



“Prince Pipes and Fittings Limited
Q1 FY'26 Earnings Conference Call”

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MODERATOR: MR. SUMEET KHAITAN - MUFG INTIME

Moderator: Ladies and gentlemen, good day, and welcome to the Q1 FY '26 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 touch-down 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. Good morning, everyone. I welcome you all to the earnings conference call to discuss Q1 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. Over to you, sir.

Parag Chheda: Thank you, Sumeet. Good morning, and thank you all for joining us for our quarter 1 FY '26 financial results. The presentation and the press release have been issued to the stock exchanges and uploaded on our website. I hope everyone has been able to go through the same.

FY '25 unfolded against a backdrop of considerable macroeconomic headwinds. The year was defined by persistent inflationary pressures, subdued demand across core end user segments and a marked reduction in government infrastructure spending. These factors triggered caution inventory optimization by our channel partners in key markets. Amplifying these challenges was the heightened volatility in PVC resin prices, which exerted pressure on both volume growth and profitability across the industry.

As we stepped into quarter 1 of FY '26, the challenging demand environment persisted. The sharp correction in PVC resin prices led to inventory losses in the trade channel, which temporarily compressed our margins. Despite these headwinds, our volumes registered a 4% Y-o-Y increase to 43,735 metric tons, while revenue degrew by 4% Y-o-Y, reflecting the impact of a weaker realization arising from price fluctuations.

In response to this challenging backdrop, we maintained a clear focus on reinforcing operational resilience and executing our long-term strategic priorities. Our deliberate efforts to enhance brand visibility, deepen the channel engagement and accelerate marketing initiatives are beginning to translate into tangible volume-led growth.

On the brand building front, we are expanding our consumer touch points across high visibility travel corridors. Our collaboration with Indian Railways for branding in premium trains has significantly strengthened our presence on one of the India's most prestigious and widely viewed transport networks. These initiatives ensure that our brand is both visible and relatable to consumers wherever they travel. Simultaneously, we are executing planned capital expenditure to support our growth ambitions.

Our eighth manufacturing facility in Bihar, which commenced operations last quarter, continues to operate efficiently. The Phase 2 expansion at this plant is progressing on schedule and is expected to be completed by quarter 2 FY '26, further augmenting our capacity to serve emerging markets.

Innovation continues to be a cornerstone of our strategy. We remain focused on enhancing our product portfolio with innovative offerings while simultaneously strengthening our distribution network across regions. I'm pleased to share that our Bathware segment, Aqueel, has now expanded in the South region following successful launches in the North and West.

In addition, we have set up dedicated teams in the East, reinforcing our ability to penetrate new markets effectively. We believe these strategic initiatives will further accelerate our growth momentum and contribute meaningfully to delivering sustainable value for all our stakeholders.

Looking ahead, we are optimistic about a gradual recovery in demand, supported by the government's renewed thrust on infrastructure spending. Our strategic focus on geographical expansion, product innovation and operational excellence position us well to navigate near-term market uncertainties and capture long-term growth opportunities.

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, and good morning, everyone. I'll be taking you through the Q1 FY '26 financials now. Our volumes for the quarter stood at 43,735 metric tons. It grew by 4% Y-o-Y. Revenue from operations stood at INR580 crores and EBITDA for the quarter stood at INR40 crores. Margin is at 7%.

Profit after tax** for the quarter is at INR5 crores. And in Q1 FY '26, our working capital is at 93 days compared to 98 days from the last quarter. Receivable has shown improvement and now stand at 55 days from 61 days and inventory days is at 83 days as on 30th June 2025.

With this, I open the forum for question-and-answer session. Thank You.

****Note: During the call, Profit after Tax was inadvertently said as Profit before Tax, please note that it should be read as Profit after Tax, which is INR 5 crores as a factual figure, as reported in the financial results.**

Moderator: Thank you very much. The first question is from the line of Shravan Shah from Dolat Capital. Please go ahead.

Shravan Shah: Sir, I want to understand clearly revenue, volume and EBITDA margin at least for this year. So if possible, if you can help us in terms of the quarter-wise also, so let me put it my questions better. So first, on the volume growth, so 3.7% growth we have done in this quarter. So in second quarter, how do you see the growth?

And let's see the -- whatever the ADD comes by September or October. Then in the second half, how do we see and net-net for full year, how do we see the volume growth? Second, the biggest question is on the realization front. Though this quarter, 7.8% kind of a decline is there Q-o-Q. But if I look at from FY '25, it is 9-odd percent decline. So in Q2, how do we see and in the second half? So net-net, I want to understand in terms of the revenue for FY '26, it seems like we would be a kind of a 2%, 3% kind of a growth? So help me in that.

Nihar Chheda: Yes. So I'll take the first question on the volume side. So volume growth has been 3.7% for first quarter. In the second quarter, July has been to a good start. So we have seen good growth in July. And we are confident of high single-digit to low double-digit kind of growth should be possible for the rest of the year going forward.

As far as realizations are concerned, I mean, everyone knows we are a pass-through industry. It's mainly a function of raw material prices, which are not controllable. So if you see the decline in realizations year-on-year, June quarter to June quarter, I think we are in line with our peers of around 8%, 9% kind of a drop in realization. So I think that is going to be a function of raw material pricing. So as the -- whenever the duty is announced and the raw material prices move up, I think realizations also will move in line with that.

Shravan Shah: But as far as Q2 is concerned, the current realization are likely to remain till the time ADD doesn't come. So currently, is there a way in terms of either by increasing the CPVC share or whatever way, whether the Q1 was very bad in terms of product mix or anything? So do we see any kind of a realization improvement possible except the ADD in Q2?

Nihar Chheda: Yes, I think the other way of improving realization is through product mix. Even in first quarter, we have had a better growth in CPVC compared to PVC. So as product mix improves, realizations also will improve.

Shravan Shah: Okay. And now on the margin front. So how do we see the 6.8% kind of EBITDA margin? I understand we used to guide 12-odd percent kind of a sustainable long-term EBITDA margin. But for this year, till the time ADD doesn't come, do we see even kind of an 8% kind of a margin is possible or this number will be there?

Nihar Chheda: No. I think margins will improve going forward. We have seen an inventory loss of around INR15 crores to INR20 crores in the June quarter. Inventory losses going forward will not be there. And as volumes improve, operating leverage also will improve. So I think in terms of margins, Q2 will be better than Q1 and the second half of the year will be better than the first half.

- Shravan Shah:** Okay. Great. And last on the capex front, sir. So how much cash capex we have done in Q1? And for full year now, last time we said INR220-odd crores. So for Aquel, and then remaining on the Begusarai, how much is left? And currently, the Begusarai capacity last time what we said 24,000 tons and now by September, will it reach to 60,000 tons?
- Anand Gupta:** So on the first part, the capex in the first quarter is around INR75 crores. And for the rest of the year, including Bihar expansion, it will be in the range of around INR160 crores to INR170 crores, which will take care of leftover of Bihar, which will close by 30th September. And the second part is Aquel commitment, which is still there, which is pending, which we have factored in our cash flow projection. And then the rest is operational capex for the rest of the plants. In terms of Bihar reaching out in H1, it will be close to 60,000 tons of capacity we'll close by 30th September.
- Moderator:** The next question is from the line of Sneha from Nuvama.
- Sneha Talreja:** Just a couple of questions from my end. You did mention the inventory loss number, but could you also quantify other reasons like what has been the loss from the Bathware segment? And where do we now see the margins going ex of inventory losses?
- Anand Gupta:** So Bathware loss is close to INR5 crores, which translates to 0.8% to 1%. So that is the other number. And going forward, as Nihar mentioned that from Q2, margin will start improving and H2 will have a normalized kind of EBITDA after factoring Bathware loss.
- Sneha Talreja:** Understood. And the second point was you also mentioned inventory days is standing at about 81-odd days. Could you quantify that how much would be the inventory for raw material as well as finished goods here? And what's your target for inventory levels next quarter or the year-end?
- Nihar Chheda:** Yes. So inventory actually has reduced from June quarter -- from March end to June end. So I will give you the exact numbers in terms of days. In March, raw material was around 45 days, which has come down to now 35 days. So we have seen a reduction of 10 days. I think the target here would be to keep this around 30 days. So we are close to our target. We have seen a sharp reduction in the past quarter of around 10 days.
- Finished goods has -- we -- in March end was 35 days, which at June end is around 40 days, which is a 5-day increase, which is we are okay with because we are gearing up for better demand going forward. So on a -- in terms of the target that you asked, I would like to keep it between 70 to 75 days, around 30 to 35 days of raw material and balance finished good.
- Moderator:** The next question is from the line of Keshav Lahoti from HDFC Securities.
- Keshav Lahoti:** Sir, as you highlighted, the CPVC growth is better. So earlier, it was growing by double digit highlighted by you. So should we expect the CPVC volume growth was double digit in this quarter also?
- Nihar Chheda:** I think it was -- I will stay away from giving exact numbers, but it was high single digit.

- Keshav Lahoti:** Understood. Got it. And sir, how are the trends on the incentive side in the market? Has it changed? Has it increased, decreased? How is it? What sort of incentive, higher incentive you're giving to dealers now?
- Nihar Chheda:** See, I think sentiments in the channel are better than what it was in the previous quarter. So we have not seen very sharp decreases in PVC. There have been decrease, but it's not been very sharp the way it was before. And I think PVC prices have bottomed out, if not close to bottom. So I think sentiment of channel is only improving. So it's not an on and off switch.
- We can't just pull the trade incentives, but we have started rationalizing where required. And where we think that we need to continue giving the incentives, we are going to continue giving the incentives. So we need to find the right balance between, of course, improving margins. But today, main focus of the organization is on improving volume growth and capacity utilization.
- Keshav Lahoti:** Got it. Got it. And sir, how -- when we expect the ballpark number of 12% margin, whether this will be achieved this year? Or is it time to reach this number, a long-term target?
- Nihar Chheda:** Can you say that again?
- Keshav Lahoti:** So normally, company guides in the long run, the EBITDA margin of the company would be 12%. So should we expect this by Q4? Or is it possibly 1 or 2 years away?
- Nihar Chheda:** No, I think by Q4, we should be normalized, if not by Q3.
- Keshav Lahoti:** Understood. Got it. One last question, sir, you haven't mentioned Bathware revenue yet, right?
- Nihar Chheda:** Give me 1 minute. Revenue, net revenue for first quarter of Bathware is INR11 crores.
- Moderator:** The next question is from the line of Pranav Mehta from Equirus Securities.
- Pranav Mehta:** Sir, I wanted to understand on two things. One is on the interest cost. So that has seen a sharp jump. So anything one-off there?
- Anand Gupta:** So we have capitalized majority of our Bihar project and the term loan, which was taken for that purpose was capitalized till the date we commence our production. Post that, it is now operational expense. So that's why you are seeing that difference in Q1 finance cost compared to last quarter.
- Pranav Mehta:** So sir, going forward, this would be a kind of a steady-state interest rate for this year? Or are we expecting...
- Anand Gupta:** Until we repay our term loan on a reducing basis, interest will be charged in P&L on term loan.
- Pranav Mehta:** Okay. Sir, my next question was this write-back on the excess staff incentive. So exactly what was that?

- Anand Gupta:** So this is a normal cycle of evaluation based on company's performance. We have decided to incentivize our employees accordingly and those write-backs has come because of the lower profit company has made.
- Pranav Mehta:** So sir, in that case, the quarterly number that you have posted for 1Q, will it remain at the same level for the rest of the year? Or are you seeing some increase in that?
- Nihar Chheda:** No, I think -- no. So the performance-linked incentives are a reflection of the health of the organization and the profitability of the organization. Going forward, as inventory losses reduce, minimize and overall product mix improves, I think margin from second quarter will be better than first quarter and second half of the year will be significantly better than the first half of the year.
- Pranav Mehta:** Okay. But staff costs more or less would be remaining at this level?
- Anand Gupta:** No, it will -- no, the cycle at our end is July to June. So in Q2, you will see the increments coming in the cost of salary.
- Pranav Mehta:** Okay. And sir, just to make it clear, all the inventory loss for the inventory that you have built up has been taken, right?
- Nihar Chheda:** Yes.
- Pranav Mehta:** Okay. So no further -- as of now, as the prices remain, no further loss you are expecting?
- Nihar Chheda:** Yes.
- Moderator:** The next question is from the line of Udit Gajiwala from Yes Securities.
- Udit Gajiwala:** Just a broad understanding as to the overall view, right? So is it the volumes that will be the key focus now given that there is a lot of competition also there and all the other players have also set up new capacities. So do you see that the pricing war will continue and volumes will be a key focus and you'll have to pay for the margins?
- Nihar Chheda:** So volumes will be the focus. Focus has always been on profitable growth. So we don't want to have any predatory pricing. We had to have aggressive trade incentives when channel sentiment was poor, especially in December quarter and Jan quarter of last financial year. But I think as PVC prices are bottoming out, sentiment is improving, that we don't see a very high resistance from the channel to stock up.
- So I believe going forward, we will be able to focus on profitable volume growth. And in our industry, especially for us, the way our cost structure is, operating leverage plays a big part. So the more we sell, the more profitable we will be from a cost absorption point of view. So I think the two objectives actually go hand in hand.
- Udit Gajiwala:** Got it, sir. And in your opening remarks, you mentioned that July has been good versus what you have seen in Q1. So can you point out that as to which segment you see the growth coming up or specific region, if you would like to highlight?

- Nihar Chheda:** Mainly from building material because agri because of the monsoons was not a great agri season after, I would say, May and beginning of June. So mainly, I would say, driven by residential building material products.
- Moderator:** The next question is from the line of Meet Jain from Motilal Oswal.
- Meet Jain:** My question is regarding the more macro scenario. As we see antidumping duty, which has been expected to come in September, October, until that prices are expected to be stable around this level as you have told and bottomed out. And in terms of demand, you mentioned that demand is expected to improve going ahead with increasing government push. So in which pockets are you seeing this demand recovering, in which locations, if you can just throw some light on that?
- Nihar Chheda:** So I think like I said, agriculture season was short-lived, which anyway is not a big part of our revenue. It's only maybe 30% of the overall revenue. Mainly, we are a building material company focused on plumbing and SWR. So I think growth will be -- we have seen the green shoots of demand in July. And going forward, I think these are the segments that will continue to do well.
- Meet Jain:** So basically, our demand will be more driven by higher launches of new residential projects across India and more capex from the private organization, right, then more focus on government infra?
- Nihar Chheda:** Correct.
- Meet Jain:** And 1Q, as we know, it is heavy on agriculture, but as a company, we are heavy on plumbing and SWR as you mentioned. So 1Q, we saw a good growth in residential.
- Nihar Chheda:** So we saw -- so agri is around 30% -- 30%, 35% of revenue, which is still a significant part of our overall revenue. But we are, I would say, amongst -- in the industry, we are pretty well hedged between plumbing and agri and followed by infrastructure.
- Meet Jain:** Okay. So this 30% is for the entire year or this Q1 is more agri driven hence 30%?
- Nihar Chheda:** 30% is on an annual basis. Of course, agri demand is seasonal. So you will see sort of March to June tends to be the large agri season. And in December, you see a small agri season.
- Meet Jain:** So this quarter can be over 50% for us in terms of volume?
- Nihar Chheda:** I'm sorry?
- Meet Jain:** For this quarter, for 1Q, can it assume it will be over 50% this quarter because being the agri season?
- Nihar Chheda:** No, no. The SKUs are not that large.
- Moderator:** The next question is from the line of Utkarsh from BOB Capital.

- Utkarsh:** Sir, my question is regarding your Bihar plant. So if you can just help us what would be the capacity utilization of our Bihar plant in the June quarter? And at what level we expect to operate, say, by the coming March quarter? And what would be a breakeven point for our Bihar plant?
- Anand Gupta:** So first, the utilization part, see, we have to understand that the complete range has to be available at the Bihar plant to make sure that the whole set of delivery is done. So right now, as we have progressed -- we have progressed to close to 58,000 tons, but actual efficiency of these addition in the capacity will happen from Q3 once the whole range is ready.
- So right now, we are building capacity, but the utilization -- effective utilization will happen from Q3 -- mid of Q2, I'll say, will start. So then we can better see that what is the effective utilization. The other part was related to when it will breakeven. So Bihar will take around 5 years to breakeven if we operate at close to 70% capacity.
- Utkarsh:** Sir, if I understand correctly, you mean to say that Bihar plant is going to negatively contribute at EBITDA level for the next 5 years?
- Anand Gupta:** No. So you said that when it will breakeven in terms of investment made, right?
- Utkarsh:** I was talking in terms of EBITDA level, sir.
- Anand Gupta:** At the EBITDA level from the Q3, Q4, it will start contributing positively. Because as we have now -- Q1 and Q2 will happen mostly in the buildup of capacity. So the overheads, which we have started incurring in terms of operational expense will not be absorbed fully. But once the utilization kicks beyond 40% plus, we'll start neutralizing our expense.
- Utkarsh:** Okay. And sir, what is our net debt position at the end of June '25? And where do we see this at the end of March '26?
- Anand Gupta:** So net debt is around -- it's INR100 crores negative. And you want March number as well. So I'll connect post this project.
- Utkarsh:** Negative INR100 crores, so that means you are having a net cash of INR100 crores towards the end of the March or June...
- Anand Gupta:** INR100 crores debt.
- Utkarsh:** Okay. And sir, last question is that like we are operating our existing plant capacity at a very low rate in the June quarter. So wanted to understand what is the need of maintaining such high level of inventory as it is creating a pressure on our return ratio profile. Usually, companies stock high inventory only when they are operating at a very high rate. So what is the need for maintaining such high level of inventory?
- Nihar Chheda:** No, as I've said, inventory has reduced from March to June. So when inventories are high, in one quarter, I cannot just directly reduce inventory. So if you see the reduction in inventory from March to June, we have seen a 10-day reduction in raw material and finished goods has increased by around 5 days.

So I think 30 days of raw material and 35 to 40 days of finished goods is an industry standard because we have so many high level of -- high range of SKUs, we have to maintain inventory and a lot of new products also that we have launched. So if you look, 70 to 75 days is an industry norm.

Utkarsh: Okay. And sir, just lastly, like our ROE has got significantly depressed right now. So what kind of an ROE we are getting, say, over the next 2- to 3-year period? And to achieve that level, what we are assuming in terms of the EBITDA margin and the gross asset turn sir, if you can just help me out with this.

Nihar Chheda: So long term, if you see our return on capital has always been around 15% to 20%. The reason that the return ratios are under pressure currently is because of two reasons. One is, of course, profitability has taken a hit in the past few quarters.

And we have had a capex cycle also play out over the past 2 years, we have put up a large amount of capacity in Jaipur, Telangana and now Bihar and as well as debottlenecking existing facilities. So as capacity utilization improves and as profitability normalizes going forward, we will see improvement of return ratios back into 10% to 15% and then eventually more than 15%.

Moderator: The next question is from the line of Tushar from Omega Portfolio Advisors.

Tushar: Sir, considering the capex deployment from the states like Gujarat, AP, UP and MP, so for Prince what sort of volume growth you are seeing from these states or at a company level?

Nihar Chheda: So all the three states that you talked about, we have a good market share, be it Gujarat, UP or Telangana, Andhra. And we have a manufacturing facility in Telangana, in Silvassa, which is a union territory close to Gujarat and as well as Haridwar, which is Uttarakhand. So our supply chain is strongly aligned with the frontiers of growth, and we have seen good growth across these markets.

Tushar: Sir, can you just quantify the volume growth you are expecting at the company level?

Nihar Chheda: So I think high single digit, low double-digit kind of growth can be expected going forward.

Tushar: Fair enough, sir. And sir, in terms of your split, like plumbing would be what percentage? Also the infrastructure would be what percentage of your revenue?

Nihar Chheda: So around 35% would be -- 30% to 35% would be agriculture, 3% to 4% would be infrastructure, 1% is water storage and balance is building material, which is plumbing and SWR.

Tushar: Fair enough, sir. And sir, like in terms of CPVC, like what would be the mix CPVC versus normal PVC?

Nihar Chheda: So CPVC in terms of revenue contribution has continued to move up over the past 5 years. So it used to be around 15%, which now has gone up to around 25% plus.

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

- Shravan Shah:** Sir, a couple of things. First, so last time we said that 3% incentive that we've paid to the channel. So that was also was there in Q1 -- full -- and maybe we will be continuing with the same in Q2 also?
- Nihar Chheda:** That depends. Like I said, where it's required, we will continue. Where it's not required, we will continue to pull it.
- Shravan Shah:** Okay. Got it. Second, sir, in Bihar one, so last time we said we may look at 20,000 – 25,000 volume in FY '26. So is it possible some indication in Q1, how much kind of -- whether it would be 3,000, 4,000 kind of volume was there and this 20,000 – 25,000 is doable in FY '26?
- Anand Gupta:** So can you repeat, Shravan?
- Shravan Shah:** I said from Bihar, last time we said that we are looking at 20,000 to 25,000 tons of volume in FY '26. So any ballpark idea in terms of Q1, how much it would have contributed, 3,000 – 4,000 kind of a ton? And for full year, can this 20,000 to 25,000 tons from Bihar is doable?
- Anand Gupta:** So as I mentioned earlier, we have created a backup in Bihar in terms of capacity, which will start giving actual production from H2. So when we build up 60 kt, so technically, we will have 6 months' time to fully utilize. That means 30,000 will be available for us in H2. And H1, I can say that it will be close to 10,000 to 15,000, something around that will be there. So taking the utilization 60% to 70%, we will be in the range of 20 – 25 kt from Bihar for the full year when we close FY '26.
- Moderator:** The next question is from the line of Keshav Lahoti from HDFC Securities.
- Keshav Lahoti:** Sir, what was the ad spend for this quarter?
- Anand Gupta:** It is in the range of 1.7%, 1.8%, a tad lower. But going forward, we'll maintain for the full year around 2%. That is what we are seeing, but we'll see how the quarter goes.
- Keshav Lahoti:** Got it. Lastly, what is the Bathware revenue target for this year and when we expect to see the breakeven?
- Nihar Chheda:** I think breakeven is around in 4 to 6 quarters.
- Keshav Lahoti:** Okay. 4 to 6 quarters. So you are saying towards the end of FY '27, that has possibly got delayed earlier, we're expecting earlier, right?
- Nihar Chheda:** Yes. So I think it would be by mid of FY '27. Because we have now started South and East. So there, once the revenue starts coming in, that will help us reach the breakeven point.
- Keshav Lahoti:** And what is the revenue target for this year? Bathware revenue target for this year?
- Nihar Chheda:** So we have done INR11 crores in first quarter. As revenue starts coming in from South and East and we improve in North and West, this will improve. So I think around INR50 crores to INR60 crores is doable this year.

- Moderator:** The next question is from the line of Shravan Shah from Dolat Capital.
- Shravan Shah:** Sir, in this Q1, at an industry level, what was the volume growth? You said for CPVC was a high single digit, but overall combined would be how much growth? And for full year FY '26, how do we see the industry growth? And possibly, will the CPVC will be a single high digit or can it be a double-digit growth?
- Nihar Chheda:** CPVC was high single digit for us, not for the industry.
- Shravan Shah:** So for industry was how much?
- Nihar Chheda:** There's no data collection like that, that we do on a quarterly basis. There's no official research. I think on an annual basis, we can get better sort of numbers. But overall, I think industry was flattish in the first quarter.
- Shravan Shah:** Okay. And for full year, how much we see industry growth?
- Nihar Chheda:** I think long-term basis, PVC industry should grow all categories put together, 6% to 7%, over the next 2 to 3 years, 6% to 7% per annum.
- Shravan Shah:** Yes, that understood. But for this year, given even Q2 would be very, very marginal. So except the ADD if it comes by September, if possible also, you can also specify do we think that by September, October, ADD can come?
- Nihar Chheda:** It's likely. I mean I don't want to speculate, but yes, it's likely by September...
- Shravan Shah:** But will it lead to INR 3 – INR 4 odd kind of a price hike or it can be INR 8 – INR 10 price hike is also possible?
- Nihar Chheda:** Extremely speculative. I think I will not try to give any kind of guidance on how much it will lead to. I think let the time tell.
- Moderator:** The next question is from the line of Arun from ICICI Securities.
- Arun:** Just one thing, you mentioned July was pretty good. Just to understand would it be not a high single digit kind of growth in the first 2 months of this quarter -- of this year?
- Nihar Chheda:** You're not audible.
- Moderator:** Mr. Arun, we can't hear you properly. Can you please be a little louder?
- Arun:** Yes, we mentioned that July was pretty good. So is it right to say that for the first 4 months of this financial year, we would be in the high single-digit volume growth?
- Nihar Chheda:** So I think we have already given our guidance, Arun, going forward and Q1 numbers we already have. I think in the middle of the quarter, I would not want to speculate. But I think in terms of -- if I understand your question, I think the direction I have given, I think high single-digit to

low double-digit growth for the year is possible, looking at where we are today and the kind of capacity we are putting up. I think that's a fair estimate.

Arun: Okay. And just to take it forward, we mentioned that Bihar will do 20,000 – 25,000. If I look at last year numbers, we did 177,000 tons for the full year. So straight away, it's like -- even if I assume 20,000 tons, 11% growth straightaway comes to our numbers, assuming there's 0 growth in our core business. So where I'm missing -- the guidance doesn't match?

Nihar Chheda: No. But -- I mean, overnight, we are -- the market is not going to -- we are not going to open up a new market. So today, Haridwar was catering to East. Now if you put up a plant in East somewhere, we have to give it time. It's not that as and when I put up capacity, then the market will grow as per my capacity. So if we put up a new plant in a new geography, it is bound that from the other plants, there is going to be a part cannibalization in the first year. Only in the second or third year, will we have a net that kind of an increase. So I hope that's clear.

Arun: So what I'm trying to get to is if whatever you're guiding for basically means that even I assume your number at, let's say, double digit, it will be lower than what Bihar plant does, including cannibalization. So it's not matching up with what you're saying.

Nihar Chheda: Let me clarify that when I put up a plant in a new geography, today East -- before the Bihar plant was put up, the Haridwar plant was catering to the East market. It's not that we were not present in East at all, right? So when I put up a plant in East and I start serving from that plant, it's not that the market is going to grow as per the capacity I put up in the first year itself.

So I'm -- it's not that I had 0 volume in East. I was serving it from other plants. So it's bound to happen that in the first few quarters, the volume from the other plants will go down because I've put up a new large capacity in a new geography.

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

Keshav Lahoti: Just a small follow-up. So just some color on July, how has been the volume growth? Maybe directionally, it's low double digit or mid-teen double digit, how should we see?

Nihar Chheda: I think the direction has been given, Keshav. In the middle of the quarter, I will stick to giving only long-term guidance or a medium-term guidance.

Moderator: 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, everyone.

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

NOTE - This is a transcription and may contain transcription errors. The transcript has been edited for clarity. The Company takes no responsibility of such errors, although an effort has been made to ensure high level of accuracy.