PPFL/SE/2026-2027/048 **November 06, 2026**

To,

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: Transcript of Earnings Call held for Q2 & H1 FY27

Pursuant to Regulation 30 and other applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR"), please find enclosed herewith the transcript of the Earnings Call for Q2 & H1 FY27, held with Analysts and Investors on November 04, 2026.

This is for your information and record.

Thanking you,

Yours Faithfully,

For Prince Pipes and Fittings Limited

JYOTI SANCHETI
2026.11.06
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Jyoti Sancheti
Company Secretary & Compliance Officer
FCS: 9639

Encl. As above

“Prince Pipes and Fittings Limited
Q2 and H1 FY27 Earnings Conference Call”
November 04, 2026

MANAGEMENT: **MR. NIHAR CHHEDA – VICE PRESIDENT, STRATEGY – PRINCE PIPES AND FITTINGS LIMITED**
MR. ANAND GUPTA – CHIEF FINANCIAL OFFICER – PRINCE PIPES AND FITTINGS LIMITED

MODERATOR: **MR. OMKAR BAGWE – MUFG INTIME**

Moderator: Ladies and gentlemen, good day, and welcome to the Q2 and H1 FY27 Earnings Conference Call of Prince Pipes and Fittings Limited, hosted by MUFG Intime. As a reminder, all participant lines will be in the 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. Please note that this conference is being recorded.

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

Omkar Bagwe: Good morning, everyone. I welcome you all to the earnings conference call to discuss Q2 and H1 FY27 results of Prince Pipes and Fittings Limited. To discuss our results, we have with us from the management, Mr. Nihar Chheda, Vice President, Strategy; and Mr. Anand Gupta, Chief Financial Officer. They will take you through the results, and then we will proceed to Q&A session.

Before we proceed to the call, a small disclaimer. This conference may contain certain forward-looking statements about the company, which are based on the beliefs, opinions and expectations as on date of this call. The actual results may differ materially. These statements are not guarantee of future performance and involve risks and uncertainties that are difficult to predict. A detailed Safe Harbor statement is also given in company's investor presentation.

Now I would like to hand the call over to Mr. Nihar Chheda. Thank you, and over to you, sir.

Nihar Chheda: Good morning and thank you for joining us for our Q2 and H1 FY27 financial results. The presentation and press release has been issued to the stock exchanges and uploaded on our website. I hope everyone has been able to go through the same.

Let me begin with a brief outlook on the macro level demand/supply dynamics. September quarter witnessed stabilization of PVC prices. The government's implementation of minimum import price on PVC resin has also further supported the domestic market environment. This element of certainty in input costs is important for improving market sentiment among our channel partners by providing predictable business conditions.

Beyond these near-term developments, the long-term fundamentals of the Indian pipe industry remain encouraging. Continued investments in housing and infrastructure development have created sustained demand opportunities across India. We believe these structural drivers will continue to support industry growth, and our priority is to strengthen Prince Pipes' position to capture this opportunity.

Now specifically coming to our performance, we delivered healthy growth during the September quarter. This growth has been on the back of continued distribution expansion as well as digitization of our value chain, which has helped deepen our connect with retailers and plumbers across the nation.

An important part of our growth strategy is also to increase our contribution in value-added premium product categories. This is a twofold strategy. First, aggressive penetration in existing

value-added products like CPVC and PPR plumbing systems, which has helped us not only grow revenue, but also consistently deliver healthy EBITDA margins.

And the second part of this strategy is investments in new product developments like DECILO low-noise piping systems made out of polypropylene. I'm glad to state that DECILO pipes and fittings have been installed in residential and hospitality projects across multiple states in the past quarter.

DECILO is currently manufactured in the Haridwar facility. And now we plan to expand our manufacturing footprint of polypropylene DECILO systems in the Silvassa facilities by the end of March quarter, which will help us increase our contribution from value-added products apart from CPVC and PPR and now into PP as well.

Furthermore, in this quarter, we have also set up a new product innovation and R&D function. The single-line objective of this function is to help set up more product categories, which are value-added in nature. Over the next few years, we will be launching some more new products in the Piping division, where Prince will be a first mover.

Our intent is to replace conventionally used metal and concrete pipes at construction sites with polymer piping solutions, which win on longer product life cycle, faster installation speeds, and lower total cost of ownership for Indian builders and contractors. Contribution from such polymers of CPVC, PPR and PP also reduce our dependence on the core product category of PVC. And hence, going forward, over the long term, margins may not be as volatile due to commodity prices.

Alongside product development, we are also working on deepening our market penetration and strengthening our presence across geographies. Our emphasis is on improving reach, building stronger channel relationships and expanding our footprint in markets where we see opportunities to gain market share.

Building a strong consumer brand is of top priority to us. During the September quarter, we undertook several branding initiatives, amongst which I'm happy to announce that Prince Pipes will be sponsoring Kon Honar Crorepati, which is the Marathi language version of Kaun Banega Crorepati, which will be hosted by Madhuri Dixit. Such high visibility brand-building campaigns are aimed at strengthening brand recall and reinforcing Prince Pipes' position as a trusted brand amongst quality piping solutions.

We believe that continued investments in brand salience, supported by product innovation and distribution strength will help us build deeper connections with homeowners across India. Looking ahead, we remain focused on sustainable growth driven by our strong fundamentals, diversified product portfolio and a retailer and plumber-centric approach, which positions us well for sustained long-term growth. Thank you for your time and mind share.

I will now hand it over to our CFO, Anand Gupta, to take you through the key fiscal highlights and especially the efforts taken on improving the quality of our sales, which has helped us drive robust capital efficiency.

Anand Gupta: Thank you, Nihar, and good morning, everyone. I'll be taking you through the quarter 2 and H1 FY27 financials now, starting with quarterly highlights. Revenue from operations stood at INR821 crores, a strong growth of 38% Y-o-Y. Our volumes for the quarter stood at 52,080 metric tons, a robust growth of 22% Y-o-Y.

EBITDA for the quarter stood at INR100 crores, a growth of 82% Y-o-Y, while margins stood at 12%, registering a 300 basis point growth. Profit after tax for the quarter stood at INR48 crores, delivering a growth of 220% Y-o-Y and PAT margin for the quarter stood at 6%, a 400 basis point growth.

Now moving to half yearly highlights.

Revenue from operation for H1 FY27 stood at INR1,430 crores, a 22% growth Y-o-Y and volume for H1 stood at 92,809 metric tons, a growth of 7% Y-o-Y. EBITDA for H1 stood at INR177 crores, up by 86% Y-o-Y and margins is at 12% for H1 FY27, a 400 basis point growth. PAT for the quarter stood at INR82 crores, while margin stood at 6%, registering a 400 basis point growth.

Total installed capacity as on H1 FY27 stands at 4,35,000 metric tons. Working capital days stood at 55 days in H1 FY27, and receivable days saw a significant dip and it stood at 34 days, whereas inventory is stabilized at 74 days as of 30th September 2026.

We improved working capital efficiency by improving quality of sales and tightening credit control. We accelerated cash realization. We have reduced receivable intensity and supported DSO improvement without compromising sales growth. We will continue to have this effort on coming quarters, and we'll see more improvements in our DSO days.

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

Moderator: Thank you very much. We will now begin with the question-and-answer session. The first question is from the line of Sneha from Nuvama Wealth Limited.

Sneha: So team, we have seen a great amount of volume growth coming in this quarter. What I wanted to understand was how much would you actually give it to restocking and how much would be actual demand growth according to you? And how is the sustainability happening in Q3, Q4?

Nihar Chheda: Yes, thank you, Sneha. So I think, of course, one part of it has been restocking because at the beginning of the quarter, channel inventory was low, and we finally saw PVC prices firm up. And now with the MIP, there is a floor on PVC prices. So there is more certainty in pricing going forward, especially there's a limited downside. So now distributors are not resisting from keeping inventory, which is not a one-off, but that will be sustainable over the coming quarters.

I think as far as demand is concerned, demand is healthy, end product demand. And what has also helped is we have seen more consolidation also take place. So smaller players are struggling in current times with the current raw material scenario. So over the past many quarters now, smaller players have been losing market share, and we are seeing consolidation. So I think these are the 2 or 3 reasons why volume growth has been strong.

Sneha: Another question is I'm seeing your expenses slightly different, your employee expenses have actually inched up significantly over the last 2 quarters, increasing by more than 20-odd percent versus your other expenses are largely moving around 800-odd million. Could you help us why sudden increase in employee expenses over the last 2 quarters?

Anand Gupta: So if you are seeing Y-o-Y, Sneha, so there is an impact of actuarial valuation, which has been embedded into the salary cost. Apart from that, there is a 10% increase, which has happened around 10% kind of on an organization basis from the last year. So comparing 86 to 105 kind of so there is an impact of actuarial valuation. There is an impact of new footprint which has been added as a sales force in different markets. So there are 2, 3 elements which has added on salary front.

Sneha: So sir, could you quantify your revenue mix a bit, how much would be share of value-added portion? How much would have been CPVC growth this particular quarter or actually H1 FY27 as a whole?

Nihar Chheda: Yes. So CPVC has been the fastest-growing polymer. In terms of contribution, now CPVC and PPR put together is around 30% plus, which traditionally used to be closer to 25%. Now both put together are more than 30% of overall revenue.

Sneha: Understood. And lastly, if I may, any time lines on the CVD? How do you expect DGTR has proposed it? Generally, how long does it take for the Finance Ministry to get approval?

Nihar Chheda: It's tough to kind of speculate on time lines when government is involved. But I think traditionally, if you look at precedents, I think maybe 45 to 60 days has been the time lines from the recommendation to the implementation by the Ministry of Finance. So that's what has happened in the past.

Moderator: The next question is from the line of Shravan Shah from Dolat Capital Private Limited.

Shravan Shah: First, congratulations on good set of numbers and also healthy in terms of the working capital, particularly on the debtor days improvement. A couple of questions, sir. So first, in 1H, we have seen a 7.3% kind of a volume growth. So last time we said we are looking at 12%, 15% kind of a growth for this year. So just wanted to see because that needs kind of a 16% to 21% kind of a growth in the second half.

So 2, 3 things, just wanted to understand how is October till now? And also considering the last time the Diwali was in October and this time in November, so how are we seeing the volume? That's the first part. And our thought process is to keep on gaining the market share. So was this hopefully, it seems that the same was the case in the Q2 and Q1. So will that continue going forward also?

Nihar Chheda: Yes. Thank you for your question. So yes, focus is on ramping up market share and improving the quality of the sales by having a strong control on the debtor days. And that has been -- you can see that in the results of the September quarter. So these efforts have been -- it's not that the efforts have been done over the past quarter.

This has been over now 3-4 quarters we have worked on discipline in the channel as far as debtors is concerned. And now finally, we are able to see that culminate into results and stronger capital efficiency.

I think as far as October is concerned, volume growth has been good in October. You are right, the base of October last year was low because last year Diwali was in October and now the festive period this time is in November. So we have to factor that the base was low, but the growth has been at par with what we saw in the September quarter.

I think that kind of growth trajectory has continued in October, of course, on a lower base, like I said. So we are confident that with the initiatives that we are taking, the growth engine will keep firing not only in December quarter, but in the next -- it will be a sustained kind of a growth momentum going forward.

Shravan Shah: So for full year or maybe a second half, how we can look at the volume growth for us?

Nihar Chheda: I think it will be double digit like we have guided. We are -- we definitely have the capacity that we have put in ahead of the curve. And like I stated, the focus is now on gaining market share like we have done over the past now 3-4 quarters. So that's the direction that we are headed.

Shravan Shah: And in terms of the margin, so considering what the previous participant Sneha has asked, so the current employee cost run rate will -- and then particularly the other expenses will be the similar in absolute terms kind of a run rate will be there. So kind of we were looking at 11%, 13%. Obviously, we are at 12.4% in 1H.

So can we see that this margin should sustain and given as you are highlighting that the value-added product and plus the CPVC and PPR share is increasing. So this margin should at least should be 12%, 12.5% plus kind of a range one can look at going forward?

Nihar Chheda: I think we maintain this 11% to 13% kind of band. Like you said, we have guided for that, and we have delivered as per that in the first half of the financial year. And we will stick to that band of 11% to 13% with good volume growth. I think that is the focus of the organization right now.

Shravan Shah: And on the bathware, sir, we are slightly lower versus what we were looking at kind of INR25-odd crores kind of revenue, but we have done INR19-odd crores still at a loss. So can we start seeing a breakeven from the third quarter itself? Or will it take maybe 1 or 2 more quarters to come to a breakeven level?

Nihar Chheda: I think in the third quarter, we will be very close to breakeven. But definitely, in fourth quarter, we will be breaking even. So we need to do INR24 crores, INR25 crores per quarter. So we are very close to that. So in Q3, we will come close to that, but if not -- definitely by fourth quarter, it will break even.

But having said that, even in the third quarter, we will not be -- we'll be closer to this number that we have guided at. And the EBITDA margin guidance of 11% to 13% is also factoring in the expenses to grow the bathware vertical. So we have considered that while guiding on the operating margin side.

Shravan Shah: Yes. Last, just a clarification, just...

Moderator: Mr. Shah, sorry to interrupt, I request you to join back the queue for follow-up question. The next question is from the line of Keshav Lahoti from HDFC Securities Limited.

Keshav Lahoti: Congratulations on strong set of numbers. Sir, I wanted to confirm one thing. Has there been any inventory gain in this quarter?

Nihar Chheda: No inventory gain in the September quarter.

Keshav Lahoti: But why is that -- the reason why I'm asking because resin prices have been on an upward trend. So normally, we should have an inventory gain in such situation because like when the resin prices goes down, we incur inventory losses.

Nihar Chheda: Yes. So we have -- one -- there are 2 reasons. One is we have stronger discipline on inventory. So inventory days is at 75 days, raw material and finished goods put together. So like we had guided at the beginning of the year that inventory will be under major discipline.

Hence, any inventory gain or losses, it will be there in any particular quarter. It could be there, but it will be not to a very great extent, both gain and loss. And second is any inventory gain in September quarter, we had passed on to the channel to kind of have this kind of a volume growth. So that benefit was given to the channel to ensure that we are able to deliver on growth.

Keshav Lahoti: Understood. Got it. And what has been the CPVC volume growth in this quarter?

Nihar Chheda: We don't give segmental margins, but the growth in CPVC has been higher than the industry.

Keshav Lahoti: Got it. One last question from my side. What is the bathware revenue and losses for this quarter?

Anand Gupta: So Bathware revenue is INR19 crores and EBITDA is minus INR4 crores.

Moderator: The next question is from the line of Praneeth from SJ Investments.

Praneeth: So my question actually had with regards to your statement previously saying that you wanted to be a bigger and bigger replacement to concrete and metal pipes. So I'm trying to understand, are you getting into larger diameter pipes, which go into mostly sewage treatment and all those things? Or you're just incrementally changing the smaller pipes flow?

Nihar Chheda: This will most -- the focus is mainly into building material products, which will be B2C and B2B-driven, driven through distribution. And if we are doing projects, it will be mainly for private builders. We are not interested much in the infrastructure segment, which is why we have actively stayed away from the OPVC market as well in which I think every player has entered into.

But I think it's important that we say no to certain segments and the infrastructure and government business is not one that we understand. It's not one that we are -- it's not the focus of the company. So all product innovation and R&D will be majorly focused towards products

which are more B2C and B2B in nature. And when I say B2C, I mean distribution. And when I mean -- when I say B2B, I mean for private real estate players across the country.

Praneeth: Got it, sir. And coming to our distributors and exclusive dealers. So I just wanted to understand how has the growth been in both the segments, exclusive dealers or the multi-brand dealers growth in the last year and this quarter also?

Nihar Chheda: So I think specific numbers, I don't have offhand. We are happy to share offline, you can connect with Anand and take the data. But what I'm happy to share in terms of direction is company has taken a lot of -- made a lot of investments into digitizing the value chain. What I mean by that is now we have distributor management systems and sales force automation as a result of which we have complete visibility of retail level sales, which is from distributor to retailer.

And our focus is not only on growing the primary channel, but the focus is also on growing the retailer network so that we are able to offer superior returns to our channel partners by having more inventory turns and deeper market penetration. So a lot of the growth that we are seeing has been driven by increasing number of retailers that we are billing every quarter and by increasing the yield per retailer that we are able to achieve through our distributors.

So that has been the core focus. And not only have we invested into this technology, but a lot of mind share and bandwidth at the highest level is going on how do we improve secondary penetration of the brand?

Praneeth: Got it, sir. Understood. Just one question with regards to our loyalty program. So Astral is known to have a gold standard of a loyalty program in terms of keeping the plumbers happy, the distributors happy and retailers happy. I'm just trying to understand what effort been in that to maintain customer loyalty like loyalty in the entire supply chain.

Nihar Chheda: We at Prince, we were the first ones to launch a loyalty program known as UDAAN, which is almost 9 years ago now. And we have strengthened our UDAAN program, which is the first in the industry for plumbers across the country. And now with DMS and SFA, we are able to further strengthen UDAAN. So a lot of capital and mindshare is being allocated to not only giving schemes to retailers, but also driving loyalty program for plumbers so that we can become a preferred brand amongst brands.

Praneeth: Got it, sir. And we mentioned that our intention to take more and more mindshare, and I think you also -- you mentioned our key programs we also been a part of that advertising and branding. So I'm just trying to understand the percentage are we going to continue to increase the percentage where we are from today for the next 1, 2 years or we just continue to maintain the percentage and just value will go up as the net sales go up?

Nihar Chheda: I think 1.5% to 2% is what we have consistently invested into marketing. And marketing is something that brand building is essentially perception building that can only happen through consistent investments in the long term. So there could be operationally good or bad quarters, which are part of the business cycle.

But even in good or lean quarters, we will continue to invest in creating visibility and driving better connect with not only retailers, plumbers, farmers across the country, but also with homeowners. Because what we are seeing is a product category like pipe, which is typically behind the wall and did not have much engagement from homeowners.

But now as the end user in India, as the average homeowner is becoming more and more brand conscious, so investments into creating brand visibility is even more important because I believe that this will not only be a plumber and retailer-driven brand, but also homeowners who are younger, who are more conscious about products which are behind the wall, and are the actual nervous system of any building, more investments into this will only help us ensure that the quality of the growth is more sustainable.

Praneeth: Actually, the question was it worth increasing the percentage is my point because there's been so much pressure in the whole ecosystem?

Moderator: Sorry to interrupt. Praneet sir, sorry to interrupt. I request you to join the queue for more follow-up questions. The next question is from the line of Karan Gupta from ACMIIL.

Karan Gupta: Sir, my question is on the value-added products that you said is now 30% plus of the total revenue. Looking at the next couple of quarters, what do you think the mix will be? And what will be the realization part? So as we can sustain, let's say, INR150 - INR140 per kg of realization or what will be the mix?

Nihar Chheda: No. So I think essentially realization is going to be a factor of 2 things. One is product mix, which has strengthened and improved significantly over past couple of years, which is controllable and which is where a lot of the bandwidth is going into.

The second part -- and also newer products like DECILO, which have higher realization than our current company average. The part that is not controllable is the input prices because in PVC, which is a pass-through business, so any increase or decrease in raw material is passed on to finished goods. So that is not as...

Karan Gupta: Okay. Okay. So the mix that you are targeting for next 1 or 2 years for this value-added products from 30% to maybe somewhere around 35%, 40% as you're increasing your capacity also, so in the new capacity, these high value-added products will be there?

Nihar Chheda: Correct. I think we will be growing capacity across portfolio, be it for our PVC business, CPVC business, PPR business as well as the new product launches like PP. So across segments, this will grow. And our focus is on growing and maintaining the share from value-added products and at the same time, ensuring that the core products like plumbing and agri are also growing because that helps us with cost absorption and better operating leverage benefits. So we will grow across segments.

Moderator: The next question is from the line of Sushant Soni from Dhrishya Capital.

Sushant Soni: Congratulations, team, on a great set of results, particularly on improving the revenue quality as can be seen in the reducing DSO. My question is just on the total working capital intensity. So

whilst we have definitely improved on the quality of DSOs and kept inventory at 74 days, what about payables and how do you see the interplay? Because if I see the total working capital as a percentage of revenue, while that has trended down from 30% to 20% now, like dealers are still in that 10%, right? So how do we bridge that gap?

Nihar Chheda: See, payables is not really as controllable and as sustainable because it's a function of our procurement strategy. Domestic contracts have shorter payment periods and import traditionally has extended credit periods. But that buying pattern is -- the primary focus of the procurement division is to ensure continuous supply of raw material and competitive pricing.

So the main focus is on reducing debtor days and keeping inventory in check. So going forward, receivables will be in the range of 35 to 40 days and inventory will be in the range of 70 to 80 days. I think that is what is the focus going forward.

Sushant Soni: And shouldn't -- like if you are sourcing from domestic, shouldn't the inventory also trend down because I'm assuming that the transit time is really less, right?

Nihar Chheda: Yes, which is why inventory we've been able to reduce significantly over the past few quarters.

Moderator: The next question is from the line of Darshil Jhaveri from Crown Harbor Fintech Private Limited.

Darshil Jhaveri: Firstly congratulations on a great set of results, sir. Sir, just wanted to know a bit more towards the guidance, sir. So now I think structurally, we are at a really good position. So FY28, what do we see our volume growth at?

Can we be it more than double digit like more towards the mid-teens or higher teens? Because I understand there were difficulty in the past few quarters. But right now, I think everything seems to be in order. So your comments on that, sir?

Nihar Chheda: Yes, I think we are confident. I think the growth engine is firing. A lot of efforts have gone into not only increasing primary distribution, but also the retail reach of the company. White spaces across the network have been identified, and we have been plugging those white spaces in our distribution, which has not only helped us grow, but grow in a more sustainable and equitable manner. And we are growing aggressively in value-added products like CPVC and PPR.

So these initiatives have helped us ensure that the growth is sustainable, and we are optimistic. We are bullish about growth going forward. And as a result of which we are aggressively investing in capacity enhancement. And our latest plant in east, which is in Bihar, Begusarai, we have seen very strong capacity utilization. So the focus is on sweating out existing assets and improving the quality of sales and focus on free cash flow.

Darshil Jhaveri: Got it. Because, sir, in H2, we'll have to do around 18% - 20% volume growth, right? So that run rate we can maintain like going forward FY28 and with EBITDA of bathware maybe coming to breakeven maybe next year might be some positiveness. So our margins what are there currently actually base business is doing better than what it was doing traditionally also, right?

So if you could help us break down the road map for that also will also be great. So 20% volume growth is possible as well as margin betterment, sir, is that a fair assumption to take?

Nihar Chheda: So for growth, one is, I think end product demand is doing well. And second, we are also seeing consolidation. So smaller players are struggling and in fact, some of the organized players also we have been able to take market share, whether it is organically or through channel conversion from other players, which makes the growth more sustainable over the long term.

And coming on the margin front, yes, it is mainly driven by improvement in product mix. And of course, now at our current kind of volumes that we are doing, operating leverage also has been one of the key drivers of better operating profitability because the cost absorption is superior. We are able to have better sweating out of assets. So product mix and cost absorption have also been key drivers in helping us achieve this kind of EBITDA margin.

Moderator: The next question is from the line of Sunil Jain from Nirmal Bang Securities Limited.

Sunil Jain: Congrats on good numbers, sir. Sir, my question relates to MIP. So this is for 6 months. So what will be the roadmap thereafter?

Nihar Chheda: So as you're aware, there is a provisional duty recommendation of CVD, which is a countervailing duty on Chinese PVC which is being dumped into India. So that recommendation has been done by DGTR and this would be -- this could be followed by implementation from the Finance Ministry. So that will further help post the MIP.

Sunil Jain: Second thing related to the increase in PVC along with the PVC prices, how the company has increased the prices of their product? Will it be along with that? Or was that a bit delayed like you had done in 1 quarter? And how is the competition intensity between large players?

Nihar Chheda: Yes. So I think we -- competitive intensity among large players is there, but it's now no longer predatory because of 2 reasons. One is now we have a tailwind of demand and tailwind of certainty in commodity prices, which is why channel partners are not anxious while stocking up inventory which is why deep discounting is no longer required by any of the large players. So none of us are indulging in any predatory pricing. And second is there's also consolidation.

So clearly, there is enough market up for grabs from the smaller players. So better tailwinds of commodity prices and consolidation are helping -- competition is always going to be there, but it's, I think, more healthy competition and not very predatory in nature. So that's as far as the competitive intensity amongst larger players is concerned.

And we are a pass-through industry, any increase or decrease we pass on. This time, because we had some lower cost inventory, we have kind of given that benefit to the channel and passed on the increase with a lag, which is why there is no kind of a major inventory gain in the quarter, but volume growth for the first 6 months is healthy relative to industry, relative to peers.

So we are not interested in one-off kind of inventory gains. We are more interested in sustainable volume growth, which is at a healthy kind of profitability. I think that is more aligned with the interest -- long-term interest of the organization.

Sunil Jain: Yes. Great. Sir, last question related to the volume growth guidance that there is double-digit growth is for second half or for the full year?

Nihar Chheda: Our target is for the full year. And of course, for that, we will have to have a very strong second half. And of course, we have put in the capacities ahead of the curve. So if demand supports, we will be able to kind of deliver the growth.

Moderator: The next question is from the line of Hrishikesh Bhagat from Kotak Mutual Fund.

Hrishikesh Bhagat: Sir, just one question. If the demand is so good, like probably reasonably good steady demand, there's a pricing tailwind, then what's the -- what necessitates to probably pass on the inventory gain or whatever low-cost inventory benefit? Ideally, we should retain it, right, if the competitive landscape is that better? So just want what is the thought process on that front and this is what necessitates?

Nihar Chheda: This has not been something major. It's just a -- it's not that we have not passed on. It's that we usually pass on in kind of immediately. Now we have just given channel maybe 7 to 10 days more than usual. So it's not something -- I wouldn't read into it much.

It's not something very significant. It's just that we have given the channel some more breathing room because the cost increase was very steep, which is more than usual. So it's not that we have not passed on. It's just with a slight lag of 1 or 2 weeks, but the pass-through is on track.

Hrishikesh Bhagat: The other aspect is did you use the operating leverage benefit also to gain the market share? Has that benefit also -- because clearly, there should be the benefit of Bihar ramp-up, right, in this quarter, even that we are not witnessing?

Nihar Chheda: No, we are witnessing ramp-up of utilization in Bihar. We have seen good growth and good capacity utilization, specifically in the Bihar facility. So that we are definitely seeing. And it is ahead of the curve better than what we had envisaged...

Hrishikesh Bhagat: No, I'm just -- from the margin point of view, the operating leverage benefit should ideally flow through, right, in terms of margin? Sequentially, the volumes are up with the Bihar ramp-up.

Nihar Chheda: Correct. So we have -- I mean, we have guided for 11% to 13% operating margins. And the growth and the EBITDA margins are as per that. You are right, we have seen operating leverage benefits and not only operating leverage, but we also have seen decentralization benefits as we have moved closer to the market.

And East is a very large market in which we are one of the leaders. So that freight benefit and operating leverage benefit we have passed on to the channel to ensure that we are able to have a strong volume growth.

Moderator: The next question is from the line of Shravan Shah from Dolat Capital Private Limited.

Shravan Shah: Sir, 2 data points. First, in terms of the capex, one is, in terms of the cash flow is INR71-odd crores. So we were looking at INR200 crores, INR210-odd crores for this year. So that number remains intact. And for FY28, how do we see it? So the next capacity expansion to come in

FY29, '30, that way one can look at given the existing capacity till we reach 60%-65% kind of a utilization or how do we see?

Anand Gupta: So the guidance of around INR200 crores is there. So INR70 crores in H1 and most of the things will follow if all the things are on track, will follow in H2. FY28 will have -- mostly, we will have capex, which will be replacement capex and maintenance capex. And as you rightly said, we'll see that the sweating of assets is at a considerable percentage.

Then obviously, the next phase of growth will kick in and then the debottlenecking and brownfield and greenfield will happen. So first priority of the organization is to have a better utilization of assets and then we'll see any additional growth trajectory either through debottlenecking or brownfield.

Shravan Shah: So broadly INR30 crores, INR40 crores would be a kind of a maintenance capex for FY28, that's the fair assumption?

Anand Gupta: No, it will be in the range of INR100 crores to INR120 crores. It will have both process, extrusion and injection. Injection has larger capex investment in molds and machines, but replacement capex also has to be included. So there are 2 parts. One is maintenance, other is replacement.

Shravan Shah: Okay. Got it. Second, for this quarter or maybe for 1H in terms of the project segment, so is it still at 25%, 30-odd percent or for this quarter, it would be on the higher side?

Nihar Chheda: No, I think it's around that 25%, 30%. So we are growing both in retail and project. So it's I think in that same bandwidth for the second quarter.

Shravan Shah: And sir, was there any CPVC price hike in October or until now post the September quarter? And obviously, we will not share, but broadly in terms of the percentage, if you can highlight how much kind of a price hike was there because the gap was narrowed in terms of the CPVC PVC. So there must be some price hike, if you can highlight?

Nihar Chheda: Yes, cost increase has happened in CPVC raw materials, which now we will be passing through to the channel.

Shravan Shah: So will it be kind of a 2, 3...

Moderator: Sorry to interrupt, Mr. Shah, I request you to join back the queue for more follow-up questions, please.

Shravan Shah: I'm just completing that part only. Sir, if you can answer that, will it be 2%-3% or 7%-8% kind of a cost increase in CPVC?

Nihar Chheda: No, it will be on the higher end. It will be 7% - 8% plus.

Moderator: The next question is from the line of Varun from 360 One Capital Private Limited.

Varun: I just wanted to ask suppose the MIP is not extended and if the ADD is imposed, where will the PVC settle in your view?

Nihar Chheda: See, I think it's -- I'll stay away from speculating on commodity prices, but I'm happy to give you a direction. I think post-MIP with the countervailing duty coming in, looking at current crude costs, looking at current freight costs, which are elevated, I think PVC will continue to be range-bound in this current range of kind of INR95 to INR100 looking at the multiple factors of freight and crude. So that's my best estimate sitting today.

Varun: That is irrespective of the MIP, right, because it is above the MIP, but -- okay. But in case MIP is removed, then is there a chance that it will come down significantly if the war settles down?

Nihar Chheda: So like I said, I think there's a CVD recommendation, countervailing duty recommendation from the DGTR to the Finance Ministry, which is likely to get implemented. If not, I think the MIP also may be renewed. So I don't see major downside from PVC in PVC sitting today.

Varun: That is only for China, right? I mean that is only for China specific, right?

Nihar Chheda: Correct.

Varun: So that will also kind of put a flow to the price, right, I mean, in that way?

Nihar Chheda: Exactly, yes.

Varun: Okay. And sir, on your gross margins, like this quarter, again, on a Q-on-Q basis, there was a contraction. It might be because last quarter, we had some kind of gains. Just wanted to understand what kind of levels gross margin can we expect to be sustaining in the future like for your guidance?

Nihar Chheda: I think what we have delivered in the first half of the year is sustainable going forward. The major drivers of gross margin is, of course, product mix, pricing power and there is ex of any inventory gain or loss. So I think we are confident that what we have delivered in the first 6 months is sustainable going forward.

Moderator: The next question is from the line of Praneet from SJ Investments.

Praneet: In terms of overall structurally EBITDA margin, where do you think it will end up at because right now it's at level, but so going forward, what can we expect with value-added products getting up and Aquel also scaling up? Is there any potential area that you're looking at?

Anand Gupta: So EBITDA range, we have already guided and it will stay in that range only. 11% to 13% is the range. There are different factors. Product mix is a factor. Volatility is the factor. So having all those factors in mind, the range will be 11% to 13%.

Praneet: Got it, sir. And with regards to Aquel, what has been the business progress right now? I understand sales are taking some time, but overall business-wise, what did we do in terms of strategy? And how is it working out so far?

Nihar Chheda: I think we started off with North and West India as markets. And now phase-wise, we have launched into South and East. So now we are doing around INR20 crores per quarter. At around

INR24 crores, INR25 crores per quarter, we will break even. So still a lot of the revenue is mainly driven from North and West.

So as we are able to unlock value in South and East, where right now the team and the channel is being set up, I think we are confident of achieving that breakeven level by the end of Q3 or worst case by Q4. So that's where we are.

Praneet: Got it, sir. But I was trying to understand the structural synergy between our piping business and bathware brand. Just trying to understand -- so what percentage of distributors can this already be upsold to? I'm just trying to understand that case. How is it synergistically working out with our other business?

Nihar Chheda: Yes. I think we have entered into the bathware segment because of the brand equity that we enjoy across stakeholders across the value chain and overlap in the channel partners. So a lot of channel partners of Prince have been now appointed as channel partners for Aquel. And in many markets, we have appointed exclusive Aquel distributors as well. So it depends on a case-to-case market to market, we have taken that decision.

But the acceptance has been strong. And here also, we are doing well in the projects segment in builders. And specifically in retail, the traction has been more in Tier 2, Tier 3 kind of markets, which is where I think the largest addressable market is.

So our focus is on unlocking these kind of Tier 2, Tier 3 markets, which is where we also have a very strong reach for the pipes business. So being able to unlock market potential in these markets for bathware is the key focus for Aquel going forward along with the project division for the urban part of the country.

Praneet: Got it, sir. So just trying to understand as a product business, like I understand we're doing with private developers itself, just trying to understand where are the sales mostly concentrated? Would it be in the Maharashtra region itself or there's also penetration in the Southern and Northern part, again, we're strong in Southern part and West and Eastern part?

Nihar Chheda: Yes, mostly in West and North and South and East, we have just set up the team and channel. So most of this revenue is still driven from North and West because that's where we first established the team. Now when we have put up a team, we now currently have pan-India operations. And the revenue unlocking from South and East will start happening in the next few months. So that contribution will help us reach breakeven and then beyond that.

Praneet: Got it, sir. So basically, you see most of our growth following up mostly from Southern and Eastern region, right, because North we are already very strong. Is that a fair understanding?

Nihar Chheda: No, growth will happen across India, and we are still very small in terms of market share in the bathware space. We are...

Praneet: No, I was talking about piping also, sir, not only bathware, piping also.

Moderator: Sorry to interrupt, Praneet. In the interest of time, we take that as the last question from the participants. I now hand the conference over to the management for closing comments. Over to you, sir.

Nihar Chheda: Yes. Thank you, everyone, for participating.

Anand Gupta: Thank you.

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.