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BSE Limited
25th Floor, P.J Towers,
Dalal Street, Mumbai-400001

National Stock Exchange of India Limited
Exchange Plaza, Bandra Kurla Complex,
Bandra (E), Mumbai -400051

Scrip Code: 542907

Scrip Symbol: PRINCEPIPE

Dear Sir/Madam,

Sub: Investor Call Transcript

Please find enclosed herewith transcript of earnings call held with analyst / institutional investors on Wednesday, 20th May, 2026 at 11:00 a.m. IST to discuss Company's operational and financial performance for Q4 & FY26. Kindly take the same on your records.

Thanking You.

Yours faithfully,

For Prince Pipes and Fittings Limited

Jyoti Sancheti
Company Secretary and Compliance Officer
FCS: 9639

Enclosures: As above.

PRINCE PIPES AND FITTINGS LIMITED

Mfg. & Exporters of UPVC, CPVC, PPR & HDPE Pipes, Fittings and Valves & Water Tanks



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CIN: L26932DN1987PLC005837



“Prince Pipes and Fittings Limited
Q4 and FY '26 Earnings Conference Call”

May 20, 2026



MANAGEMENT: **MR. PARAG CHHEDA – JOINT MANAGING DIRECTOR –
PRINCE PIPES AND FITTINGS LIMITED**
**MR. NIHAR CHHEDA – VICE PRESIDENT (STRATEGY) -
PRINCE PIPES AND FITTINGS LIMITED**
**MR. ANAND GUPTA – CHIEF FINANCIAL OFFICER –
PRINCE PIPES AND FITTINGS LIMITED**

MODERATOR: **MR. SUMEET KHAITAN – MUFG INTIME**

Moderator: Ladies and gentlemen, good day, and welcome to the Q4 and FY '26 Earnings Conference Call of Prince Pipes and Fittings Limited hosted by MUFG Intime. As a reminder, all participant lines will be in a listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star, then zero on your touch-tone phone.

I now hand the conference over to Mr. Sumeet Khaitan from MUFG Intime. Thank you, and over to you.

Sumeet Khaitan: Good morning, everyone. I welcome you all to the earnings conference call to discuss Q4 and FY '26 results of Prince Pipes and Fittings Limited. To discuss the results, we have from the management, Mr. Parag Chheda, Joint Managing Director; Mr. Nihar Chheda, Vice President, Strategy; and Mr. Anand Gupta, Chief Financial Officer. They will take you through the results and the business performance, after which we will proceed for a Q&A session.

Before we proceed with the call, I would like to mention that some of the statements made in today's call may be forward-looking in nature and may involve risks and uncertainties. For more details, kindly refer to investor presentation and other filings that can be found on the company's website.

With this, I now hand over the call to the management for their opening remarks. Thank you, and over to you, sir.

Parag Chheda: Thank you, Sumeet. Good morning, and thank you all for joining us for our quarter 4 and FY '26 financial results. The presentation and the press release have been issued to the stock exchanges and uploaded on our website. I hope everyone has been able to go through the same.

FY '26 was a challenging year for the industry, shaped by volatile raw material prices, extended unseasonal rainfall and subdued demand across key end user categories. Additionally, significant fluctuations in PVC prices disrupted channel sentiment and created added uncertainty across the value chain.

Despite these external headwinds, our focus remains steadfast on strengthening operational resilience while consistently advancing our long-term strategic agenda. We achieved our highest ever quarterly volumes, delivering a healthy volume growth of 23% Y-o-Y in quarter 4. For the full year FY '26, our volume growth stood at 8%.

This performance reflects the resilience of our business model, the strength of our brand and distribution ecosystem, combined with unwavering emphasis on operational efficiency, cost optimization and focused growth initiatives. Innovation and portfolio diversification continue to be the key drivers of our long-term growth journey.

During the quarter, we further expanded our product portfolio with the launch of DECILO, an advanced low-noise PP pipe solution. Engineered with mineral filled polypropylene technology, DECILO delivers superior strength, durability and chemical resistance while significantly

reducing noise and improving flow performance. Designed specifically for modern infrastructure needs, this innovative solution is expected to enhance our product mix, deepen customer engagement and reinforce our value proposition across key stakeholder groups.

Alongside product innovation, we intensified our demand generation efforts in underpenetrated markets to expand our geographic reach and accelerate volume growth. These strategic initiatives are enabling us to enhance competitiveness, remain agile in a dynamic marketplace and strengthen our customer-centric approach.

Basic sharp increase in polymer prices during this quarter, the company passed on inventory gains to the distributors and channel partners, thereby fostering distributor relationship and supporting faster inventory movement, which in turn enhanced working capital efficiency and reduced inventory holding costs.

I'm also delighted to share that we successfully completed the second phase of our asset purchase agreement with Klaus Waren Fixtures Limited for the strategic acquisition of the Bathware brand, Aquel. The acquisition includes land, building, machinery, manufacturing equipment and associated infrastructure at Bhuj, Gujarat, which will serve as a dedicated manufacturing base for our Bathware operations.

This strategic milestone significantly strengthens our diversification road map, expands our manufacturing capabilities and positions us strongly to scale the Aquel portfolio in the growing Bathware segment. We also continue to strengthen our market footprint across high potential regions.

During the quarter, in our Bathware segment, we inaugurated a new experience center in Vadodara, Gujarat, further enhancing our customer outreach, market visibility and brand positioning. These strategic investments reflect our commitment to establishing Aquel as a meaningful growth engine within our diversified business portfolio.

Looking ahead, we remain cautiously optimistic about a gradual recovery supported by improving PVC price stability. Our continued focus on expanding geographic presence, accelerating innovation, enhancing operational efficiencies and driving strategic diversification gives us confidence in our ability to navigate uncertainties effectively. We remain committed to capitalizing on emerging opportunities, delivering sustainable long-term growth and consistently creating enhanced value for all our stakeholders.

In conclusion, despite external headwinds, we are confident that our strong fundamentals, diversified product portfolio and customer-centric approach position us well for a sustained long-term growth. Thank you for your time.

I will now hand it over to our CFO, Mr. Anand Gupta to take you through the key financial highlights.

Anand Gupta: Thank you, Parag bhai, and good morning, everyone. I'll be taking you through the quarter 4 and FY '26 financials now. Starting with quarterly highlights. Revenue from operations stood at INR850 crores, a strong growth of 18% Y-o-Y. Our volumes for the quarter stood at 62,167 metric tons, a robust growth of 23% Y-o-Y.

EBITDA for the quarter stood at INR110 crores, an exceptional growth of 100% Y-o-Y, while margins stood at 13%, registering a 500 basis point growth. Profit after tax for the quarter stood at INR56 crores, a remarkable growth of 133% Y-o-Y. PAT margins for the quarter stood at 7%, a 400 basis point growth.

Now for the full year FY '26 highlights. Revenue from operations stood at INR2,598 crores. It grew by 3% Y-o-Y. Our volumes for the full year FY '26 stood at 1,91,238 metric tons as compared to 1,77,202 metric tons same period last year, a growth of 8%.

EBITDA for the full year stood at INR232 crores, up by 43% Y-o-Y, while margin stood at 9%. In FY '26, we have taken an exception of INR2.05 crores net of tax towards estimated increase in provision for employee benefits arising from the implementation of the new Labour Code. Profit after tax after exceptional items stood at INR73 crores, registering a healthy growth of 70% Y-o-Y. PAT margin stood at 3%.

During the year, we maintained strong momentum in expanding our distribution network and further strengthen our product portfolio through the addition of new products to support long-term growth. Our working capital efficiency improved significantly in FY '26, driven by sharp reduction in inventory and receivable days.

Working capital days stood at 45 days in FY '26 compared to 98 days in the corresponding period last year. Receivable days improved to 51 days from 61 days in the same period last year, while inventory days stood at 70 days as of 31st March 2026.

With this, I now end my speech and open the forum for question-and-answer session.

Moderator: Thank you, sir. We will now begin the question-and-answer session. The first question comes from the line of Shravan Shah with Dolat Capital. Please go ahead.

Shravan Shah: Yes. Thank you, sir. And first of all, congratulations on robust performance across the board. A couple of questions, sir. So first, we'll try to get a broader guidance and then we'll try to come to understand what supported such a robust performance. So now from here on for FY 2027, 2028, how one can look at on the volume growth and on the margin front?

Nihar Chheda: Yes. Thank you for your question. I think if you have to look at guidance for next financial year -- or current financial year rather, I think EBITDA should be closer to our normal guidance of in the band of 11% to 13% for the full year. There could be a few quarters of inventory gain and loss, but annualized, we see 11% to 13% kind of operating margin and 12% to 15% kind of a volume growth.

Shravan Shah: Okay. So first, try to understand that this quarter, the entire growth that we have seen 23% kind of a growth. So if you can bifurcate both on the CPVC, PVC front and also maybe a couple of places, as you highlighted that you try to penetrate the market to get the volume. And also at the same time, in April and May, given the volatility in the CPVC prices, and now again, we are seeing again it is increasing. So how the volume is there in April and May till now, whether that kind of a momentum is there?

Nihar Chheda: So if I look at last -- the fourth quarter, the encouraging thing is that the volume growth was robust across the 3 months. So of course, the disruption due to the war happened in March month. But even if I look at the first 60-day period of the quarter, the volume growth was extremely high and in line with the overall volume growth of the quarter.

So first thing I would like to highlight is January, February, March, all 3 months, we have seen high volume growth. This has been a reflection of the aggressive pricing that we have now done. And also in March, we passed on the inventory gains to the channel partners to ensure that they are also competitive in the market.

And the market -- we are not interested in 1 or 2 quarters of inventory gain, but we are interested in sustainable increase of market share, which in such times of volatility, it becomes easier for a large player like us to gain market share when we have a strong supply chain of raw material.

So we have seen many such cycles. And I think a few players tried to pass on cost overnight, which we felt was not the right strategic decision. And that actually paid off because in April, we saw a strong correction of prices also. So our channel partners had inventory. And in April, they have also done destocking.

But our channel partners have not faced heavy inventory losses like the, you know, channel partners of other industry players have. And as a result of that, we have not only improved our retail penetration, but we have also been able to add a lot of key channel partners in the past couple of months, from smaller players and from some peers as well.

Coming to your question of category-wise volume growth, CPVC continues to be our highest growing polymer, followed by PVC, PPR, and HDPE. And we see that trend going forward in the current financial year as well.

Shravan Shah: So April and May also, we are witnessing the similar kind of the way we are looking at 12%, 15%. So the similar kind of broadly, directionally, I'm not asking the specific number, but directionally the same momentum is there.

So the main point is, whatever the price increase which has happened in the Q4, obviously, that would have helped all the companies to shift the inventory from company to the dealers. But actually, now whether it is actual demand is happening from dealer to the customer level or not, that's the point I'm trying to understand.

Nihar Chheda: So I'll answer your question in 2 parts. So first is April, of course, we saw heavy destocking and April volumes were obviously not good. But in May, we have seen a strong primary pickup because dealers have been able to liquidate their material.

And as a company, we have also shifted our focus from being a primary oriented organization to now being a secondary-oriented organization. What I mean by that is a strong focus on increasing retail penetration.

And we -- a lot of our schemes are now purposed towards the retailer, where we are able to do direct bank transfers from the company directly to the retailers to ensure that whatever market share gains are there are more sustainable in nature.

So we have added thousands of retailers in the past couple of quarters. And as a result of that, now our dealers are able to liquidate material at a faster rate, and hence, that will also improve primary volumes in the long-term. So I hope that answers your question.

Shravan Shah: Yes. And lastly, in terms of margin, so now obviously, it's good to see that we are again saying 11% to 13%. So hopefully, we should be kind of a middle level, we should be able to achieve. But there, the point I want to understand is that, obviously, also, if you can specify in Q4, what was the inventory gain and the prices which have fallen since 1st April and some INR4 hike has happened in May.

But broadly, directionally, can we see there will be an inventory loss and maybe Q1, one can see a much lower margin. And then from Q2 onwards, we should be witnessing the kind of a margin improvement or the way you said that you did not pass on the prices so fast, so that the margin -- the current margin what we are trying to achieve 11%, 13%, broadly should be on a quarterly basis also should be similar -- in the similar range?

Nihar Chheda: No. So one, if you're able to see our working capital management has been very strong, specifically from disciplined inventory. We have guided for 65 days to 75 days of inventory. And we are in that range as we speak.

So what this means is not only better capital management, but also means that any inventories gain or loss shocks will be very, very low and range bound from here on. And we have done this since the past couple of quarters.

So in Q4, inventory gain was, I would say, close to zero, because it was passed on to the channel, which is why we were able to deliver a 23% kind of a volume growth. So going forward, even if there is -- I'm not saying there will never be inventory gain or loss, that is nature of the business that will happen, but it will be extremely range bound, which was not the case in the past.

So we have -- I would be candid enough to say we have learned from our mistakes. And now we have an extremely tight control on inventory as a result of which, on an annual basis, the core profitability of the company will be very apparent.

Quarterly, there could be up and down. But on an annual basis, it will definitely even out from here on. And specifically to answer the margin part, apart from inventory gain or loss, the mix of value-added products is very, very important.

So our focus has been on growing CPVC PPR. And apart from that, now we have also started in-house manufacturing of low-noise polypropylene pipes, complete in-house manufacturing and state-of-the-art, best-in-class quality product that we have known as DECILO. So from this year onwards, revenue contribution from DECILO also would start, which will help improve product mix and as a result, help gross margins also improve in the long-term.

Shravan Shah: Okay, great sir. Thank you and all the best.

Nihar Chheda: Thank you.

Moderator: Thank you. The next question comes from the line of Sneha from Nuvama. Please go ahead.

Sneha: Hi team, congratulations on great numbers and thanks a lot for the opportunity. Just a couple of questions from my end, one, you said that you're looking at margins sustaining between 11% to 13%. What I'm able to understand is you said that you won't have any inventory gains in this particular quarter.

Could you tell us that the reason, why your margins then on a quarter-on-quarter basis or even compared to 9-month basis have improved substantially? And what is the reason that it could sustain at around similar levels?

Nihar Chheda: So in Q4, we did not have any inventory losses, Sneha. And in the first 9 months, of course, we had huge inventory loss, so as a result of no inventory loss. So 3 reasons, one is, no inventory loss. Second is very strong volumes-- record high volumes for the company of 62Kt per quarter. So that obviously got in a lot of superior cost absorption.

And third is a very strong product mix specifically coming in from CPVC and PPR for the fourth quarter. So product mix, operating leverage and lack of inventory loss, helped us have strong operating margins in the March quarter.

Sneha: Understood and your confidence in the volume growth path Nihar? Are we seeing strong demand uptake at this point of time on the Agri side, Plumbing side, where is the demand coming from because volatility in PVC still continues?

Nihar Chheda: Volatility in PVC continues. April was weak for the industry, because channel partners had high inventory. But because our finished good was competitively priced, even what we sold in March, the secondary sales of channel partners continue to be strong in April, which is why from May, we have seen strong demand across plumbing and agriculture, but specifically for us anyway, plumbing and drainage is two-thirds of the portfolio.

So that part of the demand is -- continues to be strong in the current month. And we foresee that over the next couple of months and beyond that also demand should remain strong for the larger

players, because what we have also seen is significant consolidation in the kind of volatility that we saw in the -- not only in fourth quarter, but even the 9 months before that, small players were struggling because of the large inventory losses and subdued demand environment.

And then in the fourth quarter, when there was this kind of a chaos of the war and one-way increase in prices, smaller players were not able to serve the demand as a result of which we also had market share gains and some -- a lot of new distributors also we have been able to add. So we see consolidation also happening at a faster pace in the past year, and those -- we should yield those dividends in this short-term and long-term future.

Sneha: Sure, one last one, Nihar, if I may. This is with regards to your distribution network, you said that you've added distribution network. Could you tell us that how many distributors you would have added net-net in this particular year? And also in case you can highlight if -- because you're going more towards retail, is there any loss of distribution network also in this year?

Nihar Chheda: No, I think net-net, we have been had addition of distributors. And especially what is encouraging is in our white spaces, which were typically weaker markets in some pockets of South and East India and as well of our stronger markets of North, Central and West across, we have been able to add distributors in white spaces during this kind of volatility.

Moderator: Thank you. The next question comes from the line of Keshav Lahoti with HDFC Securities. Please go ahead.

Keshav Lahoti: Hello. Hi. Thank you for the opportunity. Firstly, congratulations on a strong set of numbers. Sir, I want to get a sense, last quarter, I remember the EBITDA margin guidance was 10% to 12%. Now in a way, you have upgraded it to 11% to 13%. So the reason for the same, you have a better confidence on margin now. And secondly, this margin guidance is including or excluding bathware losses?

Nihar Chheda: It is including of all. I would not read too much into it. I think...

Nihar Chheda: am I audible?

Keshav Lahoti: Yes. You're audible.

Moderator: Yes sir, you're audible. Please go ahead.

Nihar Chheda: Yes. I think the margin guidance is in that same range. So I would not read too much into it. I think we are confident of achieving that kind of 11%, 12% kind of EBITDA, including the bathware losses.

Keshav Lahoti: Understood. Got it. Sir, how has the channel inventory be in Jan to March and April? And just want to -- without getting a number, possibly because as you highlighted, there has been destocking in April so whether due to destocking, whether the volume have degrown?

Nihar Chheda: Yes, we have seen, so April was challenging for the entire industry, which was expected due to high restocking in March. But we have -- over the past 12 months, and we continue to focus a lot on improving our retail penetration and improving our sustainable market share at the secondary level.

As a result of which in May, we have seen a strong revival and a strong demand in the first 15 days of the month, which we continue -- will continue for the rest of the quarter and for the time ahead as well.

Keshav Lahoti: Got it. Sir, as you have now launched your own CPVC brand 4 -5 months back, so how are the things going on that side on both margin side and the volume growth? Can you give some sense how has been your CPVC volume growth for Q4 and as well as for FY '26?

Nihar Chheda: Yes. Volume growth has been higher than what our company volume growth is. So you know that for the annual year, it is 8%. For the quarter, it is 23%. And this has been higher for CPVC. So post our own brand of SmartFit Plus, in CPVC, we have seen extreme competitiveness in our finished goods, which was a conscious strategy.

And as a result of which we are seeing the market reward us in terms of better acceptance across retail and projects. We have made better than what we had expected in the first couple of quarters after leaving Lubrizol, we have seen a very strong volume growth. And we believe that this will continue going forward.

Keshav Lahoti: Understood. And secondly, your prices are more competitive. I understand you have passed on the gains also. So you have passed on entirely or possibly this is also helping you in aiding you in better margin also?

Nihar Chheda: Yes. It is one of the levers which is helping us improve margin as well. We have retained some of the benefits, but most of the benefits have been passed on with a view to gain market share in CPVC.

Keshav Lahoti: One last question from my side. How has been...

Moderator: I'm sorry to interrupt sir. I would request you to please come back in the queue ...

Keshav Lahoti: Yes.

Moderator: for further questions. Thank you. The next question comes from the line of Anu Parakh from Anand Rathi. Please go ahead.

Anu Parakh: Yes. Hi sir. Sir, I just wanted to understand that our volume -- sales volume has grown at just 5.7 CAGR -- at just 5.7 CAGR over the last 6 years and our EBITDA margin is around 9% band for the last 4 years. So just wanted to get a sense as to what has changed at the industry level that gives us the confidence of giving such a robust guidance on both volume and margin front?

Nihar Chheda: If you see last year, we have posted volume growth of 8%. If you see March quarter, we have posted volume growth of 23%. We are seeing immense consolidation in the industry, where not only smaller players are struggling, but some of the larger players are also struggling because of lack of control on the market.

And as I've stated, we have, you know, added a lot of new products. Along with that, added a lot of new channel partners due to this consolidation. And as a result of both, we believe that the kind of growth that we have had in the past year, we will be able to build on that for the next couple of years.

Anu Parakh: Okay. And sir, how has been our agri pipe demand in Q4 and how it is shaping up in the current quarter?

Nihar Chheda: If you see, obviously, we are majorly a plumbing and drainage pipe company. Agri is less than 30% of our revenue. And agri tends to be more price sensitive than the plumbing. So -- obvious -- and bandwidth is purely on the plumbing and drainage part of the portfolio where there is better level of brand consciousness and we can, keep adding new products, focusing on adding channel partners and grow the business.

Agri is important from a cost absorption and a reach, especially in rural India point of view. So I would say that demand has been healthy, but majorly the demand tailwinds have been in the building material part of the portfolio.

Anu Parakh: Okay. And sir, last question, how is the competitive intensity in the plastic pipe sector? Like earlier, we were providing incentives to dealers because of the competitive pressure. So can you just quantify whether there's been any change in the incentive structure in the current quarter? And also if you can quantify the incentive amount which you are currently providing to our dealers?

Nihar Chheda: Like I said, I think competitive intensity has reduced from a point of view that consolidation has happened. So of course, large players like us continue to be aggressive in terms of pricing. and the incentives that we give to the channel.

But we see that if we are aggressive in pricing, the market is rewarding us with volumes because we are seeing immense consolidation with smaller players also moving out of the market and some of the larger players also struggling. We see that this is a very good time for someone like us who has put up capacity ahead of the curve to be able to make some sustainable market share gains across our product portfolio.

Moderator: Thank you. The next question comes from the line of Varun Julasaria with 360 ONE.

Varun Julasaria: Yes. Hi, sir. Thank you for the opportunity, Sir, could you just quantify the Bathware revenue and losses for this quarter?

Anand Gupta: Revenue is INR16 crores and loss is INR5 crores for this quarter.

Varun Julasaria: Okay. And sir, on the working capital, like we saw a fair bit of increase in the payable days as well and reduction in debtor days. So how sustainable is this kind of working capital? Like I just want to understand like what is the sustainable debtor days and payable days that we are aiming for? You mentioned about the inventory days, but other two.

Nihar Chheda: See, what is in our control is debtor days and inventory days. And I believe any sustainable decrease in working capital days and further optimization can come only from these two levers. Payables is a function of our -- whether we are importing more or buying domestic raw material. So it's always going to be dynamic.

But any sustained decrease in working capital can come only from debtors and inventory, which we have seen in the March quarter. So debtor days now has come to around 50 days, which used to be around 60 days. So our endeavor is to bring this further down by another 10 days to 15 days by the end of this financial year.

Varun Julasaria: Okay. And sir, on the gross margin front, sir, like is there any thought process like how much do we wish to maintain? Like obviously, we can reduce the price further, but like any -- on a per kg basis or a percentage basis, that kind of gross margin that we -- on our PVC side, how much we want to maintain?

Nihar Chheda: See, there are three or four levers for gross margin. One is, of course, the pricing. Apart from that, which is also the product mix and more contribution from value-added products like CPVC, PPR, now PP will be helpful going forward. And our management bandwidth is towards how do we increase our share of value-added products.

And third is also we would have long-term decentralization benefits as well with now our large plant in Bihar, and we will have a lot of freight savings, which right now we have passed on to the channel.

But eventually, once we hit the right capacity utilizations, these benefits also will accrue to the company at the gross margin level itself. So I think pricing, product mix and decentralization benefits and new product initiatives, I think these are the four levers to have strong control on gross margin going forward.

Varun Julasaria: Yes, that I understand. But sir, like I mean, any thought process like we want to have this much of mark-up on PVC like this quarter, we didn't pass on. So I mean, next quarter since there is so much decline. So I mean, is there any per kg kind of a value add we want to mark-up that we want to sustain?

Nihar Chheda: No, I don't think we see it from that perspective. That's a function of demand and supply for that particular quarter and also a function of how our costing is of raw material at that time. So it's a function of multiple variables.

Varun Julasaria: Okay. And sir lastly on the availability...

Moderator: I'm sorry to interrupt, Mr. Varun, I would request you to please come back in the queue for further questions. The next question comes from the line of Praveen Sahay with PL Capital. Please go ahead.

Praveen Sahay: Yes, Hi, sir and many congratulations for a good set of numbers. My first question is related to the capacity utilization. And I understand that the Begusarai, you know, the facility has now full capacity we have with us. So the utilization is on the lower side. If I exclude that as well, our utilization is not at the full level, 50%-odd level, it's the utilization, if I -- just excluding the Begusarai. So how you are geographically give some indication that's the ramp-up of your capacity going forward?

Nihar Chheda: In fact, Bihar, our capacity utilization is healthy as we speak. So kind of 60%, kind of, utilization we have already hit at Bihar. So a few other plants we are working towards improving utilization, and that's obviously a direct function of market share. So traditionally, South has been a market where we have lagged our peers and a lot of capacity expansion has come in South, but maybe the market share growth has not been in line with the capacity expansion.

So further focus will be towards growing South market, which is a huge market and a couple of the large players in South are struggling. So there is an opportunity to ramp-up utilization. And once that happens, I think overall at a company level as well, the utilization numbers will be much better.

Praveen Sahay: Thank you. Next question is related to the RM procurement. So if you can some highlight like how you are -- how is your strategy of domestic, international RM procurement or the continuous like support from the large players or to some import dependency from the traders, how is the mix and the strategy for the RM procurement?

Nihar Chheda: Yes, we have -- we want to be extremely disciplined with inventory management, which we have already shown in the last financial year when there is a very tight control on inventory, especially in these volatile times. So we have a strong supply chain so as to we never have material insecurity. And even when there is non-linear surge in demand, we should have the ability to serve that, especially with the kind of capacity we have.

So we need to balance between tight inventory days and a strong supply capability, which we have demonstrated in the past year and the past quarter. So with our current mix of domestic and import, we would be able to keep our inventory in the 65-day to 75-day range. This includes both raw material and finished goods.

Praveen Sahay: Thank you, sir and all the best.

Nihar Chheda: Thank you.

Moderator: Thank you. The next question comes from the line of Utkarsh with Anand Rathi. Please go ahead.

- Utkarsh:** Good morning, sir. Sir, my first question is regarding the plumbing pipe demand at the industry level. So what we are seeing that there has been a significant increase in the prices of the construction material across the group. So are you seeing any signs of slowdown in the pace of new projects on the ground? And can you also give some sense for the plumbing pipe demand at the industry level, how it is shaping up in the rural and the urban pockets?
- Nihar Chheda:** So we have seen good growth across urban and rural. Yes, I would acknowledge that there is a major sharp escalation of costs for real estate developers. Till now, we have not seen any kind of postponement of demand. Pipe anyway is a non-discretionary product for any building material -- for any building.
- So we don't foresee, I would say, any slowness in real estate will be, sort of, subsidized by the kind of consolidation we are seeing in the industry. So I think larger players in piping will continue to do well. And that is why we are optimistic about the current financial year kind of growth that we can see in the plumbing and SWR pipes.
- Utkarsh:** Okay. And sir, lastly, on the gross asset turn side, sir like prior to the COVID, we were hovering at around 3x on the gross asset turn, which has now gone down to around 1.5x or 1.6x in FY '26. So just wanted your sense like what should be the normalized gross asset turn on a sustainable basis? And by when you expect to reach to that level? And what would be our capex guidance for this fiscal year for FY '27?
- Anand Gupta:** So as Nihar had mentioned that the South plant has not been operating at the optimal level. So once -- so if we consider that to reach at an optimal level, our turnover should be around 2.5x of the gross block, that should be the decent enough. And with that, we will be around 60% to 65% of our overall utilization.
- And the capex, which you asked about FY '27 plan, it will be in the range of INR200 crores, which includes capex to maintain for our existing plant and some of the debottlenecking plan which we have for our two or three plants. And that includes completion of -- completion actual as well, which happened in April. So that includes to INR40 crores, INR45 crores is included in INR200 crores -- INR200 crores to INR210 crores.
- Utkarsh:** Okay. And sir this 2.5x gross asset turn, which we are targeting by when we can expect to reach to that level? Maybe a certain time frame over the next 3 years, 5 years?
- Nihar Chheda:** Correct. It would be over the long term.
- Utkarsh:** Okay. Thanks a lot, sir.
- Moderator:** Thank you. The next question comes from the line of Sonal with Prescient Capital. Please go ahead.
- Sonal Minhas:** Sir, I am Sonal Minhas. I hope I'm audible?
- Nihar Chheda:** Yes.

- Sonal Minhas:** Sir, I just wanted to understand your working capital cycle from the context of creditors. When the last PVC cycle was up after FY '20 -- in FY '21 and '22 and the prices were up, we saw a surge in your creditor days and we see it again now. Is there something to read here in terms of buying behavior? And who are your creditors basically? I just wanted to understand that.
- Nihar Chheda:** I don't understand the question.
- Sonal Minhas:** I'll repeat again the question, sir. We saw an increase in your creditor days in FY '21 as per the chart given on Slide number 9 in FY '21 and '22. We are seeing a surge again in FY '26. Is there something to read here? Back in '21 and '22, the PVC prices were again up. And hence, just trying to make sense of this data?
- Nihar Chheda:** I don't think there is any correlation between that.
- Sonal Minhas:** Okay. All right. Can you just explain who are your creditors? Are there some consultative creditor lines? Are there some vendors who are large or small, if you could explain that?
- Nihar Chheda:** Yes, we have Reliance, Chemplast locally, and then we import from across the globe, North America, Japan.
- Sonal Minhas:** Got it, sir. Got it.
- Moderator:** Thank you. The next question comes from the line of Shashank Goyal with Vyomara Capital. Please go ahead.
- Shashank Goyal:** Thank you so much, sir. Firstly, congratulations on good set of numbers. Sir, my first question is, how does our pricing today compare versus the market leaders in PVC and CPVC?
- Nihar Chheda:** So in PVC and CPVC, we are both at par with the market leader in terms of pricing. It could vary from geography to geography. But at a pan-India level, pan-India average, we would be at par in PVC and in CPVC.
- Shashank Goyal:** And sir, my next question is like what is the steady state of the margin, like the operating margin profile for us? Like what should be steady for us, what percentage margin operating leverage?
- Nihar Chheda:** At an annual level, 11% to 12% kind of operating margin.
- Shashank Goyal:** Okay. And sir, one last question, sir. Over the last three years, we have lost volume market share. So what was the primary reason behind that? And what sort of growth plan we have going forward?
- Nihar Chheda:** So see, we have -- I would not say that we have lost market share. Our growth has been slower than a couple of peers, but has always been higher than industry average. So yes, there was hope to have better volume growth, but we have not lost market share, which if you see the past couple of quarters now, we have -- we are back on track in terms of volume performance.

And going forward, basically, focus remains on network expansion, adding new -- not only distributors, but adding new retailers across the country, having direct retailer schemes where company has direct bank transfers to lakhs of retailers across the country, a strong pipeline of new products, which are value-added in nature, which we will completely manufacture in-house.

So it's going to be a function of network expansion, stronger retailer penetration, innovative products, which help us improve our range and our product mix over the long-term. And of course, a consistent investment into brand-building activities across the country.

Shashank Goyal: Okay, okay.

Moderator: Thank you. The next question comes from the line of Bhavesh with DV Investment Advisors. Please go ahead.

Bhavesh Jain: Sir, am I audible?

Moderator: Yes.

Bhavesh Jain: Hello. Yes. So if you can share the total inventory gain for the quarter and how much was retained and how much was passed on to the channel?

Nihar Chheda: We have had no inventory gain in quarter four. It has been passed on to the channel to improve our competitiveness...

Bhavesh Jain: Okay. That was completely passed on?

Nihar Chheda: Yes.

Bhavesh Jain: And secondly, you stated that the demand was strong throughout the quarter, Jan, Feb and March. So can you state the underlying reason what has driven this demand throughout the quarter?

Nihar Chheda: So one, we saw -- in the first two months, we saw stability of pricing, which was helpful. And then, of course, in the last -- in March, we saw upsurge in pricing. So one is we had tailwinds as far as raw material was concerned. And apart from that, I think I've already stated the initiatives that we are taking in terms of expanding the market reach and expanding our new product portfolio.

Bhavesh Jain: Okay. Understood. Thank you so much.

Moderator: The next question comes from the line of Karan Gupta with ACMIIL. Please go ahead.

Karan Gupta: Yes. Hi. Am I audible?

Nihar Chheda: Yes.

Karan Gupta: So my question is regarding the capacity utilization. So for the annual year, what was the capacity utilization is around 60%, you said?

Anand Gupta: So 60% was mentioned for the new plant, which we operated for nine months, I'll say, on a full -- on a capacity what we have built in. But overall, the number is around 52%...

Karan Gupta: 52%?

Anand Gupta: Yes. On production capacity, 52%.

Karan Gupta: Okay. Okay. Okay. So you said the volume growth or the operating leverage this time around for this quarter. So what was the capacity utilization before -- I mean, in quarter three? And what is the utilization in quarter four? Just trying to understand the operating leverage in terms of volume has also grown. What has benefited in the margin side? How much operating leverage you've got this time or this quarter?

Nihar Chheda: So I cannot quantify operating leverage like that. But in quarter three, you see we have done 42 kt and quarter four, we have done 62 kt. So obviously, with such a -- and in terms of revenue, net revenue also, there is a large increase, primarily driven by the volume growth. So as a result of that, there is superior cost absorption.

And as you know, most of our costs are variable or semi-variable -- fixed or semi-variable in nature. So as a result of which we have strong operating leverage. So with better volume growth, we will always have better cost absorption.

Karan Gupta: So what is the guidance on increasing the capacity utilization from here on 50%, 52%? What is the constraint here to not able to take it maybe on 60%, 65% or 70% on an overall basis?

Nihar Chheda: So we have already guided for 12% to 15% kind of volume growth. And our aspiration is much higher than that, and we do have the capacity. We are also building stronger infrastructure this year. We will be doing some capex towards improving our storage capacities across plants, which will further help us increase our supply chain and our utilization.

So the point is you need to understand that demand does not increase in a linear way. There is always going to have non-linear upsurge in demand. And if you see one of the reasons that how Prince has become one of the top players in the piping segment is one of the core reasons has been putting up capacity ahead of the curve.

And having that risk appetite to put up that capacity. And first couple of years, it can look like low utilization. But then whenever there is an uptrend in demand, we are able to serve it. And I think quarter four also is a testament to that.

So we are a debt-free organization with a very robust balance sheet. And we are extremely bullish on the growth that India will see and specifically in building materials, infrastructure, agriculture and water storage, the verticals that we operate in, we are extremely bullish over the long-term.

So we are not -- we don't look at quarter-to-quarter kind of demand scenarios. We are adding capacity with an extremely long-term view, and we do have the risk appetite and the strength of the balance sheet to be able to take these calls. And we are extremely optimistic in our ability to deliver that kind of volume over the long-term.

Moderator: Thank you. The next question comes from the line of Shravan Shah from Dolat Capital. Please go ahead.

Shravan Shah: Yes. Thank you, sir. Sir, on the bathware front, so last time, we were saying that we will be having a breakeven in Q2 or Q3 of FY '27 when we will be reaching a INR25 crores to INR30-odd crores quarterly run rate. So is there any change in spend there?

Nihar Chheda: No, I think quarter two, quarter three of next financial year -- FY '27 current financial year is what we target to hit that kind of run rate. We have done around INR16 crores in fourth quarter. And at around INR20 crores, INR25 crores, we will hit that breakeven mark.

Shravan Shah: Got it. And sir, in terms of -- Anand sir has mentioned that we will be having two, three plants debottlenecking. So, just trying to understand, so current installed capacity, 435,000-odd. So, how much one can look at by end of FY '27 and maybe FY '27 also some 5,000, 10,000 kt increase?

Nihar Chheda: So, this is only for certain product categories at certain plants. And this also includes some civil investments that we are making in terms of warehouse management -- state-of-the-art warehouse management at our plants. So that during lean periods, we still are able to ramp up inventory, so that during the season, we are able to deliver that kind of volume.

So, the debottlenecking is specific to a couple of plants only for specific product categories where we feel that we need to do some slight debottlenecking. But majority of the capex is towards maintenance, improved storage capability, and the acquisition, which was already completed in the past month.

Shravan Shah: Okay. And sir, broadly, in terms of the value-added, if I have to look at in terms of the share in revenue, so for Q4 or maybe FY '27 -- FY '26, what's the broader share? And how -- as you said that we will be -- even DECILO will also start increasing the revenue. So, just trying to understand how this share will keep on moving going forward?

Nihar Chheda: So, this would be in the range of 23%, 24% in FY '26, and this has to move towards 27% to 28% next year. I don't like to look at it in terms of contribution because our core segment of PVC also we will be growing. It's just that the rate of growth will be higher in the value-added segment. But basically, improvement in value-added contribution will come from stronger growth in CPVC, PPR and with DECILO launch. So, I think by next year, we should hit 27%, 28%.

Moderator: Thank you sir. The next question comes from the line of Pranit with SJ Investments. Please go ahead.

Pranit: Hi, management. Thank you for the opportunity. So, the company was mentioning about adding a lot of dealers during the quarter and during the year. Could you explain like how has been the dealer trend over the last few years? And what is likely to be the trend going forward in terms of the exact numbers on how many had? And like are we expanding our team in terms of dealer acquisition and all of that? Could you give some light on that, too?

Nihar Chheda: Yes, I mean it's -- the yield per distributor can vary. We have distributors doing INR50 lakhs per annum and we have distributors doing INR100 crores per annum. So, number of distributors may not be the right correlation. What's important is adding the right distributors who are -- who have the right infrastructure, right retail network, ability to invest in the business. And more importantly, we want to add distributors in white spaces, which are weak markets, weak districts, which we have mapped out at a Taluka level.

So, adding that right reach of distribution is important with the right kind of partners. So, the specific numbers may not be as important, but the reach has significantly increased and will continue to increase as the industry has seen major consolidation. And we have added -- we have strengthened our sales team in terms of numbers as well to ensure that we have a better reach of the network in the long-term.

Pranit: I understand that. I was just curious because of the numbers because I understand broadly, it can be very varied in terms of numbers. But in terms of the sales channel expansion and all of that, I'm just curious like the numbers would be easier for us to understand than just a broad-based guidance on strengthening. Would that be possible to give some numbers?

Nihar Chheda: Yes, I think offline, you can connect with us and happy to share.

Pranit: Understood. And in terms of the inventory going forward, so you just mentioned the fact that we normalize -- we are going to reduce the amount of overall basis and reduce the working capital. Could you explain when do you -- where do you see the inventory and overall working capital normalizing, specifically in terms of inventory, where do you see? And remaining -- where do you want -- where do you see it going forward for the next one year and the next years also? Like where do you want it come to?

Nihar Chheda: I think already we are in control as far as inventory. So, inventory, we are normalized. 65 to 75 days is our guidance, has been our guidance, and we are within that guidance. This includes both finished goods and raw material inventory.

Any sustainable decrease in working capital has to be driven by disciplined inventory and reduction in debtor days, which is, I would say, a KPI for the management and the CXOs. So, currently, we are at around 50 days, and we would like to reduce this by another 10 days in the next four quarters.

Moderator: Thank you. The next question comes from the line of Tia with Sapphire Capital. Please go ahead.

Tia: Hi sir. Thank you for taking my questions. Sir, what capex are we planning for this year?

- Anand Gupta:** Around INR200 crores to INR210 crores is the planning for FY 2027. That includes the second tranche of Bhuj as well.
- Tia:** Okay, sir. And what utilization are we expecting to end the year with?
- Anand Gupta:** So, of the production capacity, we intend to have around 58% to 60% if the guidance of 15% we achieve to get the volume.
- Tia:** Very clear. Thank you.
- Moderator:** Thank you. The next question comes from the line of Deepak with Wealthwise Vision.
- Deepak:** Hi. So I just wanted to understand, so what is the ratio of projects business to your overall business?
- Nihar Chheda:** I think as we stand, it is around 70-30, 70% retail and 30% projects.
- Deepak:** And what would have been the growth of projects business in, say, last quarter?
- Nihar Chheda:** Quarter-to-quarter, we would not track the ratio, but I think over the -- maybe around one and a half, two years ago, projects used to be around 25%, which is now around 30% of the revenue.
- Deepak:** Okay. Okay. And just a general question on how is the overall demand scenario in the building material sector? So, considering the results which other pipe companies have posted, electric wire companies have posted, tile company has posted, it looks like building material has kind of turned around after, let's say, seven, eight quarters. So, is it the case? Or is it just a temporary demand because of this volatility in prices or raw materials, so dealers are stocking up. What is your opinion on that?
- Nihar Chheda:** No, of course, we have seen restocking. But like I said, that restocking happened only in March because of the price increases. But even in January and February, we had strong volume growth because of our price competitiveness and the initiatives that we're taking in terms of expanding our distribution channel, retail channel, and our product portfolio.
- So, yes, 23% is not sustainable. Of course, the restocking has part to play in that. But overall, we are seeing a lot of these initiatives that we're driving along with consolidation where larger players are doing well and smaller players are going through extremely tough time. Any kind of volatility, both upward and downward is tough for the smaller players to survive. So...
- Deepak:** And yes, in terms of -- if you're tracking secondary sales, primary, I understand there's been a growth of 23% in volume. What would it be in terms of secondary sales?
- Nihar Chheda:** Yes. Secondary sales also, we have seen strong growth. And especially wherein April when primary was weak, we have seen that distributors have been able to liquidate material into the retail market aggressively because we shared our inventory gains, we have seen even in the -- when prices reversed in April, distributors were able to liquidate material. And as I said, smaller

players are still having supply issues over the past couple of months. So, big players will continue to get bigger from here.

Deepak: Okay, thank you. Thank you and all the best.

Nihar Chheda: Yes, thank you.

Moderator: Thank you. Ladies and gentlemen, in the interest of time, that was the last question for today. I now hand the conference call over to the management for closing comments.

Nihar Chheda: Thank you, everyone.

Moderator: Thank you. On behalf of Prince Pipes and Fittings Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines. Thank you.