RESULT REVIEW

BOBCAPS
TRUST | INNOVATION | EXCELLENCE

HOLD
TP: Rs 270 | 2%

PRINCE PIPES & FITTINGS

| Building Materials | 20 May 2026

Volume recovery drives sharp margin expansion

- **23% volume growth and 527bps margin expansion drive 73%/113% EBITDA/APAT beat in Q4FY26**
- **EBITDA/kg rises 62% YoY to Rs 17.6 on utilisation recovery; working capital improves to 45 days and company turns net cash**
- **Maintain HOLD; improving retail mix and premiumisation support outlook, but valuations cap upside; TP Rs 270 at 20x Mar'28 P/E**

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Strong Q4; volume-led growth drives sharp margin recovery: Revenue grew 18% YoY (+7% vs est.), driven by strong volume growth across segments. EBITDA increased 100% YoY (+73% vs est.), with EBITDA margins expanding sharply by 527 bps YoY to 12.9%, supported by higher utilisation and lower operating costs. Consequently, APAT grew 132% YoY (+113% vs est.).

Volume recovery and operating leverage drive profitability improvement: Volumes grew 23% YoY, while realizations declined 4% YoY amid competitive pricing pressure. EBITDA per unit increased sharply by 62% YoY to Rs 17.6/kg, reflecting improved spreads and better capacity utilisation of 74% in Q4FY26 (vs 68% in Q4FY25 and 51% in Q3FY26) leading to sequential recovery in profitability. Working capital cycle improved sharply to 45 days (vs 96 days YoY), led by lower inventory days and higher creditor days, while the company moved to a net cash position of Rs 1.37 bn as of Mar'26.

Outlook & KTAs: Management guided for FY27 volume growth of 12-15% with sustainable EBITDA margin target of 11-12%, supported by continued retail expansion and improving premium product mix. Management also highlighted that industry consolidation is accelerating amid PVC-price volatility, while tighter working-capital controls and lower inventory intensity should reduce earnings volatility going forward. Bathware losses are expected to narrow gradually, with breakeven targeted over Q2/Q3FY27.

Maintain HOLD; TP of Rs 270: We believe PRINCPIP remains well positioned to benefit from industry consolidation, improving retail penetration and rising share of value-added products. Better working-capital discipline and gradual improvement in bathware profitability should support earnings recovery over FY27-29E. We maintain HOLD and value the stock at an unchanged 20x Mar'28 P/E with TP of Rs 270.

Key changes

Target	Rating
▲	◄ ►

Ticker/Price	PRINCPIP IN/Rs 265
Market cap	US$ 310.2mn
Free float	39%
3M ADV	US$ 1.2mn
52wk high/low	Rs 388/Rs 205
Promoter/FPI/DII	61%/4%/16%

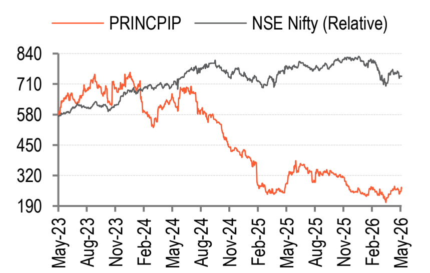
Source: NSE | Price as of 20 May 2026

Key financials

Y/E 31 Mar	FY26A	FY27E	FY28E
Total revenue (Rs mn)	25,983	30,515	35,502
EBITDA (Rs mn)	2,316	2,759	3,600
Adj. net profit (Rs mn)	680	1,030	1,480
Adj. EPS (Rs)	6.2	9.3	13.4
Consensus EPS (Rs)	6.2	10.4	14.3
Adj. ROAE (%)	4.2	6.1	8.3
Adj. P/E (x)	43.1	28.5	19.8
EV/EBITDA (x)	12.7	10.4	8.3
Adj. EPS growth (%)	52.0	51.4	43.7

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

Fig 1 – Quarterly performance - Consolidated

Particulars (Rs mn)	Q4FY26	Q4FY25	YoY (%)	Q3FY26	QoQ (%)	FY26	FY25	YoY (%)	BOBCAPS Q4FY26E	Variance (%)
Operating income	8,501	7,197	18.1	5,733	48.3	25,983	25,239	2.9	7,960	6.8
Raw-Material expense	6,057	5,401	12.1	4,300	40.9	18,944	18,839	0.6	6,049	0.1
Gross Profit	2,444	1,796	36.1	1,433	70.5	7,039	6,400	10.0	1,910	27.9
Employee expense	508	464	9.5	472	7.7	1,886	1,742	8.3	472	7.7
Other expense	840	783	7.2	682	23.0	2,875	3,023	(4.9)	804	4.4
EBITDA	1,096	548	99.9	279	292.9	2,277	1,635	39.3	634	72.8
D&A	343	273	25.7	336	2.2	1,311	1,070	22.5	341	0.6
EBIT	753	276	173.3	(57)	(1,429.4)	967	565	71.1	293	156.9
Interest cost	43	33	28.3	(38)	(213.9)	102	115	(11.2)	(40)	(207.2)
Other income	46	57	(19.8)	(1)	(4,465.7)	133	139	(4.1)	19	135.9
PBT	756	299	152.6	(20)	(3,864.2)	997	588	69.5	353	114.5
Tax	195	58	238.9	4	5,232.2	266	157	69.0	89	119.9
Reported PAT	561	242	132.1	(24)	(2,462.4)	732	431	69.7	264	112.6
Adjusted PAT	561	242	132.1	(27)	(2,141.6)	717	431	66.3	264	112.6
As % of net revenues	**Q4FY26**	**Q4FY25**	**chg (bps)**	**Q3FY26**	**chg (bps)**	**FY26**	**FY25**	**chg (bps)**		
Gross margin	28.8	25.0	380	25.0	375	27.1	25.4	173		
Employee cost	6.0	6.4	(47)	8.2	(225)	7.3	6.9	36		
Other cost	9.9	10.9	(101)	11.9	(203)	11.1	12.0	(91)		
EBITDA margin	12.9	7.6	527	4.9	803	8.8	6.5	229		
Tax rate	25.8	19.2	657	(18.2)	4403	26.6	26.7	(8)		
APAT margin	6.6	3.4	324	(0.5)	708	2.8	1.7	105		

Source: Company, BOBCAPS Research

Fig 2 – Key operating metrics

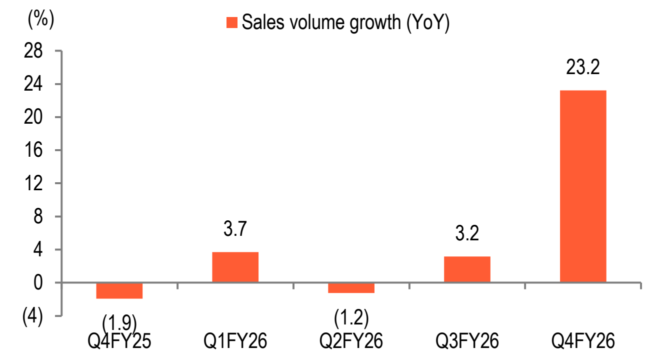
Particulars	Q4FY26	Q4FY25	YoY (%)	Q3FY26	QoQ (%)	FY26	FY25	YoY (%)
Sales Volumes (KTPA)	62.2	50.5	23.2	42.6	46.0	191	177	7.9
Realization (Rs/kg)	136.7	142.6	(4.1)	134.6	1.6	136	142	(4.6)
EBITDA per unit (Rs/kg)	17.6	10.9	62.2	6.6	169.1	11.9	9.2	29.1
Inventory (days)	70	76	-	66	-	-	-	-
Debtor (days)	51	53	-	49	-	-	-	-
Creditor (days)	76	33	-	59	-	-	-	-
Operating cycle (days)	45	96	-	56	-	-	-	-

Source: Company, BOBCAPS Research

Earnings Call Highlights

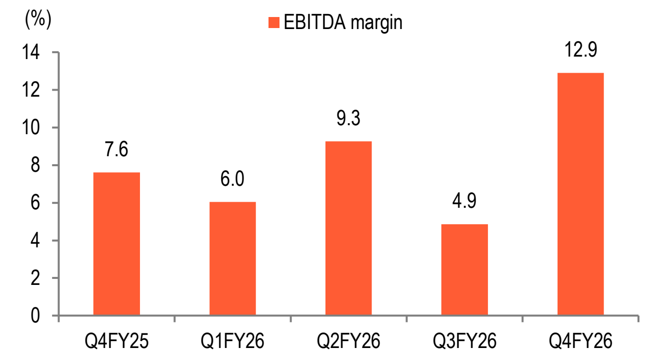
- **Pipe demand scenario:** Q4FY26 demand remained healthy despite PVC price volatility and weak industry conditions, driven by aggressive pricing, stronger retail penetration and channel expansion. While Apr'26 saw temporary destocking-led weakness after sharp PVC price correction, management indicated that demand recovery improved in May as dealer inventories normalised. Industry consolidation is accelerating amid the sustained volatility.
- **Guidance:** For FY27, management targets for 12-15% volume growth. Sustainable EBITDA margin target at 11-12%.
- **Product strategy and premiumisation:** Management reiterated that premiumisation and value-added mix improvement remain key long-term profitability levers, led by growth in CPVC, PPR and PP-based drainage systems. Newly launched Desilo low-noise PP pipes and strong traction in SmartFit Plus are expected to support premium product mix over the medium term.
- **Distribution and retail expansion:** PRINCPIP continued to deepen retail penetration during FY26, with management increasingly focusing on sustainable secondary-led growth. The company highlighted meaningful expansion in distributors and retailers across South and East India, while retailer-focused incentive schemes continue to strengthen channel engagement and secondary throughput.
- **Working Capital:** Working-capital days improved sharply to 45 days in FY26 from 98 days last year, driven by tighter inventory and receivable controls. Inventory days reduced to ~70 days and management reiterated its long-term inventory guidance of 65-75 days, highlighting significantly tighter controls versus prior years. eceivable days improved to ~51 days from ~61 days YoY, with management targeting a further 10-day reduction over the next four quarters through tighter collection discipline and improved retail mix.
- **Capex and Capacity Utilisation:** Overall utilisation stood at ~52% in FY26, while the Bihar plant has already reached ~60% utilisation. FY27 capex guidance stands at ~Rs 2.0-2.1 bn towards maintenance, debottlenecking, warehousing and bathware-related investments, while management reiterated its strategy of building capacity ahead of demand.
- **Bathware and Diversification:** Aquel bathware revenue stood at ~Rs 160 mn in Q4FY26, while losses for the quarter were ~Rs 50 mn as the business continues to scale. Management expects the bathware business to achieve breakeven at a quarterly revenue run-rate of ~Rs 200-250 mn, targeted over Q2/Q3FY27. The acquisition of manufacturing assets at Bhuj, Gujarat is expected to strengthen Prince's diversification strategy and improve long-term competitiveness in the bathware segment.
- **MTM inventory:** The company booked inventory gain in Q4FY26, which was passed on to the channel. The company booked inventory losses for FY26.
- **Net Debt:** Net cash stood at Rs 1.37 bn in Mar'26.

Fig 3 – PRINCPIP's volume sharply grew by 23.2% YoY in Q4FY26



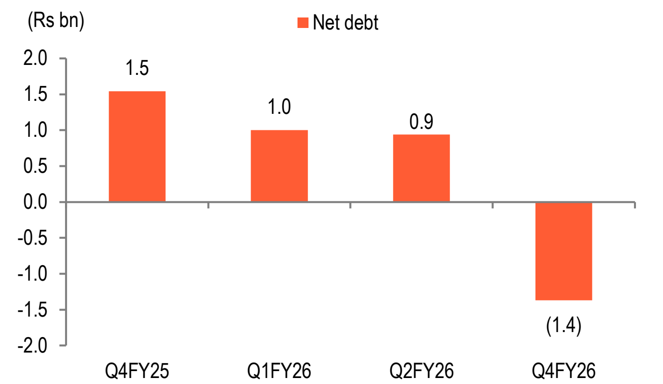
Source: Company, BOBCAPS Research

Fig 4 – EBITDA margin improved in Q4FY26 on better product-mix



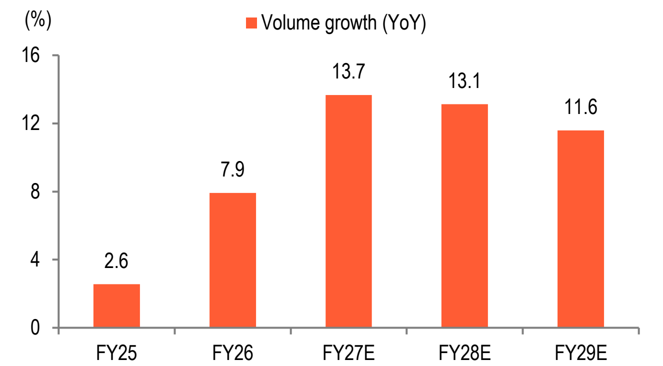
Source: Company, BOBCAPS Research

Fig 5 – Company reported Net cash of Rs 1.4bn (Mar'26) on better working capital management



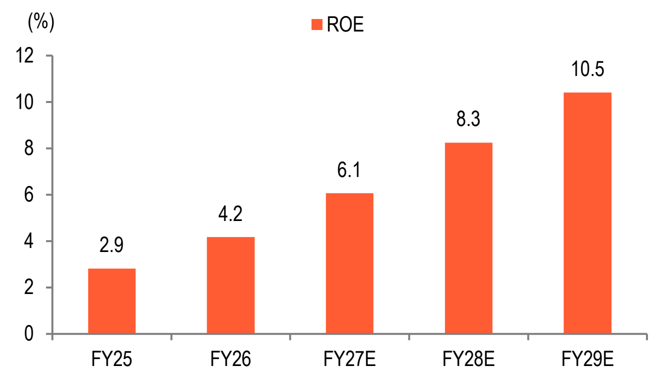
Source: Company, BOBCAPS Research

Fig 6 – PRINCPIP volume forecast to grow at 14% CAGR over FY26-FY29E



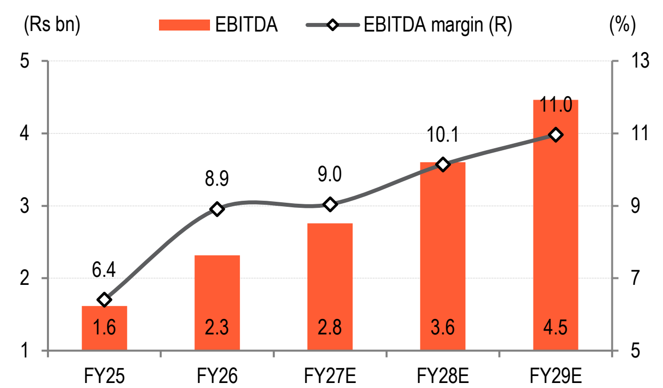
Source: Company, BOBCAPS Research

Fig 7 – ROE is projected to gradually improve to 10.5% 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 11.0% by FY29E



Source: Company, BOBCAPS Research

Valuation Methodology

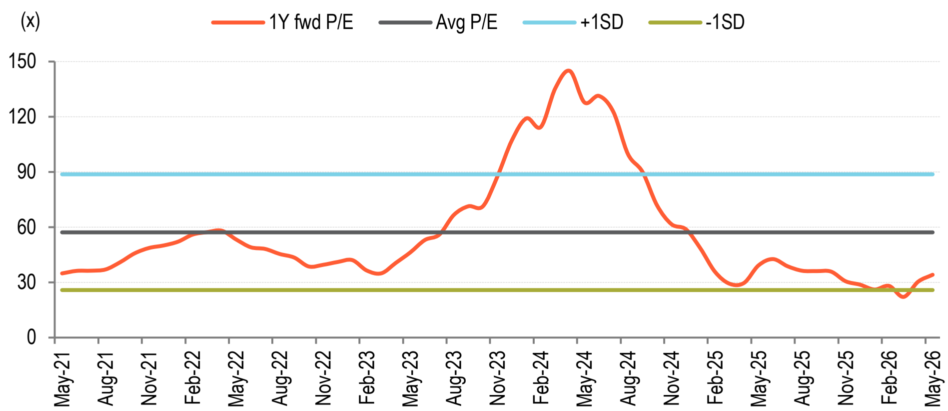
We believe PRINCPIP remains well positioned to benefit from industry consolidation, improving retail penetration and rising share of value-added products. Better working-capital discipline and gradual improvement in bathware profitability should support earnings recovery over FY27-29E. We maintain HOLD and value the stock at an unchanged 20x Mar'28 P/E with TP of Rs 270.

Fig 9 – Revised estimates

Standalone (Rs mn)	New			Old			Change (%)		
	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
Operating income	30,515	35,502	40,715	29,477	33,721	NA	4	5	NA
EBITDA	2,759	3,600	4,463	2,530	3,278	NA	9	10	NA
EBITDA Margin (%)	9.0	10.1	11.0	8.6	9.7	NA	46	42	NA
Adjusted PAT	1,030	1,480	2,014	1,022	1,437	NA	1	3	NA
EPS (Rs)	9.3	13.4	18.2	9.2	13.0	NA	1	3	NA

Source: BOBCAPS Research

Fig 10 – Trading at 34.1x on 1YF P/E vs 5Y average of 57.2x



Source: Bloomberg, BOBCAPS Research

Fig 11 – Key assumptions

Particulars	FY25A	FY26E	FY27E	FY28E	FY29E
Sales Volume growth (%)	2.6	7.9	13.7	13.1	11.6
Realization growth (%)	(4.2)	(4.6)	3.3	2.9	2.8
EBITDA per unit (Rs/kg)	9.1	12.1	12.7	14.6	16.3
Pre-tax ROIC (%)	3.4	6.3	8.4	11.6	14.1

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

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Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Total revenue	**25,239**	**25,983**	**30,515**	**35,502**	**40,715**
EBITDA	1,618	2,316	2,759	3,600	4,463
Depreciation	1,070	1,311	1,406	1,502	1,652
EBIT	548	1,005	1,353	2,098	2,812
Net interest inc./(exp.)	(97)	(96)	(160)	(160)	(160)
Other inc./(exp.)	137	109	183	40	40
Exceptional items	0	217	0	0	0
EBT	588	801	1,376	1,978	2,692
Income taxes	157	266	346	498	677
Extraordinary items	0	50	0	0	0
Min. int./Inc. from assoc.	0	0	0	0	0
Reported net profit	**431**	**486**	**1,030**	**1,480**	**2,014**
Adjustments	16	194	0	0	0
Adjusted net profit	**447**	**680**	**1,030**	**1,480**	**2,014**

Balance Sheet

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Accounts payables	2,611	3,922	4,606	5,358	6,145
Other current liabilities	1,667	1,924	1,924	1,924	1,924
Provisions	35	41	48	56	64
Debt funds	2,641	1,400	1,635	1,800	1,973
Other liabilities	475	507	507	507	507
Equity capital	1,106	1,106	1,106	1,106	1,106
Reserves & surplus	14,659	15,339	16,148	17,297	18,979
Shareholders' fund	15,764	16,445	17,254	18,403	20,085
Total liab. and equities	**23,194**	**24,239**	**25,974**	**28,048**	**30,698**
Cash and cash eq.	1,097	2,771	1,406	888	1,001
Accounts receivables	4,229	3,633	4,517	5,255	6,027
Inventories	6,095	4,953	6,275	7,301	8,373
Other current assets	1,437	1,725	2,025	2,355	2,700
Investments	3	3	3	3	3
Net fixed assets	9,415	10,558	11,152	11,651	11,999
CWIP	197	238	238	238	238
Intangible assets	191	126	126	126	126
Deferred tax assets, net	0	0	0	0	0
Other assets	530	232	232	232	232
Total assets	**23,194**	**24,239**	**25,974**	**28,048**	**30,698**

Cash Flows

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Cash flow from operations	**1,215**	**4,640**	**597**	**1,769**	**2,392**
Capital expenditures	(2,556)	(2,110)	(2,000)	(2,000)	(2,000)
Change in investments	161	(1,138)	0	0	0
Other investing cash flows	49	(3)	183	40	40
Cash flow from investing	**(2,347)**	**(3,251)**	**(1,817)**	**(1,960)**	**(1,960)**
Equities issued/Others	0	0	0	0	0
Debt raised/repaid	1,497	(1,242)	235	165	173
Interest expenses	(106)	153	(160)	(160)	(160)
Dividends paid	(111)	(55)	(221)	(332)	(332)
Other financing cash flows	(82)	(389)	0	0	0
Cash flow from financing	**1,198**	**(1,533)**	**(146)**	**(327)**	**(319)**
Chg in cash & cash eq.	**67**	**(144)**	**(1,365)**	**(518)**	**113**
Closing cash & cash eq.	**1,222**	**1,078**	**(287)**	**(805)**	**(693)**

Per Share

Y/E 31 Mar (Rs)	FY25A	FY26A	FY27E	FY28E	FY29E
Reported EPS	3.9	4.4	9.3	13.4	18.2
Adjusted EPS	4.0	6.2	9.3	13.4	18.2
Dividend per share	0.5	1.0	2.0	3.0	3.0
Book value per share	142.6	148.7	156.1	166.4	181.7

Valuations Ratios

Y/E 31 Mar (x)	FY25A	FY26A	FY27E	FY28E	FY29E
EV/Sales	1.2	1.1	0.9	0.8	0.7
EV/EBITDA	18.6	12.7	10.4	8.3	6.8
Adjusted P/E	65.5	43.1	28.5	19.8	14.6
P/BV	1.9	1.8	1.7	1.6	1.5

DuPont Analysis

Y/E 31 Mar (%)	FY25A	FY26A	FY27E	FY28E	FY29E
Tax burden (Net profit/PBT)	76.0	84.9	74.8	74.8	74.8
Interest burden (PBT/EBIT)	107.4	79.7	101.7	94.3	95.7
EBIT margin (EBIT/Revenue)	2.2	3.9	4.4	5.9	6.9
Asset turnover (Rev./Avg TA)	108.8	107.2	117.5	126.6	132.6
Leverage (Avg TA/Avg Equity)	1.5	1.5	1.5	1.6	1.6
Adjusted ROAE	2.9	4.2	6.1	8.3	10.5

Ratio Analysis

Y/E 31 Mar	FY25A	FY26A	FY27E	FY28E	FY29E
YoY growth (%)					
Revenue	(1.7)	2.9	17.4	16.3	14.7
EBITDA	(47.9)	43.1	19.1	30.5	24.0
Adjusted EPS	(73.9)	52.0	51.4	43.7	36.1
Profitability & Return ratios (%)					
EBITDA margin	6.4	8.9	9.0	10.1	11.0
EBIT margin	2.2	3.9	4.4	5.9	6.9
Adjusted profit margin	1.8	2.6	3.4	4.2	4.9
Adjusted ROAE	2.9	4.2	6.1	8.3	10.5
ROCE	3.7	6.2	8.1	10.6	12.9
Working capital days (days)					
Receivables	61	51	54	54	54
Inventory	88	70	75	75	75
Payables	38	55	55	55	55
Ratios (x)					
Gross asset turnover	1.9	1.6	1.7	1.8	1.8
Current ratio	2.1	2.0	1.9	1.9	1.9
Net interest coverage ratio	5.7	10.4	8.5	13.1	17.6
Adjusted debt/equity	0.1	(0.1)	0.0	0.0	0.0

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

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BUY – Expected return >+15%

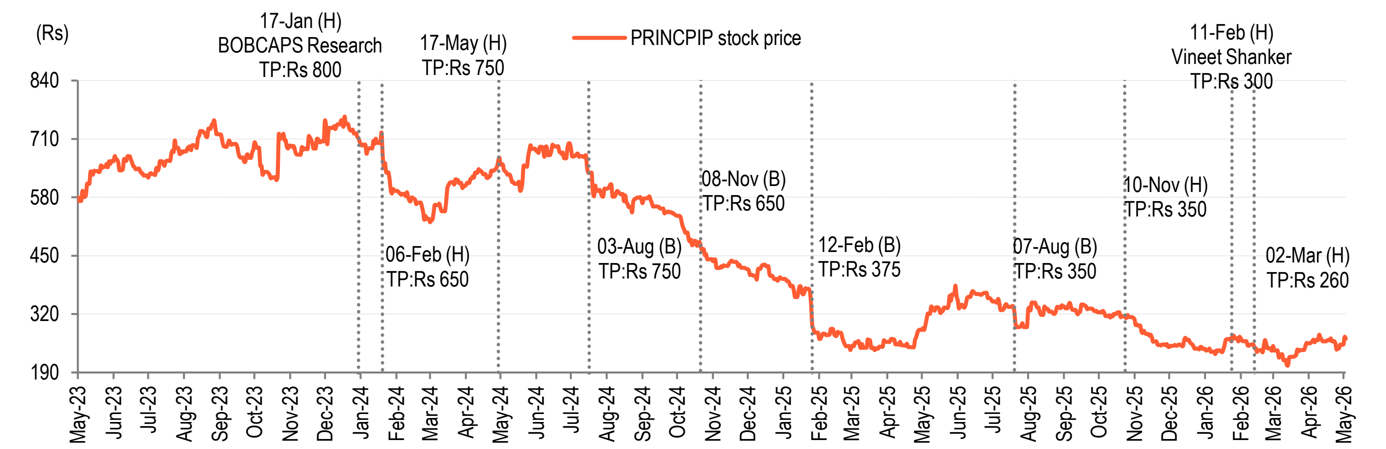
HOLD – Expected return from -6% to +15%

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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