

PPFL/SE/2025-26/013

May 28, 2025

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: Disclosure under Regulation 30 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR") – Transcript of Conference Call held on May 22, 2025

In continuation to our letter No PPFL/SE/2025-26/004 dated May 15, 2025, please find enclosed herewith transcript of the Conference Call for Analyst and Investors held on May 22, 2025.

Kindly take the same on record.

Thanking You.

Yours faithfully,

For PRINCE PIPES AND FITTINGS LIMITED



Shailesh Bhaskar

Company Secretary & Compliance Officer

FCS: 13188

Enclosed: as above

PRINCE PIPES AND FITTINGS LIMITED

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



ISO 9001:2015

www.tuv.com
ID 310952734



ISO 9001:2015
ISO 14001:2015
ISO 45001:2018

www.tuv.com
ID 3000317285



Corp. Off.: The Ruby, 8th Floor; 29, Senapati Bapat Marg (Tulsi Pipe Road), Dadar (W), Mumbai - 400 028; Maharashtra, India.

T: 022-6602 2222 **F:** 022-6602 2220 **E:** info@princepipes.com **W:** www.princepipes.com

Regd. Off.: Survey No. 132/1/1/3, Athal Road, Village Athal, Naroli, Silvassa, Dadra Nagar Haveli - 396 235, India.

CIN: L26932DN1987PLC005837



**“Prince Pipes and Fittings Limited
Q4 FY '25 Earnings Conference Call”
May 22, 2025**



**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 '25 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 this conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

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

Sumeet Khaitan: Yes. So good morning, everyone. I welcome you all to the earnings conference call to discuss Q4 and FY '25 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 question-and-answer 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 the 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. Over to you, sir.

Parag Chheda: Thank you, Sumeet. Good morning, all, and thank you for joining us for our quarter 4 and FY '25 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.

The PVC pipe industry navigated a challenging macroeconomic environment during the year, marked by muted demand across key end user segments. Furthermore, subdued government spendings in infrastructure and allied sectors led to demand softening and inventory destocking by channel partners in major markets.

These challenges were compounded by high volatility in PVC resin prices impacting both volumes and margins across the sector. Despite this uncertainty, our company remained focused on reinforcing its operational capabilities and executing long-term strategic priorities.

A key highlight of the quarter was the successful commissioning of Phase 1 at our new manufacturing facility in Begusarai, Bihar, designed for a total installed capacity of approximately 60,000 metric tons per annum. The plant has begun operations with the initial capacity of 24,000 metric tons per annum. With this addition, our total installed capacity has increased to 3,97,500 metric tons per annum.

We are also undertaking timely capital expenditure across our existing facilities to support future growth. The balance capacity at Begusarai is expected to be commissioned with full capacity within the next 6 months. Strategically located, this plant enhances our ability to efficiently serve the growth market, the growing market in Eastern India by reducing lead times, improving responsiveness and optimizing logistics costs.

In our Bathware segment, Aquel, we continue to strengthen our retail footprint across key urban and semi-urban markets. During the quarter, we expanded our presence with new showrooms in Uttar Pradesh and Rajasthan, adding to our existing outlets in Goa, Jaipur, and Pune. With over 200 retail touch points across India, we are steadily building a robust distribution network and enhancing brand recall in the high potential value-added segment.

We believe the Bathware category will serve as a complementary growth driver to our core piping business and contribute meaningfully to revenues in the medium term. As part of our brand visibility strategy, we are actively expanding our presence across key travel corridors to connect with consumers on the move.

We have collaborated with Indian Railways for branding on Vande Bharat trains, enhancing our presence on one of our India's most prestigious rail networks. Additionally, we are proud to announce our association with the Darjeeling Toy Train, a UNESCO World Heritage site, further strengthening our brand's visibility at iconic high footfall locations.

Such initiatives ensure that wherever our consumers travel, Prince Pipes remain a consistent part of their journey.

In a significant sustainability milestone, we are proud to share that our CPVC product range is now officially GreenPro certified by the Confederation of Indian Industry. This certification underscores our commitment to providing sustainable, high-performance piping solutions and brings notable environmental, economic and market advantages to our customers. Such certifications will help us become a preferred brand amongst the brands in the B2B project segment.

On the innovation front, we introduced a new range of septic tanks under the brand BioFIT for efficient wastewater management. Designed to support safe, affluent disposal through soak pits or dispersion trenches, these tanks promote natural filtration and purification, helping safeguard groundwater. This eco-friendly product aligns with our commitment to sustainable infrastructure solutions.

Looking ahead, we remain focused on geographical expansion, product innovation and operational efficiency to drive growth. With early signs of recovery in infrastructure and construction activity, we are cautiously optimistic about demand revival. We continue to monitor PVC resin prices closely and are implementing proactive procurement and inventory strategies to mitigate volatility.

In conclusion, despite external headwinds, we are confident that our strong fundamentals, diversified product portfolio and customer-centric approach position us well for 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. Good morning, everyone. I'll be taking you through the quarter 4 and FY '25 financials now. Starting with quarterly highlights. Revenue from operations stood at

INR720 crores. Our volume for the quarter stood at 50,454 metric ton as compared to 51,444 metric ton same period last year. It de-grew by 2% year-on-year. EBITDA for the quarter stood at INR55 crores, degrowth of 41% year-on-year, while margins stood at 7.6%. Profit after tax for the quarter stood at INR24 crores and PAT margins for the quarter stood at 3.4%.

For the full year highlights, revenue from operations stood at INR2,524 crores, degrowth of 2% year-on-year. Our volume for FY '25 stood at 177,202 metric ton as compared to 172,793 metric ton same period last year. EBITDA for the full year stood at INR162 crores, while margins stood at 6.4%. Profit after tax stood at INR43 crores. PAT margin stood at 1.7%.

For the year FY '25, our working capital stood at 99 days compared to 95 days same period last year. Receivable have shown marked improvement and now stand at 61 days from 83 days in March end. Inventory days stood at 88 days as on 31st March 2025.

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

Moderator: The first question is from the line of Nigel from EverFlow Partners.

Nigel: A few questions from my end. Firstly, as an organization, we have had pressure on both margins and market share recently, and we hear that the industry leader is aggressive for market share. So what are we prioritizing at this point? Is it margins or market share?

Nihar Chheda: Yes. Thank you for your question. I think last year has been a tough year for the industry because of the negative sentiment with respect to PVC prices, as a result of which there has been destocking from channel partners, not only for Prince, but for all the players across the industry. Hence, in this kind of an environment, there was a lot of aggression seen in pricing.

I believe PVC prices have bottomed out. And in fact, we have seen a slight reversal in PVC prices as well. So typically, if you see this industry, apart from the past maybe 1 or 2 years, we have always had profitable growth. And we have always reinvested those profits into adding capacities and building a stronger brand.

So this year, I don't think we will have that kind of a negative sentiment that we've had in the past year. And that reluctance of stocking from the channel partners should not be the same this year. So our focus always remains on growing market share in a profitable way. It is not binary that we have to have one or the other. It has to be growth, but growth in a profitable manner because we are also adding capacities, and we are also wanting to become a stronger brand and keep investing money back into becoming a stronger brand.

Nigel: Got it. And what sort of growth and margin outlook do you have for the upcoming financial year given these market dynamics?

Nihar Chheda: So I think this year, we should have double-digit volume growth, given that last year was a tough year. So we will have a favorable base. And apart from that, we have added capacity with a new plant coming in, in Begusarai, where we have commenced commercial production in March month. So given with the expanded capacities, affordability in PVC prices and real estate, which continues to do well, I think we should be having double-digit growth this year.

- Nigel:** And also for the margin, sir?
- Nihar Chheda:** So margins are a function of multiple levers. One is product mix. Second is pricing power, which was obviously last year, there was which was under pressure. And third is operating leverage. The more we sell, the more profitable we are. And like I said, with additional capacities coming in, there should be good volume growth, which helps with cost absorption. So over the long term, we would still maintain our guidance of around 12% EBITDA margin for the long term.
- Nigel:** Got it. Sir, one final question from my end. Are you seeing any opportunity or uptick in institutional sales for us? Or do you see that being a meaningful part of the business for us going forward?
- Nihar Chheda:** So institutional sales, we have typically stayed away from because of the extended credit cycles. So we do participate in these kind of institutional projects, be it Jal Jeevan Mission or Swachh Bharat, but we participate through our channel partners so that we don't take the credit risk directly on our books. So we selectively participate in these programs. And whenever we do, we do it through our channel partners.
- We rarely take the credit risk directly on our books. But going forward, I think the focus of the organization continues to be growing the distribution footprint for the retail business and growing the projects business by building our relationships with developers and contractors and plumbing consultants across the country.
- Moderator:** The next question is from the line of Shravan Shah from Dolat Capital.
- Shravan Shah:** Yes. Before asking the question, just 2 to 3 data points, sir, for this quarter, Bathware revenue and EBITDA loss?
- Anand Gupta:** So for this quarter -- for the full year, I will say, the Bathware had clocked INR30 crores. This is what the number is. And for -- if you talk about this quarter, the sale was around INR10.5 crores and loss for this quarter was in the range of INR4.5 crores.
- Shravan Shah:** INR4.5 crores Okay. And in terms of the water tank for FY '25, what would be the revenue and even possible for FY '25?
- Anand Gupta:** For full year -- it is around INR48 crores for full year.
- Shravan Shah:** And for FY '24, was it INR37 crores, INR38 crores?
- Anand Gupta:** Yes, it was around INR40 crores, INR38 crores to INR40 crores, yes. So we have seen around 20% growth over there.
- Shravan Shah:** So now a question, again, coming back to on the volume front. So just trying to understand, so this Bihar, Begusarai, we started 24,000 tons. And in next 6 months, we will be adding another maybe 35,000, 36,000 odd to reach a 60,000 tons. So if I -- if you can help me even -- and my calculation also just suggests that even if we do a decent kind of a 20,000, 25,000 ton from here, assuming then also and plus the core growth should be -- so we should be doing at least a kind of a 15% kind of a volume growth, but we are saying a double digit. So if you can also specify

double digit, does it mean kind of a 15% kind of a range or it is more close towards a 10% growth?

Nihar Chheda:

So 15% also is double digit, but I will -- given the so many variables that are there in the market, we have always been conservative with guidance, and then we prefer to let the numbers do the talking, and that's how we have always done it since day 1. The point being, there are a lot of positives that I see this year compared to last year that I have spoken about. And we have added capacity.

And we are doing the right things as far as demand generation is concerned which I spoke about in terms of adding to the distribution network, adding new products and investing in the brand and focusing on building a relationship in the B2B space. So we are doing everything that we can in terms of demand generation, and we are adding capacity. So if and when the demand picks up, we do have that additional capacity to be able to service that because see, no one can predict uptrends in demand.

We have seen that with our experience in the industry that supply creates demand. If we have product, we will be able to sell it. We cannot exactly predict when the demand will pick. But point is we should be able -- we should have the strength of the supply chain as well as the capacity to be able to service the demand. So that we have built. And whenever that uptrend in demand comes, we will be able to fulfill it because of the kind of inventories we are working on as well as the kind of capacities we have built.

Shravan Shah:

Okay. Just to add more on.

Moderator:

Sorry to interrupt, sir, but I may request you to rejoin the question queue for follow-up questions. The next question is from the line of Praveen Sahay from PL Capital.

Praveen Sahay:

If you can give any numbers or color on is there any inventory losses for you for this quarter? If then how much is that?

Anand Gupta:

So it is around INR25 crores for this quarter, the inventory loss.

Praveen Sahay:

Okay. And also, if you can give some color on the pricing scenario right now because a couple of days back, there is some reversal in the PVC resin prices. So on the PVC resin prices, how you see the way forward or even the ADD, if any information you can give on?

Nihar Chheda:

Sure. So I think you're right. We have seen an increase in PVC prices of INR1,500 per metric ton a couple of days ago from Reliance. I don't expect -- so I'm keeping ADD aside first without ADD. I don't expect a very sharp uptick in prices. I think prices will continue to remain stable. But the good part is that the negative sentiment will not be there. There will not be a resistance to stock material as there is no threat of an inventory loss for the channel partners as well. So that is the one positive.

I think we will see a stable price environment and affordability in PVC. As far as ADD is concerned, there has been a lot of talk about ADD since the past 2 or 3 quarters. I prefer not to speculate on these things because this is related to the government and the DGTR. Whenever it

comes, I think PVC will continue to be range bound, but you will see a recovery. So whatever PVC today is maybe around INR70 per kg, this could move to around INR75 to INR80 a kg. So you could see a slight uptick. But again, I don't see a major irrational upward movement of PVC.

It will continue to be stable and range bound and affordable. So that's where PVC prices are. But I think we can safely say it has bottomed out and there is no negative sentiment in the channel as far as stocking of inventory is concerned.

Praveen Sahay: Really helpful, sir. And also on the inventory side, if you can give a color on the higher side of your inventory, is it related to the finished goods or RM you are carrying from the last 3 quarters?

Nihar Chheda: So one is you have seen a reduction in overall inventory from December to March. So there has been a significant reduction. This is a combination of both finished goods and raw materials. We have built infrastructure to be able to hold higher finished good material. So that is something that we don't want to reduce because, again, it's a supply-driven industry. If we are -- the point is that once you lose a sale, it is lost forever.

So we need to have very strong finished good inventory. Raw material inventory is on the higher side, where like we said in the opening remarks, we have relooked at our strategy, reevaluated our strategy. Inventory -- raw material inventory will normalize by the end of this quarter or the beginning of Q2, and we will continue to then have a tight control on the raw material inventory. Finished goods inventory, we will continue to hold at a healthy level going forward.

Moderator: The next question is from the line of Keshav from HDFC Securities.

Keshav Lahoti: Congratulations on a steep recovery in Q-on-Q. The first question is, we have seen the realization has improved sequentially when resin prices were declining. So is there some change in mix?

Nihar Chheda: Can you repeat your question, please, sorry?

Keshav Lahoti: So normally, the resin prices were declining. So ideally, the realization should have been lower Q-on-Q, but we see for the company, it has improved. So there has been some change in mix. I am assuming what sort of mix has been? Can you give some color on that?

Nihar Chheda: Yes, we have had a better sale of value-added products, CPVC specifically. So we have been growing in CPVC at a good pace relative to PVC, and that trend has continued in the March quarter. As a result of which we have seen an improvement not only in realizations, but also at operating margin level. So it's a function of product mix as well as cost absorption.

Keshav Lahoti: Understood. Got it. Sir, can you quantify what is the CPVC growth year-on-year for you at a company level, maybe for FY '25 or Q4 something?

Nihar Chheda: It is a double-digit growth in CPVC for March quarter as well as for the entire fiscal. As you are aware, we don't give segmental data, but there is a double-digit growth. And overall, obviously, there is -- on an annual basis, we have grown by 3%. So it has been driven largely by CPVC.

- Keshav Lahoti:** Understood. Got it. That is helpful. One last question from my side. Sir, on the incentive, which you were giving 3% last quarter, how is that right now? Have you decreased the incentive to the dealer.
- Nihar Chheda:** So that continued in March quarter, and that is continuing in Q1. We have added capacities. So we will continue to focus on growing. Like I said, it has to be done in a profitable manner with a slight reversal in PVC prices and a clear signal of bottoming out. Now I think we will be able to, with time, not have to be that aggressive on pricing going forward. These things take time to reverse, and we don't want to shock the channel. But I'm sure the sentiment now is much better than what it was in the second half of last fiscal.
- Keshav Lahoti:** Got it. Got it. And channel inventory is normal or will it get to normal as you were highlighting the PVC pricing has seen an uptick, channel inventory getting normalized? So how is it now?
- Nihar Chheda:** Channel inventory as we speak is low for my channel partners because of the reluctance to stock material. So channel inventory is low. I think with this increase in prices, again, I don't see some very sharp U-turn recovery of PVC prices. I think prices will continue to be stable. And as a result of which finished goods will continue to be affordable.
- But I believe now there will not be any resistance to stock and dealers can maintain normal inventory level, which is very good for the industry, low volatility of input prices and distributors will not speculate and try to have high restocking or destocking which is good for the industry that PVC prices remain affordable as a result of which in a pass-through industry, finished good prices also will continue to remain affordable.
- And with players like us adding capacity aggressively, we will be able to focus on long-term growth that the industry will have, we will be able to be a major beneficiary of that growth.
- Moderator:** The next question is from the line of Sneha Talreja from Nuvama. We take the next participant. The next question is from the line of Pritesh Chheda from Lucky Investments.
- Pritesh Chheda:** I missed the inventory loss number for quarter 4 and FY '25. And can you give me the Bathware losses for FY '25?
- Anand Gupta:** INR25 crores for the Q4 inventory loss and Bathware is around INR4.5 crores for the quarter, full year around INR17 crores to INR18 crores.
- Pritesh Chheda:** And inventory loss for full year?
- Anand Gupta:** INR85 crores to INR90 crores.
- Pritesh Chheda:** The other thing is, sir, are we doing anything -- so let's say the inventory is materially up versus the business -- the way business was conducted about 4-5 years back. Are we doing anything incrementally whereby we can relook at the way we manage our inventories, number one. And number two, let's say, from the industry perspective, what we are seeing is there are many more players are getting added versus what the industry was, let's say, 5-7 years back and many more capacity is getting added, people cross-selling within the brands also. Does it mean that it is, let's

say, a slower growth for incumbents and a different margin profile or let's say, EBITDA per KG profile than historically that we have seen on averages for incumbents, including you. So I have these 2 questions.

Nihar Chheda:

Yes. Thank you, Pritesh. I think first question, yes, we are -- so let me talk about inventory in 2 parts. One is raw material and second is finished goods. Finished goods, in fact, we have made investments over the past 24 months to improve our infrastructure across facilities to be able to keep around 30 to 40 days of finished good inventory. So that is something we will not shy away from. We are an industry where supply creates demand. A sale lost once is a sale lost permanently. So finished good inventory, we will keep a healthy level of finished good inventory.

Raw material inventory, like I said earlier, we have reevaluated our strategy, and we want to -- we have increased our domestic contracts and our dependence as our capacities grow, as we become a larger, more organized player, we have no problem reevaluating our strategy, and we have implemented that as well. And we will -- we have already improved our domestic sourcing, which means that we can keep a lower inventory level.

So going forward, I believe around 30 days of raw material inventory and 30 to 40 days of finished good inventory. So around 60 to 70 days of inventory is what is a sweet spot for us that we have evaluated, and that is one change, and we are happy to implement that, and we have already done that. So that answers the first part of your question.

Second part of your question in terms of competitive intensity, I have a slightly different view to this. Yes, there are new entrants in the industry, which one signals the kind of long-term profit pools that are available for the industry and the kind of growth that the industry will have over the long term.

Clearly, this has within the building material industry, piping has been -- if you look at the past decade, has been the fastest-growing industry and has been -- we have been able to do that in a profitable manner barring the last, let's say, 4 or 5 quarters. The good part is any of these players that are coming in are branded players, corporate players who have -- will always have a disciplined approach to pricing to quality, to credit control. And we still -- around 30%, 35% of this industry continues to be unorganized.

So I am very happy to compete with organized players where there is a level playing field with respect to pricing and quality and credit. What I'm not comfortable competing with unorganized players who just has 2 extruders in their workshop, gives a substandard or a nonstandard product, does all kind of financial mismanagement, then it's not a level playing field as far as cost structures are concerned.

So I am happy to compete with organized players. And this is a category which is behind the wall, and we are seeing a higher awareness of brand going forward. And as a result of that, I believe big will continue to get bigger. I'm very happy to compete with organized players rather than compete with unorganized players.

And lastly, I think it's very important to also see the microeconomics for it. For a builder today, his piping cost is less than 1.5% of the overall project cost. So even if he is getting a new brand 10%, 15% cheaper, he is not wanting to experiment with piping because overall impact on the project cost is not significant. Whereas if you are -- you try and experiment with a new brand and -- there is any leakage in the pipes, the nuisance value is far higher in terms of the brand image of the builder. So I believe this brand consciousness will only increase in this industry and which is why we are aggressively investing in the brand year-on-year. And I believe this will continue to consolidate.

Any addition in capacity, whether it's from incumbents like us or from new entrants, I believe the people losing the market share are the unorganized players. So that's -- I hope that gives you clarity.

Pritesh Chheda: So just on the...

Moderator: Sorry to interrupt sir. But I may request you to rejoin the question queue for follow-up questions. The next question is from the line of Utkarsh from BOB Capital Markets.

Utkarsh Nopany: Sir, my first question is on your gross margin for FY '26. So if we adjust for inventory loss of INR25 crores, then our adjusted gross margin stood at 28.5% for this March quarter. So I wanted to understand from you, can we maintain similar kind of a gross margin for FY '26? Or do we see a risk to this number due to rise in competitive intensity in the sector?

Nihar Chheda: So this number we have achieved despite the competitive intensity. It's a function of one is product mix and operating leverage. Product mix has been favorable in the March quarter, like it usually is, especially from the plumbing segment, both CPVC and UPVC plumbing, which tend to be higher-margin products. Q1 is usually agri-heavy for the industry and for us. But on an annual basis, we are confident of being able to achieve this kind of a margin.

Utkarsh Nopany: Okay. Okay. Sir, my second question is on your capex. So what would be our capex guidance for FY '26? And for Bihar project, if you can specify how much we have spent till March '25 and how much we are planning to spend in FY '26?

Anand Gupta: So I'll start with the Bihar, what we have done in FY '25. We have installed 24,000 capacity and related infrastructure for which we have capitalized around INR180 crores in our books of accounts. Remaining is around INR70 crores, which includes infra as well as new capacity, means which it will take to around 60 KT in next 6 months, we will be investing. So FY '26 has a spillover of INR70 crores on Bihar front.

We have a capital commitment on Aquel brand around INR43 crores and internal capex related to new Bhuj plant will be around INR7 crores to INR8 crores -- so it will be around INR50 crores on that front. And internal capex for existing plant, seven plants for operational maintenance and replacement capex will be around INR100 crores.

So around INR220 crores will be the capex planned for FY '26 and in this, only INR100 crores is related to ongoing maintenance of plants and INR120 crores is one-off, which will give us a good capacity expansion in both Bathware as well as pipes and fittings in East India.

Utkarsh Nopany: Okay. Got it, sir. And sir, lastly, like, sir, your gross block asset turn has gone down sharply from roughly 3x during pre-COVID to now 1.9x. So just wanted to understand what should be the sustainable gross asset turn for you over the medium-term period?

Nihar Chheda: Yes. Utkarsh, so the reason for that is twofold. One is a lot of the capacities have been added in the past 4 years. So if you see in the past 4 years, 3 new plants have been put up, Jaipur, Telangana and now Begusarai. And apart from that existing plants, debottlenecking also has happened. So I think we need to see this in the long term.

A lot of new capacity has been added and 3 greenfield plants. So existing plants when you debottleneck is relatively cheaper. But when you are putting up greenfield capacity, one, you are investing in land and you need to set up the infrastructure, which is a large part of the overall cost structure.

And one more thing I would like to highlight is of all the three plants, Jaipur, Telangana and Bihar, we have invested heavily in land. So Jaipur is more than 80 acres. Telangana is more than 45 acres and Bihar is more than 35 acres. So we have -- at existing plants, we were seeing the kind of infrastructure challenges we had, and we were not able to debottleneck these plants. So at the new locations, Jaipur, which is for North and West; Telangana, which is for South; and Bihar, which is for East, all three strategically located for long-term growth.

Now we will be able to debottleneck over the next 5, 6 years, we will continue to really sweat these assets and keep adding capacities because now land will not be a bottleneck in terms of adding capacity and keeping finished good inventory. That is why you are seeing a reduction in the asset turns.

And further, you have -- the revenues have not grown because of the decline in PVC prices. So I think it's a double hit. But I think this will normalize going forward as we continue to grow aggressively in terms of volume over the next 2, 3 years, and we sweat these assets, I think you will see a recovery in the asset turns. I hope that gives you clarity.

Moderator: The next question is from the line of Sneha Talreja from Nuvama.

Sneha Talreja: Just a couple of questions. How is the demand currently doing? While I understand you said that PVC prices have bottomed out, there is some other restocking happening. Just wanted to gauge that how is Agri demand? How is the demand from the plumbing side? And how much restocking can actually lead to growth in FY '26? So some sense there would be helpful.

Nihar Chheda: Thank You Sneha. I think -- so one is I don't think there will be very aggressive restocking, and we don't want that to happen also. I think what is good for us and for the industry is that the dealers just keep a healthy level of inventory because when there's speculative restocking that also then eventually leads to destocking. And of course, there's a function of PVC prices. So if I have to guide sitting today, looking at the factors that are in front of me, I believe that you will have a stable PVC pricing environment, which will lead to stability in terms of the inventory that the channel keeps, which is good.

You will not see very aggressive restocking or destocking. Prices have bottomed out. So now there is no reluctance to keep basic level of inventory that -- a normal level of inventory that the channel would keep. The price increase has just been announced 2 days ago. So we will see how that pans out. But my -- sitting today, what my understanding is that you will have a healthy level of inventory that the channel keeps. We don't expect some very sharp movements, which I think is good.

Sneha Talreja:

I mean just to rephrase my question in that case, how much are we away from that normal level of inventory? Can it lead to 2% to 3% growth to reach a normal level, 4%? I mean some sense there is what I was just thinking.

Nihar Chheda:

So usually, I think channel would be keeping around depending on market to market, but around 3 to 4 weeks of inventory. I think that today would be around less than 2 weeks. So that's how we see it in terms of channel inventory.

Sneha Talreja:

Understood. Secondly, my question was more on the CPVC side. We see a lot of incremental capacity coming up in CPVC resin side. Of course, you are tied up to Lubrizol, Lubrizol itself is coming with large capacity and as per my channel checks, so I think Lubrizol would also be open to giving this supply to, I think, even other players. So what's the sense that you have? Are you open to them taking it only from Lubrizol?

Would you see changes happening in your raw material sourcing on the CPVC front also? And with the CPVC supply increases, what's your sense on the market share in that case? Because so far, market has remained a lot more consolidated because of non-availability of supply to a lot of smaller manufacturers. With so much supply coming in the market with CPVC, are we going to see segmentation of this market to put it across?

Nihar Chheda:

Yes, I think it's an important question. I think CPVC till now in India, we have been deficient in terms of supply. I believe CPVC industry is on a very interesting cusp of growth. The kind of capacities that are being put up, whether it's by MNCs or by local players, there is very aggressive capacity addition.

You are going to see very affordable CPVC raw material and as a result, finished good pricing over the next 3, 4 years. I think this goes back to decades ago when this happened with PVC as well, which led to a mass consumption of PVC across the country. And today, India is one of the largest consumers of PVC.

I think we are on that kind of a cusp for CPVC. I think this is just the start in terms of the acceptance of CPVC and the consumption of CPVC across multiple applications, be it plumbing, firefighting and industrial. I believe, again, there's a very sensitive use case for the builder. It goes in the concealed application for plumbing. So today, 80% of the market is with top four of us. And I don't see any major shifts.

Yes, there will be access to smaller players, but I think it is an extremely brand-conscious segment and a very sensitive use case because it goes into concealed application for hot and cold water plumbing. So I think there is -- net-net, there is more to gain than to lose for a large player like us who already has, let's say, more than 10% market share in this segment. We are

aggressively adding capacity, and we are extremely bullish on the growth of CPVC over the next few years.

Sneha Talreja: And just lastly...

Moderator: Sorry to interrupt ma'am, but I may request you to rejoin the question queue for follow-up questions. The next question is from the line of Arun Baid from ICICI Securities.

Arun Baid: Nice to hear your discussion on the inventory part you mentioned. But if I look at your previous year numbers, FY '24 was a 62 days, FY '23 was 57 days, FY '22 was 85 and FY '21 40-odd days. So I'm trying to get to is that broadly 75 you see that one maybe hopefully by the September balance sheet when you report or is this a new normal...

Nihar Chheda: Sorry, I'm not able to hear you. The voice is breaking up. Can you repeat? I think there's some disturbance on the line. No, I'm not able to hear clearly.

Arun Baid: Hello, can you hear me better.

Nihar Chheda: Yes, please go ahead.

Arun Baid: I'm trying to understand the inventory part. This year, we had obviously 88 days of inventory. But if I look at the previous year, FY '24 was 62, FY '20 was 57, and FY '21 was 40-odd days. What I'm trying to get to is, is this 75 the new normal you believe is a sweet spot for us?

Nihar Chheda: So it's very important to see inventory as an average across the year. The number that you are referring to is the year-end number which there have been years where we have stocked out. If you look at some of those years, just before COVID and just after COVID, we have seen finished goods stockouts happening because of very aggressive growth that we had in those years. So I don't think that's a fair estimation of what our inventory was in that year throughout the year.

It's just the case of at one point of the year, that was the inventory because there was very -- there was an aggressive consolidation that was happening in those years, and we were a major beneficiary of that consolidation during that period. But that -- you referred to a few years where the inventory maybe was, let's say, 40 days or 50 days.

That is still not a reflection of what my inventory was throughout that year. That is just at one point of the year. But going forward, I think 60 to 70 days is our sweet spot. 30 days of raw material is a healthy inventory and 30 to 40 days of finished goods.

We have increased our inventory of finished goods over the past 2, 3 years as we invest in infrastructure to be able to keep better finished good inventory to be able to serve any uptick or any uptrend in demand. We have taken a conscious call. But overall inventory, 60 to 70 days is what is healthy for the organization.

Arun Baid: Okay. And just to conclude that question, this can be seen by September of this year when you report your value share. Is that correct?

Nihar Chheda: Correct.

- Arun Baid:** Okay. One request. This would be very nice if this can be done because this has been a major concern for most of the investors because -- and we discussed in the last call also. A huge variation in inventory leads to a lot of losses. If this can be addressed, it will be good for the investors.
- Nihar Chheda:** Yes. Thank you. I think we have already noted this. And not only have we noted this, but we've also changed our strategy of raw material and increased exposure to domestic contracts as well as we are growing our capacity. So we are always happy to be dynamic with our strategies and keep in touch with the ground reality of the market. So yes, I think 60 to 70 days is what we should be ending the September quarter.
- Moderator:** The next question comes from the line of Moksh Ranka from Aurum Capital.
- Moksh Ranka:** In your previous call, you have mentioned that for your Aquel, which is your Bathware brand, you would like to at least benchmark it with Jaquar, if not higher. So could you just give me a sense on how our sales realization for our product for the comparable.
- Nihar Chheda:** Can you repeat the question?
- Moksh Ranka:** Yes. In previous calls, you had mentioned that you would like to benchmark your Aquel brand, which is your Bathware brand with Jaquar, if not higher. So could you just give a sense of how our products...
- Nihar Chheda:** I think I understood the question, if I can answer. I think product positioning is something is very interesting, which can -- which any industry leader which has been in the industry for decades like we have in pipes, you cannot replicate that overnight. End of the day, brand is nothing but long-term perception building.
- So that will not reflect in sales realization, especially not in the first year of the business. This is just where we are positioning the product in terms of range, in terms of design, in terms of service capabilities that we provide after sales, which is a very big part of this business. So we are very open to learning.
- We cannot -- while there are a lot of similarities with the pipe business, there are also a lot of things that make this business unique. Pipes, there is no aftersales service that is critical to the success of the brand or the business, whereas in bathware, it is a major thing. Whereas range, I look at very similarly today in pipe, one of our biggest USPs in the marketplace is a very wide range of products across plumbing, sewage, underground drainage, industrial borewell applications.
- Similarly, in bathware today, we have ranges across different price points today, if a consumer wants to build a bathroom and has a budget of right from INR60,000 per bathroom to INR15,000 per bathroom, we have a range and a collection in the faucets and sanitaryware business. So that brand positioning is where we are striving to position ourselves versus the incumbent. It would be wrong for me to say whether we'll achieve that in the first or second year, that would not be something which is practical.

But that's our vision for the brand, which will be built with investing in the right team, investing in the right product and investing in the brand and strengthening our relationships with our channel partners. So I think with these levers over the long term, that kind of brand positioning will be built.

Moksh Ranka: Okay. And for the pipes business, how is the April and May month have been currently in terms of demand and also just in terms of demand?

Nihar Chheda: So I think if you see right now, we have just seen the increase in PVC prices. So it's hard for me to comment. I think it's too early. So let the quarter play out in terms of how it reacts. I think there's a clear signaling of bottoming out of PVC prices, which when we interact with our team and our channel partners, we sense that now there is no reluctance to keep stock. So this has come, I would say, just this week, which is on 20th of May. So I think still some time for us to be able to comment on it. Let's see how things pan out.

Moderator: The next question is from the line of Udit Gajiwala from YES Securities.

Udit Gajiwala: Just one question on the volume front, double digit even if we capture 10% to 15% growth. Can you just reveal that what kind of volumes can we see from the Begusarai plant for the whole year?

Nihar Chheda: So we will be -- we have already put up 24 Kt of rated capacity, which will be scaled up to 60 Kt in the next 2 quarters. So this is installed capacity. Typically, to reach 60% to 70% utilization would take around 2 years. So I think this year, we could see around 20 Kt to 25 Kt coming in from the Begusarai facility. And maybe from FY '27 onwards, we would see closer to ideal capacity utilization. So I think 24 months -- 24 to 36 months is a fair benchmark to reach the ideal capacity utilization.

Udit Gajiwala: I just assume 20 to 25x from your new plant in that -- and you guide for double-digit growth, assuming 10% to 15% is what you mean, then the ongoing plans that we have, that we are expecting a flattish growth again. I mean there may be something that I might be missing, but if that is the understanding then...

Nihar Chheda: No. See, I think what's -- let me clarify that just because we have put up capacity, it does not mean that demand is going to grow. I think when you put up capacity, you put it up with a vision of growth in the industry and across sectors of building material, agriculture and infrastructure, which are the three verticals that we serve.

Point is you can never predict when there is going to be an uptrend in demand. In the past, we have seen times where we have seen very sharp uptrends in demand because real estate doing well, agri doing well, affordability in PVC prices. And I'm seeing a lot of confluence of those factors coming in this year.

Point is we need to do what we do in terms of demand generation, like I spoke about adding distributors, adding new products, investing in the brand quarter-on-quarter regardless of how profitability is because we build brand over the long term. So we have to do what we do in terms of demand generation, and then we have to add capacities to be able to cater to that demand.

Now when that uptrend will come, it is -- no one knows. But point is whenever that happens, we need to have inventory, we need to have capacity to be able to fulfill that demand. So result is not in our hand, process is in our hand, and we are doing both the things that we can as far as the demand side is concerned and as far as the supply side is concerned.

And we have seen many times where we have aggressively worked on demand generation, and we have not added capacity at the right time. And once you lose a sale, it is lost forever. So you need -- as an industry leader with a strong balance sheet, we need to keep adding capacity to ensure whenever those uptrends come, you are able to fuel that demand with the right supply. So we are being ahead of the curve with adding capacity. We have traditionally always done that, and we will continue to do that going forward.

Udit Gajiwala: Got it, sir. And sir, if you may just let us know that Begusarai is for the Eastern market. So currently, which plant -- from which plant were you catering this market?

Nihar Chheda: From the Haridwar plant as well as from the outsourced manufacturing, which we had for one product category, SWR pipes in Hajipur, Bihar.

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

Shravan Shah: Yes. Sir, just maybe a straightforward question. When we are seeing a double-digit volume growth, does that mean that in the Q1 itself, can we see the same double-digit kind of a growth or we will not be able to guide?

Nihar Chheda: Like I said, the PVC price increase has just been announced. So we need to -- we need some time to assess how things pan out. The guidance, of course, is for the full year.

Shravan Shah: Yes. And in terms of the -- now the prices are stable and obviously, the INR1.5 increase has happened. So in terms of the adjusting the inventory losses, can we now start seeing from Q1 itself kind of a double-digit EBITDA margin and if not the 12%, which we are looking at for full year? And if possible, if you can help us, at least we can see a kind of 11% kind of EBITDA margin in FY '26?

Nihar Chheda: So I think a 12% EBITDA margin is a long-term guidance. I will stay away from speculating in the middle of the quarter. I think there will be inventory loss in Q1 as well. The extent will -- we need to see. You have seen the recovery in margins Q3 to Q4. And a lot of things we are working on, both in terms of product mix, in terms of cost optimization and in terms of seeing how we can get pricing power back as sentiment improves. So of course, the margin recovery for the full year will be -- there will be a significant improvement in margins this year compared to last year.

Shravan Shah: And if possible, sir, CPVC and PVC industry growth in the Q4 and FY '26 and possible for FY...

Moderator: Sorry to interrupt, sir, but I may request you to rejoin the question queue.

Shravan Shah: Just a last one. Many people have asked more than 2. So last time I did not -- politely exited. Let me complete this. So just sir, last thing on the industry growth for PVC and CPVC for Q4 FY '25, FY '25 and how we are expecting for FY...

- Nihar Chheda:** I think Q4 has been flattish for the industry. I think for full year, there has been a slight degrowth for the plastic piping industry. So I think Q4 was flattish, but full year, I think there would be a low to mid-digit degrowth at an industry level. So I think larger players have still hold on to volumes at the cost of the smaller unorganized players.
- Shravan Shah:** This is for PVC and for FY '26, how much industry likely to grow?
- Nihar Chheda:** I think, again, tough to speculate, but I think there should be -- because there should be, I think, 5% to 7% growth is what I can say for the industry sitting today.
- Shravan Shah:** And same for CPVC Q4 FY '25 and FY '26?
- Nihar Chheda:** So I'm talking about -- this is all blended -- all put together, I'm talking as a piping industry.
- Shravan Shah:** Okay. Because your presentation and then the last couple of slides where we mentioned about the industry where we are talking about kind of a 5% volume CAGR for PVC. And in terms of the overall volume -- value terms, 10% to 12%, does that mean are we looking at kind of a 4% to 5%, 6% kind of a price CAGR till FY '30?
- Nihar Chheda:** I think pricing, of course, will improve with PVC prices bottoming out and growth of value-added products like CPVC and other polymers. So I think safe to say over the next, if you're talking 3 to 5 years, there will be -- value growth should be higher than volume growth at an industry level, given improvement in PVC prices because they have bottomed out and growth of other value-added products.
- Moderator:** The next question is from the line of Keshav from HDFC Securities.
- Keshav Lahoti:** Sir, when are we expecting breakeven in the Bathware segment?
- Nihar Chheda:** I think another 4 to 5 quarters.
- Keshav Lahoti:** Earlier, we were expecting in FY '26. So it's not ramping up as expected?
- Nihar Chheda:** I think it's FY '24, 4 quarters would be FY '26, 4 to 5 quarters.
- Keshav Lahoti:** One last question, what was the ad spend in FY '25 as a percentage of sales or absolute and how will be it in FY '26?
- Anand Gupta:** As we have always maintained, means around 2% is something what we are maintaining. And we'll keep on having the same number for the next year also. So for this year, we have -- for this year, we have spent around INR53 crores which translates to around 2.2% kind of and the same kind of level we'll be investing in the next year as well.
- Moderator:** The next question is from the line of Sneha Talreja from Nuvama.
- Sneha Talreja:** We were talking about the industry growth rate where you said that this year, we have seen a degrowth. What is the expectation on the industry growth side, both on the PVC and the CPVC front?

- Nihar Chheda:** I think this year, there should be -- industry should grow by 5%, 6%.
- Sneha Talreja:** You mean PVC and CPVC put together, sir?
- Nihar Chheda:** Those will be led by CPVC. I think growth will be led by CPVC with improvement in local capacities and rationalization of pricing. But since the base is favorable, I think PVC should also have growth. It's tough for me to comment segment-wise what the growth will be. But of course, CPVC being -- base being smaller capacity is being added, affordability increasing. Growth will be led by CPVC, but I think next year, PVC should also see good growth at an industry level and then, of course, for larger players.
- Sneha Talreja:** But both put together, we are talking about 5% to 7% growth, right?
- Nihar Chheda:** At an industry level, yes.
- Sneha Talreja:** Understood. Lastly, on the OPVC front, we've seen other players, be it I mean, Astral, be it Supreme, Apollo, all of them announcing capacities. So where are we? Are we contemplating it? If yes, what's the technology that we are looking at?
- Nihar Chheda:** Currently, I think we are not evaluating OPVC. We are focusing more on new products, which will be for the retail and the private B2B projects. I think it's a conscious call to stay away from businesses that are more driven by government sales or infrastructure sales. So we could evaluate in the future. But as of now, there are no plans.
- Sneha Talreja:** Understood. And lastly, if at all, I may, on the HDPE front, where are we? We had invested here. What's the kind of utilization are we running at? And some sense, is it forming any meaningful proportion to our revenues?
- Nihar Chheda:** So as of now, I think growth is still driven by CPVC and PVC. Specific capacity utilization for HDPE, I think Anand can share with you offline. I don't have it handy, but the growth in last year and Q4 has mainly been driven by CPVC and PVC.
- Moderator:** Ladies and gentlemen, as there are no further questions from the participants, I now hand the conference over to the management for closing comments.
- Nihar Chheda:** Thank you all for attending the call. 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.