PPFL/SE/2026-2027/023 **August 11, 2026**

To,

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

Scrip Code: 542907

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

Scrip Symbol: PRINCEPIPE

Dear Sir/Madam,

<u>Sub: Transcript of Earnings Call held for Q1 FY27</u>

Pursuant to Regulation 30 and other applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR"), please find enclosed herewith the transcript of the Earnings Call for Q1 FY27, held with Analysts and Investors on August 04, 2026.

This is for your information and record.

Thanking you,

Yours Faithfully,

For Prince Pipes and Fittings Limited

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Jyoti Sancheti
Company Secretary & Compliance Officer
FCS: 9639

Encl. As above

"Prince Pipes and Fittings Limited
Q1 FY27 Earnings Conference Call"
August 04, 2026

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

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

Moderator: Ladies and gentlemen, good day, and welcome to the Q1 FY '27 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: Good evening, everyone. I welcome you all to the earnings conference call to discuss Q1 FY '27 results of Prince Pipes and Fittings Limited. To discuss the results, we have from the management, 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 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.

Nihar Chheda: Thank you, Sumeet. Good evening, everyone. Thank you for joining us for our first quarter FY '27 financial results call. The presentation and press release has been issued to the stock exchanges and uploaded on our website. I hope everyone has been able to go through the same.

Before I share the demand outlook and our strategic initiatives, I would comment on the raw material scenario. While PVC resin prices witnessed a recovery during the March quarter, prices saw a sharp correction from early April following the temporary suspension of import duty on PVC resin till June '26, which introduced fresh uncertainty into the market and resulted in destocking across channel partners across the industry.

Despite these external challenges, Prince Pipes remained firmly focused on executing our long-term strategy, which is based on 3 pillars: product innovation, distributor network expansion and retailer network expansion.

Innovation and product development continue to be key pillars of our long-term growth strategy. As the Indian piping industry evolves, we are actually seeing a gradual shift from conventional commodity products towards more advanced performance-driven solutions. This transition presents a significant opportunity for value creation, and we are focused on expanding our portfolio with differentiated offerings that address the customers' needs. While PVC has been the traditional material of choice, evolving customer expectations around faster installation, low noise performance and lower lifetime maintenance are creating demand for next-generation solutions.

We have developed our polypropylene-based drainage system, DECILO, which is designed to deliver superior performance across these parameters. We believe that DECILO has the potential to redefine customer expectations and establish new benchmarks for architects, developers and plumbing consultants while selecting pipes. We have started manufacturing DECILO at our Haridwar facility and material has started to be installed in not only residential projects, but also commercial projects like hospitals and hotels across India.

Our second pillar for growth has been distribution network expansion. At the beginning of this fiscal year, we have identified white spaces at a district and taluka level across India. In the June quarter, we have been able to add many new channel partners, and we will continue to do so aggressively in the September quarter. Network expansion will be a key lever for growth going forward.

And thirdly, we have strengthened our program of digitizing our value chain. DMS, which is Distributor Management Systems, are now fully in place, and now we have complete visibility and tracking of secondary sales at a retailer level. Our scheme spends are now directly targeted to retailers across the country, which has helped us move from a -- move to a pull-based demand model rather than the legacy push-based way of selling. Furthermore, SFA, which is Sales Force Automation, also is in place, which is helping us improve productivity of the ground level sales force.

Lastly, brand building also is a key strategic priority for us during this quarter. We significantly enhanced our consumer outreach through high visibility campaigns across local trains, buses and other strategic locations with strong daily footfall. These branding initiatives are designed to reinforce Prince's brand recall and to further strengthen our positioning as a trusted provider of high quality piping systems. We expect industry demand to be supported by a recovery in infrastructure activity, increasing premiumization across product categories and the benefits of operating leverage as market conditions normalize.

Thank you for your time. I will now hand it over to our CFO, Anand, to take you through the fiscal highlights.

Anand Gupta: Thank you, Nihar, and very good evening, everyone. I'll be taking you through the quarter 1 FY '27 financials now. Revenue from operation in this quarter stood at INR 609 crores, a growth of 5% Y-o-Y. Our volumes for the quarter stood at 40,729 metric tons, degrew by 7% Y-o-Y. EBITDA for the quarter stood at INR 77 crores, a growth of 93% Y-o-Y, while margins stood at 13%, registering a 600 basis point growth.

Profit after tax for the quarter stood at INR 34 crores, a growth of 580% Y-o-Y. PAT margin for the quarter stood at 6%. Working capital days stood at 71 days in Q1 FY '27. Receivable days stood at 40 days, whereas inventory days stood at 100 days as of 30th June 2026.

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

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

Shravan Shah: A couple of questions to get a better understanding of result. And congratulations on a good set of results, particularly on the margin front. So before asking the question, just a couple of data points, if you can share Bathware revenue and Bathware EBITDA loss and any inventory gain in Q1?

Anand Gupta: So the revenue for Bathware segment is at INR 13 crores. EBITDA is minus INR 5 crores, and there is no inventory gain for this quarter.

Shravan Shah: Okay. So now there is no inventory gain because what we are seeing the significant improvement in the gross margin for this quarter, close to 30-odd percent primarily because of the change in inventory, which is kind of INR 100 crores negative figure, and that's why there is a significant improvement. So just wanted to understand, given the PVC prices, so now in last almost 13, 14 days, we have seen a INR 12.5 PVC prices again going up. So how one can look at in terms of the gross margin first? Will there be any kind of inventory gain or loss in the Q2?

Nihar Chheda: I think -- yes, thank you for your question. I think with the MIP, I think that essentially acts like floor for PVC prices. So rather than -- I will not speculate on inventory gain or loss going forward. But I think the good part is that now there is less uncertainty for distributors to be scared of destocking because they are scared of prices to fall further. Now there is a very clear bottom of $766 per ton in PVC. So going forward, we will -- we should see good realizations and good growth because of this lack of uncertainty going forward.

Shravan Shah: Yes. So to understand better, so this quarter, the 7% Y-o-Y degrowth on the volume front, last time we said that in the May month, April definitely was a problem. But in May, we have seen a kind of a recovery in terms of that channel again restocking. So this 7% degrowth is mainly in the -- because of the April month?

And May and June, have you seen kind of a flattish or maybe a marginal growth? And similarly, now because we were looking at 12%, 15% kind of a volume growth, so the ask rate, obviously, in the 9 months is 17% to 21%. So how do -- July is there? And are we sticking to our volume growth number?

Nihar Chheda: Yes, I think the April degrowth of 7% is -- it doesn't keep me up at night because, like you rightly said, fourth quarter, we had delivered a 25% kind of a volume growth, which obviously is not sustainable. That was led by a very heavy restocking in the channel. So at beginning of April, one is channel level inventory was very high and then prices started to correct.

So April was like a washout. And May and June, we saw a strong recovery. And July also, obviously, I will stay away from quantifying, but we have seen good growth. So April was a blip because of the one-way decrease in PVC prices and high level of channel inventory as of March 31. But if I look at June, July, again, we are back on the growth trajectory.

Shravan Shah: So for full year, we will be doing just 12% - 15% guidance that we have said last time in terms of the volume and on the margin front, 11% - 13%. So any change in the guidance?

Nihar Chheda: No. We will stick to our guidance on growth going forward.

Shravan Shah: Okay. couple of data points in terms of the capex in Q1 and for full year, how much the capex will be and net cash as on June?

Anand Gupta: So whatever we had given data point in the May call stands as it is. There is no change in capex plan. For this quarter, around INR 40 crores, INR 42 crores has been spent, and that has primarily been on the completion of second tranche of Bhuj plant takeover. So that is the only thing which has happened. Rest of the capex will flow in next 9 months. What was the second part?

Shravan Shah: Net cash. And if you can also spell the gross debt also, that would be helpful.

Anand Gupta: So net cash is almost neutral on 30th June. I think the gross debt is around INR 120 crores, kind of, including long-term and short-term both.

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

Sneha: Congrats on great set of numbers. A couple of questions. You said that there was no inventory gain or loss in this particular quarter, but we've seen a phenomenal improvement in margins. Would you want to give some reasons of why these margins have improved despite the volume drop that we've seen? And also how sustainable are these margins going ahead? That's first.

Nihar Chheda: Yes. Thank you, Sneha. I think let me answer the question in 2 parts, first at the gross margin level and then at the operating margin level. As far as gross margin is concerned, Q1 typically is the agri heavy quarter.

But this time, given that the prices were so volatile, we have seen more demand coming in from plumbing and agri has actually seen a major degrowth relative to the rest of the portfolio, which is plumbing and drainage.

So one is product mix has improved relative to what it usually is from a segmental point of view. That is point #1. And second point is, from a polymer mix as well, CPVC, PPR, PP, these kind of product contribution has improved compared to what it was in the past.

So one is agri versus building material and second is PVC versus CPVC, PP, PPR. So both product mix improvements at a segmental and at a polymer level has helped as far as gross margin is concerned. And at the EBITDA margin, apart from these 2, while volumes degrew, better realizations helped better operating leverage. So that is how the margins have played out in the June quarter.

Sneha: Just a clarity there. Has product mix has been improved in Q4, typically Q4 is somewhere majority of plumbing enduse..

Moderator: Sorry to interrupt, Sneha ma'am. Your voice is breaking.

Sneha: So I was saying, typically -- are you able to hear me now?

Moderator: Yes, ma'am.

Sneha: Yes. So I was asking, typically, what we see is quarter 4 is the best product mix. Have you seen product mix improvement even over quarter 4?

Nihar Chheda: Yes. I think even because quarter 4 also is agri heavy relative to Q3 and Q4. So Q1 is the heaviest in terms of agri followed by Q4. But if I see contribution of plumbing versus agri and contribution of CPVC and PPR versus PVC, both have been superior in June quarter.

Sneha: Understood. And second, with respect to the recent price hikes which have taken place in CPVC, could you help us understand how much of it is actually passed on at this point of time on ground?

Nihar Chheda: I think we are passing it on in a phase-wise manner. So usually, we give 1 to 2 weeks to the channel. So we have -- accordingly, we have done it this time as well.

Sneha: So despite everything, but quarter 2 would look like a quarter which would have inventory gains. Is that understanding correct, along with the volume growth because of restocking?

Nihar Chheda: Actually I would not like to comment on inventory gain or loss right now because we also have -- while the MIP is in place, you also have a higher cost cargo coming in because we did see a correction in month before this month.

So I would -- I don't think there will be a significant inventory gain or loss in second quarter. But yes, for the rest of the year, with better price certainty because of the floor of PVC pricing, I think there should be -- distributors should not be anxious while stocking material, which will definitely help us from a growth perspective going forward.

Sneha: Understood. Lastly, I just wanted to understand the end user demand. While I understand agri season is almost done with, but how is the end user demand when it comes to plumbing? And while you were saying that you are following a pull strategy versus historic push, could you explain us more in terms of what are the actions you're taking on ground?

Nihar Chheda: Yes. I think a couple of strategies that we are working on. One is while network expansion always is a focus for Prince, I think at the beginning of this financial year, we had again sort of identified white spaces and done an exercise, and we have identified white spaces across key markets. And it's a KPI for the sales team to, sort of, fill these white spaces with channel partners. And with the kind of consolidation that is happening, we have been able to add channel partners, not only from unorganized players, but from organized players as well during this quarter, which should reflect in the growth going forward. So that's as far as primary is concerned.

As far as secondary at the retailer and plumber level, because now DMS has been in place for a few quarters now, apart from data collection, now we've been able to start working on this data. So there are tens of thousands of retailers who we now directly give schemes to and directly reward from the company to the retailer.

So while the supply happens to the distributor, but this kind of a focus at the retail level really helps us create pull rather than push. So digitizing of the value chain happened over the past, I would say, 6 quarters. And now the dividend should play out over the next few quarters.

And the third part is, as a part of this digitization, is also digitizing the sales force tracking through sales force automation, where we are able to improve productivity of the feet on street essentially, which is sort of synced with our distributor management systems.

So to conclude, primary network expansion, retailer network expansion and improved productivity at the sales force ground level. This is what we have been working on, and raw material scenarios could change, but these are things which will really help us build a robust sales engine. And this is not hypothetical anymore. This is being done on ground. And I am confident that this will play out in industry-leading growth going forward.

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

Praneeth: So you mentioned the fact that you are focusing on high-value products. What is that meaning? Like, are we changing our strategy in terms of focusing on basic pipes to this? And in terms of the high value, are this -- do they already exist? Or are we creating new products and trying to educate the audience that this can be easier?

Nihar Chheda: So product mix improvement is primarily by 2 things. One is the existing portfolio of our value-added products, our CPVC and PPR plumbing systems. So here, the mind share is more at the sales team and at the management level. So how do we increase our contribution from these products, both in retail and project vertical.

And the second phase is higher focus on product innovation and R&D, and which starts with our new product of DECILO, which is low-noise drainage PP pipes, where we are ahead of the curve and an early mover to introduce this product. And we are looking at many more new product launches within the pipe vertical, where gross margins will be significantly better than our core products of PVC.

So existing products, we are putting more mind share of how do we grow higher than industry in both retail and project segment. And second is product innovation and R&D, where we can have new product launches within the piping segment.

Praneeth: So basically, the new products are mostly focused towards projects, is it?

Nihar Chheda: No, in retail and projects, both.

Praneeth: Understood, sir. So in terms of the contribution from agri projects and remaining retail, how is it split for the last year and in this quarter?

Nihar Chheda: So agri typically -- so we don't give segmental breakup, but just for direction, typically, agri is around 30% to 35% at an annual level. This quarter, it was more skewed towards the plumbing.

Praneeth: Can I ask you this? I'm trying to understand is our growth being mostly focused from projects? Or is it retail? Because you mentioned that retail, we have been -- made headways, but just understand otherwise.

Nihar Chheda: No, no. Let me be very clear. We have to grow. We are still working on low capacity utilization. We have just completed a large capex cycle of capacity that we've put up in Jaipur, Telangana and Begusarai, at all our 3 manufacturing facilities. So today, we are not in a position to pick and choose whether we want to grow in retail or projects.

We have to -- the sales engine has to fire across verticals. So the retail and projects both. And the more important thing is we see that there is market share up for grabs if we play our cards right with some of the larger players also struggling and consolidation happening where smaller players are also struggling. So there is room for growth across retail and projects, and we will -- our focus is on growing in both verticals.

Praneeth: Understood. And sir, you mentioned the fact that we were able to gain some in terms of distributors and final touch points from organized and unorganized players. What exactly has driven that? Is it because that we are not increasing our prices compared to our competitors? Or what was it?

Nihar Chheda: No. Price driven -- it's not price driven. It's tough to add distributors by just giving a better price. I think more is just stronger relationship and a stronger demand engine. Today, more than margin, I think what is important for a distributor is how fast you can rotate their material, the amount of inventory turns you can offer them in the retail market and because we now have DMS and SFA in place, and a direct control on retailers across the country.

Distributors want to be associated with a strong brand where there is a pull for demand rather than a push. So -- and of course, then relationship building, which is very important at the senior management and at the family level. I think it's a combination of these.

Praneeth: So basically, right now, how many other players the organization wants to have a DMS system?

Nihar Chheda: So I will not have an exact count, but we have been ahead of the curve. Not everyone does out of the top 5. So we have been ahead of the curve, and we have been one of the early movers in digitizing the value chain. And it's not just by having a DMS is not enough. It's what you do with the data. Data collection is only half the journey. It's also how do you put that data to work and make schemes accordingly and have direct outreach to retailers. I think it's a combination.

Praneeth: So sir, the reason I'm stressing on this fact...

Moderator: Sorry to interrupt, Pranit, sir. May we request that you return to the question queue for follow-up.

Praneeth: Just one last question. With regards to our utilizations, at what level will we be able to reach your guided of 14% to 15% EBITDA margins?

Nihar Chheda: We have not guided at 14% to 15%. Our guidance is 11% to 13% kind of operating margin.

Praneeth: Sir, so when do you think you'll be able to reach that level? So would it be existing utilizations also will be able to reach? Or how is it going to do?

Nihar Chheda: Yes. So it's a function of product mix, pricing power, operating leverage, decentralizing of manufacturing footprint now with a new plant in East, those freight benefits also have kicked in. So apart from utilization, which leads to operating leverage, we also have product mix and decentralization benefits. So these are the 3 or 4 levers. And of course, focus is on improving capacity utilization. Our guidance for operating margins remains in that 11% to 13%.

Moderator: The next question is from the line of Anu Parakh from Anand Rathi.

Anu Parakh: Sir, what would be the gross margin we can expect for FY '27? Is the 35% level going to sustain going forward? Like what would be the guidance for the rest of the year?

Nihar Chheda: I mean, we will stick to 11% to 13% kind of an operating margin guidance. And I think I've just walked through the -- I think more than the numbers, what is important is the levers for margin. And I'm happy to maybe go through it again. It's product mix, pricing power, operating leverage and freight benefits will come through decentralization of the manufacturing footprint, which we have done through new plants in South, which is Sangareddy, Telangana; and in East, which is in Begusarai in Bihar. So these are going to be the 3 or 4 levers for optimizing our operating margins.

Anu Parakh: Sir, I was asking about the gross margin?

Nihar Chheda: Yes. So out of these, product mix and pricing power are at the gross margin level. And even freight is at the gross margin level. Operating leverage is the only one which is at the EBITDA level.

Anu Parakh: So we can expect the same levels to continue for the rest of the year?

Nihar Chheda: So we don't guide at the gross margin level. I'll repeat. We guide at the EBITDA level, which is 11% to 13%. But I've walked you through the 3 or 4 levers which help us strengthen our margins.

Anu Parakh: Okay. And sir, last question, what could be the amount of inventory, debtor and creditor at the end of June?

Anand Gupta: So we have guided the number, which is around 40 days for debtors, 100 days for inventory, around 70 days, kind of, for payables. So these are the inventory days, payable and debtor days.

Moderator: The next question is from the line of Roshan from Antique Stock Broking.

Roshan: Congratulations on good set of numbers. Sir, just wanted to understand, have the channel partners resumed normal buying behavior? Or are the dealers still operating with low inventory due to the uncertainty?

Moderator: Sorry to interrupt, Roshan sir. Can you speak little louder?

Roshan: Yes. Is it better now?

Moderator: Yes, sir.

Roshan: Yes. So I was asking, have the channel partners resumed normal buying behavior or are dealers still operating at lower inventory levels because of the uncertainty in PVC prices that had happened? That's my first question.

Nihar Chheda: Yes. I think in June and July, we saw better stocking from channel partners, which is more reflective of the secondary demand or the last mile demand. And especially now with the MIP in place that really -- that there is no uncertainty of what is the bottom anymore. So that waiting game with the channel partners is over at least for the next couple of quarters. So distributors are happy to keep regular levels of inventory, which we have seen play out in the past couple of months.

Roshan: Okay. And on the unorganized front, have the smaller regional manufacturers recovered from the raw material volatility that we have seen over the last few quarters? Or are the organized players still kind of continuing to consolidate market share?

Nihar Chheda: My view is that larger players continue to consolidate because in the volatility, a lot of the raw material -- a lot of the smaller players face raw material insecurity. And in our kind of industry, unless your machines are running 365 days, it's very tough to survive. And even now with the MIP, actually the open market rates are much higher than what Reliance prices are or what kind of inventory large players are holding.

So supply security is also at the right price, becomes very important because currently there is more than physical, it's a sentiment driven also where open market prices are really high. So it becomes very tough for smaller players to compete with larger players who have better supply security.

So -- and apart from this end user, even for a product which is behind the wall, is becoming more and more brand conscious. And as we are aware, piping is less than 1% to 2% of an overall project cost. So this industry has consolidated and will continue to consolidate. And this kind of volatility in raw material prices or any changes in raw material prices only support this.

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

Sunil Jain: Sir, last quarter, you had sacrificed the inventory gain to gain the market share. And rightly, you gained a lot of volume in the last quarter. So was that policy still continuing in the current quarter or current in the sense Q1 and Q2?

Nihar Chheda: No, we are not continuing that. I think that was onetime because there was a very sharp increase in raw material prices in March quarter. So we thought it is only fair to share that with the channel partners and with the market and focus on growth. But that is not sustainable every quarter because we will not have those kind of price swings every quarter.

So now we are -- any increase or decrease we pass on either immediately or maximum within a week or 2, we pass it on to the channel. And especially now with the MIP, there is no reason of having those kind of strategies. So I think that was more just a tactical part in one quarter because it was a very severe swing, and we thought it's opportunistic to get the sales engine firing again and do a record kind of a volume. But that cannot be done every quarter.

We are confident that more long-term initiatives like network expansion and digitizing of value chain, new product innovation. These are going to be the levers of sustainable growth going forward.

Sunil Jain: So in Q1, do you see, you gained market share because the competitors' sales growth is -- sales degrowth is higher than yours?

Nihar Chheda: Yes. I think, obviously, it is not a zero-sum game between 2 players. I think -- but overall, if I look at the industry, yes, I think our degrowth has been lower than what industry degrowth has been or what peers' degrowth has been. So I think we are confident about volumes now.

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

Shravan Shah: Sir, in Bathware we were looking at to breakeven in Q2 or Q3 where we will be having a kind of a INR 25 crores, INR 30 crores quarterly run rate of revenue. But this quarter also, we were having a similar kind of a INR 13 crores revenue. So do we think that in Q2, Q3, we will be able to achieve a breakeven or maybe INR 25 crores, INR 30 crores kind of a quarterly revenue run rate?

Nihar Chheda: I think in Q2, we should have a much better performance than in Q1. So yes, Q3, I think INR 25 crores is an achievable number if I look at the monthly run rate. So in the December quarter, we should be doing INR 25 crores, which will be very close to breakeven. And we will see a significantly better performance than Q1.

Shravan Shah: Okay. Okay. Great. Great. And sir, in terms of the -- you highlighted in terms of everything, particularly on the channel strengthening, the pricing power and digitization and the product mix, all this. So this will be -- as you highlighted, that will help us to post industry-leading volume growth. So I assume this will be a kind of a structural thing for next couple of years that we are talking about in terms of growing better than the industry?

Nihar Chheda: Yes, definitely. And there is market share up for grabs. And we do see that for an agile player like us with a focus on products, new products and new markets, there is structural improvement in volume and industry-leading growth is our aspiration. And we are confident.

Shravan Shah: So do we also think that maybe a couple of years, maybe 2 years down the line, then once we will have a better than the industry growth, obviously, this will be also can have an operating positive leverage and can help us to improve the margin what right now we are guiding 11%, 13%? Can we -- is there a possibility, can we see maybe a 2 years, 3 years down the line that? Or are we aiming to kind of a 15% plus kind of EBITDA margin?

Nihar Chheda: I think for now, if I look at medium term, I think 11% to 13% kind of operating margin with industry-leading growth should be the focus. Any improvement in margins has to be driven from value-added products like CPVC coming in as well as new products like DECILO. So superior product mix and superior contribution from value-added products is a sort of key performance indicator for us internally as well, which should help margins improve in the long-term. For medium term, I think growth is primary.

Shravan Shah: Got it. And this quarter, broadly in terms of the project versus sales business mix would be the similar of the Q4 or has that changed?

Nihar Chheda: What is the question? Could you repeat?

Shravan Shah: The project versus retail business mix. So I believe you have highlighted that broadly on an annual basis, 30% - 35% that we have agreed. But in terms of the project level this quarter would be -- broadly would be at what level?

Nihar Chheda: Yes. It would be broadly similar where 25% to 30% would be project and balance would be retail.

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

Sushant Soni: Are you able to hear me?

Moderator: Yes, sir.

Nihar Chheda: Yes.

Sushant Soni: Okay. And would like to first appreciate the efforts within to manage right to correct the trajectory that our company has seen in the last 2 years, clear human working capital, which clearly can be seen in the numbers. My question kind of revolves around management's strategy or view on the appropriate ROCE for this business, particularly in light of competitive intensity and also the fact that most of the capex is now behind us.

Nihar Chheda: Sir, what is the question?

Sushant Soni: Sir, management view on the appropriate return on capital employed for the business, right? Clearly, currently, it's depressed because we were in the investing phase and we were correcting a few operational things, right, like volume and working capital. What is your view on a sustainable ROCE for this business?

Nihar Chheda: See, it is historically seen, apart from the past few years, 15% to 20%, sometimes even higher than that has been done. And of course, for us, that has to be the -- that is the rule. So with volumes coming in, stricter capital allocation that we have done that in the past, and there's no reason why we can't do it again. So I think that is the range where I think any good business needs to be.

Sushant Soni: And is there like a particular utilization level which you track internally where you hit those levels?

Nihar Chheda: I mean, typically, 60% to 65% is where we'll hit it. Anything more than that, I fear that we have been late with our capex cycle because at Prince, while, of course, utilization levels are important, one of the reasons why we have been able to reach the scale that we have is that we have been ahead of the curve in adding capacity.

And we've always had the financial muscle to have that waiting power and put up capacity well in advance. So I'm not too fussy about reaching 70% - 75%. I think 60% - 65% we'll hit. If we hit more than that, I see it that we've been late with adding more capacity.

Sushant Soni: Understood. Just one last thing on this. The utilization you say is on the installed capacity or the production capacity that you mentioned?

Nihar Chheda: Production.

Sushant Soni: Okay. Understood. And sir, just one last question on just the inventory data. I understand that it's 100 days for this quarter versus our stated guidance of 65 to 75. Now that increase is just maybe specific to this quarter given the supply situation that you alluded to earlier on the call?

Nihar Chheda: Yes. It was 2 parts. One is, of course, we stick to our guidance of 65 to 75 days for inventory. Two things. One, there was supply insecurity during the war time. And second, we did not expect 7% kind of a degrowth. So obviously, there was a sales loss.

So while we are better off than what industry is in June quarter, we had planned our inventory as per a better volume performance. But we should see immediate correction in inventory. This is not a structural thing. We will be back to our stated guidance by end of September quarter.

Moderator: The next question is from the line of Sonal from Prescient Capital.

Sonal Minhas: This is Sonal Minhas. I hope I'm audible?

Moderator: Yes, sir.

Sonal Minhas: Okay. Sir, just carrying on from the question from the previous participant, you mentioned that 60% - 65% is a good capacity utilization. Is there a broader time line that you have in mind when you would be hitting this capacity utilization?

Anand Gupta: So as of now, we are at around 52% - 53% kind of utilization. And what we have guided is 13% to 15% of growth in this year, which translates to, if the capacity is static, then we will reach to around 60% of utilization.

Sonal Minhas: Got it, sir. So this 13% is volume basically. This is what I'm presuming.

Anand Gupta: Yes. I mean 12% to 15% is what we have guided and we hit the upper circuit of what we have guided, we will reach to 60% of our utilization.

Sonal Minhas: Got it, sir. So one more question with regard to you passing some benefits of inventory gain in last quarter and there is an inventory in your books as well this time around. Is there a visible change in your debtor days because of this practice that you've started, that you've seen? And you do mention that your debtor days are to be in 50 to 60 days kind of guidance. But because of this, is there a longer-term trajectory that this number can come down to 40 – 45 days?

Nihar Chheda: So if you see June end, we are at 40 days of debtor days. This is key for us. And as the brand becomes stronger, this has to reduce. Compared to my peers, my debtor days is still higher, and we recognize and acknowledge that. And our complete focus internally as an organization is twofold to reduce debtor days. One is to use channel finance aggressively.

And second, as the brand becomes stronger, as we digitize the value chain and move to a pull-based demand model, debtor days will also come under control, which I think is the true sustainable way of tightening the working capital cycle. In my business, I have to keep inventory of raw material and finished goods, so I cannot reduce it beyond 2 months. So debtor days eventually has to go in the next couple of years towards 30 days is what my target for debtor days is.

Inventory and all of that, passing on the gains is more tactical, but fundamental growth levers, I've explained in terms of network expansion, new product launches, and keep investing in the brand visibility in good and bad quarters. I think these are more fundamental ways of driving demand. But debtor day control and reduction is a key priority for us. We will not have any growth at the cost of using credit as a lever.

Sonal Minhas: I understand that. That's what's the feeling is. And that should translate into ROCE, I'm presuming, and that should also be at par with or directionally trending towards the market leaders in the peers that you've been alluding to, I presume.

Nihar Chheda: Exactly. Exactly.

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

Nihar Chheda: Thank you, everyone.

Anand Gupta: Thank you.

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