

Prince Pipes & Fittings Ltd.

Better demand environment expected in FY27

In Q3 FY26, Prince Pipes and Fittings Ltd. (PPFL) delivered volume growth of ~3% on a YoY basis. Topline grew by 1% on a YoY basis due to softer realization. EBITDA margins for the quarter came in at ~5%, expansion of 436 bps on a YoY basis, largely driven by improved gross margins due to significantly lower inventory loss compared to the base quarter. During January 2026, PVC prices witnessed a steep increase of ~Rs. 11-12/Kg in the month. As a result, moving forward, the management anticipates a strong double-digit volume growth for Q4 FY26 backed by improvement in channel sentiment, resulting in channel restocking. Also, the same momentum is expected to continue in FY27.

Macro challenges stabilize

In Q3 FY26, the continued fall in PVC prices largely bottomed out. Subsequently, in January 2026 prices rose to a more sustainable level. Key factors contributing to this stabilization include: **a)** China's policy change to stop subsidizing exports of PVC resins effective from 1st April 2026, **b)** PVC prices in the earlier range of ~Rs. 60/kg were not sustainable, and **c)** consolidation among both PVC manufacturers and traders.

Strong outlook for starting Q4 FY26

The management remains optimistic and expects a double-digit volume growth from Q4 FY26. The outlook is driven by channel restocking with distributors now being more confident in holding inventory, which is supported by an encouraging pickup in end-user demand. This is because of a demand recovery in the agricultural sector, particularly after a weak season in the previous year due to unseasonal rainfall and a continued healthy cycle in the plumbing & infrastructure applications.

Break-even in Aquel is expected by Q3 FY27

The Company is actively expanding its Aquel brand into the Southern & Eastern region. It is important to note that the cost of this expansion has been recognised but the benefits in terms of revenue is expected to take some time. PPFL also launched a cashback program to reward plumbers to push selective products, with an aim to gain channel loyalty and adoption. Aquel is expected to break-even by Q3 FY27, once it achieves a quarterly run-rate of ~Rs. 250-300 Mn.

View & Valuation

During this quarter, PVC resin prices have largely bottomed out and based on the trend we expect further improvement in terms of realizations and volume growth led by channel restocking. Also, we expect underlying consumption from the end consumer to improve moving forward. Along with the improved realization and volumes, we expect double-digit EBITDA margins from FY27. Therefore, based on our revised estimates, we maintain our BUY rating on Prince Pipes & Fittings Ltd., with a target price of Rs. 430 (~33x FY27E EPS).

19th February 2026

BUY

CMP Rs. 267

TARGET Rs. 430 (+61.0%)

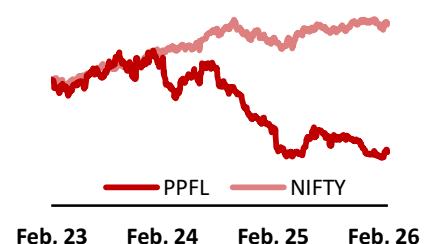
Company Data

Bloomberg Code	PRINCPIN
MCAP (Rs. Mn)	29,630
O/S Shares (Mn)	111
52w High/Low	388 / 210
Face Value (in Rs.)	10
Liquidity (3M) (Rs. Mn)	39.7

Shareholding Pattern %

	Dec 25	Sep 25	Jun 25
Promoters	60.94	60.94	60.94
FIIs	3.54	3.72	3.75
DIIs	15.61	15.95	15.73
Non-Institutional	19.90	19.39	19.57

PPFL vs Nifty



Source: Keynote Capitals Ltd.

Key Financial Data

(Rs. Mn)	FY25	FY26E	FY27E
Revenue	25,239	25,706	29,151
EBITDA	1,618	2,082	3,352
Net Profit	431	542	1,427
Total Assets	23,194	23,797	25,013
ROCE (%)	2%	3%	8%
ROE (%)	3%	3%	8%

Source: Company, Keynote Capitals Ltd.

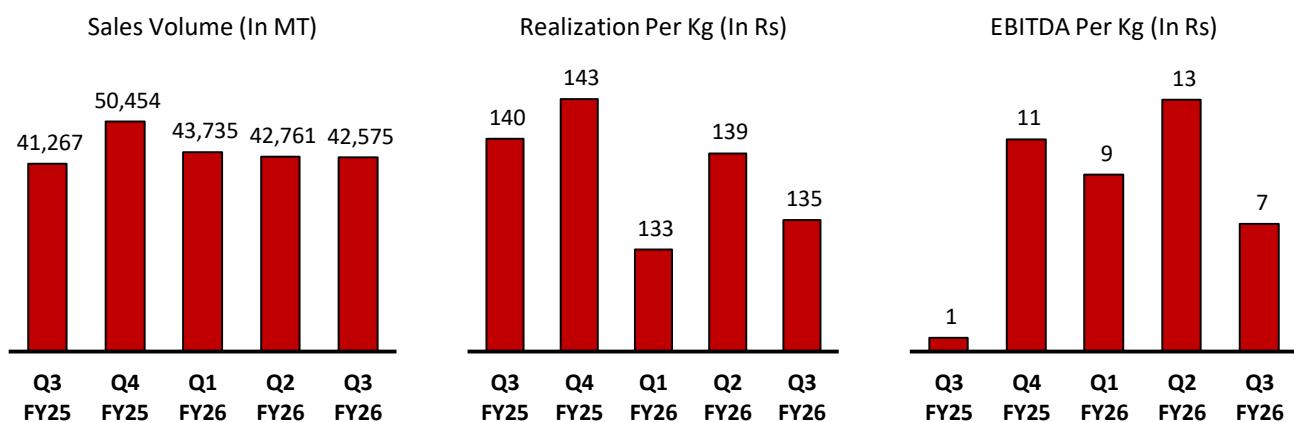
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Q3 FY26 Result Update

Result Highlights (Rs. Mn)

Particulars	Q3 FY26	Q3 FY25	Change % (Y-o-Y)	Q2 FY26	Change % (Q-o-Q)	9M FY26	9M FY25	Change % (Y-o-Y)	FY25
Revenue	5,733	5,777	-1%	5,946	-4%	17,483	18,043	-3%	25,239
COGS	4,300	4,527	-5%	4,266	1%	12,887	13,439	-4%	18,839
Gross Profit	1,433	1,250	15%	1,680	-15%	4,595	4,604	0%	6,400
Gross Profit %	25.0%	21.6%	336 Bps	28.3%	-326 Bps	26.3%	25.5%	77 Bps	25.4%
Employee Cost	472	450	5%	449	5%	1,334	1,278	4%	1,742
Other Operating Expense	682	770	-11%	680	0%	2,035	2,257	-10%	3,040
EBITDA	279	30	846%	551	-49%	1,226	1,070	15%	1,618
EBITDA %	4.9%	0.5%	436 Bps	9.3%	-440 Bps	7.0%	5.9%	109 Bps	6.4%
Depreciation	336	264	27%	325	3%	968	797	21%	1,070
EBIT	-57	-235	-76%	226	-125%	258	272	-5%	548
EBIT%	-1.0%	-4.1%	308 Bps	3.8%	-479 Bps	1.5%	1.5%	-3 Bps	2.2%
Finance Cost	-38	33	-216%	45	-184%	59	63	-7%	97
Other Income	19	15	28%	16	20%	63	80	-22%	137
PBT	0	-252	-100%	198	-100%	262	289	-9%	588
Exceptional Items	-20	0	-	0	-	-20	0	-	0
Tax	4	-48	-108%	51	-93%	70	100	-29%	157
Profit for the period	-24	-205	-	146	-	171	189	-10%	431
EPS	-0.21	-1.85	-	1.32	-	1.54	1.71	-	3.90

Source: Company, Keynote Capitals Ltd.



Source: Company, Keynote Capitals Ltd.

Q3 FY26 Conference Call Takeaways

General updates

- In Q3 FY26, PPFL reported a 3% volume growth on a YoY basis due to subdued demand across all three key applications of plumbing, infrastructure and agriculture.
- During the quarter, the Company reported an inventory loss of ~Rs. 180-200 Mn, impacting profitability.
- The negative interest cost of ~Rs. 38 Mn is due to the netting of interest subvention for the Bihar plant aggregating to ~Rs. 64.4 Mn. It pertains to the interest subsidy from the state government for which application has been filed and accepted. As a result, this amount has been recognized in the income statement. Actual cash is yet to be received.
- The interest subsidy has been booked to the extent of actual interest expenses incurred. It is important to note that the government policy stipulates an eligibility limit of Rs. 100 Mn on the subsidy.
- PPFL continues to deepen its brand connect through meaningful and purpose-driven initiatives. The Company unveiled a new brand campaign "India Ki Pragati ka Taj" celebrating the people powering India's progress, such as plumbers, contractors, engineers and distributors.
- As of 9M FY26, PPFL has already incurred ~Rs. 1,600-1,650 Mn in capex. Going forward in Q4 FY26, no major capex is planned apart from acquiring a manufacturing plant of ~Rs. 400-450 Mn within the bathware segment. Additionally, regular maintenance capex will account for ~Rs. 150 Mn, bringing the total capex spend for FY26 to ~Rs. 2,200-2,300 Mn.
- For the FY27 & FY28, capex will primarily be in the range of ~Rs. 700-750 Mn is directed towards maintenance, and the introduction of new products in the piping segment will be over and above that.
- Manufacturing capacity is already distributed across key regions. Going forward, the Company anticipates a focus on optimizing existing capacity rather than significant new capacity expansion. PPFL plans to consider further capacity expansion only once utilization reaches ~65%. (Current utilization stands at ~50-52%).

Plastic piping business

- The business witnessed a double-digit growth in January 2026, led by restocking from channel partners due to a reversal in PVC resin prices (Rs. 11-12 in a span of 1 month).
- Further, the management expects this strong volume growth momentum to sustain owing to a positive demand sentiment within the channel and sustainable uptick in demand.
- Restocking is a one-time phenomenon, relevant in FY26, as dealers had been hesitant to maintain inventory earlier. Going forward, with distributors now more confident in holding inventory, primary sales are expected to better reflect the actual demand scenario.
- Management highlighted that consolidation within the industry is playing a significant role. The gap between organized and unorganized players has narrowed, making it easier for distributors and customers to switch to larger organized players.

- New products launched by PPFL include a) Smartfit Plus CPVC pipes across markets, further strengthening the Company's position in plumbing solutions and b) CPVC solvent cement in new Co-ex packaging with a 4-year shelf life.
- PPFL has moved to in-house compounding for CPVC, ending its previous ties with Lubrizol. This provided a 6-7% cost benefit, which has been passed on to the channel. As a result, CPVC was the highest growing polymer, achieving high double-digit volume growth in Q3 FY26.
- Also, with the commissioning of new plants in Bihar and Telangana, the Company has been able to pass on the freight benefits to channel partners. Management highlighted that, as of now, gaining market share remains the primary focus of the Company.
- The Company remains optimistic about sustained growth in CPVC, with similar expectations from PVC as market conditions improve.

Bathware segment

- The costs from the recent expansion into South and East India have been incurred, but the corresponding revenue from these regions is expected to take some time to materialize.
- In this segment, PPFL launched a cashback reward program that enables plumbers to earn direct cash incentives on selected bathware products, further strengthening channel loyalty and product adoption.

Financial Statement Analysis

Income Statement

Y/E Mar, Rs. Mn	FY24	FY25	FY26E	FY27E	FY28E
Net Sales	25,687	25,239	25,706	29,151	32,707
Growth %		-2%	2%	13%	12%
Raw Material Expenses	18,193	18,839	18,765	20,697	23,222
Employee Expenses	1,477	1,742	1,825	1,749	1,962
Other Expenses	2,943	3,040	3,033	3,352	3,761
EBITDA	3,074	1,618	2,082	3,352	3,761
Growth %		-47%	29%	61%	12%
Margin%		12%	6%	8%	12%
Depreciation	912	1,070	1,332	1,360	1,399
EBIT	2,162	548	750	1,993	2,362
Growth %		-75%	37%	166%	19%
Margin%		8%	2%	3%	7%
Interest Paid	65	97	111	151	163
Other Income & exceptional	340	137	100	105	110
PBT	2,438	588	739	1,947	2,309
Tax	613	157	197	520	617
Share of Associates	0	0	0	0	0
Net Profit	1,825	431	542	1,427	1,693
Growth %		-76%	26%	163%	19%
Shares (Mn)	110.5	110.5	110.5	110.5	110.5
EPS	17	4	5	13	15

Cash Flow Statement

Y/E Mar, Rs. Mn	FY24	FY25	FY26E	FY27E	FY28E
Pre-tax profit	2,438	588	739	1,947	2,309
Adjustments	775	1,204	1,343	1,406	1,452
Change in Working Capital	-2,151	-322	523	240	-1,557
Total Tax Paid	-733	-281	-197	-520	-617
Cash flow from operating Activities	329	1,189	2,408	3,073	1,588
Net Capital Expenditure	-1,908	-2,554	-2,185	-1,020	-981
Change in investments	586	146	0	0	0
Other investing activities	65	61	0	0	0
Cash flow from investing activities	-1,258	-2,347	-2,185	-1,020	-981
Equity raised / (repaid)	0	0	0	0	0
Debt raised / (repaid)	560	1,497	0	-500	-700
Dividend (incl. tax)	0	-111	0	-171	-339
Other financing activities	-85	-189	-111	-151	-163
Cash flow from financing activities	475	1,198	-111	-822	-1,202
Net Change in cash	-453	41	112	1,230	-595

Key Ratios

Particulars	FY24	FY25	FY26E	FY27E	FY28E
Per Share Data					
EPS	17	4	5	13	15
Growth %	-76%	26%	163%	19%	
Book Value Per Share	140	143	148	159	171
Return Ratios					
Return on Assets (%)	9%	2%	2%	6%	7%
Return on Equity (%)	13%	3%	3%	8%	9%
Return on Capital Employed (%)	10%	2%	3%	8%	9%
Turnover Ratios					
Asset Turnover (x)	1.3	1.1	1.1	1.2	1.3
Sales / Gross Block (x)	2.3	1.9	1.6	1.7	1.8
Working Capital / Sales (x)	27%	28%	26%	24%	25%
Receivable Days	71	73	65	63	60
Inventory Days	87	101	109	90	86
Payable Days	57	49	54	51	59
Working Capital Days	101	125	119	102	88
Liquidity Ratios					
Current Ratio (x)	2.4	2.1	2.1	2.1	2.6
Interest Coverage Ratio (x)	35.7	7.1	7.7	13.9	15.2
Total Debt to Equity	0.1	0.2	0.2	0.1	0.1
Net Debt to Equity	0.0	0.1	0.1	0.0	0.0
Valuation					
PE (x)	33.7	62.8	50.0	19.0	16.0
Earnings Yield (%)	3%	2%	2%	5%	6%
Price to Sales (x)	2.4	1.1	1.1	0.9	0.8
Price to Book (x)	4.4	4.0	1.7	1.7	1.5
EV/EBITDA (x)	23.7	20.1	28.0	21.7	13.5
EV/Sales (x)	2.2	2.4	1.8	1.8	1.6

Source: Company, Keynote Capitals Ltd. estimates

KEYNOTE Rating History

Date	Rating	Market Price at recommendation	Upside/Downside
4 th July 2025	BUY	367	+35.5%
13 th August 2025	BUY	300	+27.6%
13 th November 2025	BUY	318	+19.3%
19 th February 2026	BUY	267	+61.0%

Source: Company, Keynote Capitals Ltd. estimates

Rating Methodology

Rating	Criteria
BUY	Expected positive return of > 10% over 1-year horizon
NEUTRAL	Expected positive return of > 0% to < 10% over 1-year horizon
REDUCE	Expected return of < 0% to -10% over 1-year horizon
SELL	Expected to fall by >10% over 1-year horizon
NOT RATED (NR)/UNDER REVIEW (UR)/COVERAGE SUSPENDED (CS)	Not covered by Keynote Capitals Ltd/Rating & Fair value under Review/Keynote Capitals Ltd has suspended coverage

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