# Prince Pipes & Fittings Limited

4th July 2025

Normalized demand and stable PVC resin prices to support volume growth

**Established in 1987, Prince Pipes & Fittings Ltd. (PPFL) is one of India's leading piping solution providers, with manufacturing capabilities across five key polymers: UPVC, CPVC, HDPE, LLDPE, and PPR. This makes it one of the few players with a comprehensive multi-polymer portfolio catering to agricultural, residential, and industrial segments. As of FY25, the Company operates 8 manufacturing facilities across the country, including a recently commissioned plant in Bihar, taking its total installed capacity to 3,97,559 MTPA. PPFL holds ~5% market share of the total Indian plastic pipes industry, positioning it among the top 5 organized players. In FY23, the Company forayed into the bathware segment, further strengthened by the acquisition of Aquel in FY24. Although this segment currently contributes ~1% to revenue and remains loss-making, the Company continues to invest in expanding its presence in this complementary segment.**

### Stable PVC resin price and demand revival to help with volume

In FY25, a ~13% drop in PVC resin prices brought down average realizations from Rs. 149/kg to Rs. 142/kg. This volatility led to channel destocking, keeping inventory levels below normal and limiting volume growth for the Company to ~3% on a YoY basis. As a result, revenue declined ~2%, while operating profit contracted sharply by 47%. With PVC resin prices now near historical lows, we believe that sustained price stability could support a volume recovery in FY26 as demand normalizes and restocking picks up. We believe a rebound in PVC resin prices could support gross margin recovery from 25% in FY25 back to ~29% levels seen in FY24.

### The new manufacturing plant will open a new market

In FY25, PPFL commissioned Phase 1 (24,000 MTPA) of its greenfield plant in Begusarai, Bihar, as part of a planned 60,000 MTPA capacity to strengthen its presence in Eastern India. According to management, the remaining 36,000 MTPA is expected to be commissioned by H1 FY26. The plant is strategically located to enhance serviceability across Bihar, Jharkhand, West Bengal, and Assam, markets that were previously catered to from the Haridwar facility and through limited outsourcing from Hajipur. We expect the Begusarai plant to reach 60–70% utilization over the next 3–4 years, supporting volume growth.

### Diversification in adjacent product

To reduce reliance on its core PVC pipes business, the Company entered the higher-margin bathware segment in FY23 and acquired the Aquel brand to strengthen it. Positioned in the mass-premium segment, Aquel is being expanded through brand investments and wider retail presence in Tier 2 and 3 cities, leveraging PPFL's distribution network. Though still in early stages and loss-making, the segment is central to the Company's strategy of becoming a diversified building products player and increasing its share of customer spend through adjacent, value-added offerings.

### View and Valuation

With PVC resin prices stabilizing and sales volumes expected to recover, the Company is well-positioned to deliver improvement in both revenue and profitability. We initiate coverage on PPFL with a BUY rating and a target price of Rs. 497 (30x FY27E EPS), resulting in ~36% upside from current levels.

## BUY

CMP Rs. 367

TARGET Rs. 497 (35.5%)

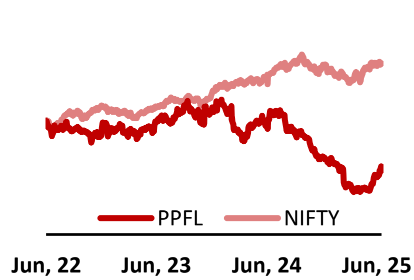
### Company Data

| | |
|---|---|
| Bloomberg Code | PRINCPIP IN |
| MCAP (Rs. Mn) | 40,737 |
| O/S Shares (Mn) | 111 |
| 52w High/Low | 711 / 229 |
| Face Value (in Rs.) | 10 |
| Liquidity (3M) (Rs. Mn) | 264.7 |

### Shareholding Pattern %

| | Mar 25 | Dec 24 | Sept 24 |
|---|---|---|---|
| Promoters | 60.94 | 60.94 | 60.94 |
| FIIs | 6.19 | 6.07 | 7.27 |
| DIIs | 14.97 | 16.44 | 17.52 |
| Non-Institutional | 17.89 | 16.55 | 14.26 |

### PPFL vs Nifty




*Source: Keynote Capitals Ltd.*

### Key Financial Data

| (Rs. Mn) | FY25 | FY26E | FY27E |
|---|---|---|---|
| Revenue | 25,239 | 27,803 | 30,628 |
| EBITDA | 1,618 | 2,864 | 3,675 |
| Net Profit | 431 | 1,336 | 1,837 |
| Total Assets | 23,193 | 24,365 | 26,150 |
| ROCE (%) | 2% | 8% | 11% |
| ROE (%) | 3% | 8% | 9% |

*Source: Company, Keynote Capitals Ltd.*

**Aashka Trivedi,** *Research Analyst*
*Aashka@keynotecapitals.net*

## Indian polymer piping industry

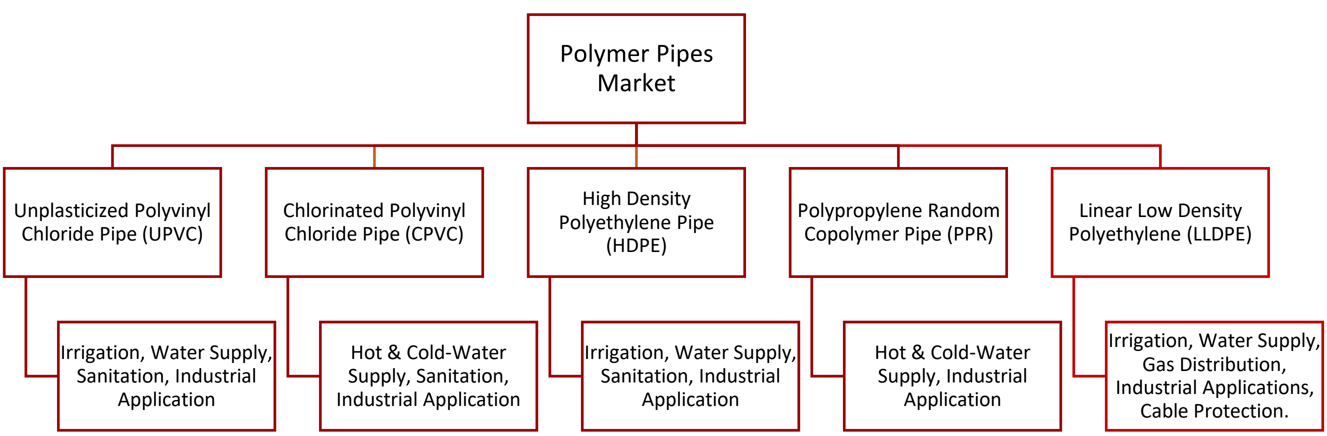
Indian polymer piping industry has witnessed a healthy growth of 9% CAGR between FY20-FY24 and stands at ~Rs. 500 Bn as of FY25. This growth was driven by healthy Government investment in infrastructure, robust demand from real estate and agriculture sectors, increased urbanization, and healthy replacement demand. In FY25, high PVC resin price volatility, sluggish Government expenditure due to General Election impacted the growth of domestic pipe industry. While the growth was moderate across the industry in FY25, the structural growth driver remains intact and the industry is expected to grow by ~10-12% over medium term.

This kind of growth will be driven by i) the government's infrastructure thrust, ii) various Government schemes like Jal Jeevan Mission (Rs. 670 Bn allocation), PM Awas Yojana (Rs. 781 Bn), PM Krishi Sinchayee Yojana (Rs. 83 Bn), AMRUT (Rs. 100 Bn), Namami Gange Programme (Rs. 34 Bn) etc., iii) replacement of steel pipes with plastic pipes, iv) Expanding real estate sector and construction industry in the country.

Over the past decade, the plastic piping industry has shifted from being largely unorganized to organized players. This transition has been driven by regulatory reforms such as GST and RERA, alongside sustained investments by private players in brand-building, product innovation, and distribution. The recent extension of Anti-Dumping Duty (ADD) on CPVC imports until 2029, and the anticipated imposition of ADD on PVC resin, are likely to accelerate this consolidation trend, creating a more favorable environment for scaled, organized manufacturers.

### Market structure

Polymer piping is a vast segment in the building material space, offering significantly higher growth than other building material industries. The entire plastic piping market can be divided into various types of pipes with multiple uses based on the characteristics of different pipes.




*Source: Prince Pipes & Fittings RHP, Keynote Capitals Ltd.*

**Comparison of various types of pipes**

| Pipe Type | Brief Detail |
|---|---|
| UPVC | These pipes find application in irrigation and plumbing for potable water supply. Demand for UPVC has grown mainly because of the constant replacement of GI pipes as these pipes have higher durability and affordability compared to GI. |
| CPVC | These pipes are mainly used in plumbing systems as well as the distribution of hot and cold water. This has been and is expected to be the fastest-growing sub-segment because these pipes are corrosion, fire, and lead-free. Another peculiarity of CPVC pipes is that they can withstand high temperatures. |
| HDPE | These pipes find application in sectors like city gas distribution, chemicals, etc. Apart from traditional applications like irrigation and drainage, HDPE pipes gained prominence over metal pipes due to their durability and longevity. |
| PPR | The contribution of PPR pipes to the industry is very small and is used for industrial purposes. These pipes are relatively costly compared to other plastic pipes. This acts as a growth damper. |
| LLDPE | These pipes are used for drip irrigation, sprinkler systems, and small-diameter water distribution. Known for excellent flexibility, chemical resistance, and crack resistance under pressure. Typically deployed in agricultural and garden applications requiring tight bending radius and lightweight durability. |

*Source: Prince Pipes & Fittings RHP, Keynote Capitals Ltd.*

**OPVC (PVC-O): A structural shift in water infrastructure**

In recent time, OPVC pipes is a growing subsegment in the plastic pipes industry. Oriented unplasticized PVC (PVC-O or OPVC) is an advanced pressure piping solution manufactured by subjecting standard UPVC pipes to a post-extrusion process involving controlled reheating, biaxial stretching, and rapid cooling. This orientation aligns the polymer chains, significantly improving hoop strength, impact resistance, and hydraulic efficiency, while reducing wall thickness and overall weight. The product is formally recognized under BIS standard IS 16647:2017, specifically for potable water supply applications.

PVC-O addresses performance limitations of both Galvanized Iron (GI) and conventional UPVC. A DN 160 mm Class 500 PVC-O pipe weighs ~5 kg/m compared to 28 kg/m for GI and 9 kg/m for UPVC yet matches or exceeds pressure ratings of up to 25 bar. It is corrosion-free, unlike GI, and offers superior strength and flexibility over UPVC, particularly in large-diameter, high-pressure trunk lines. Installation is faster due to its light weight and push-fit jointing system. This enables laying speeds of up to 2 to 3 km per day, compared to ~0.5 km for GI and 1 to 1.5 km for UPVC, which makes it well suited for time-bound rural infrastructure projects.

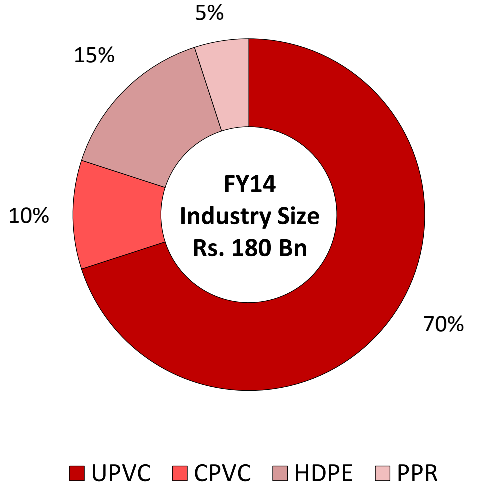
The product's momentum has accelerated in recent years, supported by structural tailwinds from the Government of India's infrastructure push like Jal Jeevan Mission (JJM). Additionally, multiple state-level tenders have begun mandating PVC-O for high-pressure water distribution.

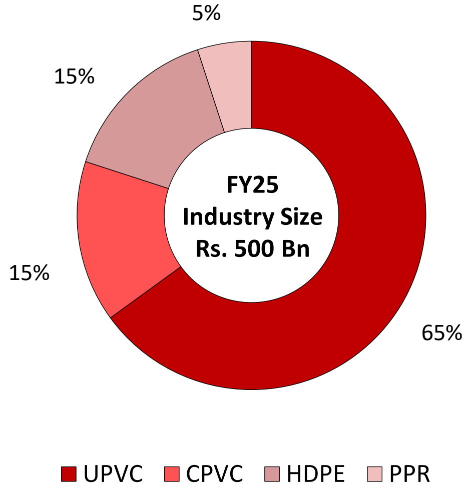
PVC-O manufacturing is capital intensive and technically demanding. It cannot be produced by simply modifying UPVC lines. It requires a dedicated orientation line with specialized equipment for controlled heating, biaxial stretching, rapid cooling, and precision quality control. As a result, adoption is expected to remain concentrated among well-capitalized, organized players with the technical expertise and execution capability to serve state and central projects.

| Comparing Parameters | UPVC | OPVC | CPVC | HDPE | PPR | LLDPE | GI |
|---|---|---|---|---|---|---|---|
| Life (Years) | 20-25 | 50+ | 30-35 | 50 | 50 | 15+ | 15-20 |
| Max Temp (Degree C) | 60-70 | 60-70 | 90-100 | 90-100 | 90-100 | 45-50 | 200-250 |
| Cost | Cheaper than GI | Cheaper than GI but costlier than UPVC | Cheaper than GI but costlier than UPVC | Cheaper than GI but costlier than UPVC | Cheaper than GI but costlier than UPVC | Cheaper than HDPE pressure pipe | Costlier than plastic pipes |
| Corrosion | No effect due to chemical resistance | No effect; corrosion-free | Has anti-corrosive properties | Excellent anti-corrosion and chemical resistance | Good chemical and corrosion resistance | Excellent to most soil chemicals, fertilizers, and saline water | Corrodes Faster |
| Chance of Leakage | Leakage may occur | Leakage-free with push-fit joints | Leakage free for life | Leakage may occur | Leakage free but requires installation by skilled manpower | Leakage may occur | Vulnerable to Leakage |
| Installation | Done through cold welding | Quick push-fit rubber-ring system; fastest laying speed | Done through cold welding | Done through cold welding but these pipes are more tolerant to poor installation | Fusion welded system which requires specialized training & equipments | Compression/ barbed fittings, push-fit couplers, electro-fusion or butt-fusion (for thick-wall variants) | Time and energy consuming |

*Source: Prince Pipes & Fittings RHP, Annual Report, Keynote Capitals Ltd.*

**Polymer piping demand mix FY14 vs FY25**



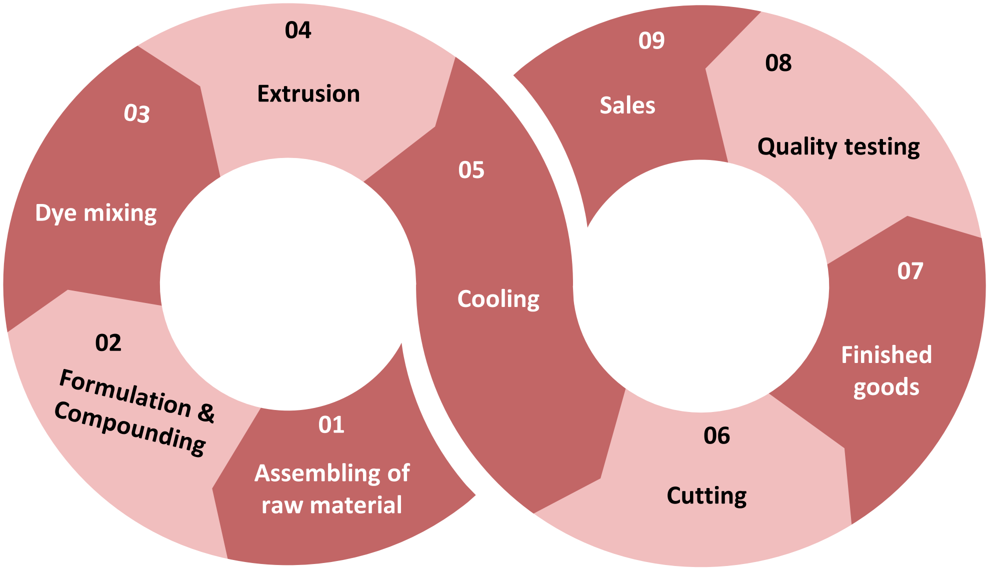




*Source: Prince Pipes & Fittings RHP, ICRA Rating, Keynote Capitals Ltd.*

India has historically been a UPVC-dominated market, primarily due to its affordability, rigidity, and high-pressure tolerance, qualities that made it ideal for agricultural and low-cost plumbing applications. However, CPVC pipes have steadily gained traction in recent years, driven by rising demand in residential plumbing and hot-water systems. Unlike UPVC, CPVC supports higher temperatures and is better suited for pressurized applications in premium housing and commercial real estate.

In FY25, companies with a higher share of CPVC in their product mix demonstrated greater resilience to macro headwinds, delivering relatively stable revenues and margins. In contrast, peers with a heavier reliance on UPVC pipes faced sharper slowdowns in volume, pricing, and profitability. As the market continues to shift toward value-added applications, CPVC is emerging as a strategic growth lever.

## Manufacturing process




*Source: Rex Pipes & Cables RHP, Keynote Capitals Ltd.*

## Supply chain

The piping industry generally follows a two or three-step distribution chain where companies supplies to the distributors, who goes ahead and either sells to a sub-dealer or directly to the end consumer. For large projects, piping companies go through the distributor route or directly deal with the end customer.

Plastic pipe is a bulky product; hence, distribution/manufacturing network diversification plays a vital role for a plastic pipe manufacturing company. Freight cost is a material cost component for pipe manufacturing players. This cost can be significantly controlled by strengthening the distribution chain and localizing production.

## Major raw materials and their sources

**PVC** – India remains structurally import-dependent for PVC resin. With domestic capacity stagnant, ~62% of demand is met through imports, primarily from China, Japan, Taiwan, South Korea, and the USA. Imports have increased sharply, especially from China, which now accounts for ~40% of total PVC resin imports.

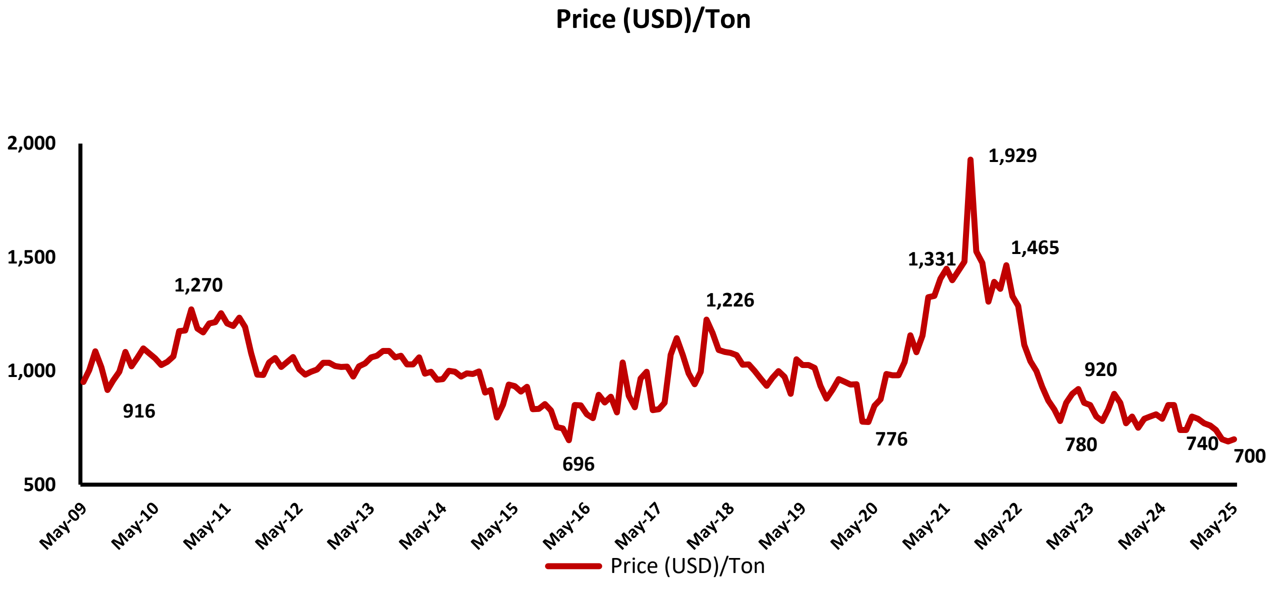
**CPVC** – India imports virtually all its CPVC resin, as local manufacturing capacity remains negligible. Imports are primarily sourced from China, South Korea, the USA, and Japan. ADD on CPVC resin and compound from China and South Korea, originally imposed in August 2019, was renewed in August 2024 for another five years, providing some pricing support to domestic processors.

**PPR** – Majority of PPR copolymer demand is met domestically, with limited import dependence.

**PE** – India's polyethylene market remains heavily import-dependent with main suppliers being UAE, Saudi Arabia, and Singapore.

**PVC Resin**

## PVC resin price volatility




*Source: Bloomberg, Keynote Capitals Ltd.*

India's PVC resin demand grew at a 6.2% CAGR to 4.7 MMT in FY25, led by agriculture, real estate, and infrastructure. With domestic capacity at ~1.8 MMT, imports met ~62% of demand, largely sourced from China, Japan, South Korea, Taiwan, and the U.S.

The sharp rise in low-cost imports in India, amid global oversupply and weak demand, has led to pricing pressure in PVC resin and heightened volatility in the PVC-EDC spread—a key profitability metric measuring the gap between PVC prices and its key feedstock, Ethylene Dichloride (EDC). According to CARE Ratings, PVC demand is expected to grow at an 8% CAGR, reaching 5.5 MMT by FY27. In response, ~2.5 MMT of new domestic capacity is slated for commissioning by FY27, which could reduce the import gap to ~1.4 MMT.

Meanwhile, structural policy measures are underway to address margin pressure. The government has notified BIS quality standards for suspension-grade PVC, and the Directorate General of Trade Remedies (DGTR) is evaluating ADD on underpriced resin imports. While enforcement timelines remain uncertain, these actions are expected to limit dumping, improve input quality, and stabilize domestic prices, ultimately creating a more supportive environment for downstream manufacturers like PVC end product manufacturers.

## Tailwinds for the industry - Organized players are better placed

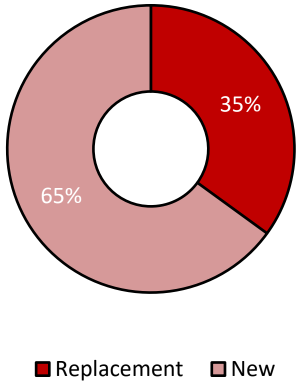
**GOI's focus on improving infrastructure** – The government of India has rolled out many initiatives to improve the overall infrastructure of the country. They are putting immense focus on building bridges, roads, houses, water transport, etc. Pipes have an important role to play in almost all infrastructure projects.

Apart from this, large organized players have a better chance to cater to the demand coming out of these projects as smaller players will not be able to fulfill such huge demands within time and of the right quality. Therefore, organized private players with an established presence will have a better chance against unorganized smaller players to cater to this growing demand.

**Development of private infrastructure** – Along with the government, there are a lot of private sector investments in infrastructure and housing that will propel India's future growth. Piping as a construction material doesn't contribute more than 5% to the overall project cost therefore it won't take a lot of mind share from customers. Private players are constantly positioning themselves as the best pipe manufacturers with the help of advertising at multiple platforms and events. Also, organized private players have a lot to offer in terms of the product range. These two factors offer them an advantage to tap the private infra growth over smaller unorganized players.

**Plastic pipes will continue to replace GI pipes** – Replacement demand continues to be a key structural driver for India's plastic pipes industry, accounting for nearly a third of total domestic consumption. A large share of this stems from the ongoing substitution of ageing GI pipes, typically prone to corrosion and with an average service life of 20–25 years with PVC and other polymer-based alternatives. PVC pipes offer multiple advantages: they are significantly more cost-effective, corrosion-resistant, have lower leakage risk, and exhibit better chemical and pressure tolerance. These functional and economic benefits are driving a nationwide shift, especially in plumbing and water supply networks, where consumers and institutional buyers alike are increasingly opting for plastic piping solutions.

Plastic Pipes Industry Demand (FY25)




*Source: ICRA Rating report, Keynote Capitals Ltd.*

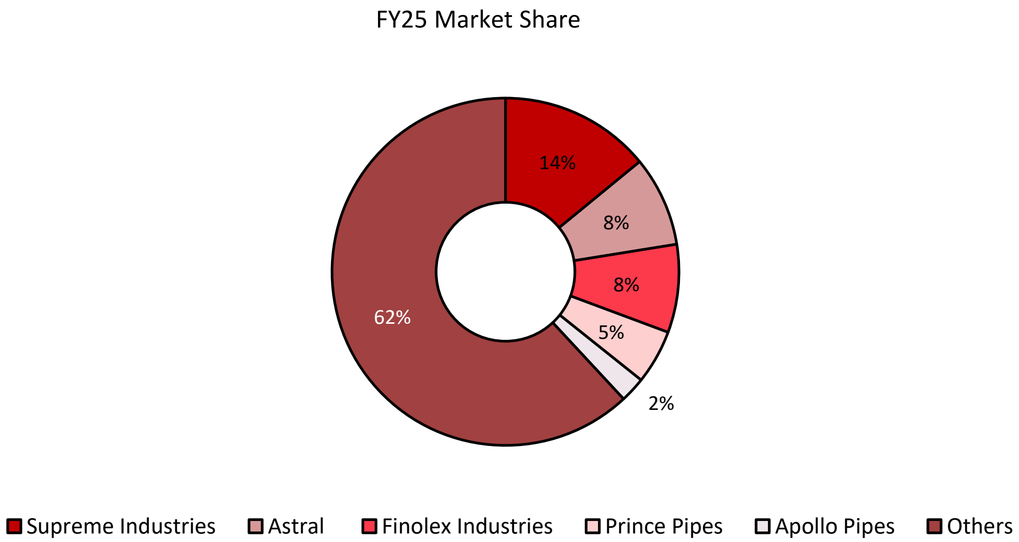
**Anti-Dumping Duty (ADD) on raw material** – The recent extension of ADD on CPVC resin imports from China and South Korea until June 2029 reinforces the structural advantage of larger organized players who source from alternate geographies such as the US and Japan. In contrast, smaller players, many of whom were dependent on these low-cost import routes, face a significant cost disadvantage due to higher duty cost. Additionally, potential ADD on PVC resin imports is currently under evaluation. While the timeline remains uncertain, its implementation could help stabilize domestic prices after an extended correction driven by import-led oversupply.

### Major players in plastic piping industry

*Source: Company Websites, Keynote Capitals Ltd.*

### Market share of top organized players

5 listed players command 38% of Rs. 500 Bn market




*Source: Company filings, Keynote Capitals Ltd.*

## Indian bath & sanitaryware industry

The Indian sanitaryware and bathware industry posted strong growth in FY24, driven by rising urbanization, improving household incomes, and a growing preference for modern, aesthetically designed bathrooms. The market was estimated at ~ Rs. 150 Bn in FY24 and is projected to grow at a CAGR of 7–9% over the next few years. The sector spans a wide range of products including sanitaryware, faucets, showers, and accessories, and is witnessing a clear shift toward premiumization as consumers increasingly prioritize design, quality, and functionality. This structural evolution offers significant long-term potential for branded players.

**Sanitaryware industry –** The sanitaryware segment, comprising ceramic products such as toilets, basins, and urinals, is closely tied to residential and commercial construction, as well as infrastructure development across sectors like hospitality and healthcare. India is the world's second-largest sanitaryware producer after China. The industry is highly consolidated, with the top four players accounting for ~60% of the market share, and ~75% of the market being organized. A majority of manufacturing is clustered around Morbi, Gujarat, leveraging proximity to raw materials and a skilled workforce. While penetration is relatively high, the segment remains under-indexed on replacement demand, which forms just 15–20% of domestic volumes versus ~80% in mature markets. This gap offers significant headroom for structural growth as the category evolves from first-time installations to lifecycle-based upgrades.

**Faucet market** – Faucets, taps, mixers, diverters and allied water-dispensing fixtures for kitchens and bathrooms have become the fastest-evolving sub-set of India's bathware market. Modern buyers are gravitating toward single-lever, thermostatic and sensor-based designs that combine water-efficiency with sleek aesthetics, pushing up the category's realization and margin profile for branded players.

Unlike sanitaryware, the segment is still fragmented, populated by numerous regional manufacturers, leaving ample headroom for consolidation as consumers upgrade to premium, durable products alongside robust new-build activity.

## About Prince Pipes & Fittings Ltd.

Incorporated in 1987 and headquartered in Mumbai, Prince Pipes and Fittings Ltd. (PPFL) was founded and promoted by Mr. Jayant Shamji Chheda. The Company began operations with a focus on manufacturing PVC pipes, primarily catering to the agriculture and plumbing segments in Western India. Over the past 3+ decades, it has transformed into one of India's largest integrated piping solutions providers, offering products across five major polymers including UPVC, CPVC, HDPE, PPR, and LLDPE.

The Company operates across two brands i.e. Prince and Trubore, and offers a product basket of over 7,200 SKUs, addressing applications in plumbing, sewage, drainage, irrigation, industrial piping, and water storage. It has a pan-India presence with 8 manufacturing facilities and a network of 1,500+ distributors, enabling strong serviceability across urban, semi-urban, and rural markets.

Strategic collaborations with global names such as Lubrizol (for CPVC compound) and Tooling Holland BV (for mould technology) further strengthen its positioning. In recent years, PPFL has forayed into adjacent consumer-facing categories like bathware (Aquel) and water storage tanks (Storefit) to expand its value proposition.

With a focus on product diversification, channel expansion, and capital efficiency, the Company continues to build scale while maintaining a strong brand presence in India's evolving infrastructure and housing landscape.

## Product range

UPVC Pipes

CPVC Pipes

HDPE Pipes

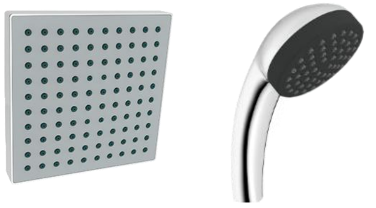
PPR Pipes

LLDPE Pipes

Water Storage Tank

Faucet

Sanitaryware

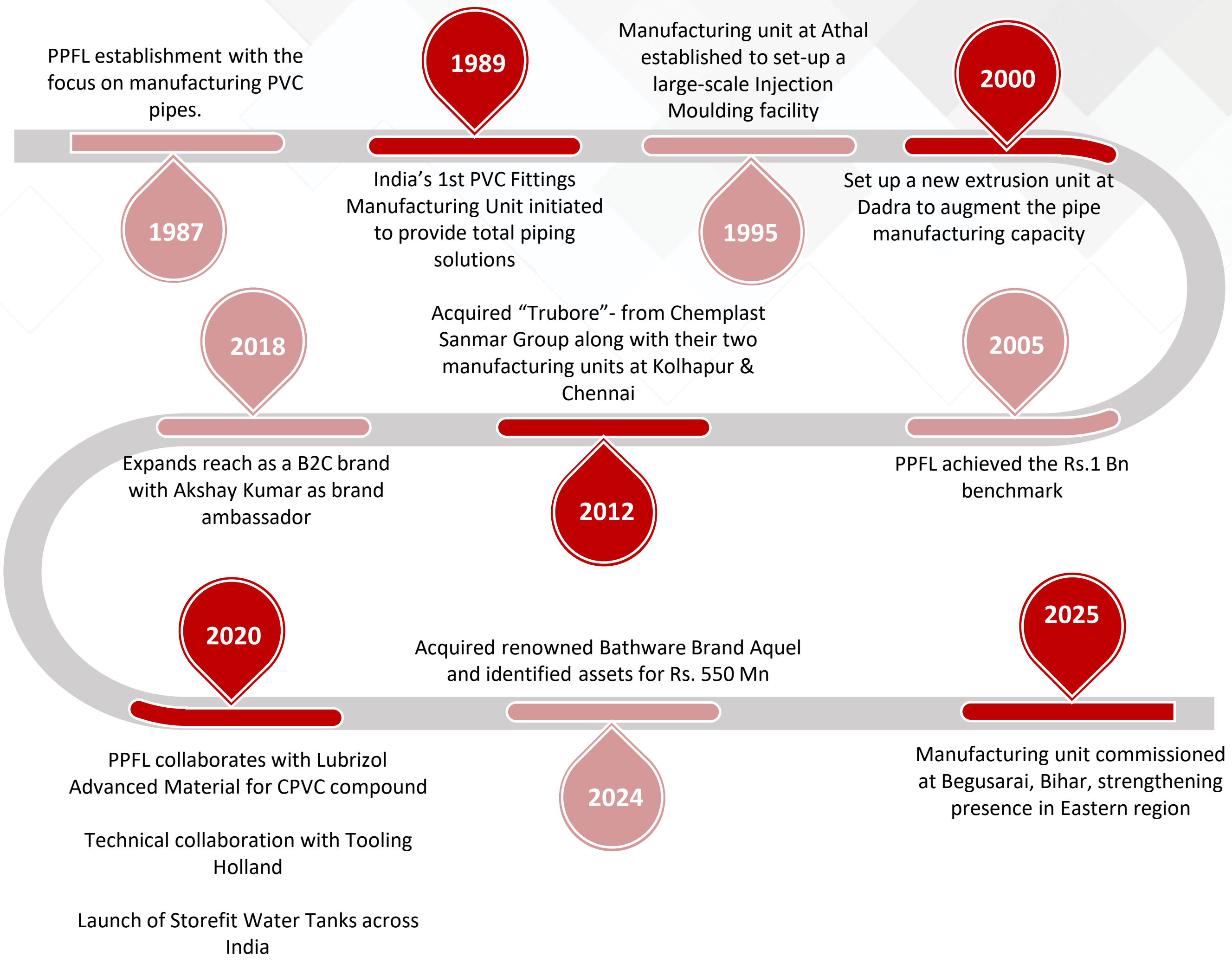


Showers

Bathroom Accessories

*Source: Company Websites, Keynote Capitals Ltd.*

## Business evolution




*Source: Company, Keynote Capitals Ltd.*

## Manufacturing Units

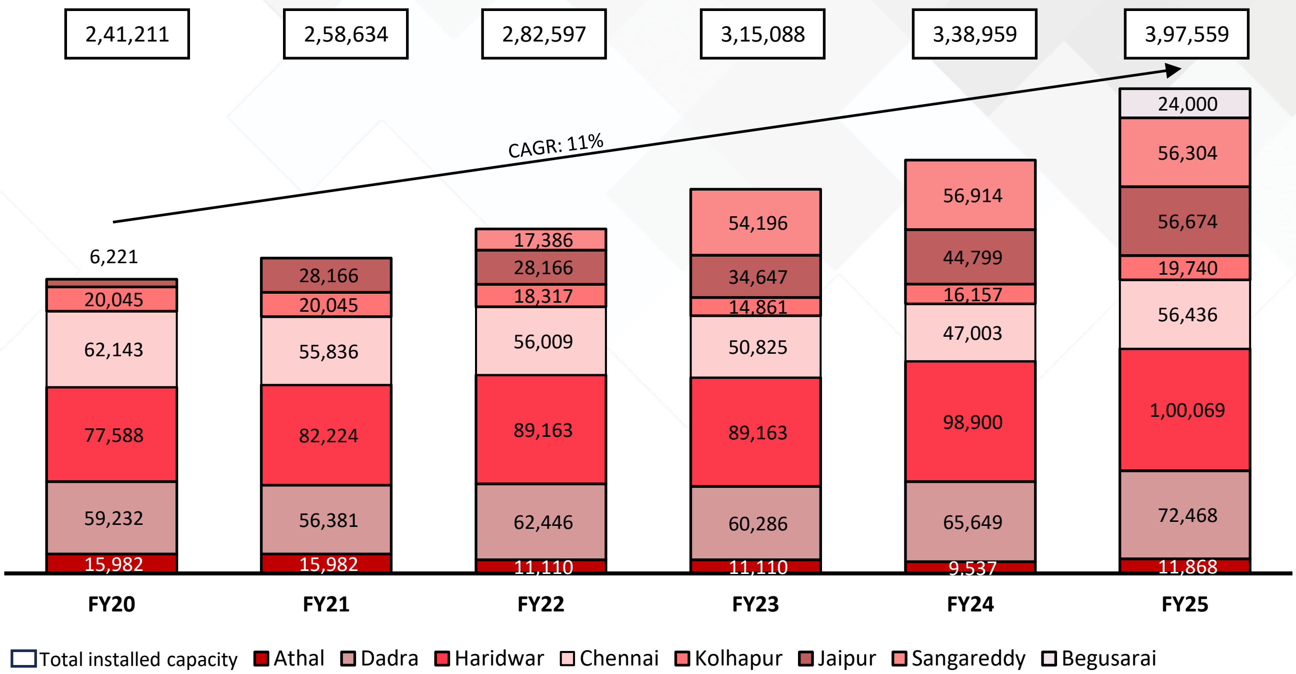
| Plant No. | Locality | State/UT | Mfg. Capacity (MT) | Pipes | Fittings | Tanks |
|---|---|---|---|---|---|---|
| 1. | Athal | Dadra and Nagar Havelli | 11,868 | | * | |
| 2. | Dadra | Dadra and Nagar Havelli | 72,468 | * | | * |
| 3. | Haridwar | Uttarakhand | 1,00,069 | * | * | * |
| 4. | Chennai ^ | Tamil Nadu | 56,436 | * | | * |
| 5. | Kolhapur ^ | Maharashtra | 19,740 | * | | |
| 6. | Jaipur | Rajasthan | 56,674 | * | | * |
| 7. | Sangareddy | Telangana | 56,304 | * | * | * |
| 8. | Begusarai | Bihar | 24,000 | * | * | |
| **Total** | - | - | **3,97,559** | - | - | - |

*Source: Company, Keynote Capitals Ltd.*

*^ Units acquired from Trubore acquisition*

KEYNOTE

## Installed Capacity Progression (MTPA)

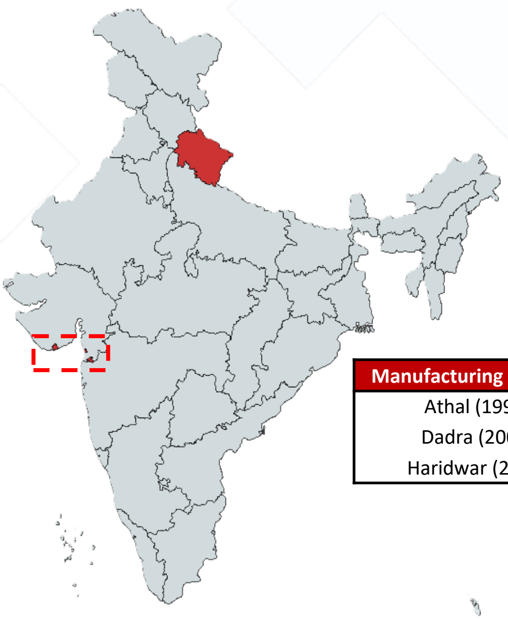



*Source: Company, Keynote Capitals Ltd.*

The Company has strategically set up 8 manufacturing plants across India to optimize logistics costs and enhance its nationwide distribution network. With plants in Athal, Haridwar, Kolhapur, Sangareddy, Dadra, Chennai, Jaipur, it has streamlined supply chain management and reduced transportation costs for bulky PVC pipes. These plants serve major demand hubs in the central, northern, western, and southern regions, ensuring effective coverage of most parts of the country, except for the eastern market.

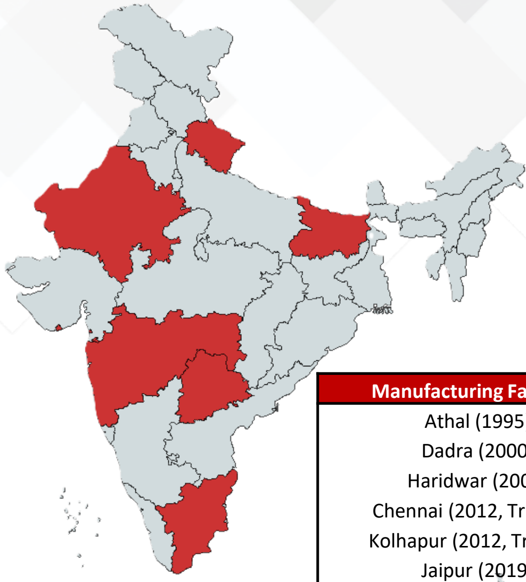
PPFL's recent addition of the Begusarai plant in Bihar, which is the 8$^{th}$ plant of the Company, further expands its reach into the growing eastern market, which is witnessing significant public and private infrastructure development, real estate growth, and more. As of FY25, the Company has invested Rs. 1.8 Bn for Phase 1 of the Begusarai facility, with an initial capacity of 24,000 MTPA, taking the total installed capacity to 3,97,599 MT. Phase 2, aimed at increasing capacity to 60,000 MTPA, will require an additional Rs. 0.7 Bn investment. This expansion enhances the Company's ability to serve the rapidly growing Eastern region while optimize costs and improving supply chain responsiveness across India.

*1995-2010*



| Manufacturing Facilities |
|---|
| Athal (1995) |
| Dadra (2000) |
| Haridwar (2008) |

*2011-2025*

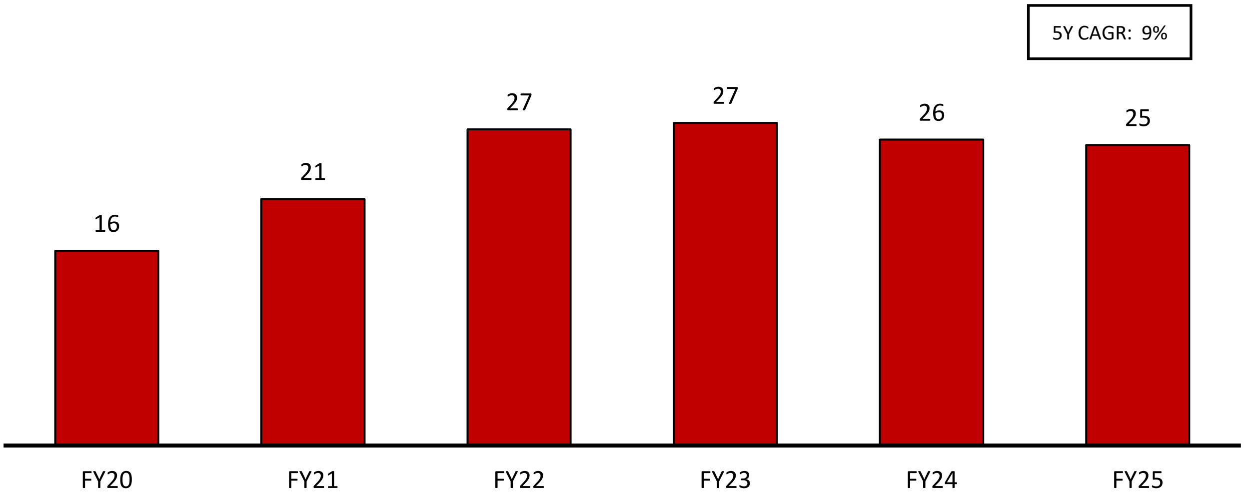


| Manufacturing Facilities |
|---|
| Athal (1995) |
| Dadra (2000) |
| Haridwar (2008) |
| Chennai (2012, Trubore) |
| Kolhapur (2012, Trubore) |
| Jaipur (2019) |
| Sangareddy (2021) |
| Begusarai (2025) |

*Source: Company, Keynote Capitals Ltd.*

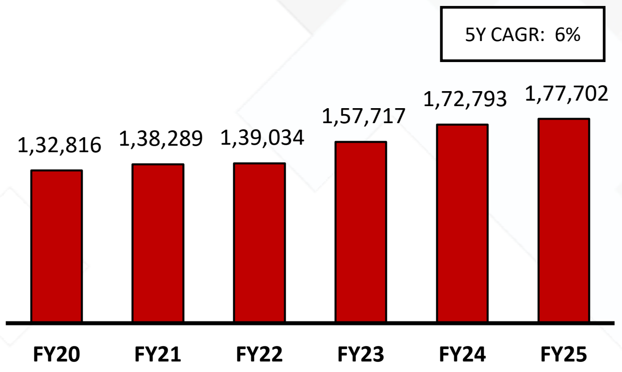
## Business progression in numbers

**Revenue (in Rs. Bn.) - Cyclicality driven by resin prices**

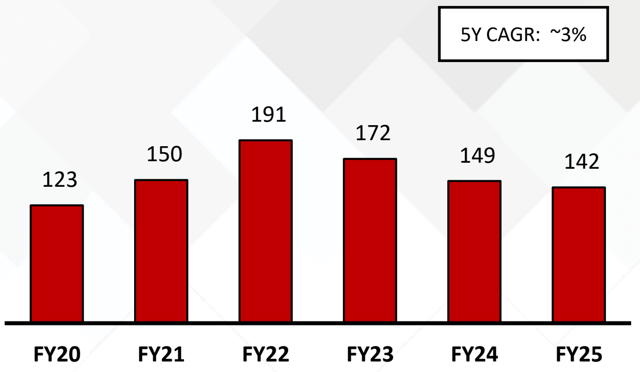



*Source: Company, Keynote Capitals Ltd.*

Sales Volume (MTPA)




Realization (Rs. per kg)



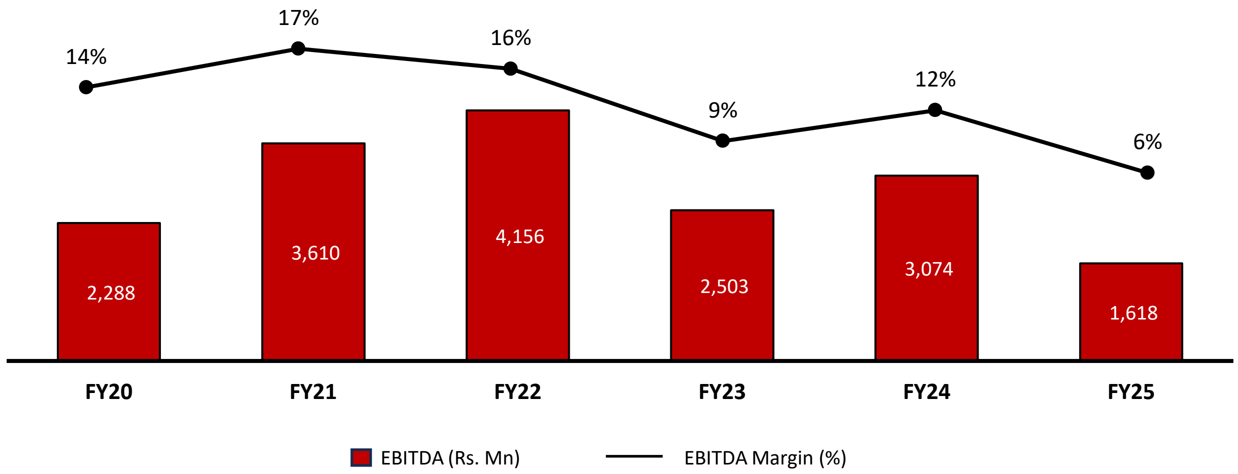

*Source: Company, Keynote Capitals Ltd.*

Revenue growth for the Company hinges on two key drivers: sales volume and PVC resin prices, which directly affect realizations. In FY21 and FY22, the Company recorded robust revenue on growth of 27% and 28% respectively, on a YoY basis. This was primarily aided by elevated PVC resin prices, which peaked in FY22 at an average realization of Rs. 191/kg, up from Rs. 150/kg in FY21.

However, post-FY22, the industry entered a downcycle with realizations declining consistently due to normalizing resin prices. By FY25, average realization had dropped to Rs. 142/kg, which is below even the pandemic levels of FY21. Despite these headwinds, the Company delivered a steady performance in FY23, with volumes rising 13% YoY driven by pent-up demand.

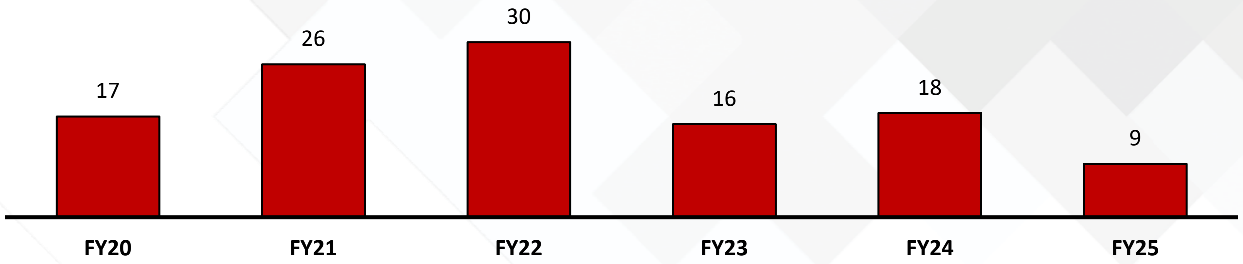
The impact of pricing pressure intensified in FY24, where despite a 10% YoY growth in volumes, overall revenue fell 5% owing to a 14% drop in realizations. FY25 proved even more challenging, as realization fell and volumes stagnated. Channel destocking and weak domestic demand compounded the impact of falling resin prices, resulting in a revenue decline of ~2% on a YoY basis in FY25.

**EBITDA (in Rs. Mn.) - Dragged by inventory, mix, and segment losses**




*Source: Company, Keynote Capitals Ltd.*

**EBITDA / kg (in Rs.)**



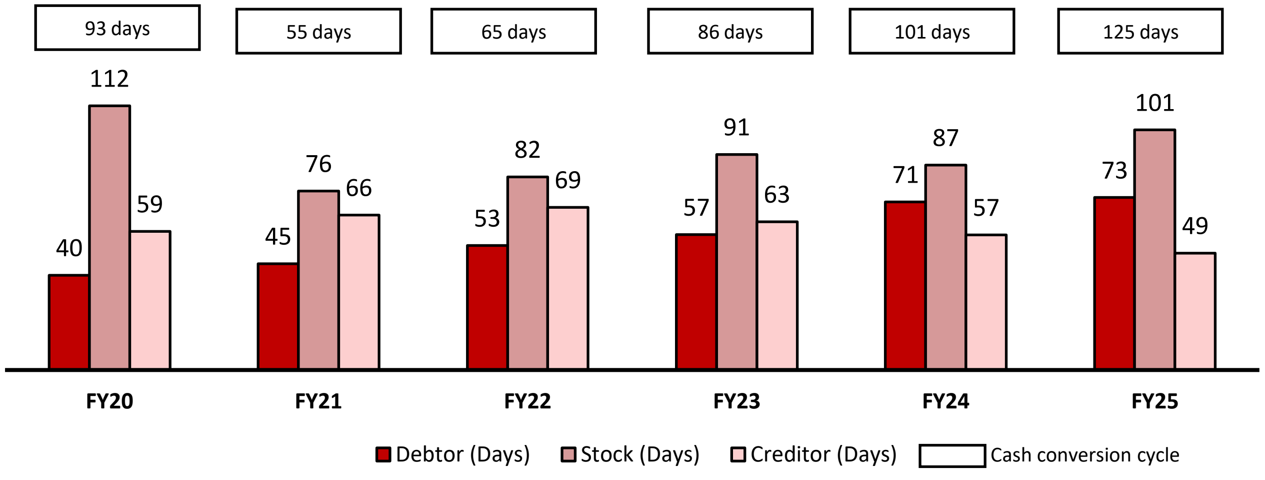

*Source: Company, Keynote Capitals Ltd.*

The Company's operating profit, like its revenue, is influenced by sales volume and realization, but is also shaped by inventory valuation and fixed cost absorption. During FY22, average realizations rose to Rs. 191/kg, driven by elevated PVC resin prices. This resulted in record-high EBITDA margins and EBITDA per kg. However, from FY23 onwards, as resin prices declined and volume growth moderated, the Company's operating leverage began to weaken.

The impact of declining PVC resin prices was gradual in FY23 and FY24, but it became more pronounced in FY25. During this period, the Company reported its lowest-ever EBITDA since listing, at Rs. 1,618 Mn, with EBITDA margin dropping to 6% and EBITDA per kg falling to Rs. 9.The pressure on profitability stemmed from four key factors: inventory losses of Rs. 850–900 Mn as high-cost stock was sold into a falling price environment; elevated fixed costs, including trade incentives, advertising, and overheads, that remained sticky despite flat volumes; continued losses in the bathware division (Rs. 170–180 Mn in FY25), which remains in investment mode; and internal inefficiencies in inventory planning and cost control. These combined structural and operational headwinds significantly compressed margins, even though revenue declined only modestly.

That said, as PVC resin prices stabilize and volumes normalize across the channel, the Company is well-positioned to recover operating profitability, aided by improved cost absorption and a return to its guided EBITDA margin range of 12–14%.

**Net working capital cycle**




*Source: Company, Keynote Capitals Ltd.*

Over the past four years, the Company's working capital cycle has deteriorated sharply, with its cash conversion cycle more than doubling from 55 days in FY21 to 125 days in FY25, the highest in six years. This was driven by a rise in inventory days to 101, reflecting slower inventory turnover amid muted demand and distributor destocking. At the same time, debtor days increased from 45 in FY21 to 73 in FY25, while creditor days declined from 66 to 49 over the same period. This mismatch has strained operating cash flow and led to a reliance on debt to fund working capital, with gross borrowings rising from Rs. 850 Mn in FY21 to ~Rs. 1.8 Bn in FY25. With EBITDA margins already compressed at 6%, this elevated working capital burden is weighing on free cash flows and could limit the Company's ability to self-fund growth. A revival in demand and PVC resin price stability would not only support volume and margin recovery but also help normalize inventory turnover, reduce the working capital cycle from the current level, and improve cash flow generation.

## Technological collaboration and strategic tie-ups

| Partner name | Type of collaboration | Year of tie-up | Description / strategic benefit |
|---|---|---|---|
| **Lubrizol (USA)** | Product collaboration | FY21 | World's largest CPVC compound manufacturer. Partner for FlowGuard Plus and Corzan CPVC. Boosts PPFL's credibility and reach in CPVC plumbing, industrial pipes, and builder segment. Enhances cross-selling to existing distributors and access to branded CPVC technology. |
| **Tooling Holland (Netherlands)** | Technical collaboration | FY21 | Expertise in plastic injection moulding. Helps PPFL improve internal efficiencies, optimize mould design, and align manufacturing to international standards. |
| **Ostendorf Kunststoffe (Germany)** | Product collaboration | FY23 | Partners for Skolan Safe (premium silent PP drainage) and HT Safe (low-noise PP drainage). Enhances modern plumbing range for real estate and infra with silent, high-performance drainage solutions. |
| **Hauraton (Germany)** | Product collaboration | FY23 | Provides advanced surface drainage systems. Adds range for applications like airports, parking lots, stadiums, and parks. Helps Prince diversify into high-end civil drainage solutions |

*Source: Company, Keynote Capitals Ltd.*

## Acquisitions

### Trubore Piping Systems Pvt. Ltd.

In 2012, the Company acquired the Trubore brand along with two manufacturing facilities (Chennai and Kolhapur) from Chemplast Sanmar Ltd. The acquisition helped the Company strengthen its foothold in South India, particularly Tamil Nadu, where the Trubore brand held strong recall. It also gave it access to an established brand and customer base, which it could leverage without needing to invest in fresh brand-building. PPFL has since expanded Trubore's presence beyond Tamil Nadu to other southern states, with ambitions to scale it pan-India over time.

### Aquel

In FY24, the Company signed an Asset Purchase Agreement with Klaus Waren Fixtures Pvt. Ltd. for the acquisition of the Aquel bathware brand and its related assets. The total deal was structured in two tranches: Tranche 1: Acquisition of brand and IP for which the Company paid Rs. 550 Mn in Q4FY24; Tranche 2 (ongoing): Acquisition of the Bhuj manufacturing unit, including land, building, and equipment for Rs. ~70-100 Mn.

This acquisition gives PPFL a ready platform to scale in the high-potential bathware segment, which complements its existing pipe and fitting portfolio. The brand is being positioned against premium players like Jaquar and will target both new construction and renovation markets.

Additionally, PPFL plans to invest Rs. 70–100 Mn more in debottlenecking and maintenance capex at the Bhuj plant in FY26, with the goal of unlocking production capacity of Rs. 1–1.2 Bn.

The Aquel brand continues to be marketed as "Aquel by Prince" to balance brand continuity with corporate endorsement. The decision allows PPFL to retain Aquel’s distinct identity in the lifestyle segment, while benefiting from the Company’s national distribution and manufacturing network.

## Business forays – adjacent categories

### Water storage tanks

PPFL entered the water storage tank segment in FY21 to expand its product portfolio and deepen its B2C presence. The category leverages the Company’s core strengths in plastics and distribution, making it a logical adjacency to the core piping business and a natural fit for “rain-selling” through its retail network. Water storage tanks represent a Rs. 50 Bn industry that remains highly fragmented, with no dominant national brand. This creates a whitespace opportunity for the Company to scale this segment meaningfully, using its existing manufacturing and distribution backbone.

*Rain selling – Selling an additional or complimentary products through an existing channel. These products “ride along” with the core product line*

Since launch, the Company has built a strong foundation across manufacturing and distribution. From initial test-marketing in Gujarat (Dadra unit), the tank business now operates out of five in-house facilities: Silvassa, Jaipur, Haridwar, Chennai, and Hyderabad, with a sixth planned in Begusarai, Bihar (6 Mn litre/month capacity). These locations ensure proximity to key demand centers and help manage logistics cost, which is significant in this bulky product low-value-per-unit category.

Distribution is integrated with the Company's core pipe network, enabling cost-efficient go-to-market with minimal additional channel investments. The Company's approach has been to position itself as a premium, virgin polymer-based offering, avoiding volume-led discounting. Product acceptance has been positive, particularly in semi-urban and rural areas where the brand's credibility and pan-India reach are valued. The segment also expanded into sustainable offerings with the launch of BioFIT septic tanks in FY25.

With key capacities in place and a strong distribution network, the tank business is structurally positioned to scale, subject to stable demand and product acceptance. Demand is expected to be driven by Tier 2/3 cities and rural areas, where rooftop storage is critical due to erratic piped water supply. Early traction in Eastern India, aided by the Bihar plant, also signals regional diversification.

On segment financials, the tank business recorded a revenue of ~Rs. 300 Mn in FY23, Rs. 370–400 Mn in FY24, and ~Rs. 480 Mn in FY25. Margins have not been separately disclosed, but management commentary suggests a focus on profitability over volume. Tanks currently account for ~1% of total revenue but provide an avenue for the Company to broaden its brand relevance in homes and strengthen its consumer-facing portfolio.

### Bathware segment

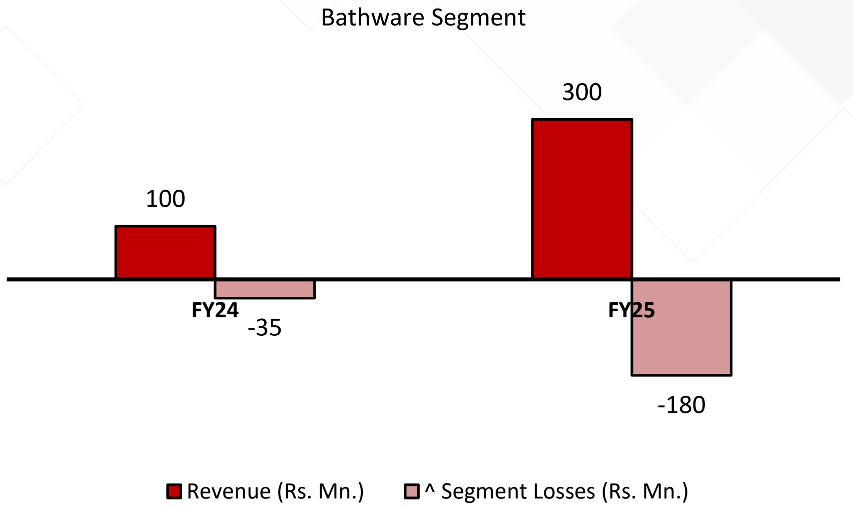
PPFL strategically ventured into the bathware segment in FY22 as part of its broader vision to diversify its revenue mix beyond commoditized PVC pipes and enter higher-margin, brand-led categories. The adjacency between piping and bathware, especially faucets and sanitaryware, offered a natural extension, allowing the Company to leverage its pan-India distribution, institutional relationships, and consumer recall.

Through FY22, the Company evaluated new categories with better gross margin potential and long-term brand value. By FY23, the groundwork was in motion: vendors and designs were finalized, warehousing was initiated, and a dedicated bathware team was appointed. Importantly, the Company brought on board Mr. Harsh Kumar, a seasoned industry leader with over 15 years at Jaquar, India's largest organized bathware brand. His induction reflected the Company's intent to build a credible, aspirational brand positioned just below Jaquar in the mass-premium space, targeting price-sensitive but brand-conscious customers across Tier 2/3 towns.

To strengthen manufacturing and scale the business, the Company acquired an existing brand, *Aquel* and its Bhuj-based production facility in Q4 FY24 for Rs. 550 Mn, with an additional Rs. 70–100 Mn earmarked for debottlenecking capex that will be paid after the completion of 2$^{nd}$ tranche (ongoing). This facility added in-house capacity of Rs. 1-1.2 Bn in annual revenue potential and served as a springboard for the bathware business.

Post-acquisition, the Prince Bathware and Aquel businesses were integrated, with Aquel becoming the umbrella brand for the Company's faucet and sanitaryware portfolio. The Company aggressively expanded its retail footprint to over 200 touchpoints across major cities like Pune, Lucknow, Goa, and Kolkata. New product lines like Duratap (PTMT taps for the economy segment) and the Kristal range (GRIHA-certified for green building projects) were launched to address both retail and institutional demand. Marketing investments were ramped up via ATL and BTL campaigns, including branding on metro and Vande Bharat trains, digital initiatives, and project participation in Mumbai.

While still in its early stages, the bathware segment has seen a promising start, with encouraging channel feedback and improving sales momentum. Currently, this segment contributes slightly higher than 1% of the total revenue but the management remains confident in scaling this business meaningfully over the next few years, supported by focused investments in brand, distribution, and manufacturing.

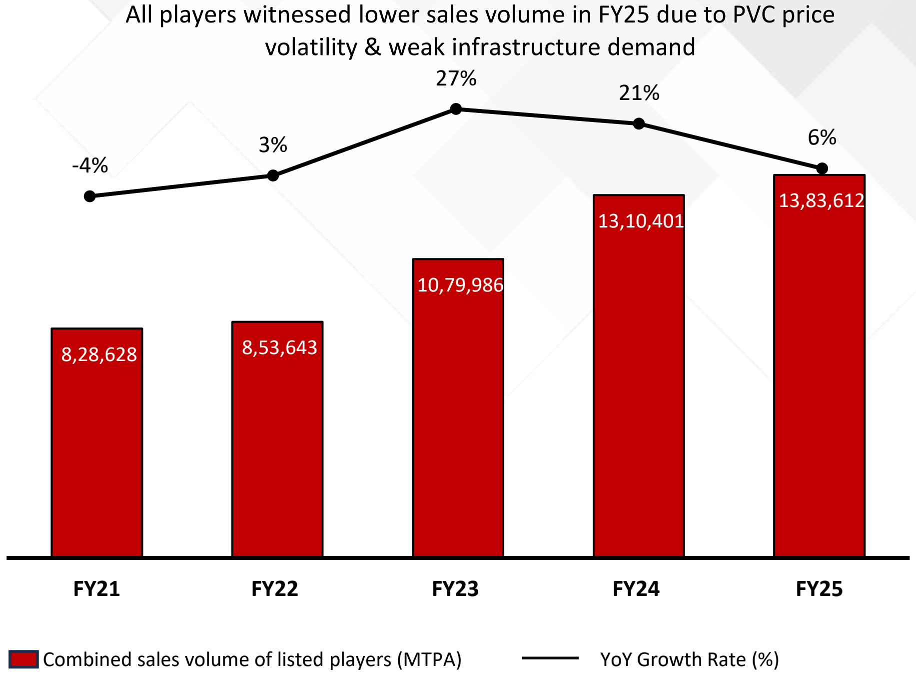



*Source: Company, Keynote Capital*

Going forward, management aims to complete its pan-India distribution by FY26 and position Aquel as a full-service, mass-premium brand. This includes expanding SKUs, entering new price bands, and deepening service infrastructure, particularly in South and East India. Over the next 12–18 months, the Company plans to internalize faucet manufacturing, enhancing control over quality, margins, and product availability. With an asset-light strategy, brand equity and distribution muscle through PVC pipes network, the Company has a set path to scale this business. If execution remains disciplined, the bathware vertical can evolve into a structurally higher-margin growth engine, reducing cyclicality tied to PVC resin and enhancing overall business resilience.

The diversification into adjacent categories like water storage tanks and bathware is aimed at reducing reliance on commoditized PVC pipes, while leveraging the Company's strong distribution network to cross-sell higher-margin, brand-driven products. Historically a pure-play pipes business, this strategic pivot allows the Company to expand its share of wallet, improve margin resilience, and evolve into a full-spectrum building materials player.

## Plastic Piping Peer Analysis

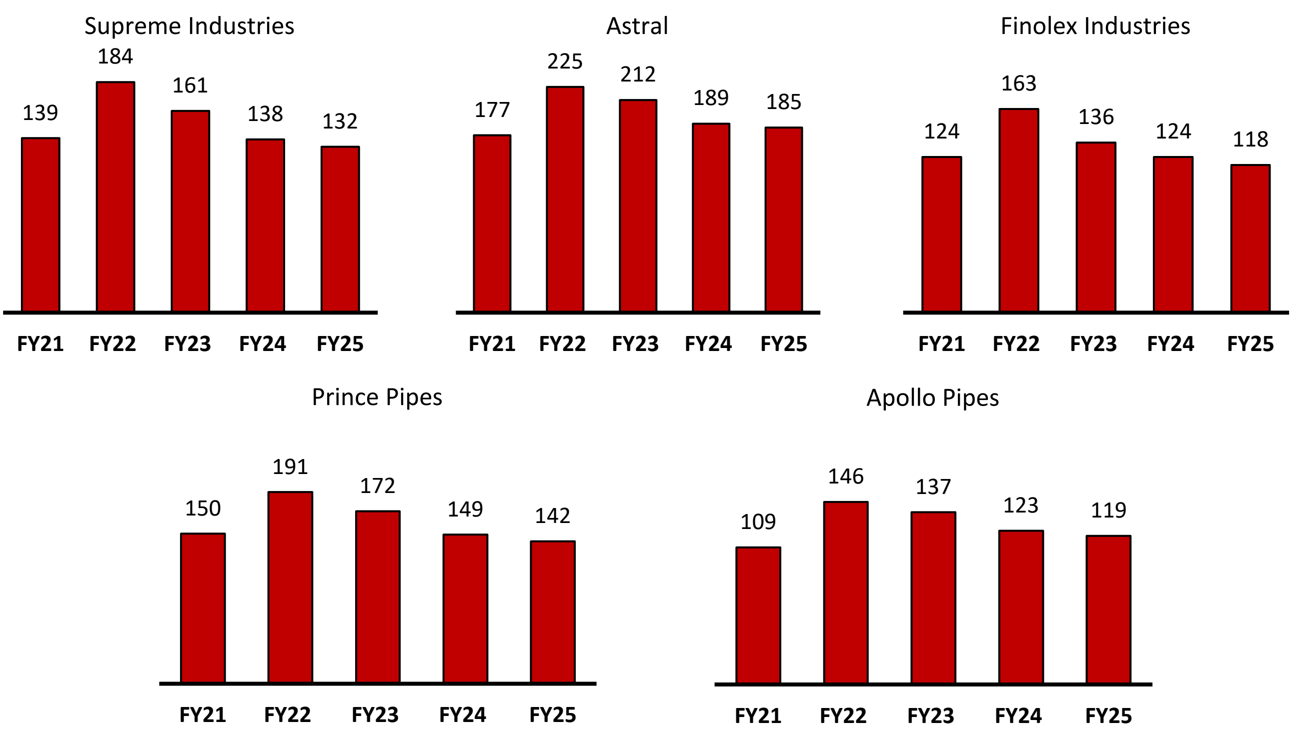



*Source: Company, Keynote Capital*

*Companies included: Supreme Industries, Astral Ltd, Finolex Industries, PPFL, and Apollo Pipes*

## Realization (Rs./ kg)

Astral has the highest realization and Finolex has the lowest, highlighting the importance of product mix.



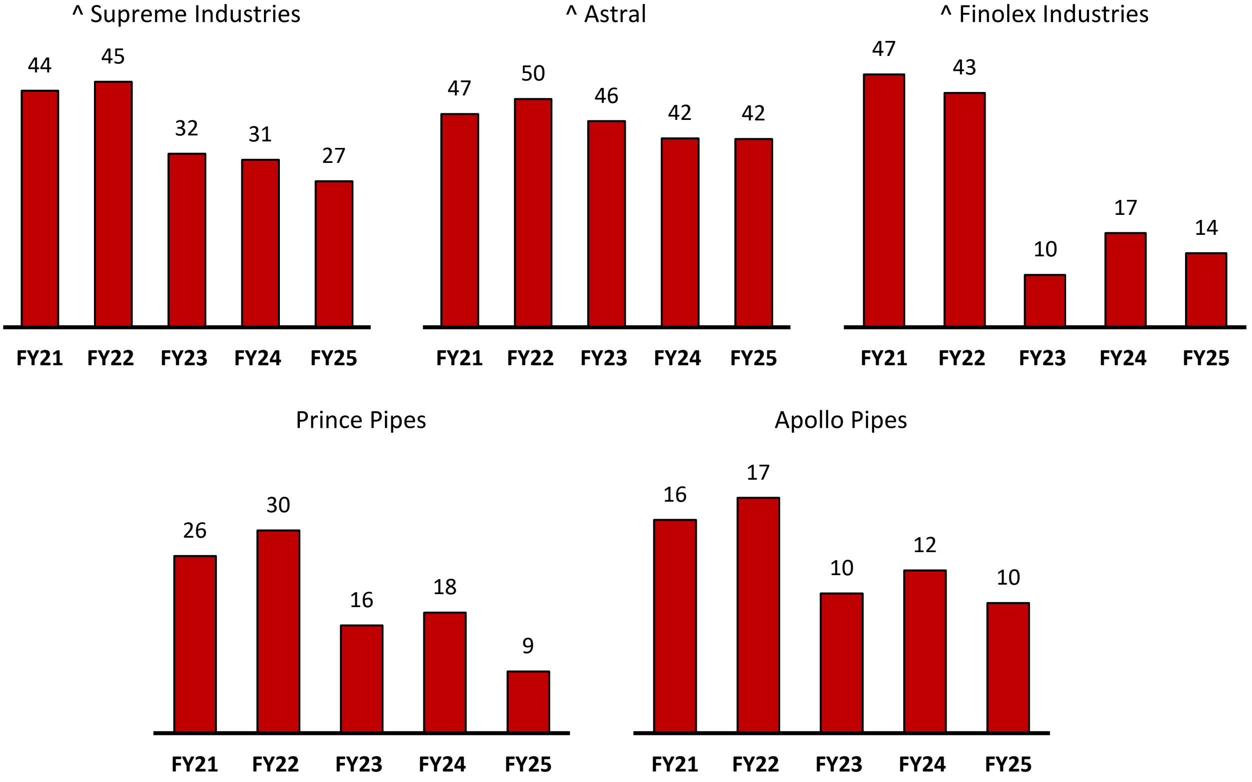

*Source: Company, Keynote Capital*

Realizations across all major piping players peaked in FY22, driven by a surge in PVC resin prices. Since then, everyone has seen a decline in per-kg realizations as raw material prices normalized. Astral has consistently led the pack, due to its premium product mix skewed toward CPVC and a strong retail presence. PPFL trails only Astral across the period, reflecting its balanced portfolio of CPVC and UPVC products. However, unlike Astral, the Company's realizations have been more sensitive to fluctuations in resin prices, given their relatively higher exposure to standard UPVC categories.

Supreme and Finolex have posted comparatively lower realizations. In Finolex's case, the drag is more pronounced due to its larger dependence on agri-grade UPVC pipes and direct exposure to PVC resin sales, a segment that has seen sharp price erosion post-FY22. Supreme, despite a diversified portfolio, also faced pressure due to its meaningful agri exposure. The trend underscores PPFL's positioning as a mid-to-premium play in the sector, capable of capturing value, yet with scope to push further premiumization.

### EBITDA/ kg (in Rs.)

Astral leads on EBITDA per kg due to premium positioning, while PPFL and Finolex lag amid lower operating leverage and higher sensitivity to PVC resin price swings.




*Source: Company, Keynote Capital*

*^ For Supreme Astral, and Finolex, total EBITDA is considered since segment EBITDA is not given*

## Peer Set Financial Profile

**Astral leads on growth and margins while PPFL trails across all financial metrics**

| Particulars | Supreme Industries Ltd | Astral Ltd | Finolex Industries Ltd | Prince Pipes & Fittings Ltd | Apollo Pipes Ltd |
|---|---|---|---|---|---|
| **FY25 Revenue (Rs. Bn.)** | 70.3 | 41.9 | 41.0 | 25.2 | 11.8 |
| 5Y CAGR (%) | 15% | 16% | 10% | 9% | 24% |
| **FY25 Gross Profit (Rs. Bn.)** | 32.9 | 23.1 | 14.7 | 6.4 | 3.5 |
| Margin (%) | 32% | 40% | 35% | 25% | 30% |
| 5Y CAGR (%) | 11% | 19% | 7% | 5% | 24% |
| **FY25 EBITDA (Rs. Bn.)** | 14.3 | 9.5 | 4.8 | 1.6 | 0.96 |
| Margin (%) | 14% | 16% | 11% | 6% | 8% |
| 5Y CAGR (%) | 11% | 16% | 1% | -7% | 15% |
| **FY25 PAT (Rs. Bn.)** | 9.6 | 5.2 | 8.0 | 0.4 | 0.3 |
| Margin (%) | 9% | 9% | 19% | 2% | 3% |
| 5Y CAGR (%) | 16% | 16% | 19% | -17% | 4% |
| 3Y Cumulative CFO (Rs. Bn.) | 33.1 | 20.1 | 10.4 | 5.1 | 2.2 |
| 3Y Cumulative Capex (Rs. Bn.) | 18.6 | 14.1 | 3.7 | 5.3 | 2.8 |
| FY22 Gross Block (Rs. Bn.) | 34.9 | 16.9 | 24.4 | 9.0 | 3.0 |
| 3Y Capex as % of FY22 Gross Block (%) | 53% | 83% | 15% | 59% | 93% |

*Source: Company, Keynote Capital*

*Except Revenue, every other figure is for entire company and not just pipe segment*

## Other Financial Metrics

| Particular (FY25) | Supreme Industries Ltd | Astral Ltd | Finolex Industries Ltd | Prince Pipes & Fittings Ltd | Apollo Pipes Ltd |
|---|---|---|---|---|---|
| **Total Installed Capacity (MTPA)** | 8,72,532 | 3,81,957 | 4,70,000 | 3,97,559 | 2,25,500 |
| **Sales Volume (MTPA)** | 5,31,133 | 2,27,090 | 3,47,982 | 1,77,702 | 99,705 |
| **Debt/ Equity (x)** | 0 | 0.04 | 0.04 | 0.17 | 0.12 |
| **Distribution Reach (No.)** | 5,500 | 3,610 | 900 | 1,500 | 300 |
| **Net Working Capital Days** | 38 | 35 | 90 | 125 | 43 |
| *Debtor Days* | *18* | *25* | *37* | *73* | *27* |
| *Inventory Days* | *69* | *100* | *103* | *101* | *91* |
| *Creditor Days* | *49* | *90* | *50* | *49* | *75* |
| **5Y Avg. ROCE** | 31% | 25% | 18% | 18% | 13% |

*Source: Company, Keynote Capital*

# Management Analysis

## Key Managerial Personnel

| Name | Designation | Promoter / Professional | Work experience at PPFL |
|---|---|---|---|
| Mr. Jayant Chheda | Chairman & MD | Promoter | 35+ years experience; Promoter-founder |
| Mr. Parag Chheda | Joint MD | Promoter | 28+ years experience in operations, branding, and strategic growth |
| Mr. Vipul Chheda | Executive Director | Promoter | 27+ years experience in operations and distribution |
| Mr. Anand Gupta | Chief Financial Officer | Professional | 5+ years experience; ~4 years as Deputy CFO |
| Mr. Harsh Kumar | Senior Deputy General Manager – Bathware Segment | Professional | 3+ years |

*Source: Company, Keynote Capitals Ltd.*

## Compensation and Skin in the Game

| Particulars | FY20 | FY21 | FY22 | FY23 | FY24 | FY25 |
|---|---|---|---|---|---|---|
| % Promoter Holding | 63.3% | 63.3% | 62.9% | 60.9% | 60.9% | 60.9% |
| Management Salary (Rs Mn) | 41.7 | 140.7 | 160.6 | 76.5 | 145.4 | - |
| As a % of PAT | 3.7% | 6.4% | 6.4% | 6.3% | 8.0% | - |

*Source: Company, Keynote Capitals Ltd.*

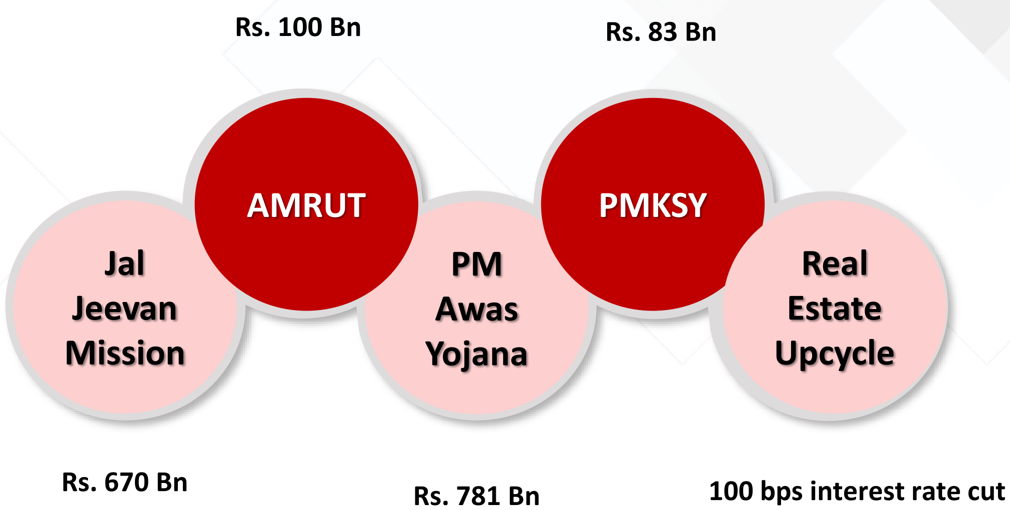
## Top shareholders >1%

| Particulars | FY20 | FY21 | FY22 | FY23 | FY24 | FY25 |
|---|---|---|---|---|---|---|
| Aditya Birla Sun Life | 2.1 | 1.6 | 1.2 | 1.1 | 1.5 | - |
| Dsp Small Cap Fund | - | - | - | 1.3 | 3.9 | 4.7 |
| Government Pension Fund Global | - | - | - | 1.7 | 2.4 | 2.0 |
| Kuwait Investment Authority Fund | - | 1.6 | 1.6 | 1.8 | - | - |
| Madhulika Agarwal | - | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 |
| Mirae Asset | 4.8 | 4.0 | 6.9 | 8.6 | 9.9 | 9.7 |
| New Mark Capital India Fund I | 1.1 | 1.1 | 1.1 | 1.1 | - | - |
| Oman India Joint Investment Fund II | 5.1 | 3.8 | 2.5 | 2.5 | 1.5 | - |
| Sbi Life Insurance Co. Ltd | 1.1 | - | - | - | - | - |
| South Asia Growth Fund II Holdings, Llc | 5.4 | 5.4 | - | - | - | - |
| Tata Mutual Fund- Tata Equity P/E Fund | 2.1 | - | - | - | - | - |
| Uti - Hybrid Equity Fund | | 1.6 | - | - | - | - |
| Vanaja Sundar Iyer | - | 1.1 | - | - | - | - |

*Source: Company, Keynote Capitals Ltd.*

## Opportunities

### Government Capex and Real Estate Tailwinds




*Source: Company, Keynote Capital*

PVC pipe demand remained muted in FY25 despite a record government capex allocation on paper. Execution delays ahead of the general elections, slower state-level disbursements, and cautious private capex led to subdued offtake across both public and private infrastructure segments. As a result, most listed players, including PPFL, reported slowdown in sales volume growth from infra-linked channels.

That said, this weakness appears cyclical rather than structural. The core demand drivers for PVC pipes remain firmly intact. Government-led initiatives such as Jal Jeevan Mission, AMRUT 2.0, and PM Awas Yojana continue to channel large-scale investments into water supply, sanitation, and affordable housing. While the Company does not directly bid for government contracts, it benefits through indirect demand from private contractors and dealers supplying these projects.

Further, India's real estate sector is in a sustained upcycle, backed by strong launches, healthy absorption, and improving affordability. The RBI's cumulative 100 bps rate cut, including 50 bps in June 2025, is expected to reduce home loan rates and further support residential momentum. As post-election tendering resumes and monetary easing flows through to private project starts, a recovery in PVC pipe volumes is likely from H2FY26. With its national presence and expanding product mix, the Company remains well-positioned to participate in the next phase of demand recovery.

### PVC resin prices are at multi-year low

PVC resin prices have declined steadily since FY22 and currently hover around $700/ton, close to the 25-year low of $690/ton recorded in April 2025. At these levels, the downside appears limited, and management believes pricing has likely bottomed out, with recent modest increases already visible in the domestic market.

Even if prices remain flat at current levels, the environment is structurally more favorable. Lower PVC costs typically support higher sales volumes as it improve affordability. Moreover, price stability also helps arrest inventory losses, which had significantly impacted the Company's earnings in FY25 where there was an inventory loss of Rs. 850-900 Mn. As demand picks, channel partners are expected to rebuild inventory to service demand, further aiding primary sales.

If PVC resin prices begin to rise gradually, it would improve industry sentiment, lift realizations, and incentivize higher channel stocking. In either scenario, price stability or modest recovery, the headwinds faced by the Company over the past two years are expected to ease, setting the stage for volume normalization and a return to revenue growth which was declining for the last 2 years.

The implementation of ADD on PVC resin imports, primarily from China, Korea, Taiwan, and the U.S., alongside enforcement of BIS quality standards, is expected to provide a stabilizing effect on domestic PVC resin prices. While these measures may not restrict supply, they will curb the influx of underpriced and sub-standard material, effectively putting a floor under pricing.

### Geographic expansion in East India

Eastern India remains one of the most underpenetrated markets for infrastructure and housing but is now a key focus area for government-led development. With large-scale projects like the Eastern Dedicated Freight Corridor and targeted incentives for states like Bihar and Odisha, the region is poised for sustained demand in water, sanitation, and housing infrastructure, which are key end-use areas for PVC pipes. To tap into this opportunity, the Company has commissioned a new plant in Begusarai, Bihar, with a total capacity of ~60,000 MTPA. Management expects this facility to contribute ~20,000–25,000 MT in FY26 (about 11–14% of FY25 volumes), with utilization ramping up to 60–70% over the next 2–3 years. This strategic expansion positions the Company to effectively capture growth in a structurally improving but historically underserved market. Over the medium term, Eastern India is expected to emerge as a key volume growth driver for the Company.

### Scaling bathware segment

PPFL entered the bathware category in FY23 and solidified its presence in FY24 through the acquisition of the Aquel brand and the launch of 'Aquel by Prince'—a faucet and sanitaryware range positioned in the mass-premium segment below incumbents like Jaquar. The Company is leveraging its pan-India distribution and project sales relationships to cross-sell bathware and has already established over 200 retail touchpoints across major cities. Concurrently, it is investing in brand visibility and marketing to build recall in this high-growth category. If scaled successfully, the bathware business could strengthen the Company's overall brand positioning, reduce dependence on its core pipes portfolio, and contribute to margin uplift given the higher profitability profile of this segment.

## Threats

### Further worsening of PVC resin price and channel destocking

If PVC resin prices continue to decline from current levels, it will pressure industry-wide realizations and profitability in the short term. A sustained downtrend typically triggers inventory losses, trade destocking, and weaker operating leverage, compressing margins and slowing revenue growth over 1–2 quarters. Working capital may also stretch temporarily as realizations fall and channel inventory cycles lengthen. However, lower PVC resin prices improve affordability across agri and housing segments, eventually lifting demand as prices stabilize. This price-led volume recovery can help normalize plant utilization and revive primary sales.

### Inability to grow premium product

PPFL has taken focused steps to scale its CPVC business, a structurally attractive, higher-margin segment within the industry. Its exclusive partnership with Lubrizol (FlowGuard® and Corzan®) has enhanced raw material security and premium positioning. Over the years, the Company has expanded CPVC capacity through new facilities like Begusarai and debottlenecking at existing sites, while broadening its portfolio to include industrial applications and value-added fittings. These efforts are backed by targeted brand investments, loyalty programs, and deeper channel penetration in underpenetrated regions such as South and East India.

Despite this progress, contribution from CPVC pipes continues to be low in the overall revenue, with the bulk of the business still dependent on commoditized PVC pipes. This product segment is highly competitive and more vulnerable to raw material volatility, pricing pressure, and demand swings, factors that have materially impacted the Company's revenue and margins over the past three years. Without a stronger shift toward CPVC and other value-added categories, the Company may remain exposed to broader macroeconomic cycles, limiting its ability to deliver consistent and profitable growth. Scaling CPVC is therefore not just a growth lever, but a strategic imperative for long-term resilience.

### Higher working capital cycle

Inventory days have risen from 59 in FY20 to 101 in FY25, pushing Prince Pipes' cash conversion cycle to 125 days—a multi-year high. This prolonged inventory stretch has already led to a rise in short-term borrowings from Rs. 850 Mn in FY21 to Rs. 1.8 Bn in FY25, underscoring the growing reliance on debt to fund working capital. If not addressed, sustained inefficiencies in inventory management could strain return ratios, elevate borrowing costs, and increase exposure to risks such as obsolescence and price volatility.

## Financial Statement Analysis

### Income Statement

| Y/E Mar, Rs. Mn | FY24 | FY25 | FY26E | FY27E | FY28E |
|---|---|---|---|---|---|
| **Net Sales** | **25,687** | **25,239** | **27,803** | **30,628** | **33,740** |
| Growth % | | -2% | 10% | 10% | 10% |
| Raw Material Expenses | 18,193 | 18,839 | 19,685 | 21,685 | 23,888 |
| Employee Expenses | 1,477 | 1,742 | 1,918 | 1,746 | 1,923 |
| Other Expenses | 2,943 | 3,040 | 3,336 | 3,522 | 3,880 |
| **EBITDA** | **3,074** | **1,618** | **2,864** | **3,675** | **4,049** |
| Growth % | | -47% | 77% | 28% | 10% |
| Margin% | 12% | 6% | 10% | 12% | 12% |
| Depreciation | 912 | 1,070 | 1,211 | 1,241 | 1,320 |
| **EBIT** | **2,162** | **548** | **1,653** | **2,434** | **2,729** |
| Growth % | | -75% | 202% | 47% | 12% |
| Margin% | 8% | 2% | 6% | 8% | 8% |
| Interest Paid | 65 | 97 | 97 | 73 | 64 |
| Other Income & exceptional | 340 | 137 | 137 | 137 | 137 |
| **PBT** | **2,438** | **588** | **1,694** | **2,499** | **2,803** |
| Tax | 613 | 157 | 452 | 667 | 748 |
| Share of Associates | 0 | 0 | 0 | 0 | 0 |
| **Net Profit** | **1,825** | **431** | **1,241** | **1,832** | **2,055** |
| Growth % | | -76% | 188% | 48% | 12% |
| Shares (Mn) | 110.5 | 110.5 | 110.5 | 110.5 | 110.5 |
| **EPS** | **16.52** | **3.90** | **11.23** | **16.58** | **18.59** |

### Balance Sheet

| Y/E Mar, Rs. Mn | FY24 | FY25 | FY26E | FY27E | FY28E |
|---|---|---|---|---|---|
| Cash, Cash equivalents & Bank | 777 | 831 | 843 | 2,983 | 3,337 |
| Current Investments | 379 | 267 | 267 | 267 | 267 |
| Debtors | 5,849 | 4,229 | 5,283 | 5,360 | 5,905 |
| Inventory | 4,379 | 6,095 | 5,315 | 5,421 | 5,972 |
| Short Term Loans & Advances | 4 | 4 | 4 | 4 | 4 |
| Other Current Assets | 1,077 | 1,431 | 1,431 | 1,431 | 1,431 |
| Total Current Assets | 12,465 | 12,857 | 13,143 | 15,466 | 16,916 |
| Net Block & CWIP | 8,328 | 9,803 | 10,995 | 10,826 | 10,687 |
| Long Term Investments | 3 | 3 | 3 | 3 | 3 |
| Other Non-current Assets | 436 | 531 | 531 | 531 | 531 |
| **Total Assets** | **21,232** | **23,194** | **24,672** | **26,826** | **28,137** |
| | | | | | |
| Creditors | 2,491 | 2,611 | 2,836 | 3,269 | 2,770 |
| Provision | 26 | 35 | 35 | 35 | 35 |
| Short Term Borrowings | 955 | 1,757 | 1,757 | 1,757 | 1,757 |
| Other Current Liabilities | 1,659 | 1,667 | 1,667 | 1,667 | 1,667 |
| Total Current Liabilities | 5,132 | 6,070 | 6,295 | 6,728 | 6,229 |
| Long Term Debt | 189 | 884 | 884 | 884 | 884 |
| Deffered Tax Liabilities | 191 | 193 | 193 | 193 | 193 |
| Other Long Term Liabilities | 277 | 282 | 282 | 282 | 282 |
| Total Non Current Liabilities | 656 | 1,359 | 1,359 | 1,359 | 1,359 |
| Paid-up Capital | 1,106 | 1,106 | 1,106 | 1,106 | 1,106 |
| Reserves & Surplus | 14,338 | 14,659 | 15,912 | 17,633 | 19,443 |
| Shareholders' Equity | 15,444 | 15,764 | 17,018 | 18,739 | 20,549 |
| Non Controlling Interest | 0 | 0 | 0 | 0 | 0 |
| **Total Equity & Liabilities** | **21,232** | **23,194** | **24,672** | **26,826** | **28,137** |

### Cash Flow Statement

| Y/E Mar, Rs. Mn | FY24 | FY25 | FY26E | FY27E | FY28E |
|---|---|---|---|---|---|
| Pre-tax profit | 2,438 | 588 | 1,694 | 2,499 | 2,803 |
| Adjustments | 775 | 1,204 | 1,170 | 1,176 | 1,246 |
| Change in Working Capital | -2,151 | -322 | 89 | 387 | -1,457 |
| Total Tax Paid | -733 | -281 | -452 | -667 | -748 |
| **Cash flow from operating Activities** | **329** | **1,189** | **2,501** | **3,395** | **1,844** |
| Net Capital Expenditure | -1,908 | -2,554 | -2,363 | -1,072 | -1,181 |
| 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** | **-2,363** | **-1,072** | **-1,181** |
| Equity raised / (repaid) | 0 | 0 | 0 | 0 | 0 |
| Debt raised / (repaid) | 560 | 1,497 | 0 | 0 | 0 |
| Dividend (incl. tax) | 0 | -111 | 0 | -183 | -308 |
| Other financing activities | -85 | -189 | -97 | 0 | 0 |
| **Cash flow from financing activities** | **475** | **1,198** | **-97** | **-183** | **-308** |
| Net Change in cash | -453 | 41 | 40 | 2,140 | 355 |

### Key Ratios

| Particulars | FY24 | FY25 | FY26E | FY27E | FY28E |
|---|---|---|---|---|---|
| **Per Share Data** | | | | | |
| EPS | 17 | 4 | 11 | 17 | 19 |
| Growth % | | -76% | 188% | 48% | 12% |
| Book Value Per Share | 140 | 143 | 154 | 170 | 186 |
| **Return Ratios** | | | | | |
| Return on Assets (%) | 9% | 2% | 5% | 7% | 7% |
| Return on Equity (%) | 13% | 3% | 8% | 10% | 10% |
| Return on Capital Employed (%) | 10% | 2% | 7% | 9% | 10% |
| **Turnover Ratios** | | | | | |
| Asset Turnover (x) | 1.3 | 1.1 | 1.2 | 1.2 | 1.2 |
| Sales / Gross Block (x) | 2.3 | 1.9 | 1.7 | 1.7 | 1.8 |
| Working Capital / Sales (%) | 27% | 28% | 25% | 25% | 29% |
| Receivable Days | 71 | 73 | 62 | 63 | 61 |
| Inventory Days | 87 | 101 | 106 | 90 | 87 |
| Payable Days | 57 | 49 | 53 | 51 | 60 |
| Working Capital Days | 101 | 125 | 116 | 103 | 88 |
| **Liquidity Ratios** | | | | | |
| Current Ratio (x) | 2.4 | 2.1 | 2.1 | 2.3 | 2.7 |
| Interest Coverage Ratio (x) | 35.7 | 7.1 | 18.5 | 35.5 | 45.1 |
| 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 | 21.8 | 14.8 | 13.2 |
| Earnings Yield (%) | 3% | 2% | 5% | 7% | 8% |
| Price to Sales (x) | 2.4 | 1.1 | 1.0 | 0.9 | 0.8 |
| Price to Book (x) | 4.4 | 4.0 | 1.7 | 1.6 | 1.4 |
| EV/EBITDA (x) | 23.7 | 20.1 | 28.0 | 15.8 | 12.3 |
| EV/Sales (x) | 2.2 | 2.4 | 1.8 | 1.6 | 1.5 |

*Source: Company, Keynote Capitals Ltd. estimates*

## Valuations

| Particulars | FY27E |
|---|---|
| Revenue (in Rs. Mn) | 30,628 |
| Net Profit (in Rs. Mn) | 1,832 |
| EPS (Rs.) | 16.58 |
| P/E (x) | 30 |
| Target Price (Rs.) | 497 |
| CMP (Rs.) | 367 |
| % Upside/(Downside) | 35.5% |

*Source: Company, Keynote Capitals Ltd. estimates*

Over the past two years, a sustained decline in PVC resin prices has led to inventory destocking across the channel, putting pressure on realizations for the entire piping industry, PPFL. In FY25, the situation was further compounded by muted infrastructure demand due to the general elections, which curtailed construction activity and weighed on overall sales volumes. As a result, PPFL reported a revenue decline of ~2% on a YoY basis.

Falling PVC resin prices also resulted in inventory losses, which adversely impacted the Company's gross margins. On the profitability front, the Company experienced significant operating deleverage, driven by a high fixed cost base and sustained losses in the bathware segment. Consequently, EBITDA declined 47% on a YoY basis in FY25, and the EBITDA margin contracted to 6%, both marking the lowest levels since the Company's listing.

Looking ahead, stabilization in PVC resin prices and a post-election revival in infrastructure activity are likely to trigger restocking in the distribution channel and support a recovery in volume growth. Additionally, the ramp-up of the Begusarai plant will enhance the Company's presence in the fast-growing Eastern market. With volume normalization and improved asset utilization, operating leverage is expected to kick in, aiding margin recovery back to historical levels of 10–12%.

We initiate coverage on PPFL with a BUY rating and a target price of Rs. 497, based on 30x FY27E EPS, justified by the expected earnings recovery and structural growth tailwinds in the housing and infra segments. This implies a potential upside of ~36% from current levels.

AASHKA TRIVEDI

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## Our Recent Reports

**Elecon Engineering Company Ltd.**

**Baazar Style Retail Ltd.**

**Medplus Health Services Ltd.**

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| 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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## Keynote Capitals Limited (CIN: U67120MH1995PLC088172)

Compliance Officer: Mr. Jairaj Nair; Tel: 022-68266000; email id: jairaj@keynoteindia.net

Registered Office:  9th Floor, The Ruby, Senapati Bapat Marg, Dadar West, Mumbai – 400028, Maharashtra. Tel: 022 – 68266000.

SEBI Regn. Nos.: BSE / NSE (CASH / F&O / CD): INZ000241530; DP: CDSL- IN-DP-238-2016; Research Analyst: INH000007997

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