-440bps QoQ; ~400bps below estimates). The company reported an adjusted loss of Rs 27mn in Q3FY26.

Muted volume growth implies continued market share loss: Q3 softness was largely driven by PVC price volatility, which triggered channel de-stocking and cautious dealer purchases, resulting in modest volume growth (+3.2% YoY) and lower realisations (-3.8% YoY). While raw material costs were benign on a YoY basis, sequential profitability was impacted by operating deleverage and inventory losses of ~Rs 180–200mn in Q3FY26. The company also continued investing into bathware expansion and brand spending, weighing on near-term margins. Comparing Prince volume performance vs leading players (SI and Astral volume grew double digits), implies Prince continue to lose its market share in select regions.

Management optimism contrasts with ground realities: With PVC prices stabilising from January, management expects Q4FY26 to be strong. For FY27, guides for double-digit volume growth, alongside sustainable EBITDA margins of 10–12% (ex-bathware). Capacity utilisation currently stands at ~50–52%, providing operating leverage headroom, while working capital is targeted to structurally remain in the 60-65-day range.

Maintain HOLD; revise TP to Rs 300: At 23x 1YF P/E, we see a limited scope for further re-rating amid persistent volume pressure and margin headwinds. We trim our FY27E/FY28E EPS estimates by 4%/1% to factor in the weaker volume trends and continued market share loss. Rolling forward to Dec'27E and retaining our target multiple of 25x, we revise TP to Rs 300.

Key changes

Target	Rating
▼	◄ ►

Ticker/Price	PRINCPIP IN/Rs 272
Market cap	US$ 331.4mn
Free float	39%
3M ADV	US$ 0.4mn
52wk high/low	Rs 388/Rs 229
Promoter/FPI/DII	61%/4%/16%

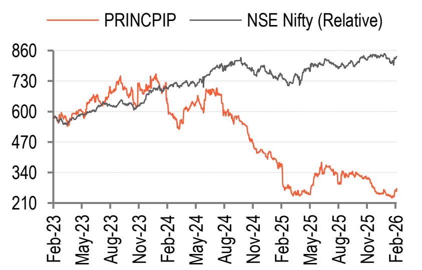
Source: NSE | Price as of 11 Feb 2026

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	25,239	25,442	29,477
EBITDA (Rs mn)	1,618	1,815	2,530
Adj. net profit (Rs mn)	447	411	1,022
Adj. EPS (Rs)	4.0	3.7	9.2
Consensus EPS (Rs)	4.0	6.7	11.9
Adj. ROAE (%)	2.9	2.6	6.2
Adj. P/E (x)	67.1	73.2	29.4
EV/EBITDA (x)	19.0	17.4	12.7
Adj. EPS growth (%)	(73.9)	(8.3)	149.0

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

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Fig 1 – Quarterly performance - Consolidated

Particulars (Rs mn)	Q3FY26	Q3FY25	YoY (%)	Q2FY26	QoQ (%)	9MFY26	9MFY25	YoY (%)	BOBCAPS Q3FY26E	Variance (%)
Operating income	5,733	5,777	(0.8)	5,946	(3.6)	17,483	18,043	(3.1)	5,996	(4.4)
Raw-Material expense	4,300	4,527	(5.0)	4,266	0.8	12,888	13,439	(4.1)		
Gross Profit	1,433	1,250	14.6	1,680	(14.7)	4,595	4,604	(0.2)		
Employee expense	472	450	4.8	449	5.0	1,378	1,278	7.8		
Other expense	682	770	(11.4)	680	0.4	2,036	2,257	(9.8)		
EBITDA	279	30	840.2	551	(49.4)	1,181	1,070	10.4	529	(47.3)
D&A	336	264	27.0	325	3.3	968	797	21.4		
EBIT	(57)	(235)	(75.8)	226	(125.0)	213	272	(21.6)		
Interest cost	(38)	32	(215.9)	45	(183.9)	59	63	(6.4)		
Other income	(1)	15	(106.9)	16	(106.5)	87	80	8.6		
PBT	(20)	(252)	(92.0)	198	(110.2)	241	289	(16.6)		
Tax	4	(48)	(107.7)	51	(92.9)	70	100	(29.3)		
Reported PAT	(24)	(204)	(88.4)	146	(116.2)	171	190	(9.9)		
Adjusted PAT	(27)	(204)	(86.5)	146	(118.8)	156	190	(17.6)	131	(120.9)
As % of net revenues			chg (bps)		chg (bps)			chg (bps)		
Gross margin	25.0	21.6	336	28.3	(326)	26.3	25.5	76		
Employee cost	8.2	7.8	44	7.6	68	7.9	7.1	80		
Other cost	11.9	13.3	(143)	11.4	47	11.6	12.5	(86)		
EBITDA margin	4.9	0.5	435	9.3	(440)	6.8	5.9	83		
Tax rate	(18.2)	18.9	(3712)	26.0	(4419)	29.2	34.4	(525)		
APAT margin	(0.5)	(3.5)	306	2.5	(294)	0.9	1.1	(16)		

Source: Company, BOBCAPS Research

Fig 2 – Key operating metrics

Particulars	Q3FY26	Q3FY25	YoY (%)	Q2FY26	QoQ (%)	9MFY26	9MFY25	YoY (%)
Sales Volumes (KTPA)	42.6	41.3	3.2	42.8	(0.4)	129	127	1.8
Realization (Rs/kg)	134.6	140.0	(3.8)	139.0	(3.2)	135	142	(4.8)
EBITDA per unit (Rs/kg)	6.6	0.7	811.4	12.9	(49.2)	9.2	8.4	8.4
Inventory (days)	66	107	-	80	-	-	-	-
Debtor (days)	49	56	-	52	-	-	-	-
Creditor (days)	59	51	-	34	-	-	-	-
Operating cycle (days)	56	112	-	97	-	-	-	-

Source: Company, BOBCAPS Research

Earnings Call Highlights

- **Pipe demand scenario:** Industry demand in Q3FY26 remained soft across plumbing, agri and infra due to PVC volatility and dealer de-stocking. Jan'26 saw a strong secondary recovery, led by price stabilisation and restocking. Structural drivers (housing, rural recovery, infra) remain intact, with consolidation favouring organised players.

- **RM prices:** PVC bottomed in Dec'25 and rebounded ~Rs 11-12/kg in Jan'26. Imports have moderated and domestic-import parity is aligned. Management expects prices to stay range-bound (~Rs 70/kg) with lower volatility.

- **Guidance:** Q4FY26 is expected to be a strong quarter as Jan'26 saw high double-digit growth. For FY27, management aspires for double-digit volume growth. Sustainable EBITDA margin target at 10-12% (ex-bathware).

- **CPVC Pipe:** CPVC delivered high double-digit volume growth and remains the fastest-growing segment. In-house Smart Fit Plus launch (post Lubrizol exit) enables ~6-7% cost savings, largely passed on to improve the competitiveness. With flexible sourcing across domestic and global suppliers and industry growth skewed toward CPVC amid the PVC weakness, management expects stronger volume momentum ahead.

- **Working Capital:** Working capital improved materially to 66 days in 9MFY26 (vs 90 days YoY), on the back of tighter receivables and inventory control. Receivable days reduced to 49 (vs 53 YoY), with management targeting mid-40s over the next six months via deeper channel financing penetration. Inventory days declined sharply to 76 (vs 102 YoY), aided by increased sourcing from domestic suppliers with lower lead times and just-in-time inventory management, and are expected to be stabilised at 70-75 days. Payables stood at 60 days, varying with the procurement mix. Over the medium term, management aims to structurally operate at 60-65 working capital days.

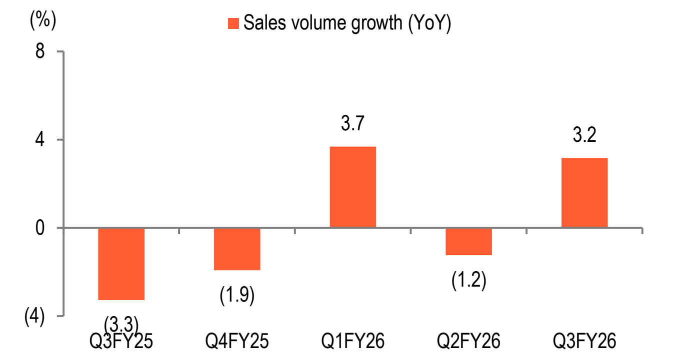
- **Channel Inventory:** December saw a very low channel inventory due to de-stocking. January growth largely restocking-led. Inventory is normalising but not elevated. With PVC price stabilisation, management expects channel inventory to normalise further. Larger dealers prefer holding the inventory to maintain the service differentiation.

- **Capex:** Capex for 9MFY26 stood at Rs 1.6bn, with FY26 guidance maintained at Rs 2.25-2.30bn. Management indicated no major capacity additions in FY27, with focus shifting toward sweating existing assets; annual maintenance capex is expected to be Rs 0.70-0.75bn. Any incremental greenfield or brownfield expansion will be undertaken once the utilisation levels approach 65% (current capacity utilisation at 50-52%). The company continues to hold sufficient land bank at Jaipur, Telangana and Bihar to support long-term capacity expansion.

- **Bihar plant:** The Bihar plant ramped up strongly in Q4, with utilisation improving sequentially. The company recognised ~Rs 65mn of interest cost support subsidy in Q3 (eligible up to Rs 100mn), though cash will be received upon grant disbursement. The plant delivers freight efficiencies for the eastern region and, along with Telangana, strengthens Prince's pan-India manufacturing footprint.

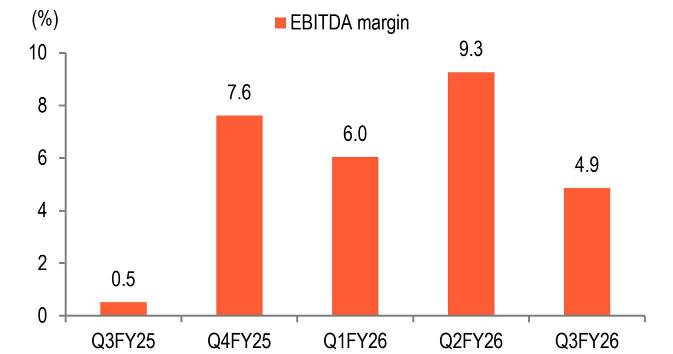
- **Bathware:** Bathware revenue stood at Rs 130mn in Q3, with 9MFY26 losses at Rs 180mn (Rs 60mn per quarter). The segment expanded to the South and East markets, incurring upfront costs with revenue traction expected to follow. Management now guides breakeven at ~Rs 800-1,000mn annual revenue), likely by Sep-Dec FY27 (one-quarter delay).
- **MTM inventory loss:** The company booked inventory loss of Rs 180-200mn in 9MFY26.
- **Ad spend:** Ad spend maintained at 1.5% of revenue (Rs 250mn in 9MFY26). Management remains committed to brand investments despite weak industry conditions.
- **Net Debt:** Gross debt ~Rs 1.6bn; net debt position largely neutral (near net-debt free) supported by improved working capital.

Fig 3 – PRINCPIP's volume grew by 3.2% YoY in Q3FY26



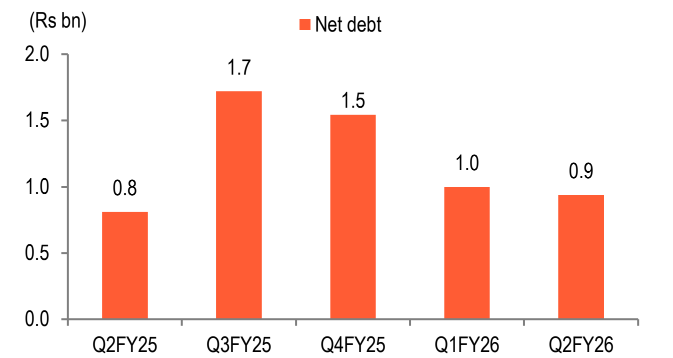
Source: Company, BOBCAPS Research

Fig 4 – EBITDA margin improved in Q3FY26 on better product-mix



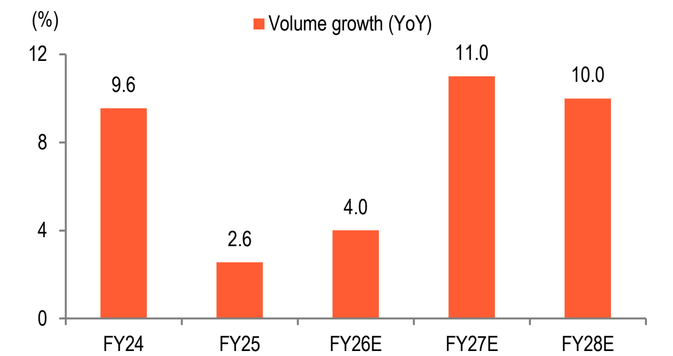
Source: Company, BOBCAPS Research

Fig 5 – Net debt reduced to Rs 0.9bn (Sept'25) on better working capital management



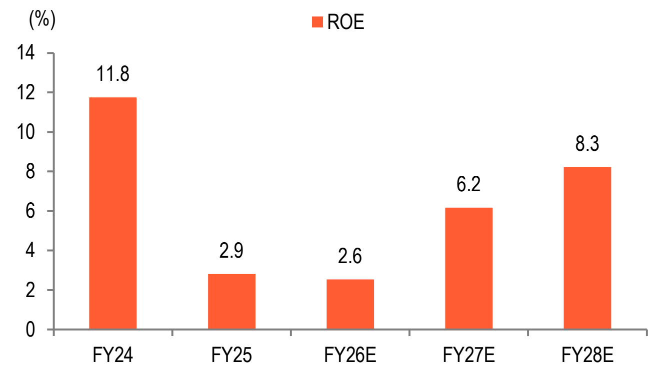
Source: Company, BOBCAPS Research

Fig 6 – PRINCPIP volume forecast to grow at 8.3% CAGR over FY25-FY28E over a weak base



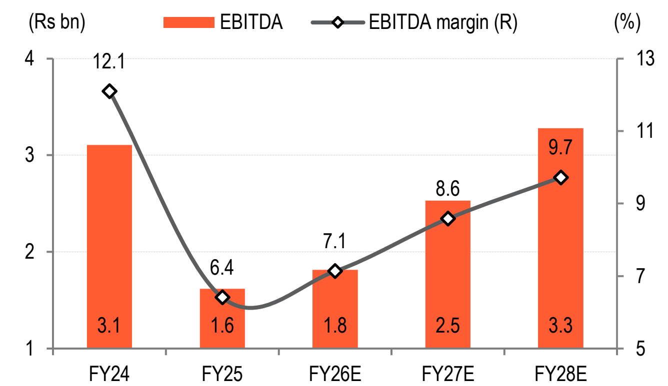
Source: Company, BOBCAPS Research

Fig 7 – ROE is projected to gradually improve to 8.3% by FY28E on gradual ramp-up of existing capacity..



Source: Company, BOBCAPS Research

Fig 8 – .. and anticipated improvement in EBITDA margin from 6.4% in FY25 to 9.7% by FY28E



Source: Company, BOBCAPS Research

Valuation Methodology

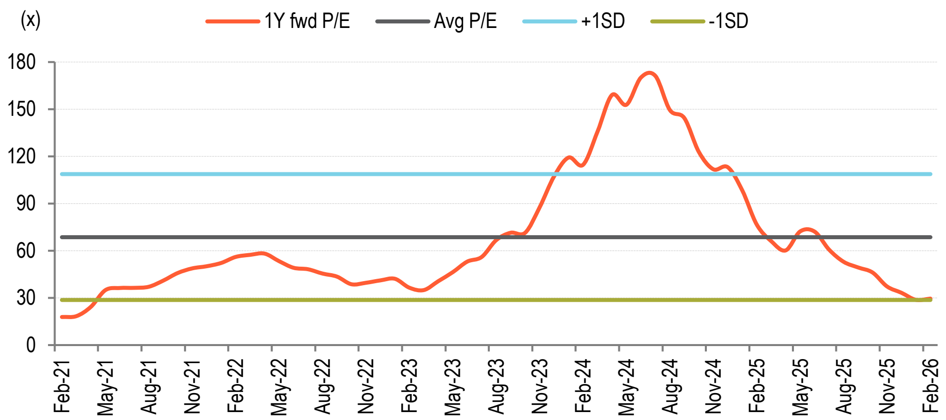
We maintain our HOLD rating, given the weak return profile, we assume 8.3% volume CAGR and EBITDA margin expansion to 9.7%. At 23x 1YF P/E, valuations appear fair relative to the company's modest return trajectory. We have lowered our EPS estimates by 4%/1% for FY27E/FY28E to reflect weaker volume trends and continued market share loss. We revise our TP to Rs 300 (rolled forward to Dec'27), while retaining our target multiple of 25x.

Fig 9 – Revised estimates

Standalone (Rs mn)	New			Old			Change (%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Operating income	25,442	29,477	33,721	25,503	29,673	33,972	(0)	(1)	(1)
EBITDA	1,815	2,530	3,278	2,284	2,961	3,632	(21)	(15)	(10)
EBITDA Margin (%)	7.1	8.6	9.7	9.0	10.0	10.7	(182)	(140)	(97)
Adjusted PAT	411	1,022	1,437	646	1,068	1,452	(36)	(4)	(1)
EPS (Rs)	3.7	9.2	13.0	5.8	9.7	13.1	(36)	(4)	(1)

Source: BOBCAPS Research

Fig 10 – Trading at 29.5x on 1YF P/E vs 5Y average of 68.6x



Source: Bloomberg, BOBCAPS Research

Fig 11 – Key assumptions

Particulars	FY24A	FY25A	FY26E	FY27E	FY28E
Sales Volume growth (%)	9.6	2.6	4.0	11.0	10.0
Realization growth (%)	(13.5)	(4.2)	(3.1)	4.4	4.0
EBITDA per unit (Rs/kg)	18.0	9.1	9.8	12.4	14.6
Pre-tax ROIC (%)	16.3	3.4	2.9	6.1	8.5

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)	FY24A	FY25A	FY26E	FY27E	FY28E
Total revenue	**25,687**	**25,239**	**25,442**	**29,477**	**33,721**
EBITDA	3,107	1,618	1,815	2,530	3,278
Depreciation	912	1,070	1,309	1,402	1,558
EBIT	2,196	548	506	1,129	1,720
Net interest inc./(exp.)	(65)	(97)	(19)	160	160
Other inc./(exp.)	161	137	82	78	40
Exceptional items	33	0	0	0	0
EBT	2,258	588	570	1,366	1,920
Income taxes	613	157	159	344	483
Extraordinary items	(179)	0	0	0	0
Min. int./Inc. from assoc.	0	0	0	0	0
Reported net profit	**1,825**	**431**	**411**	**1,022**	**1,437**
Adjustments	(109)	16	0	0	0
Adjusted net profit	**1,716**	**447**	**411**	**1,022**	**1,437**

Balance Sheet

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Accounts payables	2,491	2,611	2,632	3,049	3,488
Other current liabilities	1,659	1,667	1,667	1,667	1,667
Provisions	26	35	36	41	47
Debt funds	1,144	2,641	2,656	2,937	3,232
Other liabilities	467	475	475	475	475
Equity capital	1,106	1,106	1,106	1,106	1,106
Reserves & surplus	14,338	14,659	14,903	15,705	16,810
Shareholders' fund	15,444	15,764	16,009	16,810	17,916
Total liab. and equities	**21,232**	**23,194**	**23,474**	**24,979**	**26,825**
Cash and cash eq.	1,156	1,097	1,071	232	(195)
Accounts receivables	5,849	4,229	4,263	4,940	5,651
Inventories	4,379	6,095	5,264	6,104	6,983
Other current assets	1,081	1,437	1,448	1,677	1,918
Investments	3	3	3	3	3
Net fixed assets	7,736	9,415	10,506	11,104	11,546
CWIP	353	197	197	197	197
Intangible assets	240	191	191	191	191
Deferred tax assets, net	0	0	0	0	0
Other assets	435	530	530	530	530
Total assets	**21,232**	**23,194**	**23,474**	**24,979**	**26,825**

Cash Flows

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Cash flow from operations	**558**	**1,058**	**2,463**	**864**	**1,409**
Capital expenditures	(2,347)	(2,544)	(2,400)	(2,000)	(2,000)
Change in investments	0	0	0	0	0
Other investing cash flows	307	137	82	78	40
Cash flow from investing	**(2,040)**	**(2,407)**	**(2,318)**	**(1,922)**	**(1,960)**
Equities issued/Others	0	0	0	0	0
Debt raised/repaid	563	1,497	14	281	296
Interest expenses	(65)	(97)	(19)	160	160
Dividends paid	(111)	(55)	(166)	(221)	(332)
Other financing cash flows	90	(56)	0	0	0
Cash flow from financing	**478**	**1,289**	**(171)**	**220**	**124**
Chg in cash & cash eq.	**(1,005)**	**(59)**	**(26)**	**(839)**	**(428)**
Closing cash & cash eq.	**1,156**	**1,096**	**1,071**	**232**	**(195)**

Per Share

Y/E 31 Mar (Rs)	FY24A	FY25A	FY26E	FY27E	FY28E
Reported EPS	16.5	3.9	3.7	9.2	13.0
Adjusted EPS	15.5	4.0	3.7	9.2	13.0
Dividend per share	1.0	0.5	1.5	2.0	3.0
Book value per share	139.7	142.6	144.8	152.0	162.0

Valuations Ratios

Y/E 31 Mar (x)	FY24A	FY25A	FY26E	FY27E	FY28E
EV/Sales	1.1	1.2	1.2	1.1	1.0
EV/EBITDA	9.4	19.0	17.4	12.7	10.1
Adjusted P/E	17.5	67.1	73.2	29.4	20.9
P/BV	1.9	1.9	1.9	1.8	1.7

DuPont Analysis

Y/E 31 Mar (%)	FY24A	FY25A	FY26E	FY27E	FY28E
Tax burden (Net profit/PBT)	76.0	76.0	72.1	74.8	74.8
Interest burden (PBT/EBIT)	102.9	107.4	112.5	121.1	111.6
EBIT margin (EBIT/Revenue)	8.5	2.2	2.0	3.8	5.1
Asset turnover (Rev./Avg TA)	121.0	108.8	108.4	118.0	125.7
Leverage (Avg TA/Avg Equity)	1.5	1.5	1.5	1.5	1.5
Adjusted ROAE	11.8	2.9	2.6	6.2	8.3

Ratio Analysis

Y/E 31 Mar	FY24A	FY25A	FY26E	FY27E	FY28E
YoY growth (%)					
Revenue	(5.2)	(1.7)	0.8	15.9	14.4
EBITDA	23.4	(47.9)	12.2	39.4	29.6
Adjusted EPS	40.4	(73.9)	(8.3)	149.0	40.6
Profitability & Return ratios (%)					
EBITDA margin	12.1	6.4	7.1	8.6	9.7
EBIT margin	8.5	2.2	2.0	3.8	5.1
Adjusted profit margin	6.7	1.8	1.6	3.5	4.3
Adjusted ROAE	11.8	2.9	2.6	6.2	8.3
ROCE	14.2	3.7	3.2	6.1	8.3
Working capital days (days)					
Receivables	83	61	61	61	61
Inventory	62	88	76	76	76
Payables	35	38	38	38	38
Ratios (x)					
Gross asset turnover	2.3	1.9	1.6	1.6	1.7
Current ratio	2.4	2.1	2.0	1.9	1.9
Net interest coverage ratio	33.8	5.7	26.3	(7.1)	(10.8)
Adjusted debt/equity	0.0	0.1	0.1	0.2	0.2

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

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BUY – Expected return >+15%

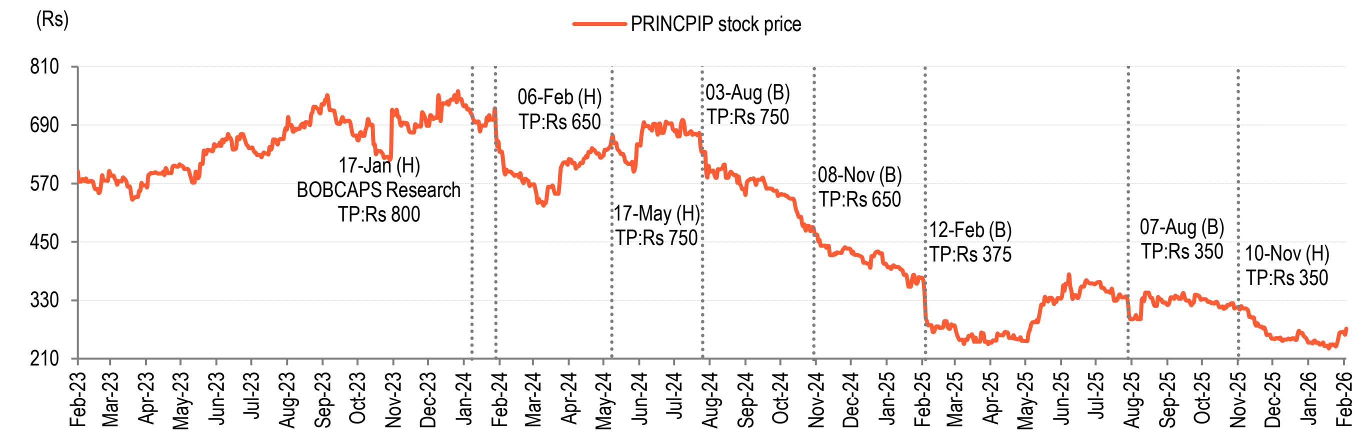
HOLD – Expected return from -6% to +15%

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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