

## Piping back to growth

**About 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.

### Investment Rationale

**Demand revival and capacity augmentation to drive 10%/12% CAGR in sales volume/revenue growth over FY25-FY28:** Prince Pipes has been consistently augmenting its capacities (~11% CAGR over FY21-FY25, 4.24 LTPA as on Q1FY26) through both brownfield and greenfield expansions, enabling it to retain an average market share of ~5%. We believe revival in housing completions from PMAY (Urban+Rural), extension of JJM scheme with enhanced outlay and robust residential sales during CY20-CY23 entering delivery phase would drive plastic piping industry over the next two to three years (Indian plastic piping industry revenues is estimated to grow at 9-10% CAGR over FY25-FY27E). Consequently, we expect Prince pipes to grow its sales volumes/revenues at a CAGR of 10%/12% over FY25-FY28, growing in tandem with industry aided by new capacity addition (Bihar unit – 52,188 tonne).

**PVC price stability, operating leverage and better product mix to drive EBITDA margin expansion boosting PAT growth:** PVC prices are expected to remain firm with upward bias with anticipated ADD imposition by Finance Ministry by mid-November 2025. Consequently, Prince pipes' EBITDA margins are expected to revive (~7% in Q1FY26) from Q2FY26 onwards (management targets 12% by Q4FY26) in absence of inventory losses, improvement in product mix (CPVC volumes share to rise to ~25% from 20-22% currently) and operating leverage (led by volume growth revival). Consequently, we estimate its consolidated adjusted PAT to grow at ~69% CAGR over FY25-FY28E led by ~38% CAGR in EBITDA.

**Return profile to improve materially from FY25 trough:** Prince pipes is working on improving its working capital cycle, focusing on reducing its inventory days (70-75 days by FY26 end from 88 days in FY25). Additionally, its major capex outlay (Bihar expansion and balance payment for Aquel) are expected to complete in FY26. Additionally, strong OCF generation (average ~₹ 300 crore p.a. over FY26-FY28) should aid in debt reduction (gross debt of ~₹ 250+ crore) during FY27 & FY28. Overall, we expect its return ratios to revert to FY24 levels (RoE/RoCE - ~11%/14% from the trough of FY25 (RoE/RoCE - ~3%) in FY28).

### Rating and Target Price

- Prince Pipes is expected to resume its earnings growth trajectory over the next three years post a weak performance in FY25.
- We estimate its Revenues/EBITDA/PAT to grow at ~12%/38%/69% CAGR over FY25-FY28E. We initiate with a **BUY rating** and Target Price of ₹ 470/- (25x P/E on FY28E).



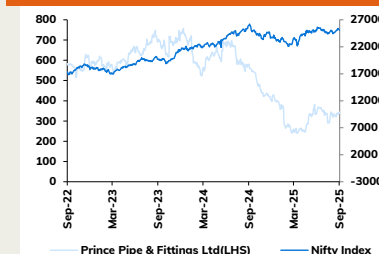
### Particulars

Particular	₹ crore
Market Capitalisation	3582
Gross Debt (FY25)	264
Cash (FY25)	83
EV (₹crore)	3763
52 week H/L	567/229
Equity capital	111
Face value	10

### Shareholding pattern

Particular	Sep-24	Dec-24	Mar-25	Jun-25
Promoters	60.9	60.9	60.9	60.9
FII's	7.3	6.1	6.2	3.8
DII's	17.5	16.4	15.0	15.7
Others	14.3	16.6	17.9	19.6

### Price Chart



### Key risks

- Sharp decline in PVC/CPVC resin prices
- Slowdown in agriculture, infrastructure, real estate sectors

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### 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%	2765	3139	3583	12.4%
EBIDTA	250	307	162	-19.6%	258	340	429	38.4%
EBIDTA Margins(%)	9.2	12.0	6.4		9.3	10.8	12.0	
Adjusted PAT	121	165	43	-40.4%	82	139	207	68.7%
EPS (Rs.)	11.0	14.9	3.9		7.4	12.6	18.7	
EV to EBIDTA (x)	13.8	11.8	23.3		14.7	10.9	8.2	
RoNW (%)	8.9	10.7	2.7		5.0	7.8	10.4	
RoCE (%)	18.5	13.8	3.3		7.3	10.6	13.7	

Source: Company, ICICI Direct Research

## Company background

Prince Pipes and Fittings Ltd (PPFL) is a leading Indian manufacturer in the plastic piping industry, headquartered in Mumbai, Maharashtra. Established in 1987 by Jayant Shamji Chheda, the company has grown into a major player in the market by offering a wide range of piping solutions across multiple polymers, including CPVC, UPVC, HDPE, and PPR. Its products serve diverse applications such as plumbing, sewage management, irrigation, industrial piping, and water storage. The company has an installed capacity of 4.2 lakh MT with production carried out across 8 plants located throughout India. It handles over 1,77,000 MT of plastic polymers annually, commanding a market share of 5% as on FY25.

The company's products are categorised across four groups 1) Prince Piping Systems (Known as Trubore in South India), 2) Modern Plumbing Solutions (offers premium products developed with German technology), 3) Storefit Water Storage (in strategic technical collaborations with Lubrizol (USA) and Tooling Holland BV), and 4) Aquel Bathware (acquired in FY24).

Exhibit 1: Business Verticals



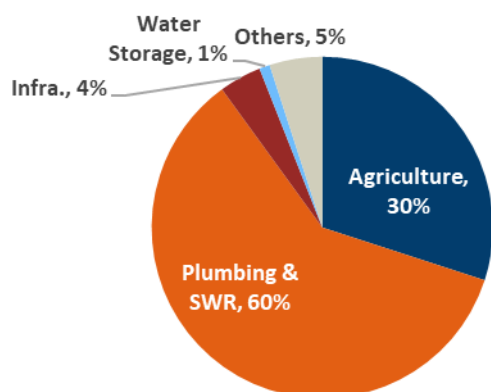
Source: Company, ICICI Direct Research

Exhibit 2: Plant-wise Installed capacity

Plant location	Installed capacity (TPA)	Products	Year of establishment
Athal (UT of Dadra and Nagar Haveli)	12072	Fittings	1995
Dadra (UT of Dadra and Nagar Haveli)	83268	Pipes and Tanks	2000
Haridwar (Uttarakhand)	95904	Pipes, Fittings and Tanks	2008
Chennai (Tamil Nadu)	51372	Pipes and Tanks	2012
Kolhapur (Maharashtra)	21780	Pipes	2012
Jaipur (Rajasthan)	51084	Pipes and Tanks	2019
Sangareddy (Telangana)	56304	Pipes, Fittings and Tanks	2021
Begusarai (Bihar)	52188	Pipes and Fittings	2025
<b>Total</b>	<b>423972</b>		

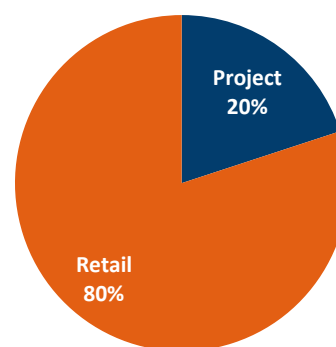
Source: Company, ICICI Direct Research

Exhibit 3: Revenue Mix Q1FY26



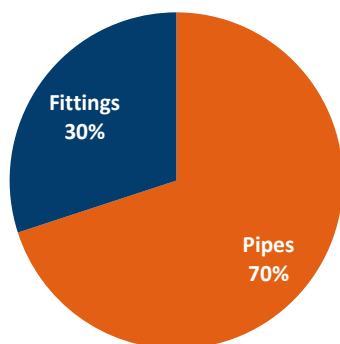
Source: Company, ICICI Direct Research

Exhibit 4: Project/Retail Sales Mix



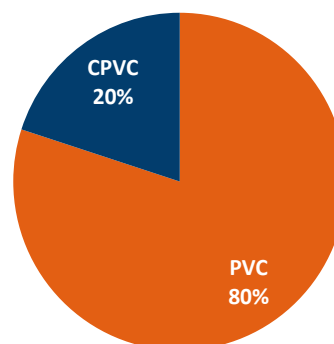
Source: Company, ICICI Direct Research

**Exhibit 5: Pipes/Fittings sales Mix**



Source: Company, ICICI Direct Research

**Exhibit 6: PVC/ CPVC sales mix**

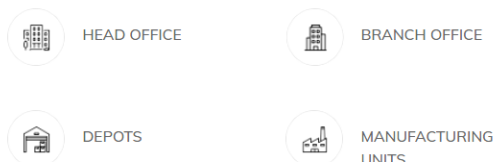


Source: Company, ICICI Direct Research

With well-known brands like "Prince Pipes " and "Trubore Piping Systems," PPFL has built a strong presence through its integrated product portfolio and extensive distribution network of over 1,500 distributors across India. The company operates 8 manufacturing facilities in various states (including the newly established Bihar plant), ensuring large production capacities and pan-India reach.

**Exhibit 7: Pan India Reach**

Pan India distribution network our biggest strength – through 1500 ++ Channel Partners.



Source: Company, ICICI Direct Research

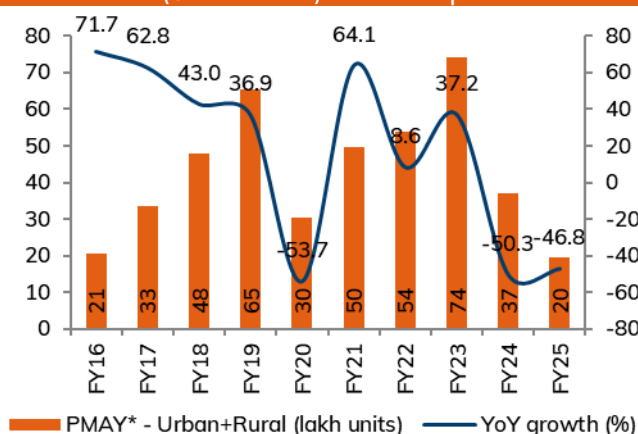
## Investment Rationale

### Housing execution run-rate set to double for next 3-4 years; Elevating Plastic piping demand

Indian government's flagship schemes such as Pradhan Mantri Awas Yojana (PMAY), Jal Jeevan Mission along with domestic residential demand has been the key growth drivers for the industry. During FY21 to FY24, we note the sharp rise in completion of houses under PMAY (Urban+Rural), steep increase in JJM spending and rising completion of residential units across top 7 cities (CY21-CY24). Consequently, we show growth revival for key players (Astral, Supreme, Finolex Industries, Prince pipes) in the plastic piping industry from FY2022 (22% sales volume CAGR over FY22-FY24). Subsequently, lower completion of houses under PMAY during FY24-FY25 and decline in JJM spends in FY25 led to marginal 4% YoY growth in FY25 for the key players.

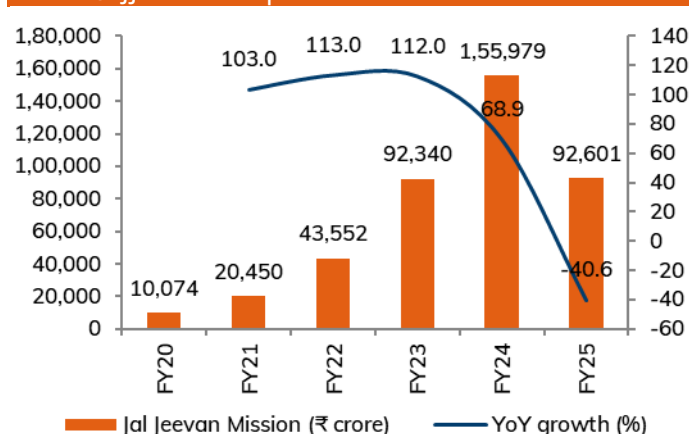
Going ahead, with the launch of PMAY-Urban 2.0, additional 1 crore EWS/LIG/MIG families of urban India will be provided pucca houses with an investment of ₹ 10 lakh crore. The Union Cabinet also approved the implementation of the Pradhan Mantri Awaas Yojana – Gramin (PMAY-G) for construction of 2 crore additional rural houses during FY 2024-25 to 2028-29. The Finance Minister during her budget speech 2025-26 announced extension of Jal Jeevan Mission until 2028 with enhanced total outlay. For 2025-26, an amount of ₹ 67,000 Crore is allocated for the same. Further, the top 7 cities saw sales CAGR of 51% over CY20-CY23, which would be up for deliveries considering an average 4-5 years project execution cycle. Hence, overall, we expect plastic piping volume to resume its growth trajectory from FY26 onwards benefitting the industry in general and Prince pipes in particular.

**Exhibit 8: PMAY (Urban+Rural) house completion trend**



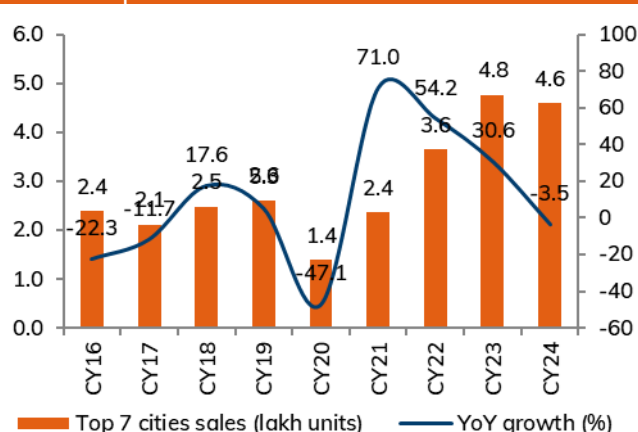
Source: Government Data, ICICI Direct Research

**Exhibit 9: JJM actual expenditure trend**



Source: Government Data, ICICI Direct Research

**Exhibit 10: Top 7 cities sales trend**

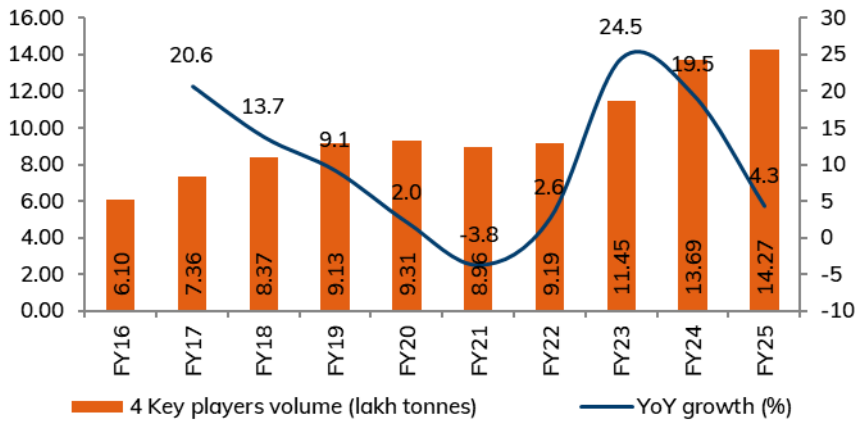


Source: Anarock, ICICI Direct Research

**Exhibit 11: Top 7 cities completion trend**



Source: Anarock, ICICI Direct Research

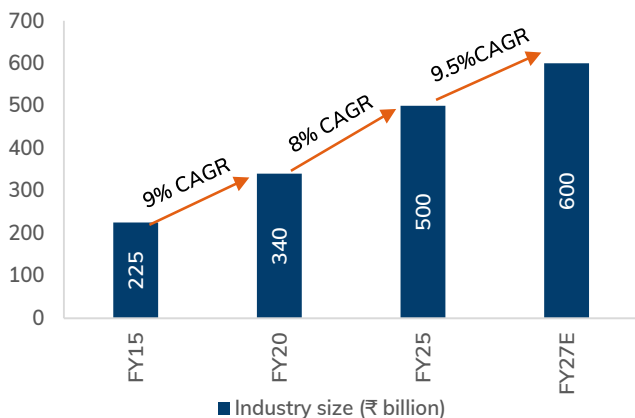
**Exhibit 12: Four key players aggregate sales volume trend**


Source: Company, ICICI Direct Research

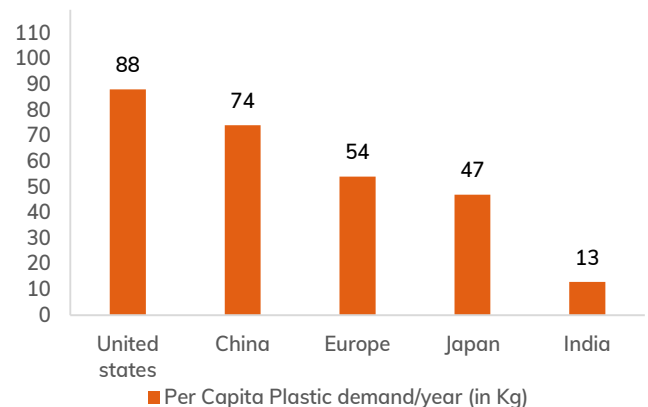
### Plastic pipes set to grow at 9-10% CAGR over FY25-FY27E led by structural demand growth drivers

Indian plastic pipes industry has historically grown higher than the GDP. The Indian plastic piping industry plays a pivotal role in country's infrastructure and industrial development. Driven by government's push towards infrastructural development, improved irrigation facilities and rising real estate development, plastic piping industry has shown robust growth in the past decade. Further, increased awareness, adoption and replacement of metal pipes with plastic pipes have also aided this growth. Plastic pipes market size has been growing at a CAGR of 9% and 8% during FY15-FY20 and FY20-FY25 respectively and is estimated at ₹ 500 billion in size.

Going ahead, the industry is expected to expand at 9.5% CAGR over FY25-FY27 to ₹ 600 billion, led by demand from housing, WSS projects (water supply and sanitation), urban infrastructure and replacement demand. Strong residential sales over the trailing four years coupled with replacement demand is also expected to drive demand for plastic pipes. India's per capita plastic products consumption is relatively low at 13 kg/person/year compared to other major economies in the world and global average indicating significant potential for growth as economic development continues and infrastructure spend increases.

**Exhibit 13: Plastic pipe industry growth trend**


Source: Industry, ICICI Direct Research

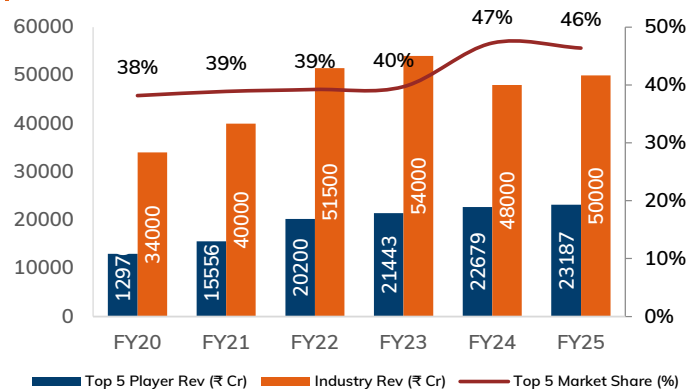
**Exhibit 14: Per Capita plastic demand**


Source: Industry, ICICI Direct Research

## Top five players outpace industry growth leading to consistent market share gains

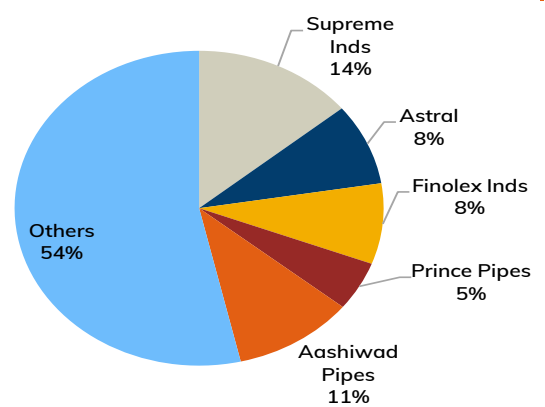
The plastic pipe industry is fragmented but has been undergoing consolidation with increase in market share of organised sector over the last decade. The main reason of consolidation is increased product standardisation, quality assurance and brand recognition. Top five players of industry include Supreme Industries, Astral Pipes, Finolex Industries, Ashirvad Pipes and Prince Pipes. These companies provide similar products but cater to different market segments. The plastic piping industry is estimated to have grown at a CAGR of 8% over FY2020 to FY2025 while industry's top five players have grown at a brisk pace of 12% CAGR over the same period indicating market share gains (from 38% in FY2020 to 46% in FY2025). Going ahead, we expect the top players in the industry to continue to hold dominant position leading to significant pricing power and higher entry barriers.

**Exhibit 15: Top 5 Vs Industry Growth trend/Market Share**



Source: Industry, Company, ICICI Direct Research

**Exhibit 16: Top 5 players industry revenue share as on FY25**



Source: Industry, Company, ICICI Direct Research

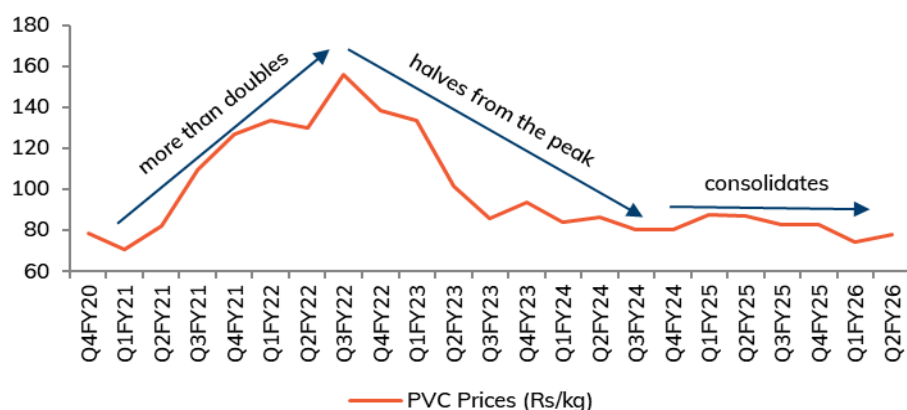
## PVC prices expected to remain firm with upward bias

Polyethylene (PE), PPR, polyvinyl chloride (PVC) and chlorinated polyvinyl chloride (CPVC) resin are the key raw materials used in the plastic pipes industry, comprising 65-70% of the sales. Their prices are dependent on crude oil price movements and global demand-supply dynamics. PVC resin requirements are almost equally met by imports (~50-55%) from Taiwan, Japan, South Korea and China and domestic manufacturers like Reliance Industries, DCM Sriram, Chemplast etc. CPVC resin requirement is predominantly met through imports (majorly from four manufacturers) across South Korea, Japan, China and Europe.

PVC prices have experienced considerable volatility in recent years. Post Covid, PVC prices had almost doubled from the trough of ~₹ 71/kg in Q1FY2021 to ₹ 156/kg in Q3FY22 primarily due to supply chain disruptions. Post Covid, increased demand with continued global supply chain disruptions and rising crude oil prices led to a rise in price of PVC. The same had led to 23% CAGR industry size growth and 25% CAGR top five players sales growth over FY20-FY22. However, as global supply chain issues resolved, the market experienced a significant increase in PVC supplies in beginning of FY23. The PVC prices halved from ₹ 156/kg in Q3FY22 to ~₹ 81/kg in Q3FY24 (industry size contracted by 3% CAGR over FY2022-FY2024). However, top five players grew by 6% CAGR over the same period gaining market share.

During August, 2025, the Directorate General of Trade Remedies (DGTR) recommended imposing anti-dumping duty on PVC imports from China, Indonesia, Japan, South Korea, Taiwan, Thailand, and the United States, with duties ranging from USD 22 to USD 339 per MT. The final decision on the same by the Finance Ministry is expected by November 2025. During Q2FY26 till date, PVC prices have rebounded by ~₹ 4/kg (~5% QoQ). Additionally, the implementation of Bureau of Indian Standards (BIS) certification is expected by December 24, 2025. These measures are expected to firm up PVC prices, leading to improved realizations, and possible inventory gains for organised players.



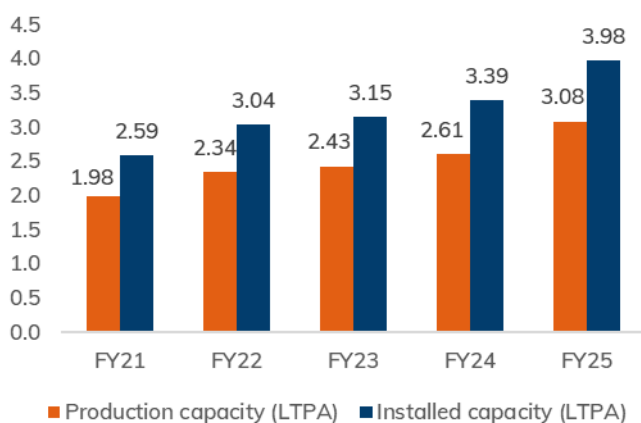
**Exhibit 17: PVC resin price trend**


Source: Industry, ICICI Direct Research

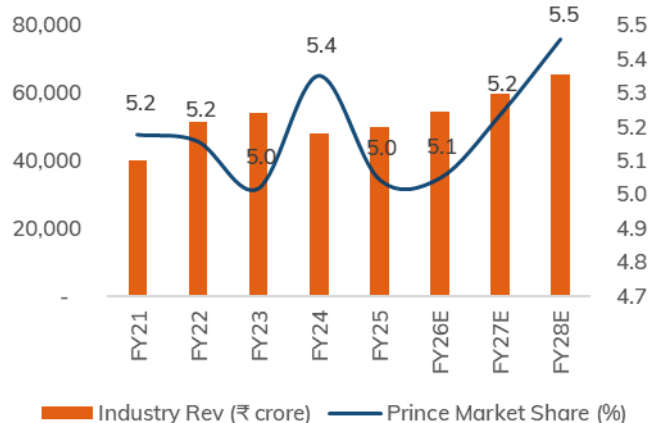
### Demand revival and capacity augmentation to drive 10% CAGR in sales volumes for Prince pipes over FY25-FY28

Prince Pipes have been continuously augmenting its capacities through brownfield and greenfield routes. Its installed capacities have grown at a CAGR of ~11% during FY21-FY25 to ~4 lakh tonnes per annum (including phase I of Bihar). The Indian plastic piping industry is estimated to have grown at a CAGR of ~6% over FY21-FY25 to reach ₹ 50,000 crore as on FY25. Prince pipes have grown its volumes/revenues at a CAGR of 6.4%/5.1% over FY21-FY25. Consequently, it has broadly been able to retain on an average ~5% market share during FY21-FY25. Going ahead, we expect Indian plastic piping industry revenues to grow at 10% CAGR over FY25-FY28 while Prince pipes to grow at 12% CAGR (market share to rise by 50 bps during FY25-FY28 to 5.5% in FY28).

Prince Pipes is focused on driving volume growth and improving its market share through a well-defined strategic approach. Currently, around 80% of its sales come from the retail segment, and the company aims to maintain and strengthen its position in retail segment. To further boost brand awareness and reach a wider audience, it plans to collaborate with the right influencers who can effectively communicate the brand's value proposition and expand its market presence. Additionally, Prince is working on optimizing its product portfolio and pricing strategy to better align with market demand and customer needs, ensuring competitiveness while enhancing value. A key priority is increasing the share of CPVC products, which currently account for 20-22% of total sales. Given that CPVC offers better profit margins compared to traditional PVC products, the company aims to grow its CPVC's contribution.

**Exhibit 18: Prince Pipes capacity trend**


Source: Company, ICICI Direct Research

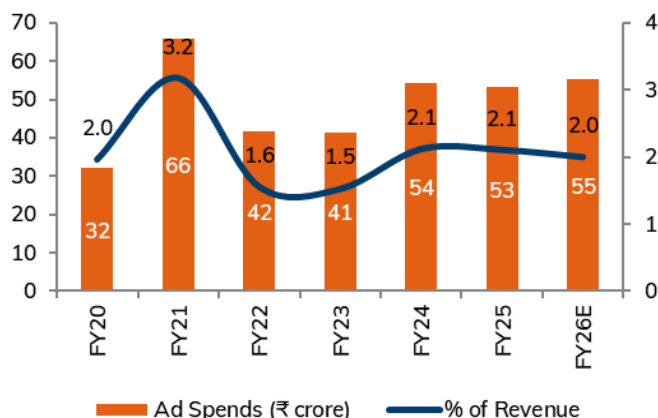
**Exhibit 19: Prince Pipes market share trend**


Source: Industry, ICICI Direct Research

### Marketing spends increased post FY23 to gain mind and market share

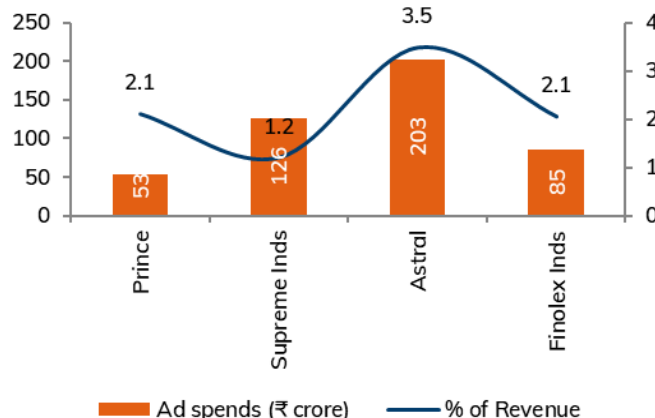
Prince pipes revamped its marketing strategy in FY24 to create demand for its products, tackle issues related to counterfeit products, expand brand recall, among others. The company upped its advertising spends in FY24-FY25 to 2.1% of revenues from ~1.5% in FY22-FY23. For FY26, it expects to maintain ad spends of around 2%. It had roped in Akshay Kumar as the brand ambassador for its piping business in 2018 and water tanks in July, 2020, which has helped the company in creating strong brand recall especially in Tier II/III regions.

Exhibit 20: Prince Pipes Ad spends trend



Source: Company, ICICI Direct Research

Exhibit 21: Ad spends by key players in FY25



Source: Company, ICICI Direct Research

### Bihar Greenfield Plant with 52,000+ tonnes installed capacity to drive growth in Eastern India

Prince Pipes has undertaken a strategic expansion by setting up a greenfield integrated manufacturing facility at Begusarai in Bihar to serve the rapidly growing and largely untapped markets of Eastern India. The Bihar facility has a total installed capacity of ~52,188 tonnes of which it commissioned phase I of 24,000 tonnes in Q4FY25. The Bihar plant is designed to enhance product quality control, reduce freight costs, strengthen its market position in eastern states and provide overall scalability (overall land size of 35 acres). The Bihar plant is expected to contribute 20,000-25,000 tonnes sales volumes in FY26.

### Bathware segment targeted to breakeven in Mid-FY27



In March 2024, Prince Pipes signed an Asset Purchase Agreement (APA) with Klaus Waren Fixtures, for the acquisition and assignment of identified assets including the Aquel brand and plant and machinery located in Bhuj, Gujarat for ₹ 55 crores. The total built up area is ~1.1 lakh square ft whereas the land parcel area spans ~8 acres, which could be used for future expansion. The company did a revenue of ~₹ 11 crores (loss of ~₹ 5 crore) in Q1FY26 while it targets ₹ 50-60 crore revenues in FY26. The bathware segment is expected to breakeven in mid-FY27. Overall, its bathware segment has a total revenue potential of ₹ 120-150 crore with some balance capital expenditure and it can potentially yield 14-15% EBITDA margins.

### Global Collaborations provide raw material security and product diversifications

Prince Pipes has established strategic technical collaborations with international players like Lubrizol (USA) and Tooling Holland BV to enhance product quality, innovation, and manufacturing processes. It exclusively procures CPVC compounds from Lubrizol, post levy of anti-dumping duties imposed on CPVC resins from China and South Korea until 2029 (earlier, CPVC resin was sourced from various geographies, including Korea, China, Japan, and Europe). It has a technical collaboration with Tooling Holland for procuring moulds used for its fittings. Similarly, it has entered into product collaborations with Hauraton and Ostendorf Kunststoffe GmbH for drainage systems. Overall, the company's collaborations with global companies have helped it in terms of raw material security and product diversifications with world class plumbing solutions.






**Exhibit 22: Global collaborations**

Product Collaboration	Product Collaboration	Product Collaboration	Technical Collaboration
 <p>An innovative range of drainage systems developed with German technology</p> <p>Hauraton - a world leader in supplying effective drainage systems for over 65 years.</p>	 <p>Inventors and largest manufacturers of CPVC compounds worldwide.</p> <p>Exclusive marketing partners for the Prince FlowGuard® Plus brand.</p>  <p>WORLD'S NO. 1 CPVC PLUMBING SYSTEMS</p>	 <p>Prince Skolan Safe - Premium Polypropylene (PP) Silent Drainage System manufactured by Ostendorf Kunststoffe GmbH in Germany</p>  <p>Prince-HT Safe Low Noise PP Drainage System manufactured by Ostendorf Kunststoffe GmbH in Germany</p>	 <p>A global leader in the international plastic injection moulding industry based in The Netherlands. Benefit from their technical expertise, knowledge, build skills at par with international standards</p>

Source: Company, ICICI Direct Research

**Exhibit 23: Tie-up with German Technology players**

		
<ul style="list-style-type: none"> <li>Skolan Safe Premium PP Silent Drainage Systems - offers the latest technological innovation in noise insulated drainage systems sound rated at 12 db at 2 lps flow rate and certified by Fraunhofer, Germany</li> <li>Finds applications in luxury homes, condominiums, large commercial buildings, hotels, office buildings, hospitals, commercial kitchens, libraries, and educational institutes</li> <li>HT Safe offers sound insulation of up to 17 dB and is backed with certification from Fraunhofer, Germany</li> </ul>		<ul style="list-style-type: none"> <li>Prince Hauraton - An innovative range of drainage systems developed with German technology</li> <li>Hauraton is one of the world leaders in supplying effective drainage systems for over 65 years</li> <li>The products find application across civil constructions (car parks, airports, container terminals, petrol stations), landscapes (private &amp; public areas, terraces, gardens, squares &amp; parks, railway platforms) and sports facilities (sports fields, stadiums, racetracks)</li> </ul>

Source: Company, ICICI Direct Research

## Risk and Concerns

### Weak demand from end-user sectors

Plastic pipe demand is dependent on the performance of end user sectors such as Agriculture, Infrastructure, Real Estate among others. Slowdown in these sectors affects the demand for plastic pipes. Factors such as rainfall deficit, lower government/private infrastructure spends and slowdown in real estate demand affects the offtake for plastic pipes. The industry being highly competitive may face pressure on operating margins in the wake of weak demand.

### Volatility in Raw Material Prices

The company relies heavily on polymers such as CPVC, UPVC, HDPE and PPR, whose prices are influenced by global crude oil and petrochemical markets. Therefore, any increase in crude oil prices directly raises the cost of these resins, which can significantly impact profitability and the ability to meet market demand.

### Competitive Industry

The market is highly fragmented, with many small unorganized players operating alongside large players, and is currently experiencing consolidation. This trend, coupled with aggressive branding, marketing, and pricing strategies from other players, could significantly impact Prince Pipes' market share.

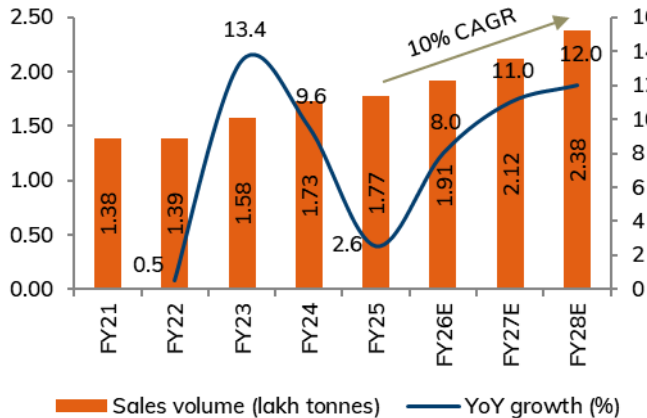
### Inability to turn around Bathware business

Prince Pipes has ventured into Bathware business which is currently generating operating losses. The company expects to breakeven the bathware business by mid-FY27. Inability to scale-up its bathware business and sustained losses or weak operating margins can negatively impact the company's overall blended EBITDA margins.

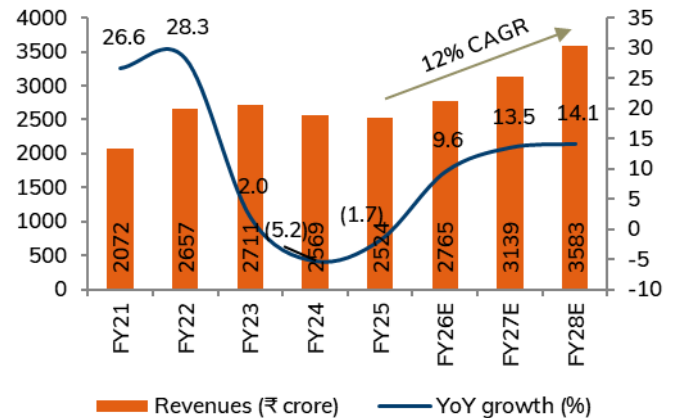
## Key Financial Summary

### Revenue to grow at ~12% CAGR over FY25-28E aided by capacity expansion

Prince pipes' revenue grew at 5% CAGR over FY21-25 led by 6% CAGR in sales volumes while the plastic piping industry is estimated to have grown at 6% CAGR in value terms. Going forward, we expect sales volumes/revenues to grow at a CAGR of 10%/12% over FY25-FY28 led by new capacity additions (Bihar unit – 52,188 tonne), normalisation of PVC prices at lower levels, increase in share of CPVC volumes, improvement in product portfolio mix, among others.

**Exhibit 24: Sales Volume trend**


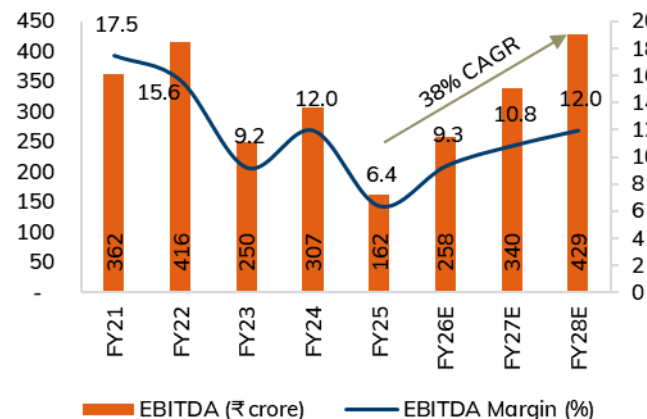
Source: Company, ICICI Direct Research

**Exhibit 25: Revenue trend**


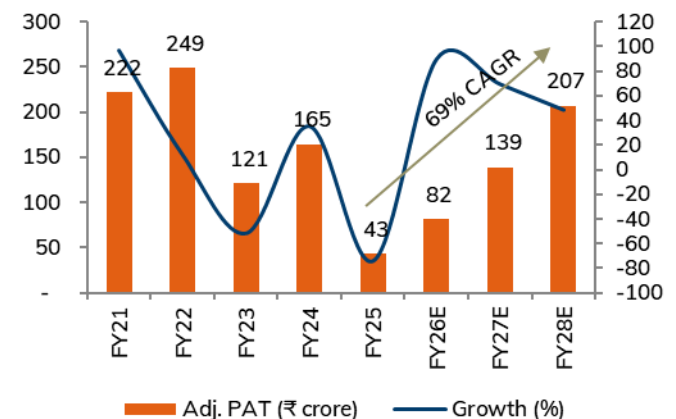
Source: Company, ICICI Direct Research

### EBITDA margin expansion to drive operational and net profitability

Prince Pipes' consolidated net profit troughed in FY25 affected by sharp decline in PVC prices, weak demand environment and lower OPMs (due to inventory losses). The company targets to achieve 12% EBITDA margins by Q4FY26 for its plastic piping vertical. However, Bathware segment (currently in losses) is expected to breakeven by mid-FY27. Hence, we expect gradual recovery in blended EBITDA margins over FY25-FY28. Consequently, we estimate its consolidated adjusted PAT to grow at ~69% CAGR over FY25-FY28E led by ~38% CAGR in EBITDA. Subsequently, we expect its return ratios to improve from the trough of FY25 over the next three years.

**Exhibit 26: EBITDA/EBITDA margin trend**


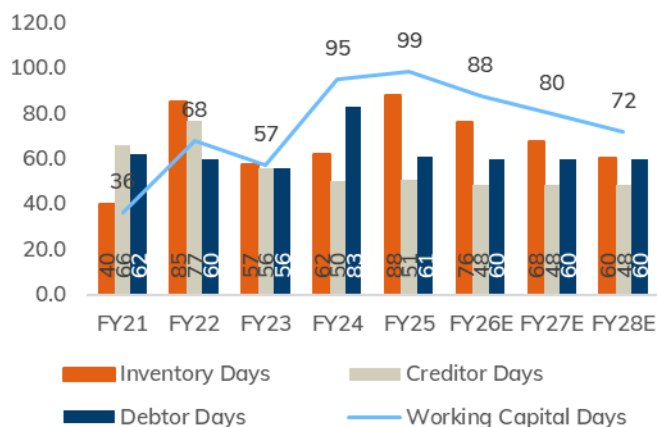
Source: Company, ICICI Direct Research

**Exhibit 27: Adj. PAT trend**


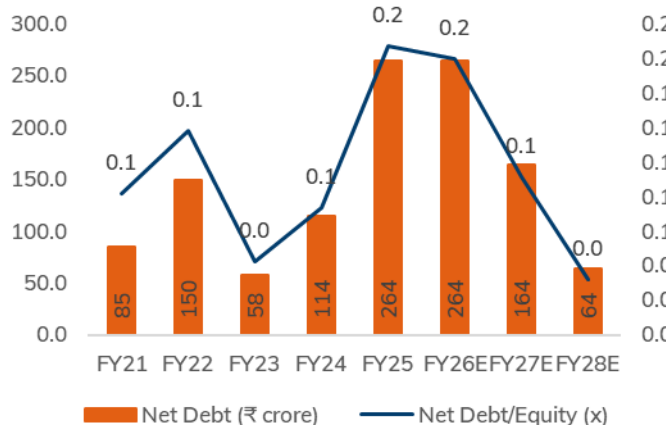
Source: Company, ICICI Direct Research

### Return ratios to improve materially from FY25 trough

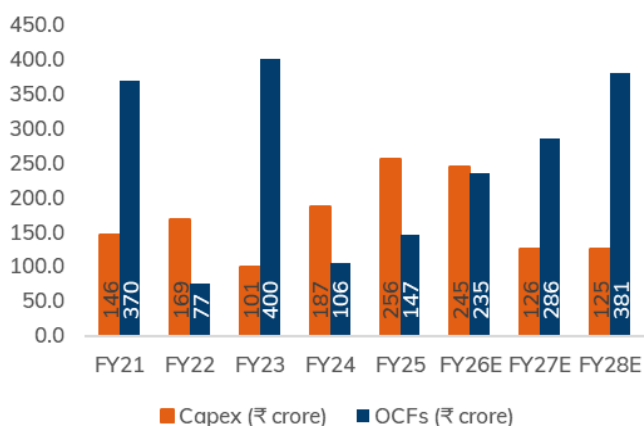
Prince pipes is working on improving its working capital cycle, focusing on reducing its inventory days (70-75 days by FY26 end from 88 days in FY25). Completion of Bihar expansion and balance payment for Aquel in FY26, would lead to maintenance related capex requirements from FY27. Hence, strong OCF generation (average ~₹ 300 crore p.a. over FY26-FY28) should aid in material debt reduction (gross debt of ~₹ 250+ crore) during FY27 & FY28. Consequently, we expect its return ratios to revert to FY24 levels (RoE/RoCE - ~11%/14% from the trough of FY25 (RoE/RoCE - ~3%).

**Exhibit 28: Working Capital Days trend**


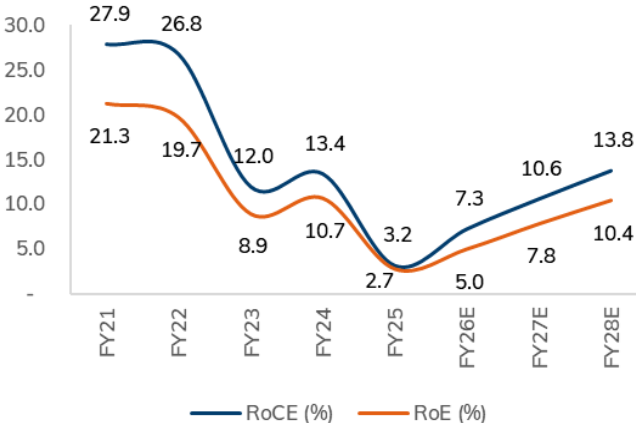
Source: Company, ICICI Direct Research

**Exhibit 29: Net Debt trend**


Source: Company, ICICI Direct Research

**Exhibit 30: OCFs/Capex trend**


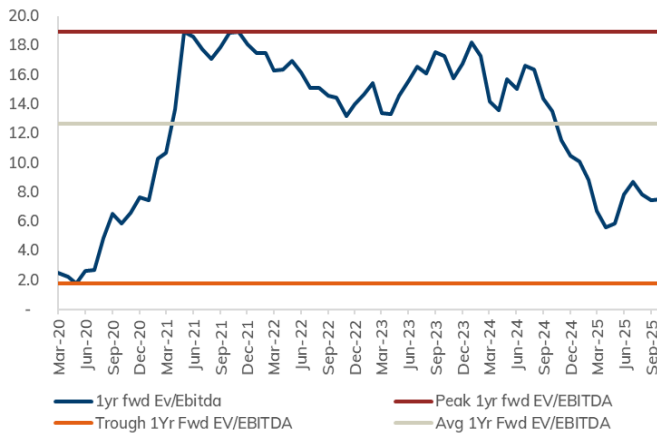
Source: Company, ICICI Direct Research

**Exhibit 31: ROE/RoCE trend**


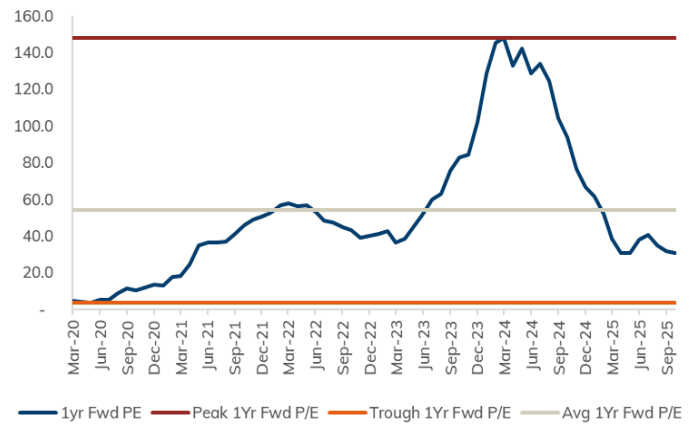
Source: Company, ICICI Direct Research

## Valuation

Prince pipes is expected to resume its earnings growth trajectory over the next three years post a weak performance in FY25 (revenue dipped 2% YoY, EBITDA margins contract over 550 bps YoY and PAT decline by ~74% YoY). Healthy demand coupled with normalisation of PVC prices is expected to drive volume and EBITDA margins over FY25-FY28E. We estimate its consolidated Revenues/EBITDA/PAT to grow at ~12%/38%/69% CAGR over FY2025-FY2028E. We assign BUY rating with Target Price of ₹ 470/- i.e. 25x P/E on FY28E.

**Exhibit 32: One-year Fwd EV/EBITDA trend**


Source: Company, ICICI Direct Research

**Exhibit 33: One-year Fwd P/E trend**


Source: Company, ICICI Direct Research

## Financial summary

**Exhibit 34: Profit and loss statement**

₹ crore

(Year-end March)	FY25	FY26E	FY27E	FY28E
<b>Total Operating Income</b>	<b>2524</b>	<b>2765</b>	<b>3139</b>	<b>3583</b>
Growth (%)	-1.7%	9.6%	13.5%	14.1%
Operating Expenses	1884	1983	2212	2493
Gross Profit	640	782	927	1090
Gross Profit Margins (%)	25.4%	28.3%	29.5%	30.4%
Employee Expenses	174	192	211	232
Other Expenditure	304	332	377	430
Total Operating Exp.	2362	2507	2799	3155
<b>EBITDA</b>	<b>162</b>	<b>258</b>	<b>340</b>	<b>429</b>
Growth (%)	-47.4%	59.7%	31.6%	26.1%
Interest	10	21	17	9
Depreciation	107	128	135	143
Other Income	14	3	3	7
<b>PBT before Excl. item</b>	<b>59</b>	<b>112</b>	<b>191</b>	<b>284</b>
Total tax	16	30	51	77
PAT before MI	43	82	139	207
Income from Associates	0	0	0	0
Exceptional items	0	0	0	0
<b>PAT</b>	<b>43</b>	<b>82</b>	<b>139</b>	<b>207</b>
Growth (%)	-73.8%	90.2%	69.7%	48.8%
<b>EPS (Adjusted)</b>	<b>3.9</b>	<b>7.4</b>	<b>12.6</b>	<b>18.7</b>

Source: Company, ICICI Direct Research

**Exhibit 35: Cash flow statement**

₹ crore

(Year-end March)	FY25	FY26E	FY27E	FY28E
Profit/loss after taxation	59	112	191	284
Add: Dep. & Amortization	107	128	135	143
Change in working capital	-32	-6	-40	-45
Total tax paid	-28	-30	-51	-77
Others	13	0	0	0
<b>CF from operating activities</b>	<b>119</b>	<b>204</b>	<b>234</b>	<b>304</b>
(Purchase)/Sale of Fixed Assets	-254	-245	-126	-125
Others	19	0	0	0
<b>CF from Investing activities</b>	<b>-235</b>	<b>-245</b>	<b>-126</b>	<b>-125</b>
(inc)/Dec in Loan	99	0	-100	-100
Dividend & Dividend tax	-11	-6	-6	-6
Equity raised	0	0	0	0
Others	33	0	0	0
<b>CF from Financing activities</b>	<b>121</b>	<b>-6</b>	<b>-106</b>	<b>-106</b>
Net Cash Flow	5	-46	3	73
Opening Cash & Cash Equivalent	78	83	37	40
<b>Closing Cash &amp; Cash Equivalent</b>	<b>83</b>	<b>37</b>	<b>40</b>	<b>114</b>

Source: Company, ICICI Direct Research

**Exhibit 36: Balance sheet**

₹ crore

(Year-end March)	FY25	FY26E	FY27E	FY28E
Equity Capital	111	111	111	111
Reserve and Surplus	1466	1542	1676	1878
<b>Total Shareholders funds</b>	<b>1576</b>	<b>1653</b>	<b>1787</b>	<b>1988</b>
Minority Interest	0	0	0	0
<b>Total Debt</b>	<b>264</b>	<b>264</b>	<b>164</b>	<b>64</b>
Deferred Tax Liability	19	19	19	19
Long-Term Provisions	22	22	22	22
Other Non Current Liabilities	6	6	6	6
<b>Total Liabilities</b>	<b>1888</b>	<b>1965</b>	<b>1998</b>	<b>2100</b>
Net Block	960	1077	1067	1050
Capital WIP	20	20	20	20
<b>Fixed Assets</b>	<b>980</b>	<b>1097</b>	<b>1087</b>	<b>1070</b>
Goodwill & Other intangible assets	0	0	0	0
Investments	27	27	27	27
Other non-Current Assets	53	53	53	53
Inventory	609	577	584	593
Debtors	423	455	516	589
Other Current Assets	130	130	130	130
Loans & Advances	0	8	9	11
Cash	83	37	40	114
<b>Total Current Assets</b>	<b>1245</b>	<b>1206</b>	<b>1280</b>	<b>1436</b>
Creditors	261	262	292	329
Provisions	4	4	4	4
Other Current Liabilities	167	167	167	167
<b>Total Current Liabilities</b>	<b>431</b>	<b>432</b>	<b>462</b>	<b>499</b>
Net Current Assets	814	774	817	936
Deferred Tax Asset	14	14	14	14
<b>Application of Funds</b>	<b>1888</b>	<b>1965</b>	<b>1998</b>	<b>2100</b>

Source: Company, ICICI Direct Research

**Exhibit 37: Key ratios**

(Year-end March)	FY25	FY26E	FY27E	FY28E
Per share data (₹)				
Adjusted EPS	3.9	7.4	12.6	18.7
Cash EPS	10.8	18.5	21.2	27.5
BV per share	142.6	149.5	161.6	179.8
Dividend per share	0.5	0.5	0.5	0.5
<b>Operating Ratios (%)</b>				
Gross Profit Margins	25.4	28.3	29.5	30.4
Operating EBITDA margins (%)	6.4	9.3	10.8	12.0
(Adjusted) PAT Margins	1.7	3.0	4.4	5.8
Cash Conversion Cycle	112	102	94	87
Fixed asset turnover (x)	2.6	2.5	2.9	3.3
<b>Return Ratios (%)</b>				
RoE	2.7	5.0	7.8	10.4
RoCE	3.3	7.3	10.6	13.7
RoIC	2.5	4.7	7.6	10.9
<b>Valuation Ratios (x)</b>				
P/E	83.0	43.7	25.7	17.3
EV / EBITDA	23.3	14.7	10.9	8.2
EV / Net Sales	1.5	1.4	1.2	1.0
Market Cap / Sales	1.4	1.3	1.1	1.0
Price to Book Value	2.3	2.2	2.0	1.8
<b>Solvency Ratios</b>				
Debt / EBITDA	1.6	1.0	0.5	0.1
Debt / Equity	0.2	0.2	0.1	0.0

Source: Company, ICICI Direct Research



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Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%



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