



“Prince Pipes and Fittings Limited  
Q3 & 9 months FY '26 Earnings Conference Call”  
February 11, 2026



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

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

**Moderator:** Ladies and gentlemen, good day, and welcome to Q3 and 9 Months FY '26 Earnings Conference Call of Prince Pipes and Fittings Limited hosted by MUFG Intime. As a reminder, all participants' line 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:** Good morning, everyone. I welcome you all to the earnings conference call to discuss Q3 and 9 months FY '26 results of Prince Pipes and Fittings Limited. To discuss the results, we have from the management, Mr. Parag Chheda, Joint Managing Director; Mr. Nihar Chheda, Vice President (Strategy); and Mr. Anand Gupta, Chief Financial Officer. They will take you through the results and the business performance, after which we will proceed for a Q&A session.

Before we proceed with the call, I would like to mention that some of the statements made in today's call may be forward-looking in nature and may involve risks and uncertainties. For more details, kindly refer to investor presentation and other filings that can be found on the company's website. With this, I now hand over the call to the management for their opening remarks. Thank you, and over to you, sir.

**Parag Chheda:** Thank you, Sumeet. Good morning and thank you for joining us for our quarter 3 and 9 months FY '26 financial results. The presentation and the press release have been issued to the stock exchanges and uploaded on our website. I hope everybody has been able to go through the same.

The pipe industry witnessed a challenging operating environment during the quarter, marked by subdued demand across key applications of plumbing, agriculture and infra. Despite these industry challenges, our focus remains firmly anchored on strengthening operational resilience. As a result of this, we have been able to deliver a low single-digit growth in December quarter despite these challenges. We continue to make sustained investments in brand building, product portfolio expansion and distribution network enhancement.

During the quarter, we introduced CPVC pipes under the SmartFit Plus brand across multiple markets, further strengthening our presence in the plumbing solutions segment. Innovation and portfolio diversification into value-added products remain integral to our growth story. We are also actively pursuing demand generation initiatives in the underpenetrated markets to further expand our reach and drive volume growth.

These product introductions and increased focus on demand generation is expected to improve our overall product mix and strengthen our engagement with key stakeholders, including plumbers, contractors and other channel partners, which remain vital to our growth journey.

In parallel, we continue to deepen our brand connect through meaningful and purpose-driven initiatives. During the quarter, we unveiled our new brand campaign, India Ki Pragati Ka Taj, celebrating the people powering India's progress. Over the last 4 decades, our company has proudly contributed to India's infrastructure development by delivering a diverse and reliable range of solutions, spanning agriculture, borewell piping and advanced plumbing systems. This campaign is a tribute to the plumbers, contractors, engineers and distributors who have played a pivotal role in strengthening the country's infrastructure ecosystem.

During the quarter, we undertook focused brand activation initiatives in the bathware segment under the Aquel brand. The Aquel Cashback Reward program, which offers direct cash initiatives to plumbers on select bathware products, has been introduced to strengthen engagement with our key influencers. The bathware segment continues to remain a strategic focus area for us, supported by its superior margin profile and strong long-term growth potential.

Looking ahead, we remain optimistic about a gradual recovery in demand conditions supported by early signs of stabilization in PVC pricing trends. Our continued emphasis on geographic expansion, product innovation and operational excellence provides us with confidence to effectively navigate near-term market uncertainties.

In conclusion, despite external headwinds, we are confident that our strong fundamentals, diversified product portfolio and customer-centric approach position us well for a sustained long-term growth. Thank you for your time. I will now hand it over to our CFO, Mr. Anand Gupta, to take you through the key financial highlights.

**Anand Gupta:**

Thank you, Parag bhai, and good morning, everyone. I'll be taking you through the Q3 and 9 months FY '26 financials now. Starting with quarterly highlights. Revenue from operations stood at INR573 crores, and our volume for the quarter stood at 42,575 metric tons, a growth of 3% Y-o-Y. EBITDA for the quarter stood at \*\*INR828 crores, while margin stood at 5%.

During the quarter, we have taken an exception of INR2.05 crores net of tax towards estimated increase in provision for employee benefits arising from the implementation of the new labour code. Profit after tax after exceptional items for the quarter stood at minus INR2 crores.

Now for 9 months FY '26 highlights. Revenue from operations stood at INR1,748 crores. Our volume for 9 months FY '26 stood at 1,29,071 metric tons as compared to 1,26,748 same period last year, a growth of 2%. EBITDA for the 9 months stood at INR122 crores, a growth of 12% Y-o-Y, while margin stood at 7%.

Profit after tax after exceptional items stood at INR17 crores. Our working capital days for 9 months FY '26 stood at 66 days compared to 90 days same period last year. Receivables has improved to 49 days as compared to 53 days same period last year and inventory days stood at 76 days compared to 102 days same period last year. With this, I now end my speech and open the forum for question-and-answer session.

**\*\* Note: During the call, EBITDA figure was inadvertently said INR 828 crores, please note that EBITDA should read as INR 28 crores as factual figure, as reported in Financials, Investor presentation & other filings.**

- Moderator:** Thank you very much. The first question is from the line of Keshav Lahoti from HDFC Securities. Please go ahead.
- Keshav Lahoti:** First is on the guidance, what you have guided earlier. Is there any revision downwards? And secondly, how has been the Jan trend? Other peers have indicated Jan has been good. Fair to assume possibly the growth in Jan should be double digit?
- Nihar Chheda:** Yes. Growth in January has been double digit. As everyone is aware, we have -- PVC prices have bottomed out in the December quarter. And we have seen a sharp increase in PVC prices of more than INR11 to INR12 now in a span of 1 month. So we have seen sharp restocking from channel partners.
- And given our new facilities and additional capacities that we have put up, we have been in a strong position to be able to cater to the upswing in demand. So yes, January growth has been double digit. And we remain positive that this is not -- this is going to be a sustainable kind of a positive sentiment amongst the channel for next few months and quarters, which should lead to better volume growth going forward.
- Keshav Lahoti:** Got it. On Jan, is it more to do with restocking? Or have we seen some green shoot in actual demand recovery? And secondly, currently, how is the channel inventory? Is it elevated because resin prices have been increasing? Or has it got normalized? How should we see?
- Nihar Chheda:** Yes. So of course, January has been primarily driven by restocking demand. I would not say channel inventory is very high right now because to begin with, channel inventory was very low in December. So I think channel inventory is still getting normalized as we speak. So yes, that is where it is. And anyway, for the end product, this tends to be a strong quarter in terms of plumbing and agri. So that fueled by a strong restocking, I think, will lead to some sustainable uptick in demand going forward.
- Keshav Lahoti:** Got it. And on Lubrizol, earlier, we are doing CPVC with them. Now we have launched our own brand. So how the dynamics will change possibly then growth be better, how can possibly you will have more margins, margins can improve? And is it completely over with Lubrizol 100% or we have tie-up in still in a few states?
- Nihar Chheda:** Yes. We have -- in CPVC, we have moved on to our own in-house compounding. And we have launched our brand SmartFit Plus in the December quarter. Of course, our costs go down as a result of this. And we have passed that on to the channel. And that is reflected in the kind of volume growth that we have had in the December quarter, mainly has been led by the plumbing segment. And specifically in that, CPVC has been our highest growing segment in the December quarter. So I think most of the cost benefit we have passed on to the channel, and we are growing and increasing our market share in the CPVC space.
- Keshav Lahoti:** Got it. So what sort of pass on has happened because of this, any broader range?
- Nihar Chheda:** I think it would be kind of a 6% to 7% cost benefit, which we have passed on.
- Moderator:** The next question is from the line of Meet Jain from Motilal Oswal.

**Meet Jain:** Just a bookkeeping question. Can you say how much was the inventory loss in this quarter and the 9 months?

**Anand Gupta:** For this quarter, we had around INR18 crores to INR20 crores of inventory loss. And 9 months, I'll update you offline because we have already given quarter-wise. So this quarter, we have INR18 crores to INR20 crores.

**Meet Jain:** Got it. My second question is regarding our inventory days. We saw a good decline of inventory days Y-o-Y as well as sequentially. So can you throw some light what strategies have we adopted for them and what led to this decline?

**Nihar Chheda:** Yes. I think for us, working capital and cash flow has been sort of a KPI for the senior management team. I think major free cash unlock has happened from reduction in inventory, which is primarily driven by -- we have tried to increase our sourcing from domestic sources where lead times are lower, and we have to get -- we have to -- we can work on just-in-time inventory.

And as far as -- so I think going forward, inventory should remain in this kind of a range of 70-odd days. And receivables, we have seen reduce to 49 days. Maybe Anand can add on the initiatives we are taking for reduction of receivables.

**Anand Gupta:** Yes. So we have taken several steps. One of them is aggressive channel finance, which the channels are undertaking and making sure that they are given more liquidity in order to have better payment to company. And at the same time, we have also given a good -- the policy which we had changed 1 year back has also fueled the channel to be more participative in the CD policy and other policies. So this has made us make sure that the debtor days are around 49 days. And we are sure that in next 6 months, it should be in mid-40s is what we are targeting.

**Meet Jain:** Mid-40s. Okay. Okay. So on this channel stocking and channel inventory also, as we know that the mix like the plant diversification across players and across industry has been very strong. So do you believe that the channel inventories will go back to the previous levels or it will stay down at a lower level itself because of just in time?

**Nihar Chheda:** So I think if you look at the behavior of channel partners, especially medium and large channel partners, because of such a large range of SKUs, which is a nature of the industry, channel partners like to have good amount of stock, and they have built their infrastructure accordingly. And that's how large channel partners ensure that even they continue to grow. So in this kind of a stable pricing environment, of course, there has been extreme increase in the past month.

Going forward, I feel that it will be more stable now that we have reached this level of around INR70 per kg. I expect more stability, lower volatility going forward. So in that kind of a market, channel partners also like to sit on inventory because supply creates demand and availability is key.

So for large channel partners, the way they can differentiate compared to smaller channel partners or compared to channel partners or smaller companies is by having a very strong service that they can give to the retailers for -- across the large range of SKUs. So to answer your

question, going forward, I expect channel inventory to normalize as PVC prices are also stabilizing.

**Meet Jain:** Understood. And last one bookkeeping question is, can you give the CPVC growth numbers this quarter? How much growth did we did?

**Nihar Chheda:** It has been high double-digit growth in CPVC.

**Meet Jain:** Volume growth, Right?

**Nihar Chheda:** Yes, volume growth of CPVC has been high double digit. It is, of course, our fastest-growing polymer, and it has been high double digit, and we expect going forward, we are seeing major consolidation. So if you see the pipe industry right now, large players are growing at a faster pace.

And we feel now that we have our own brands, SmartFit Plus in CPVC, we will be able to catch up in terms of volume growth going forward because most of this growth that is happening is happening in CPVC because PVC was, of course, facing challenging times in the past year.

So going forward, PVC, of course, growth will normalize. And CPVC now that we have more flexibility and agility in terms of in-house compounding and that we have passed on the cost to the channel. We expect CPVC will continue to grow well for Prince and for PVC, now the environment is better. So we are optimistic on growth in the immediate term and in the medium term.

**Moderator:** The next question is from the line of Shivani Tanna from Dolat Capital.

**Shivani Tanna:** Actually, I had a couple of questions regarding the guidance. So the volume guidance guided for FY '26 was high single digit, while 9 months is reported as of 1.8%. So is there any revised guidance for the same?

**Nihar Chheda:** No, we believe that Q4, like we have -- like I have mentioned at the beginning of the Q&A, growth has been encouraging. And with CPVC now that we are growing well with SmartFit Plus and in PVC with a better growth environment and lower volatility in input prices, sentiment in channel has improved. So I believe that fourth quarter should be the best quarter for Prince.

**Shivani Tanna:** Okay. And any guidance regarding FY '27?

**Nihar Chheda:** Yes. I think we -- the sentiment continues, we are optimistic. We have put up the capacity. And we feel now both across PVC, CPVC and a few other new product launches that we are doing, next year should be a double-digit kind of volume growth that we are aspiring for.

**Shivani Tanna:** Okay. Understood. Next question is regarding the capex plan. So the planned capex in FY '26 was INR120 crores, which has been completed, while INR110 crores is still pending. So like how much was it done in Q4 and expected for 4Q?

**Anand Gupta:** Yes. So if you see our capex for 9 months is around INR160 crores is something what -- INR100 crores - INR160 crores is what we have done. And Q4, we do not have major capex lined up,

but Aquel is something which we intend to complete in Q4. That will come around INR40 crores, INR45 crores is that. And regular capex will be in the range of INR15 crores kind of. So you can expect Q4 number to be around INR60 crores, including Aquel and INR165 crores we have already done in 9 months. So we'll end up around INR225 crores - INR230 crores.

**Shivani Tanna:** Okay. And if I could just squeeze in one more question?

**Nihar Chheda:** Yes.

**Shivani Tanna:** So regarding the bathware segment, revenue and EBITDA loss was earlier guided as a breakeven for INR25 crores in Q2 FY '27. So like what is the now current revised guidance?

**Nihar Chheda:** See, I will not revise the guidance. I think it's too early. I think if you see that we have grown this year, it's a bathware segment. We have just expanded to South and East in the past quarter. So that cost has come, but that sales will take some lag effect. So for the 9 months, the loss from the bathware segment is INR18 crores for the 9 months FY '26, so around INR6 crores per quarter.

I feel that either September or December is when we should target to breakeven. So currently, team has been put in place pan-India now. And once South and East will also start delivering in terms of revenue, I think we should see next year will be key for Bathware.

**Shivani Tanna:** Okay. What was the revenue in the current quarter?

**Nihar Chheda:** INR13 crores.

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

**Sneha Talreja:** I'm not sure if you already said this, so apologies for the repeated ask. Just wanted to understand on the PVC price front, although we understand that China has stopped exports rebate, but any other reason for sudden sharp increase in PVC prices that you're seeing? And where do you see the PVC prices moving up? That's the first one.

**Nihar Chheda:** I think, Sneha, one is, of course, the reason of China and the government -- Chinese government announcing that they will stop subsidizing the exports out of China. And secondly, we are also seeing lower arrival of imports in general. What I am seeing at a macro picture is that industry is consolidating, both manufacturers as well as traders of PVC, both are consolidating. And I feel smaller players, even some medium-sized players are also really struggling in this kind of an environment.

So while operational performance, we are far from where we want to be in terms of the desired state, but still being a debt-free company and still managing even a low single-digit kind of volume growth in these times. We believe that this consolidation will continue to happen going forward, both for processors and for the traders of PVC. So I think that's as far as the lower arrivals of PVC are concerned.

But going forward, I think more stability, less volatility. I think everyone knew that in the 60s, it was not going to be sustainable. Eventually, production cuts would start across the globe for

PVC raw materials. So now that we have crossed this kind of INR70 per kg, I think it should now be range bound. That is what we are hoping for going forward.

**Sneha Talreja:** Do you feel that largely now PVC price hike is done and largely prices should stabilize here?

**Nihar Chheda:** I think there is some upside in the short term, but I'm talking slightly more macro that it will now be, see, it's a commodity, it will never stay flat for a long time. You will see up and down. But it will be range bound. You will not see.

**Sneha Talreja:** Sir, second question from my end was just wanted to ask, you also have given guidance on double-digit volume growth now both in '27 as well as, of course, quarter 4 is given. But this is largely coming on the back of destocking? Or are you seeing in general demand pickup? And if there's demand pickup, could you also highlight that it is real estate driven, infra driven or even agri driven?

**Nihar Chheda:** Yes. See, destocking is always going to be a onetime phenomenon. Let me be very clear. But what is good is that now last year -- or for the 9 months of this current financial year, dealers were just hesitant from keeping inventory, right? So that always led to a disconnect between primary and secondary was not reflecting each other. So going forward, I believe now distributors are not hesitant to keep inventory. So whatever the actual demand scenario is, our primary numbers will also be a reflection of that.

Of course, agri, this is the season. And I think it's on a low base because last year, agri season was not great owing to the unseasonal rainfall and all of that. So I think agri will do well because still, despite this upside of PVC, we are still -- PVC prices continue to be affordable. As a result, agri pipe prices also continue to be affordable. So I think agri should do well.

And I think real estate, okay, you have had a couple of quarters up and down, but we are still in a good cycle, healthy cycle of real estate. So in general, we are -- we feel that industry growth will be good. And to add to that, I still believe that in these 9 months, whatever data points I have while interacting with my sales team, my channel partners and my vendors, I feel that there has been extreme consolidation that has taken place in these 9 months.

If you see the largest player or even our kind of finished good pricing, the gap with the unorganized players is virtually gone now. So people are preferring to -- the switch from unorganized to organized has become easier because that price gap is no longer there. So I think with economies of scale coming in, growth coming in, operating leverage kicking, I think going forward, large players will continue to grow. Industry will grow, but more importantly, consolidation will again play a large role in FY '27.

**Sneha Talreja:** And lastly, Nihar, just on the pricing front, have you taken any pricing cuts in the market to now be more competitive given both the leaders are following similar strategy on ground? Have you also taken any price corrections there? That was the last one.

**Nihar Chheda:** Yes, we have. Especially in CPVC with SmartFit Plus, we have become more competitive, and that has resulted in good growth in quarter 3, and I think going forward. More interest -- I'm not more interested on the quarter-on-quarter game, but on a medium term, in CPVC and PVC, we

have become more competitive. Also with 2 new plants coming in Begusarai and Telangana. The freight benefits also have been passed on to the channel partners.

And we have -- the entire benefit of decentralization, we have passed on to the channel. So yes, we are clearly -- market share is the priority right now. And that is already reflected in the Q3 numbers and going forward, both for PVC and CPVC. And apart from this, we are -- in this quarter, we are launching a few new products as well, some value-added products, which will be able to sort of complement our core product portfolio.

**Moderator:** The next question is from the line of Varun Julasaria from B&K Securities.

**Varun Julasaria:** I just wanted to understand on the interest cost, we have recorded an interest subvention of INR6.5 crores. So is it fair to say this is just a government and not like a subsidy which you have received?

**Anand Gupta:** So this is related to Bihar plant where the Bihar government has given interest subvention subsidy. And that application we have already filed and that application has been accepted by the government. Based on that, we have recorded the subvention what we are eligible for.

**Varun Julasaria:** Yes. So that means it will be recorded later, right? I mean...

**Anand Gupta:** Yes, cash realization will be done at the time of grant. The recognition of income has been done.

**Varun Julasaria:** Okay. And sir, what is the kind of margin that we are aiming for the next quarter and for the upcoming year, like given that we have reduced our prices as well and the kind of a price war which is going on. So like what is the kind of margin that you think is sustainable maybe excluding the bathware losses for the pipes division?

**Nihar Chheda:** I think a 10% to 12% EBITDA, excluding Bathware loss for next year is what we are targeting.

**Moderator:** The next question is from the line of Praveen Sahay from Prabhudas Lilladher Capital.

**Praveen Sahay:** My first question related to the CPVC. Now as you had mentioned that now Lubrizol tie-up, you have moved on. So in that, do you have other tie-up for the CPVC resin domestically or internationally now for procurement?

**Nihar Chheda:** Yes.

**Praveen Sahay:** So domestically or internationally, you are procuring CPVC?

**Nihar Chheda:** Both. Now we are completely flexible like we were before the Lubrizol tie-up. So now CPVC, what people need to understand is it's a commodity like PVC. So there is not much differentiation between 2 players. Anyway, there are a limited number of players. So -- and we are now -- our CPVC volumes are also fairly large.

So we cannot depend on only 1 or 2 players. We buy domestic and we import the way we do for PVC. And I think going forward, CPVC also -- not going forward, but it is already commoditized

with the kind of huge supply of CPVC that is coming in -- CPVC raw material coming in locally. So we will rely on multiple vendors, both domestic and import.

**Praveen Sahay:** Second question is related to the volume. As you had highlighted a high double-digit volume growth in the CPVC quarter. And also you had mentioned that now you have a material contribution of CPVC in total volume. So it's fair to assume the PVC segment has degrown for a quarterly? And if that is, then what's the major reason for that?

**Nihar Chheda:** No. For December quarter, PVC segment has degrown and CPVC has grown. Major reason is destocking, and we saw a huge decline of PVC prices in November and December. So that has been the key reason for degrowth.

**Praveen Sahay:** I was just asking that there is no impact of a Bihar facility in the quarter because your capacity has increased.

**Nihar Chheda:** Yes. I think if you look at quarter 4, utilization at Bihar has ramped up very well, better than what we had envisaged. Q3, the headwinds of demand were such across the industry, you've seen degrowth. I think 9-month period for PVC, you would -- I believe that the industry has degrown by mid-single digit for PVC specifically. But we don't put up capacity given 1 quarter or 2 quarters' view of where raw material prices are.

We put up capacity with the long-term view of where the industry will be and where specifically we see in terms of the industry. And going forward, we are going through a very strong sales transformation journey where we are focusing on digitizing our value chain. We already have distributor management systems and sales force automation where we are improving productivity of our retailers at the secondary level and improving productivity of our sales team, our feet on street.

So given these kind of initiatives and our new campaign of India Ki Pragati Ka Taj, where we are, again, investing heavily in the brand. With all these initiatives, we feel that industry will grow over the next 5 years, and we will be one of the leaders of the growth in the long term.

**Praveen Sahay:** The last question is related to the working capital. Definitely from the peak of second quarter '25, now you have reduced significantly. So where you want to bring this number, 66 days, where to go? And especially inventory number. So inventory from 93 to 76 so far. So where you are seeing this number to go down?

**Anand Gupta:** So you'll have to see both the inventory and debtors very differently. We have -- as I said, we have a lot of scope in improving our debtor days, and we are working on it. And there are 8 to 10 days possibility is there, which in 9 to 12 months, it should happen. But mid-40s is something what we are targeting in the next 6 months. I think inventory is at 76, and it will remain in the range of 70 to 75.

So I don't see much room over there because we will maintain inventory at that level only. And payables is at around 60, which is a function of how do you procure them from where you procure. So it will vary slightly, but within the same range. So we have scope in debtor days,

and it should translate in the next 3 to 6 months more. 66 should be between 60 to 65 in the longer run.

**Praveen Sahay:** Okay. Okay. And one clarification for Bihar government interest subvention, that's entire amount we had booked or there is something left?

**Anand Gupta:** So we have booked to the extent what we have spent. The policy says that there is a limit of subvention. We have not fully utilized the limit. As we'll keep spending on our interest cost, it will keep arising. But to the extent of INR10 crores, it will not go beyond as the policy mentioned. So we have booked to the extent what we have spent. And at the same time, this will have 2 effects, one in P&L and the other in FA. And based on that, we'll bifurcate. Right now, we have booked in P&L.

**Moderator:** The next question is from the line of Priyanshu from Investec.

**Priyanshu:** A couple of questions from my side. Just to clarify on that PVC prices have started moving up. So what will be the import price parity as per the management estimations? Can you just please guide on this?

**Nihar Chheda:** I did not understand the question. Could you please repeat?

**Priyanshu:** So the PVC prices have started moving up. So what will be the probable increase in the PVC prices in India near term? And what will be the import price parity for the PVC prices?

**Nihar Chheda:** So going forward, PVC will be range bound, and there is not much of a gap between domestic and import right now. So currently, imports are available at a similar price of what Reliance is priced today or at a slight premium.

**Priyanshu:** And second one is a bookkeeping question. So what is our agri and non-agri mix? And how we expect this going to be in near term?

**Anand Gupta:** So agri is in the range of 30% to 35%. This is what we -- the usual range is, and it will remain as it is in our portfolio.

**Nihar Chheda:** This is on a 12-month basis. It's a seasonal business. So quarter 4 and quarter 1 is slightly more heavy. But like Anand said, on a 12-month basis, 30% is the range for agri contribution in value terms.

**Moderator:** The next question is from the line of Karan Gupta from Asit C Mehta Investments.

**Karan Gupta:** What's the pricing spread between PVC and CPVC now?

**Nihar Chheda:** I think there is some disturbance on your end.

**Karan Gupta:** What's the pricing spread between PVC and CPVC now?

**Nihar Chheda:** Are you talking raw material or finished goods?

- Karan Gupta:** Yes, raw material?
- Nihar Chheda:** Around 25%.
- Karan Gupta:** Okay. And just on the gross margin side, what's the reason for increase in 3% in the gross margin?
- Nihar Chheda:** I think there's a lot of disturbance on your end. I'm not able to hear.
- Moderator:** Yes, Karan, there's a lot of disturbance on your side.
- Karan Gupta:** Now I think it is clear. Just one question on the gross margin side. What's the reason for increase in 3% in the gross margin side?
- Nihar Chheda:** What is the reason for?
- Karan Gupta:** Gross margins increase?
- Nihar Chheda:** Last quarter, there was a large inventory loss.
- Anand Gupta:** And if you are talking about sequentially 72 to 75, that is what I'm understanding, means 3% sequential quarter or Y-o-Y?
- Karan Gupta:** Y-o-Y. Sequential, we are down?
- Anand Gupta:** Okay. So as I had mentioned at the start of the call, we have around INR18 crores to INR20 crores of inventory loss, which...
- Nihar Chheda:** So basically, last December quarter, inventory loss was much higher. compared to what it is in this December quarter. So there -- still margins are not normalized because there was an inventory loss. But last December quarter, the inventory levels were significantly higher, which is why inventory loss was major. This time now, inventory is much under control. So we are not immune to the decrease in PVC prices, and we have seen inventory losses across the industry. But for us, it has been lower Y-o-Y because the inventory now has been under control.
- And also, second is product mix has improved. Our focus going forward is more on value-added products like CPVC and a few other new product launches that we have undergoing currently. So product mix will improve and inventory losses going forward should go away.
- Karan Gupta:** Okay. And what's the capacity utilization right now?
- Anand Gupta:** Around 50% to 52% of our asset utilization is there on production capacity.
- Karan Gupta:** Okay. And going forward, I mean, in FY '27, probably you are expecting it will improve because of the channel inventory will improve?
- Nihar Chheda:** Yes. So one is the channel inventory base moving up. And second is, of course, overall demand being better. And third is industry consolidation where larger brands like ourselves will outpace the smaller players like we have seen in the current 9 months as well. So going forward, there is

no major additional capacity addition plan. Focus in next financial year will be on juicing out the assets, especially the new plants of Telangana and Bihar.

**Moderator:** The next question is from the line of Vignesh Iyer from Sequent Investments.

**Vignesh Iyer:** My question is I wanted to understand at what revenue level would our bathware segment breakeven?

**Nihar Chheda:** Around INR80 crores to INR100 crores per annum. So around INR30 crores -- INR25 crores to INR30 crores per quarter.

**Vignesh Iyer:** Okay. Got it. And so what is the -- I missed the earlier commentary that you gave. I wanted to understand what is the total PVC price rise that we have seen in the last 1 month?

**Nihar Chheda:** Around INR11.

**Moderator:** The next question is from the line of Aasim from DAM Capital.

**Aasim:** So just wanted to understand your capex plans for the next 3 years. So pipes, I assume nothing is needed because your utilization might be at around 40%, 41% this year. On the bathware side, like is there any capex spend that you are planning to maybe in-house manufacturing? Can you just talk about that and how much you might spend? And on the pipes bit also, at what level of utilization would you start planning for future capex?

**Nihar Chheda:** So Aquel, we are under process of acquiring the manufacturing unit, which should happen this year, which will be a capex of around INR40 crores. So total -- and then incremental INR5 crores to debottleneck the plant and more maintenance at the plant. So around INR45 crores on bathware, and then we will be able to manufacture a significant amount of range in-house.

As far as pipe is concerned, you're right, next year, there will not be much capex. All the capex will be towards new product introductions within the piping segment and whatever maintenance capex that we do every year. So next year, capex will be for piping, mainly towards maintenance and new product -- new pipe range that we are bringing in.

That's about it. I think typically around 65% capacity utilization is when we would look at further capacity addition because last 4 years, we have done heavy capacity additions. And what you must realize is now we have significant land bank at Jaipur, Telangana and Begusarai. So we may not need more greenfield units in the short term.

We have enough land bank to increase capacity at Jaipur, Telangana and Bihar. And these are all strategically located because Jaipur can cater to demand in North and West, Telangana as a hub for South and Bihar as a hub for eastern part of India. And now that you see our manufacturing footprint, we have 1 or 2 plants in every zone. So there is no glaring vacuum in terms of manufacturing footprint. So I hope that answers your question.

**Aasim:** Yes. On the pipe split -- so for Bathware, you mentioned around INR45 crores you might spend next year, all put together. Do you have a similar number for -- sorry, do you have a number for

the pipe split, the maintenance and the new products, what -- how much you would plan to spend?

**Anand Gupta:** So for all the 8 plants, the replacement and maintenance capex will be in the range of -- I'm talking about FY '27 right now, will be in the range of INR70 crores, INR75 crores. And as Nihar mentioned, there will be opportunities where new product developments will be there within piping, and it will be over and above what I mentioned.

**Aasim:** Okay. But this should -- I mean, even -- I know you just mentioned for FY '27, but even for '28, I think a similar number should be the target, right?

**Nihar Chheda:** Maintenance capex, yes, that should be the range. But capacity addition, let's see how FY '27 plays out. I am bullish in terms of growth. So yes, I think at around 65% capacity utilization is when we will start looking at further capacity as and when that happens.

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

**Shravan Shah:** Sir, first of all, sorry, I joined late. I was on another call. So just to -- even if you have answered, I'm trying to maybe asking the same thing again. So broadly, in terms of the volume front for fourth quarter, how much volume are we looking at? And for next year, how are we looking at the volume growth?

**Nihar Chheda:** So we are in the middle of the quarter, so I'll stay away from putting a number, but January, we have seen high double-digit growth. And I am bullish that this will continue for February and March. Restocking is just one part, but overall sentiment in the channel has improved. We are more price competitive across CPVC and PVC. And with new capacity already there at Begusarai, we are confident of good growth, not only for fourth quarter but for next financial year.

**Shravan Shah:** So next year also kind of 8%, 10% kind of a growth is doable?

**Nihar Chheda:** Yes, we are aspiring for higher than that, but I will guide conservatively that 8% to 10% is something we have to do. We have no choice.

**Shravan Shah:** Yes. And on the margin front, we said that 10% to 10% is now doable on a sustainable basis?

**Nihar Chheda:** Yes. Ex of inventory gain and loss, sustainable margin should be 10% to 12%.

**Shravan Shah:** And this quarter or maybe 9 months, what was the inventory loss?

**Anand Gupta:** So this quarter is INR18 crores to INR20 crores inventory loss, December quarter, Q3.

**Shravan Shah:** Okay. And from 1st January, INR7 PVC price hike and maybe from today also another INR1.5. So out of this INR7, how much we have passed on to the customers till now?

**Nihar Chheda:** We have fully passed on.

- Shravan Shah:** Okay. So maybe the entire one can look at in terms of realization Q-o-Q improvement should also be there that should support in terms of the margin for fourth quarter coming closer to what we are looking at kind of a 10% plus?
- Nihar Chheda:** Yes. See, but the realizations, I think PVC prices in last Q4 also were in a similar range, if not higher. So it were maybe around INR78 to INR80 from January to March of last year. This price increase that we're talking about is sequential from December quarter to current quarter.
- Shravan Shah:** Yes, yes. So from 5% margin in third quarter, it should be then coming back to a 10% plus kind of a number for fourth quarter. That's the normal expectation one can have?
- Nihar Chheda:** Correct.
- Shravan Shah:** Okay. Got it. And in terms of overall -- you mentioned that in 9 months, how much capex till now we have done? And for full year, how much we are looking at?
- Anand Gupta:** So 9 months, we have done INR160 crores and including Aquel, we expect another INR60 crores -- INR60 crores, INR65 crores in Q4.
- Shravan Shah:** So in totality, INR120-odd crores capex would be there for -- INR225 crores?
- Anand Gupta:** INR225 crores to INR250 crores.
- Shravan Shah:** Okay. Okay. Got it. Got it. And currently, the net debt would be the similar INR190-odd crores?
- Anand Gupta:** Net debt, yes. So net debt is around INR160 crores kind of -- so it's a gross debt. So net debt is neutral means we have enough cash to make sure that we are almost neutral on net debt position.
- Nihar Chheda:** So net debt, we are almost net debt free as we speak.
- Shravan Shah:** Okay. Okay. Got it. Got it. And bathware in terms of breakeven, we would be -- last time we said by Q2, once we have a INR25 crores, INR30 crores kind of revenue, we should be having a breakeven. So is there any change in that stand?
- Nihar Chheda:** Yes, maybe 1 quarter lag. So maybe September to December is where we should hit that number.
- Shravan Shah:** Okay. And then the ad spend that for 9 months, how much we would have done, so 1.2% of the revenue that is continuing?
- Anand Gupta:** Yes, we are continuing with 1.5% kind of around INR25 crores is what we have spent in 9 months.
- Nihar Chheda:** So in this kind of times, I would just like to add that obviously, the 9 months have been tough for industry and for us. But we have still stayed aggressive in terms of investing in the brand because it's some perception building that has to be done on the long term. And given the strength of our balance sheet, even if margins are under pressure or growth is under pressure, we will stay true to investing 1.5%, 2% back into the marketplace.

- Shravan Shah:** Got it. And you also mentioned that now the focus would be first to utilize the Bihar and the rest of the plants and then maybe after 2, 3 years, we can look at in terms of the expanding the capacity?
- Nihar Chheda:** Correct.
- Moderator:** The next question is from the line of Keshav Lahoti from HDFC Securities.
- Keshav Lahoti:** Sir, if I remember earlier, we are targeting a 12% EBITDA margin. Now we have made it a broader range of 10% to 12%. Why is that so?
- Nihar Chheda:** So as you're aware, the competition in the industry has increased. With new capacities coming in, our focus is on growing volume growth. But with volume -- the way our industry is the more we grow, the more profitable we will be. So it's just out of prudence that we are saying 10% to 12%. But given decentralization benefits, improvement in product mix and operating leverage, margins can positively surprise next year as well. But I think we are just being slightly conservative.
- Keshav Lahoti:** Understood. Got it. And when you say the competition intensity has increased, is it more from organized side or unorganized side? And secondly, what are the thoughts? This is the new normal competition intensity or possibly it will ease off from here?
- Nihar Chheda:** I think it will ease out because it was challenging times for everyone, which is why -- so first -- to answer your first question, it was more from the large players. Unorganized players, like I mentioned at the beginning of the call, are exiting the market. They are having a kind of a natural debt because large players like ourselves itself have become so aggressive in the market. So we have seen immense consolidation.
- So while in 9 months, we have only grown by 2% in volume terms, industry has still grown -- degrown by maybe anywhere around 6% to 7%. So going forward, I think competition -- competitive intensity will ease out amongst the larger players because overall industry will grow. So there will be no need for this kind of predatory pricing. But anyway, given that now in CPVC, we have our indigenous compounding with SmartFit plus, and PVC the kind of better tailwinds going forward, I think we are well equipped to compete in this market.
- Moderator:** The next question is from the line of Priyanshu from Investec.
- Priyanshu:** So I just want to understand about the inventory gain, which we will reverse in the quarter 4 from the inventory loss, which we already have booked given the input prices are rising now. So can you just guide on this?
- Nihar Chheda:** I think the inventory gain or loss, one should not focus on. We don't focus on much internally as well because that's a very tactical part of the business. On a 12-month basis, inventory gain or loss should even out. And while price increase of INR10 has been sharp and it has led to restocking, but we must remember that prices have come back to INR70, even the decrease of INR10 happened in November, December. So prices have only now normalized. So I'll stay away from speculating on inventory gain or loss.

What is better is that now that sentiment has improved, channel will -- is restocking. So I think that is more important than the inventory gain or loss because like I said, on a 12-month period, this will even out. So going forward, decentralization benefits, product mix improvement and operating leverage, these will be the more sustainable levers for margin expansion.

**Moderator:** We'll take the last question from the line of Arun Baid from ICICI Securities .

**Arun Baid:** Nihar, just on the guidance front, you mentioned 10% to 12% margins in our PVC pipe business and the volume growth at 8% to 10%. I know you're trying to say I'm conservative, but that's because neither you are talking of volume growth coming through because of competition, neither we are talking of margin coming through competition. And we are talking of backward the backward integration to some extent because of compounding and the product mix, it's not adding up. Can you please help us reconcile that?

**Nihar Chheda:** I have not said 8% to 10%. The participant said 8% to 10%, to which I have agreed that, that is the bare minimum we have to do. But I'm not guiding at 8% to 10%. That is what the person asking the question said, and I said that is the bare minimum that we need to do, of course. And I also said that we are aspiring for a much higher volume growth than 8% to 10%, but that's the bare minimum that we have to do. So that's not a guidance from the company.

**Arun Baid:** And on the margin front, why 10% to 12%? Because historically, even till last quarter, it was 12%, which you were harping upon. And now we have much more benefits coming through. Why that has been brought down? I know competition was the last quarter. Anything has changed there particularly?

**Nihar Chheda:** No, nothing has changed. Competitive intensity is, as you know, is there. So on margins, we are being conservative. I think product mix is improving. Decentralization benefits will come in and operating leverage will come in with kind of good volume growth. So these are going to be the 3 levers. And we are not happy with 10% to 12%. We are just being conservative. Of course, the aspiration is much higher. Yes.

**Arun Baid:** But it has to be said also to some extent because when we hear, it sounds as if nothing is good. That's our take. Thank you.

**Moderator:** Ladies and gentlemen, in the interest of time, that was the last question. I would now like to hand the conference over to the management for closing comments.

**Nihar Chheda:** Thank you. Thank you, everyone.

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