

Astral Analyst Meet,2023

17th May, 2023

Mr. Sandeep Engineer Speaks,

Thank you everyone. On this analyst meet it is my pleasure to welcome you all, and it is great to see that we are filling the hall every other meet more and more; so the family of analysts who are covering Astral is also growing. This is our 25th year. Astral, this October enters, finishes 25th year, 25 years. Since I started Astral in 1998 with a small factory with one extruder and with a history of six years of struggle to actually bring CPVC to this market. Today CPVC is one of the fastest growing polymer in India and with pride I should say that Astral put the roots of CPVC in this country and for five years people were not convinced to use this polymer and these five years of struggle were the hardest years of my life.

Now, when I remember and when I see today's Astral after 25 years, it is because of the help of multiple people who have taken Astral to this level. And you are also the part of this journey. And I am happy to say with pride that you have always stood by us in the thick and thin times and we have always come out victorious of whatever the situations we passed through.

Today, we have pipe business. In pipe business, we have multiple product lines.

We last year launched a new drainage product Drain Pro, innovative product for India and we are the only one making after Silencio and which has picked up very well in this market. It is accepted in the market. We are going ahead with expansion of the product line in capacity.

We have ordered machines and we'll be almost doubling the capacity in the Drain Pro and the Silencio. Then we come to the fire sprinkler CPVC which has also started picking up in many markets and many markets have got the approvals of the fire sprinkler pipes. Day by day the business of Fire sprinkler which I've been talking for many years, has now reached a level where the acceptance is fast, approvals are fast and the usage is growing. The Valve project which we have been talking almost from two years, is almost complete.

I can say the Ball Valve range is complete not almost. We have launched the complete range of industrial Ball Valves in Indian market and there are export inquiries which will be attending and delivering in this year. So the valve project which started of two years back was little slow because of the COVID as our valves, our moulds and our parts which are used in the walls come from Europe.

So that investment and that part of business is now fully operational. We will be this year and in coming two years we'll add multiple range of valves and we'll become one of the companies from Indian soil where we can give industrial valve to the level which is delivered by the world's best companies.

Then we go into the composite pipe. We had some issues with composite pipe, which was stopped. We had to stop the production because of the adhesive glue which was coming from Germany for the adhesion of aluminium and CPVC. The German company stopped the production because of the ban of usage of certain chemicals used in the product.

We have done our own research and we are back with the product, with the new glue and complete research and this research now we can say is completely owned by Astral, so Astral has done this research and brought the product again to the market. Coming to the expansions. The expansion work at Hyderabad has started and we'll be adding 70,000 tons capacity from that plant. Guwahati, we have just signed and taken over a whole premises, complete premises of shades on rent and we will be starting a plant in next two to three months, pipe production from Guwahati.

Here the capex will be limited only to the Machinery, Plant building we have gone on a lease model; we have leased out the plant building. The other segments you will see some product segments here, valves are also there. Other segments, especially in the infra business. Last six months, the infra business has picked up very well and we are running at almost a full capacity or almost the optimal capacity. So we have ordered more machines in the infra business.

We have certain products which also play important role in the infra business, which we only make in India, is desalination product. Some of the product used in the bullet train projects and various such infra projects which are now being sold at the optimum or level beyond our capacity.

So we are adding capacity in that. Pipe business, various plants are also doing some balancing capacity work. South we last year said that we will be starting our fittings. Some fast moving fittings have started its production from south. The plant at the north, especially infra plant and the plant in Rajasthan is also running at a good capacity. So we'll be doing some balancing there and similarly various plants are adding capacities and doing some balancing expansions.

Coming to the Adhesive business. In Adhesive business, we have started trial runs at our Dahej plant. Last year we talked that we are coming with a state of art facility in the Dahej for certain chemistries. The plant expansion is over. The plant is operational. Trial productions have started and in next two months, it will be fully operational with certain chemistries, which will be made at Dahej.

The plant in Ahmedabad is running with more chemistries, more innovation. The R&D is running at its full pace.

Similarly, we have now a very full-fledged R&D setup in the pipe also. So there also we are doing a lot of R&D and innovation and new product development is going on. So, Adhesive, we have four segments. The maintenance, the industrial chemicals, industrial adhesives, the wood segment. And now we have the construction chemicals. And this whole year we have put individual heads on these four segments.

Now the four segments itself are started giving good results and in next two years each segment will be stronger than the other segment in its own way.

The two new products which everyone wants to know, how you are different and what will you do, is sanitary ware and faucets. Now if you see the sanitary ware and faucets was something which people thought that why and what?

But when you see Astral and when you see the way it's sold in projects through a consultant, used by a plumber and through the dealers and similar way. Faucets are used by the same people, applied by the same people and sold through the same channel. So getting into faucet and ceramic ware was

something which we needed to extend for both reasons. One, is to make the brand more visible to the customer and second is that our channel also needs some more products and the channel has accepted and started selling it very well.

We have not come with any pressurized way of selling products, not building volumes, not numbers. We are going and laying brick by brick to develop this product segment. When we started, we had outsourced model which we are thinking, but after seeing the way it is manufactured, especially faucets with metallurgy coming in, then electroplating coming in and the inside parts, moving parts are there.

So we decided last year and we told last year that we have gone with our own facility in Jamnagar. The same facility has been expanded, it has been doubled. At present 40% to 50% of our faucets are in house.

In next few months we will have almost 100% faucets made in house. So this product Astral will be making it, developing it, selling it, innovating it and all our designs made in faucets are completely made different than what are available in the market. We have not gone. go to the market in Jamnagar.

If you go for two days you can become a faucet manufacturer.

But we have never done any shortcuts in coming into this market and this segment by just lifting a ready product available off the shelf, branding it in our name and putting it to the market. And quality, we are very very conscious about this quality because here we talk to the consumer directly. The consumer sees us, the consumer sees the brand.

Pipe goes behind the wall, Adhesive you cannot see where it is applied, paint you don't know whose paint is used in this hall. That is what we are continuously working to see that this product line is always above the mark than anyone in the market and that will continue to starve to develop this product as a unique product line and be with the global standards.

Coming to paints, last year was just the acquisition was over. This year we have done lot of things which had to be done for a small company. We had to put the systems, we had to put the SAP, we have to put Manpower systems, we have to put HR systems, we had to do many corrections which were required backhand before going to the market to actually sell the product, and this year we will be rebranding it. We'll be having manpower on the place.

Senior manpower is already joining. So we'll have Senior Manpower on the place and we'll be completely doing a relaunch model of paints in next few months and we will be surely communicating that model to all of you. And if need be, we'll come personally and also communicate the model and show you how we are going ahead in the market on this product line. Especially even industrial paints and the decorative paints.

So we have now the bandwidth. The bandwidth is very important with the growth. Me or Kairav or Saumya or Hiranand bhai and many such sitting here cannot do everything. So we have a full fledged huge office running in Mumbai with 150 people in marketing. The Ahmedabad office is growing with senior people. We have now a CTO, full fledged CTO hired from a very big multinational company who heads the systems and we are working, lot of things are happening around the IT systems.

And we are integrating the whole company to see that how the data is shared, how the data talks to each other, how the marketing guy, how he is visible, what is doing, what are the performance analyses and various such things. What is sold at a counter, how much it is sold, why it is going down,

why it is going up? So lot of these things are going on at one time and in next two years the company will itself become a company which will be having manpower but the systems will be above manpower.

The HR is going to be a big thing for us with so many verticals, so many humans working and so many offices, plants getting operational. We have just, a very senior at CHRO who joined a few days back from another multinational. So today I just want to tell you in one nutshell that if I had to go three years back and ask these people to join me nobody would have, nobody was willing to come and see at Astral. Today the manpower which we need and the manpower which is coming to us is coming from big multinationals and are coming and joining us with the future vision which we have and which they look in us.

So we are getting very good manpower from last two to three years, which is I think the major concern with growth. which everyone concerns that with growth, with so many verticals how will you place people and how will you place the growth with the people?

So there are a lot of systems loyalty programs are there I think as we have question answers, I'll answer if you have any questions. We are expanding our boards. We have new two independent directors who have joined in, are both chartered accountants.

And I also welcome Kairav and Hiranandbhai to the Board of Astral. So, Astral board is now expanding, and we will be putting more professionals to guide us through the journey of growth in our board. So, thank you everyone. It's a short speech because this time, Kairav will be also giving a presentation and Hiranandbhai. So my role is diminishing, and the new generation's role is getting more aligned. And in few years, you will have more new directors joining us. And I'll be there always to answer whatever you want. Thank you very much, everyone. Thank you.

Mr. Kairav Engineer Speaks,

So, good afternoon, everyone. Thank you for making it to the analyst meet.

This is my 12th analyst meet. I joined the company in 2011. So almost twelve years I've spent.

So every year I see the crowd increasing, which is a good sign. And I think next time we will even need to do it in a bigger hall. I'm going to run through this presentation really quickly because there's a lot of information on most of the slides.

But don't worry, the presentation will be uploaded shortly after this meeting is over. So, in case you miss anything, don't be worried. It'll be on our site.

So, I think everyone knows about the history of the company right now, as of today, Astral has over 8200 employees. We have export presence in 25 nations now. We have manufacturing presence in three countries.

We have 22 manufacturing units, out of which nine units are for pipes, five are for adhesives and sealants. Five are for water tanks, and three are for paints. We have 4,27,000 metric ton of production capacity, out of which 2,90,000 ton is pipe, 1,00,000 ton is adhesive and 36,000 ton is paints.

We have 38 trading depots across India, out of which 17 are for pipes, 10 are for adhesives and sealants, and 11 are for paints. This metric does not include any of the newer announced plants which are under construction or not have commenced. I think this corporate structure everyone is well aware of.

But I would like to add that as of today, across all divisions and verticals, we have access to more than 2700 distributors in India, be it paint, be it adhesive, be it pipe. And Astral products are sold at 1,93,000 retail outlets across India. So this includes all the product.

It includes paints, adhesives, construction chemicals, sealant, pipes, water tanks, everything. But as you see, our retail reach is expanding every year, which is a very good sign and a very healthy sign for the brand. So, these are our 7 categories that we operate in. Pipes, tanks, adhesives, sealants, infrastructure product, faucets and sanitary ware, paints and specialized valves. And I think one more category they have forgotten to put in this presentation is construction chemicals that I think they will cover under adhesives and sealants but it should be a different category.

So all of these categories put together, I think Hiranand bhai will explain further in his speech. All this category put together gives us an addressable market of 1,50,000 crore. Am I correct? Hiranandbhai? Even more than 1,50,000 crore addressable market.

So you can see we are in this seven or eight high growth categories where the market opportunity is very big. So the growth potential for the company in the coming years is always going to be very bright. And obviously we are working very hard to ensure that we grow as fast as possible and you know sort of expand organically and inorganically in all the categories that we operate in.

Some of the firsts that Astral has done obviously first to launch CPVC pipes in India. We have three adhesives manufacturing facility which is in the UK, US and India. And UK and US also help Astral technologically in the R&D process by giving newer technologies and helping them create better product. We have introduced countless innovations in the Piping category. Very hard to name all of them because every year we are coming out with multiple innovations. We were the first in India to come up with lead free uPVC pipes for potable water. So right now people are talking about lead certification and green building and all these concepts.

But I think back in 2003-2004 we were the first company to prioritize usage of tin based stabilizer in pipes instead of lead, which is harmful for human consumption. At that time everyone was laughing why you are moving to tin based stabilizer. Lead is there cheaper, but at the end of the day, not everything that is cheaper is going to be good for you, human health and human consumption.

So we are very happy that most of the bigger pipe companies have followed our lead and now everyone has gone to the whole lead free concept in piping. We offer the widest range of products in the piping category. I think the range that we have across infrastructural, plumbing, drainage, agricultural, all these pipes put together is one of the largest ranges in country.

Now with the valves adding up, I think we will have the most number of SKUs, I can proudly say in this piping category in India. So, as I said, we have a robust network of 1,93,000 dealers. We have 8 pipe manufacturing facilities already covered.

We are also growing very fast in the double wall corrugated and the infra segment. We acquired Rex a few years back and after that last year has been very robust for us. After COVID, last year was really good for us in the infra segment and looking at the new government initiatives across India, I think this segment will be a real growth driver for us in the coming years.

Now we have 5 tank manufacturing facilities across India. And we were the first in India to manufacture the antiviral tank. So we use a copper based compound in our raw material while we make the tank so that gives the antiviral properties to our tanks and we are the first and right now we are the only company to do it in India.

I think I will not go over much over the journey most of you are aware of the journey. But this year we have launched the valves as already I said, and we have launched the rain drainage - The Rainway, it's a rain drainage system for the slanted roofs.

Especially in states which receive a large amount of rainfall. They need the rain gutter to take the rainwater from the roofs down and most of it is used for water recharge.

And we are now in Adhesives. We are working on the brand architecture for Bondtite. We have taken all adhesive products and combined them and coupled them into a singular brand called Bondtite and Bondtite is going to be our flagship brand in adhesives going ahead. So most of the adhesive SKUs will be covered under the Bondtite umbrella.

These are some of the awards and recognitions. We are one of the most trusted brands of India. Constantly rated one of the most trusted brands of India. We are also considered a super brand by Super Brands India every year.

We are also since past two years, considered to be a great place to work. And now we are also getting award. So the Ball Valve plant got certified as a green plant certification by the government and our Silencio product got certification of being lead platinum so that adds to the lead points whenever you are doing the green building. So this I think most of you know the history so I'll not go in detail over this.

And like my father already said, we are working on CPVC, aluminum CPVC, multilayer composite pipe. So that will be the biggest innovation when it happens, we will announce it to the market. That will be the biggest innovation in the piping category and if it happens, it will be a real game changer for Astral and for the Indian pipe market.

So these are some of our pipe and water tank manufacturing units. Santej is where we make pipes and water tanks. It is our mother plant. Dholka is where we make the pipes. Now Dholka is also the plant where we have added our valve manufacturing unit. Ghiloth plant in Rajasthan, close to Nimrana is where we make pipes and water tanks. Hosur in Tamil Nadu, close to Bangalore, we make pipes and water tanks. Sangli, we make the infra product. Sorry. Sangli we make the infra product. Aurangabad is where we make pipes and water tanks. Aurangabad plant was acquired when we acquired the Sarita brand. Sitarganj is one of the old Rex plants where we make the infra pipe. Bhuvneshwar is our new facility where we make pipes and water tanks and Jamnagar is our Faucet facility. So Jamnagar we are increasing the number of SKUs produced in the plant. So most of the, 99% you can say the Faucets that we sell in the market today will be manufactured in house so that will give us access to basically help us manage the quality of the product.

So the QC will be in house and it's a very sensitive product because with the moving part you have to ensure that the quality remains very good and that is a true test of a brand in the market because in Faucets; see sanitaryware you don't require that many moving parts. So sanitaryware it's easier to outsource. But Faucets, the more in house you make, the better it is for you.

So these are the Adhesives and Sealants manufacturing units, the Sealant facility in UK, the Sealant facility in the US, both Adhesive facilities and then in India we have Rania, Unnao and Santej and shortly we are also going to inaugurate Dahej plant. So these are the upcoming facilities - In Adhesives Dahej, In pipes : Hyderabad facility and also for the first time we are going into lease model in Guwahati. So we have leased the premises and then we are only going to put up the machinery there. So it'll be a very fast plant, it'll come up in a few months. So Guwahati is going to cater to the fast

growing north east market. So these are just some of the slides with the Pan India presence. It's too much to convey.

So these are our product offerings right now in the piping segment. These are the plumbing, drainage and some are infra products. These are cable protection, wire protection, agri, infra, urban infra industrial products.

These are our ancillary products like solvent cement, specialized fittings, insulation material, bottle traps, air admitant valves, clamps, anchors etc. So we have put up some of the samples of our newly launched valves at the back. I think after the meeting it will be nice if everyone can just take a look at them.

They are really really up to the international mark and they are much better than some of the valves that are currently being imported into India. So I think valves once we finish the entire range in a few months I think it will become a real game changer for the company, especially in the bottom line segment, because valves are a high marginal product. And they are also very specialized sort of a molded product which not every manufacturer can make with that precision. So that is also going to be an added advantage for us when we try to sell our industrial systems or when we try to sell to big scale projects. Valves play a very key role.

These are our water tank offerings. We make both blow molded and roto molded tanks.

These are some of our Adhesives sealants, silicon sealants, membranes, waterproofing tapes, construction chemicals offerings. These are the solvent cements that are being sold by the adhesives team and also some of the industrial products sold by the adhesives team.

These are some of the brand building initiatives that we have done. Branding is a very dear subject of ours and we try to do something out of the box every year and that is what has kept the brand alive in the heart and mind of the consumers. For the HSM market, Ranveer continues to remain our brand ambassador. For the south market we tied up with Allu Arjun last year and he represents Astral in the non Hindi speaking market so Andhra, Telangana, Tamil Nadu, Kerala and Karnataka. So we are right now the first pipe company to have dual brand ambassadors at the moment.

We launched the ad campaign with Allu Arjun last year. It was very well received by the local markets in the south and has been performing really well for us. We also did one campaign talking about the importance of good quality pipes and how people are using high amounts of calcium carbonate or what we call as Chuna in pipe. So how to differentiate and what makes Astral product much better than what has been currently sold in the market mostly by unorganized players.

These are some of our cricket initiatives. We did a campaign with all the three teams that we sponsor, celebrating the 25 years of Astral. We also have an association with the Lucknow team for our Bondtite product and we did a small engagement with them as well.

So now instead of just doing ad films for TV, we are doing small trade films. So we are making short films and then using the medium of WhatsApp, Facebook, Instagram to target our end consumers and to target our actual users and focusing on short bursts of campaigns, one week, two weeks, three weeks and then focusing and targeting our key customers. And the ads are designed in such a way that they are very funny, they are very light and the message is very clear in them. So we do a lot of these small ads. So this is one of the campaign that we did for Bondtite.

Now we have started the marketing and branding for our sanitary ware and faucet also. So in the coming six to twelve months you will see a lot of ads in magazines and at prominent places and you will see a lot of buzz around this our new sanitary ware and faucet product also.

So we acquired Gem last year. This year we are doing a major revamp on the paint side. I think we will reveal certain strategies once they are ready to be executed into the market. So in a few months we will talk about what we are going to do with the Gem brand and how we are going to integrate the Astral brand with Gem. So that is a story that will unfold in the next six to twelve months.

So I'll cover some of our CSR initiatives. CSR is also very important thing for Astral. As a company we are focusing on selected few areas and then we are concentrating all of our efforts to ensure that our CSR fund is well spent and there is an actual result happening. So we focus on women empowerment, we focus on infra development, we focus on education, wildlife conservation, healthcare and supporting the disabled.

So, these are some of our initiatives for the CSR work that we have done.

So we put about 2.7 kilometer pipeline in Hivali. There is a small film that we have made on that, that's on our CSR social media page. We donated fire uniforms to the Ahmedabad Fire Department. We've renovated and constructed many anganwadis and we have put up clean water drinking facilities at many schools and anganwadis. For education, we have helped to develop a science museum at the riverfront in Ahmedabad.

We are contributing uniform, school bags etc for the government schools and schools in tribal and rural areas. For wildlife conservation, we are doing a lot of solar work in different jungles to provide drinking water for animals. Plus we are giving vehicle support to the forest department. Plus stuff like uniforms, other gears like shoes, etc. And we are also doing a lot of watershed mapping, lot of technical assistance to the departments to lay pipelines across the jungles. So that is some of the work that we are doing in the wildlife side.

In healthcare we are focusing on the juvenile diabetes. The whole camp that they give free insulin to kids coming from very poor families. So we are focusing on the Juvenile Diabetes Foundation. We have recently donated a lot of wheelchairs to the specially abled kids. And for women also, we are giving, I think on Women's Day we focus on women's hygiene and we focus on women healthcare a lot.

Our CSR films has also won several awards lately.

So these are just some of our sustainability initiatives in the company. Like I said, we are leads platinum certified for our Silencio product. We have increased our solar energy capacity. We are certified with Griha for our CPVC pipes for the Green certification. We have a 46% growth in our CSR spends. Our energy consumption through renewable sources was 18% in Santej and 20% in Dholka.

Substantial increase in training hours from 12,000 hours to 17,500 hours. So a lot of work has been done on the sustainability side. Now I think I'll hand over the podium to Mr. Savlani and he'll take forward, on the way forward as well as the financials.

Mr. Hiranand Savlani Speaks,

Good afternoon everyone. So this is what the vision of Sandeep Bhai, What he wants to see the company way forward. So basically we want to be a focus company into the building material space and we'll keep continuously focusing into this area so that our core area should not be disturbed. And even today also many people have a question mark that Astral is entering into multiple verticals. But you see, we have never ever compromised our core business i.e. the pipe business.

Pipe business still we are growing. I will show you the slides also where you will be having clear picture that we have not sacrificed, neither on the growth side, neither on the profitability side.

On the contrary, day by day we are improving that and we will continue, because we are seeing that in pipe category another ten years there is no Mandi (Recession). So we are very, very clear that we will not leave that core area and we will be continuously focusing on our CPVC, which is our bread and butter for our organization. And parallaly with this, we will be continuously adding the new, you can say the polymer related pipe which Sandeep Bhai already explained many of them that Drain Pro, the Silencio, Bandable pipe, further we are innovating certain things into the pipe category and once we will be ready at the R&D stage we will do that announcement; so that work is old and shortly you will get that also.

So this is what I think we committed last time, that in FY 21 - 1st time we had given the guidance for the next five years that we will be growing at a 15% CAGR, we are going to doubling our company in five years and we spent 1000 crore rupees in last five years and through that we have added a few new verticals also like Faucet is there, Paint is there, Drainage pipes i.e. Silencio and Drain Pro is there, Water Tank is there, Valve is there. All this put together, we projected that we will be doing close to about 1500 crore revenue and I'm very happy to share with you that this year we have already crossed the 400 crore + mark. So we are on the track and what we have promised you for 1500 crore. We are confident that we will be able to deliver you 1500 crore mark in next five years. So this is the one year we have completed.

This is the industry outlook. We are foreseeing that this year should be a very good year for the industry in terms of Pipe. We are expecting minimum 9 to 10% kind of industry growth that is our internal estimate. I don't have an authenticated number from the industry what they are, but this is our internal estimate that minimum 10% kind of industry growth will be there and per se Astral we will be growing 15% to 20% in volume. Why We are claiming additional five to 10% kind of growth? That is mainly because we are launching new products. We are entering into the new geography either by way of putting up a plant or by way of putting up the depot. So these all are going to help us to grow our market share.

I can give a few figures of East. East we have recently started and today my plant is running at a 750 to 800 metric ton run rate consistently since last 4 months. So you can understand that next year alone in East we are going to aid 15,000 metric ton sales.

So that is the speed at which that new segments are growing plus what Sandeepbhai said that Guwahati we are going to shortly start the plant because that is the rented premise. So in next 3 to 6 months' time that plant will be operational with the initial capacity of 12,000 to 15,000 metric ton. That will also start giving us the revenue immediately because all the seven sisters hub is Guwahati and from there only the distribution takes place. If you are the part of that area in the manufacturing side definitely you are going to get the market share. Brand Astral is very very strong in the country but the only thing is that particularly in polymer business logistics play a very important role. If you are near to the market then that is going to help you in a big way.

So that is why we are consistently telling that since last 5, 6 years we are putting money which is not required to put that much of capex but still we are continuously doing intentionally high capex because we want to be a Pan India player. And that's why though our capacity utilization is slow, still we are committing more capex. And that run rate now is going to be little slow but still we have identified a few pockets where we feel that still Astral is needed to be there and that is going to help to grow the market share. So that's why we are going to add one more plant after Guwahati that is in you can say Hyderabad.

Hyderabad we are going to put 70,000 metric ton plant, out of that 30,000 will come in the first phase that will be in FY 24-25 second half and then rest of the 40,000 we are targeting to bring in FY 26 second half. So that is what and there we are going to commit 100 cr rupees of capex.

We have already acquired the land over there. Construction is right now going on. In the first phase the PVC pipe will be there and the water tank will be there and in the second phase all the other products of CPVC, white PVC and all products will be there.

So this is the number you can see what we committed in this pipes. We committed in FY 21 that we are going to grow at a 15% CAGR. In last two years if you see our CAGR is close to 25% so we are much much ahead of what we have given the communication to you. So by nature we are a conservative company. We don't want to commit unnecessary high numbers to you and then don't deliver.

It is our history that whatever we communicate we are always trying to deliver. Even in the worst environment like COVID, our company has delivered the number what we have promised to all of you.

So this is basically key things where we are claiming this thing that the biggest advantage which we are seeing the shift from unorganized to organized. What we are seeing lately in the markets in last couple of years, the volatility has increased too much, particularly from the raw material side. Because of high volatility there are plus sides also there are minus sides also. Let me talk the negative side first. Because of this high volatility, the profitability become up and down. That is what exactly you have seen in the current year. First nine months performance you see and the last three months performance you see. That is the result of the volatility. So, In a way it is not a good from the investors point of view because investors always want the consistency of number and Astral always believes in the philosophy of consistency. If you see in any of our concall, we start with the consistency. We believe in the growth, but we believe in consistency of the growth. Not only in the consistency of growth we believe in the profitable growth also. In this turmoil you can see all the Pipe companies' numbers. You will find so much of up and down. Compared to that if you see the profitability of Astral, Astral is still maintaining much. I can say stronger than what the peers are doing so we always believe in... sometimes we have to sacrifice little growth also because of consistency but we are very clear that we will be maintaining the consistency. and whatever we are going to do that should be profitable otherwise we are not here to burn the cash. Not a single business we are mentally prepared to burn the cash and grow the business, that is not the mindset of the management.

So that shift is definitely from Unorganized to Organized is going to help us in the long run. The plus side of this is that the smaller players, day by day, we are seeing that, because of this high volatilities, are getting wiped out from the system. And we can see clearly not only smaller players, even the bigger players are getting lot of stress on their balance sheet and that is going to affect them sooner or later. So people who are doing only top line game, ultimately they are going to suffer like anything. Because now capex are not that easy to do. Because land cost are going up, construction cost is going up. Machine cost has gone up, everything is going up. So in that environment if you are not making

money then it will be very very challenging to do the future capex. So only top line is not going to serve the purpose. So that's why we are seeing that this volatility is helping us not only immediate basis but definitely on a long term basis it is going to help the organization, because small players will be wiped out from the system and many, I can say bigger players also who are not focused on the profitability, they are also going to suffer in this kind of volatility and this volatility will still be there for some more time. It is not that this is the end of the journey. It will keep continue for some more time maybe one quarter or two quarter. We are foreseeing that the Volatility will still be there.

Secondly, we are foreseeing the high growth from our recently launched product.

Whatever new products we have launched, Tank is the live example. In the very first two years, first year we did around 43. This year on a net bases, we did around 94 or 95 crores. On a gross terms, we did around 115 crores - 113 crores. So in a two year span, we have reached close to about 100 crores mark. Similarly is the situation of the other new products.

So new Product contribution will be very high in terms of percentage because the base is still very, very low. So that is going to help us to grow faster. That's why we are claiming a 15% plus kind of volume growth. Otherwise, industry 9 to 10%. We being one of the larger player in the industry, we should be at par with the industry growth. But we are still of the view that we will be beating the industry growth what is going on in the market.

Secondly, decentralization of plan, which is continuously we are telling that we are continuously doing the decentralization and decentralization is definitely helping us which you can clearly see in the numbers also that because of decentralization our profitability in last 4-5 years has improved a lot. Because logistics play very, very important role in Pipe industry. Within Pipe also, if you see the PVC is the low value product, on that logistic cost in terms of percentage will be very high. So if you want to do the PVC business, then you have to be decentralized. Otherwise it will be practically very difficult to do the business. CPVC, still it's a costly product, So from a distant location also you can serve the market by incurring 2 to 5% kind of freight because there still the margins are also high. While PVC everyone knows that the margins are very, very reasonable I can say, particularly for a company like us. Otherwise, for a mini company, it is a very thin margin business. In that thin margin business, doing the business from the distant location is going to be a pain. So that's why we have accepted that theme of decentralization and continuously we are decentralizing ourselves. We started from West, then we entered into South, then we entered into North. This year we have entered into the East. So now all the four zones we have covered. Within four zones also we are seeing still some pockets are there where we can grow in future and we are going to aid the capacity and that is why two more locations we are aiding shortly.

Secondly because of the brand strength continuously companies are spending a lot of money into the brand building activity. Whether you can say our relationship with Salman Khan which has created the Astral from one level to next level, then supported by IPL and then now recently been Ranvir Singh and lately Mr. Allu Arjun. So all these branding campaign has given clear visibility of the brand Astral across Pan India. So that is going to give us the pull effect.

So far we were in the push mode, so continuously we were pushing our product into the different different geography. But now this all event and continuous visibility, particularly in this time I am seeing, everyone is telling that we have seen Astral in IPL. Hardly anyone is there who will say that I have not seen the Astral because this time the viewership of IPL is the highest in the history. So that has given a clear visibility of Astral brand across the country and that is giving us full effect not only into the pipe business but our new businesses like our Adhesive and Sealant business, our Sanitary

Ware, Faucets, still it is a baby I can say but there also at least visibility has started coming. Tank also. All these new products, is going to be immediate beneficiary out of that. Pipe and Adhesive is now at least at a certain size but new businesses are having low base. So if the low base products are getting the visibility of brand they will ramp up very quickly. So that's why we are expecting that the new businesses will contribute very fast in the coming time.

Adhesive also we are expecting that this year industry should grow somewhere around 8 to 10% and our company will be growing much faster.

We are expecting 20% +, 20% growth because UK may not be giving us the 20% growth but India business will definitely grow more than 20%. Last year also in spite of so much challenges, so much of volatility of chemicals and all, Resinova products were close to about 21% growth and a very very healthy margins also. So now, again in that business also, we are foreseeing that the margins will be above 15%. Last couple of year's margin was challenged because chemical price has gone up haywire.

Some chemicals we have seen it has doubled the price also during this volatility and in that business pass through takes place very very late. So because of that it was really challenging for us to maintain the margin. But now I think we have come back and now from this year onward we are foreseeing that the margin will be 15%, should be the minimum margin this year. That is what we are expecting from this business also.

UK had a lot of challenges because of COVID and all this thing and you know, protocol in those countries are very different. So because of that we had challenges of growth so because of that UK operation were not able to grow last year. So they were flat at around 332 or something Crore for last two years but this year I think we are confident that UK will also give us minimum double digit growth. That is what we have got the budget also and we are seeing on ground also things are changing and margin expansion also has started in UK business also in last month of April I can say but it's too early. But we are of the view that both the businesses, India operation as well as UK, both are seeing a margin improvement in the month of April but it is too early but on a full year basis at least whatever we have delivered last year, we should be much better than the last year in this current year.

So Resinova also continuously we are adding the product basket also. The best part is that what Sandeep Bhai said, the management bandwidth, so there also in every vertical we have appointed a head and they have come from a reputed company and they have taken charge of that division and slowly and gradually they have started working on that and they have started giving us the growth. And that is the reason last year in spite of so much of volatility we grown 20%. Still I can say our base is very very low in Adhesive, still we are a 850 crores company in India. So still we are a small company compared to the opportunity what is available of 15,000 to 20,000 crore kind of opportunity.

So still there is high probability that in next 4 to 5 years we can grow at a much higher pace than what the industry's growth is there. So we are still maintaining that in next four to five year we will be able to grow around 15% kind of our top line. So that is what we are expecting and that's why we have not revised our guidance. So we will be still maintaining that we will be able to maintain 15% CAGR growth for next five years. Yes definitely challenges will come like what has happened in polymer this year. If the polymer suddenly come down like PVC has come down from 160 to, peak to today almost Rs. 75. If these kind of volatility will keep coming then one year maybe miss that number but again on a five year basis we don't see any challenge will be there. So last year also you can see there was a drop in the polymer price substantially. Still we are able to grow not only in volume terms but in value terms also.

So we are working on internally how to cross utilize the data of every division. Like all divisions are interconnected, Pipe, maybe Adhesive, maybe Sanitary Ware, Faucet and all where we want to see that how this data can talk to each other.

Now, suppose my any sales guy visited any project and he got the pipe order. So he can immediately inform the other teams that I have got pipe order or there is high probability that other product can be sold. So he can immediately inform the Sanitary Ware and Faucet division also.

He can inform the Adhesive team also. So that team also will get the information that here Astral already has a connect and they are already using the Astral products. Pipe products. So there is high probability that we can convince for the other products also. So we are working on that and similarly the dealers also. Many dealers are common, they are selling our Adhesive also, some are selling Pipe also, some are selling Sanitary ware per say, so there also we can work out a strategy whereby the team can talk to each other through the software, whereby they can get the information and they can pass on to the other team and other team can connect them and they can bring the business from there.

So there we are working very seriously and we have assigned the task to the team and team is working on that and software is under preparation and hopefully in next one or two years we will be able to work out on that parameter and that is going to help the organization in a big way.

So this is I will take last. So this is the performance of plumbing business. So plumbing include Pipe and Sanitary ware and Faucet. Faucet is hardly any number so mainly it is the pipe business. You can see the growth. This is the last 4 year CAGR growth which is almost 24% and EBITDA growth is also 21% and PBD growth is 27%. Last quarter the value growth was not there because mainly polymer price has fallen down. But again on a full year bases we were still in a better position.

Same way, but here the top line growth was not there but because of fall in the price there was a sizable improvement into the EBITDA. That's why you can see in the last quarter EBITDA growth was 34%. Same thing PBT was 40%. So all these numbers are there. So I don't want to take much time into that side because all are in public domain already.

This is the capacity utilization. You can see consistently capacity utilization is improving and we have almost reached at the stage of 60% utilization. So still it is low, because of decentralization work is going on. That's why utilization is slow but once this decentralization will be paused then the capacity utilization will shoot up very fast.

This is the working capital. Working capital, here you can see that the debtors day and these inventories are very well in control. You can see what was there in FY 20 and what is now today. But this creditors days were reduced mainly because in the month of March we had a big advantage of currency and we were sitting on the cash. So what we did, we get the discount from our supplier and we paid them early and took the advantage of currency. So we have booked 6 crore rupees of foreign currency gain in our books of account in last quarter. So almost 2.3 - 2.5 or 3 crore we have booked in exceptional item because that was related to you can say creditor and other was related to the financing side. So because of that it is reflected into the other income. So because of, to take that advantage we paid up early to the creditors and that's why it is showing the overall working capital days. Some days have come down, otherwise working capital is very well under the control.

This is the Paint and Adhesive, there also the growths are more or less on a track going very well. So I don't want to discuss much into this number because it is already with you.

So this is the breakup of our Pipe business and the other business, Paint, Adhesive. Here also you can see still 73% of contribution is coming from Pipe. Though Pipe has a higher base, but still we have not sacrificed our core business and here we will continuously going to give focus and in the coming time we are confident that the pipe will still grow at a higher run rate than the industry and that is why this ratio will be more or less maintained or maybe little bit reduced in terms of percentage. But the absolute level Pipe will keep growing at a reasonably high pace.

This is the consolidated full year number. Last four year growth is around 26%, EBITDA growth is 22% and PBT growth is 26%. So more or less going in same line, this is you can say Q4 number, again this is the consolidated number of working capital what I explained you that to take the advantage we have taken heat on the creditor side, we have reduced the creditor days, otherwise everything is within control and this is the net cash position of 410 crores.

This is what the market opportunity in which Astral is there, what Kairav was telling, that close to about 150,000 crore plus opportunity there. Pipe is close to about 37,000 crore market, we are just 8-9% of the market share. So still huge scope for the growth and gaining the market share. Adhesive, we are still 4-5% of the market share so there is also huge potential to grow fast in that segment also. Adhesive UK we are just 2.5%

so there also there is enormous opportunity for the growth. Paint, is just beginning of the journey so there is no point to discuss about that. This is just 0.4%. Even if we get 1% market share over the next 10 to 15 years period our growth will be 20% CAGR. Even if we take 1% market share after ten years I'm telling you, if we get 1% market share of what is there, we can grow in 20-25% CAGR. So huge opportunity into that business. Of course challenges are there. It is not an easy business. But at the same time brand Astral is very very strong.

So we have a confidence that in that segment because right now, whatever growth at 10% you are seeing in the Paint business of the Gem paint, which is coming from only 3 states, so once it will become Pan India, definitely the numbers will be much much better. And with the support of Astral dealer and distribution network and the brand, we will be growing much faster.

I think most of the points I have covered so I will not take much time into that. Thank you everyone. And if you have any question you can ask us. Once again I am requesting every, my investor look at this company from the 10 years point of view and these things I am not telling you today, from my first analyst meet till today. I think 2008 was our first analyst meet. 2007 post IPO, Arunbhai was there. Till today I am telling that one or two years ups and down will be there but if you pick up the little longer horizon of five years, ten years, we will not be going to disappoint you. You pick up the return from any point of view. You pick up 1 year return, 2 year returns, 5 year returns, 10 year returns, 15 year returns, all categories Astral is beating the expectation of the market so please trust us but come for the long term with us. Thank you very much.

Q&A Session

Attendee: Sandeep Bhai, thanks for a very detailed presentation.

Two questions. One, you've added a segment in the Adhesives business. If you could give us some sort of an opportunity that we have in this segment and what will be the major user case, use base of this segment?

Mr. Sandeep Engineer:

Hello. In Adhesives there are four segments and the first segment which is called maintenance has certain chemistries. Segments are based on where the application is and with the chemistry. So epoxies, sinoacrylates and silicones and many such products fall under the category of maintenance, where maintenance is called a category used in construction. But it's joining the stone or many other such applications.

The wood is mainly for the wood joinings. The construction chemicals which is the fastest growing category of the Adhesives has many applications. Cementation mixtures, then waterproofing, then a lot of things connected with fast setting of cements, fast setting where you can speed up the construction work. So today globally also construction chemicals is the fastest growing segment and India is much behind the globe because of, Here there are many reasons this segment got not covered and there were many reasons which you would not like to discuss here but today if you see with more companies, with branded companies coming into construction chemicals, also paint companies coming into construction chemicals, this segment is going to grow at a fast pace and will be mainly used for, many applications where the raw construction is done, waterproofing and cementing and mixtures. And industrial is the same Products when sold in bulk for industry is industrial segment. Products are same but if you sell 500 grams to 1 kg, 2 kg is normal retail. If you go to industry, you go to Agra and sell Epoxy for making bangles is an industrial sense. So all these are different four segments in Adhesives, and each segment, as far as I am understanding from the market, has picked up a huge growth.

There are certain chemistries and certain products which have come in the international market, especially Europe and America and many other markets. We are still much behind in that and when these hybrids, these are called hybrids, Single component. Now there are a lot of two component products. India is on two component products. The world is moving to single component product. And as it moves to single component product, the whole way of looking at Adhesives will change and we in our UK and US plant are moving to single component. We have water based products in UK and US, which we are launching in India for doing waterproofing. So these are also good, in way of not creating hazard environmentally and for the applicator. So a lot of things are changing.

The good part we have, we have a UK unit, we have a US unit where the R&D is strong, and the India unit where even the R&D is strong. So everyone talks to each other. A lot of development is done in between all these units and we have access to chemistries from global countries like UK and US. A lot of these things are helping us. There are certain things we are working on very advanced chemistries. It's too early to communicate on that till we don't bring it to the market and try selling it. But we are already going to launch it at some point of time this year.

Attendee:

Hiranandbhai you've given us guidance on a five year basis for your core products. Pipes, Plumbing, Adhesives. If we look at the new products, I know the base is very small so any number that you give, may get knocked off in the very first year itself. But if we look at a five year horizon and try and club all these products into new and emerging products, some number you would like to give us of growth?

Mr. Hiranand Savlani :

I think 15% I have given that is a consolidated number I have given. Yes, definitely there are a lot of triggers available into that because we are working on multiple products in our plants. Whether it is a Pipe category, whether it is a Adhesive category. Now even Paint also we are working something new. So these things, once it will unlock, then I will be in a position to communicate to you. Today, if I will start talking the big number, and even if in one quarter I will not be able to achieve, everybody will start firing us that you said this, you are not delivering this. And the problem is that nobody has a patience for the long term. Everyone wants, every quarter you outperform which is very difficult for us to do. So that's the reason we have given the long guidance and that's why I say it clearly that come with Astral for next ten years point of view. Because it's too early to say that what is going to happen two year down the line or one year down the line. Because companies growing so fast and bringing so many new things that, any time plant people come,

Saumya all of a sudden comes, Hiranandji this product is ready. Now sometimes even Hiranandji is not aware of how many products are being developed so the pace of development is so fast at the plant level, Astral's R&D team has grown so big, I mean we have created a whole buliding in Adhesive for R&D. In the Adhesives, things are moving so fast. So it is too early to say which product will launch when, until and unless the product is launched, it is too early to say about the result of that product. Once the product is launched, we can know market reaction. So there are a lot of things happening at Astral level. Many of them can be game changers but it is too early to say because right now, day by day our focus is increasing mainly on value added products. It is okay if we are growing, but profitability should also maintain with the growth. We don't want to focus on the growth alone, we also want to focus on the profitability. So you can see in all my concalls, I say this thing in the very beginning - consistency of the growth and profitability both. And my clear focus is on the allotment of the capital because it is very important. Because when you are multitasking everyone will come and ask for the capital, please give me 25 crs. Please give me 50 crs. For this, 100 crs. For this and so on. So you have to prioritise products that can be launched faster. Otherwise sometimes it happens that you will invest money but the product will come after 3 years, in that case money will be blocked. So there are many opportunities available but until it is unlocked, I will be happy with this guidance. With the time if required, we will change our guidance also.)

Attendee:

Sir, last question Sandeep Bhai, you have been very passionate about the valves business. So you did talk about it in your opening remarks. So if I were to ask you on a scale of one to ten have you reached somewhere around seven eight of what you have set out to do in this business?

Mr. Sandeep Engineer:

Especially if you see why I was passionate is that, we are a country where we are net importers of valves for industrial applications and with the vision which we have make in India, why can't we make if Europe or America can make. Today all the industrial valves if you see in all our industries used, is coming from abroad. So that's why I'm passionate that this thing could still replace a big big market of India. The way the industry revolution is coming and the way it is used in especially water systems and products and all. And if you see our product especially made with the international standards we are even above seven for that. So we took lot of time and we actually made a point to launch it when we are perfect. We never wanted to launch it half heartedly. Now if you see our valves have gone as samples to developed countries and are getting acceptance.

Attendee:

Thanks. Thank you!

Attendee:

Hi sir.

Mr. Sandeep Engineer:

Hello

Attendee:

Can I ask a question please? This is Rahul Agrawal from InCred. Sir, three questions. Firstly, on the employee grooming side you mentioned you're adding people on Adhesives and Paints, I just wanted to know are these people from outside Astral group or there is a lot more promotion which is happening in the company? That's the first question.

Mr. Sandeep Engineer:

You want one by one to be answered or all the three you ask?

Attendee:

Okay second question was on the constraint side. Essentially the presentation spoke about how we're growing, what kind of guidance we're giving for next five years. Just wanted to know the risk side of it also, what could be a hindrance to achieve this growth? Maybe right now if you're facing anything or maybe in the future if you could just highlight two, three major risk which you think can stop you achieve this target, you know it will help us to track it better. And lastly on Bathware we've seen some brands likes of Kajariya, Somani, Vermora growing from a very small base but after five to nine years into existence not really reaching even 500 crores of sales. You said Astral will do different in terms of product profiles. Could you elaborate more on this will be really helpful. Thank you.

Mr. Sandeep Engineer:

See the first thing is that, there is a mix of promotion and mix of people coming. When you are a small company as I told, there were people who were good and were performing great. So they have been already promoted and taken to a level and they are also a part of ESOP programs and they are also a part of variable pays and a lot of these things of having those teams with us. For certain things where we need people who think out of the box and people who have run such businesses and markets and where we need talent, we are trying to add talent. So it's a mix of talent, addition and promotions.

Now coming to your second point, the guidance, I think second was risk. Risk in any business, any business if you take is always there. Now the risk which we have one is we are always dependent on polymers and we have seen ups and downs of polymers and polymer behaviour is no one can predict. So that's one of the things which always risks our business in plastics. If you see the similar things in the category of Adhesives or Paints also we are connected with lot of chemicals, but this is the major thing that the raw material moment can be a risk. Second, covering the market is not a risk but how fast we move is also a challenge for us and that we are already addressing by reaching the nook and corner of India with the existing pipe business as well as the adhesive and now we have to do the same with Faucet, Ceramic and similarly in Paint. So lot of things, a lot of challenges are on our way but now you will be surprised also that our bandwidth of manpower is very adequate, very good. And all of them know the vision, the goals, what they need to achieve and four of four divisions are working for promoters without any stress. Because you are always concerned that chewing more than what we can, actually gulp is not the question which we have done very logically. We have chosen these four segments. And if we had not chosen, there would be a point where our network, dealer network and our cross utilization would not have happened and at some point the growth had come to a stagnation.

Now, what is the other Brands done? We don't want to see pictures, we are a company with four divisions. Those companies which you pointed are only focused on these products. They are specifically only running on these products. We are a four division company. We are a brand much above than the brands which you talked as a Day one and known in the market. We are not telling you will be 400, 500, 700 crores but we will logically grow at a proper pace in our Faucets and Ceramic ware products, built brick by brick. We are not forcing the market. We want the market to come. If you had come to see me in 2007 in plastics, from 1998 to 2007 I just reached 50 crores. In plastics, 50 and little above it. So that was journey where you could have forecasted Astral to be a 5000 crores when we first came in public? So certain products, let it launch. Let us speak after four years and let us have our conviction that we are not looking at any competition.

We were asked about Adhesives when we acquired that. What are you looking at? We were compared to the giants and we said we'll grow, we'll put our footmark in the market, we'll grow our pace and we have done the same thing. We have not taken up head on with any companies. When you see Paints, we are all surprised because the giant is way above us, way above us but there is a market and we make our footprint slowly and steadily. What we will do is, topline will increase at a good pace and the bottom line will not be compromised. That is a real sense of growth we'll achieve and we are confident about all the product line to reach at some level but you have to give us some space of few years to see and prove ourselves which we have done with our products in the past. Today in Adhesive, let us be proud that we are at least the number two of the Adhesive in this market, where number two never existed. It was only one and ten then. So at least we have made a mark to reach at a level where we have a recognition in the Adhesive business and we are looked upon by the competition as a competitor. So that's the mark which we created in this seven years of journey in the Adhesives.

Attendee:

Thank you sir, for answering the questions and congratulations to Hiranandbhai for the promotion on the board sir. Thanks.

Attendee:

Hello, sir. My question on the Paint business. So you've indicated that we'll be launching the product, business or product in six months. Six to twelve months. First, from a three to five year perspective, what kind of investment you'll be making in this business, Paint business?

Mr. Hiranand Savlani :

So I think investment is not needed in that business because the company which we acquired, which has already capacity which can take care of close to about 800 crores to 900 crores business, so today we are hardly 200 crores, gross term we are 250 crores and net term we are close to about 215-16 crores. I don't think any investment is needed. Little bit investment may be needed for some packaging side or some other side that we will do but that will be negligible. Hardly 10-15 crore rupees or so. That's not a big number for us okay.

Now coming to the growth side of that business. For growth what you need? Capex is done, so you need the working capital. That company is generating so much of cash flow that whatever additional cash flow they needed for the working capital, they are generating more cash flow than what the working capital they needed for the growth. So, on the contrary that business will generate a cash flow for us rather than we are going to deploy, the cash flow which we have right now deployed that is for the acquisition of that equity. Because we acquired 51% and that money is also lying in escrow. We have not parked that money to the promoter and another 29% is for our commitment, which will be happening in Q2.

Okay, so 300 crores total outflow will be there, but that will be completely for the acquisition. For the running of the business, we don't need any money.

Attendee:

Your comments are related to one year operation or you're talking about three to five year perspective?

Mr. Hiranand Savlani :

Another, at least two to three years we don't need anything till we reach at a 600 - 700 crores mark, even if needed, even if needed, we have enough space available in Dahej facility where also we can make the paint. So that is also not a problem. We have enough space over there that is in a chemical zone. So I don't think even afterward also we want to put any plant, the capex in paint industry is very, very negligible compared to the asset turn, if you see which is very very high in that industry. So capex will not be required much into that industry. Even if it will be required, that much cash flow will be generated by that business itself because that business is working at 14-15% EBITDA and still Astral's energy is not being added. Because of that, it is growing at a slow pace. 8-10 % growth is there. Once Astral's energy will be there, the growth rate will be much higher.

Attendee:

And this business will be purely decorative business?

Mr. Hiranand Savlani :

No. Today it is 50-50%. 50% is industry, 50% is decorative.

Attendee:

And lastly in the Paint industry another new player will be coming into the space so the competitive intensity further increase in the sector and smaller players could not make the very large presence in last 10 to 15 years. Very, 2-3 players having a disproportionate market share.

Mr. Hiranand Savlani :

That will be always there.

Attendee:

So my question is you are targeting the unorganized space of the industry, which you get more? How are you thinking of taking this decision?

Mr. Sandeep Engineer:

No, There is no unorganized. If you see the paint business, I know smaller, every year as a smaller, it is all challenging for us. I don't deny about accepting it. Everything is challenging for us and every business has a challenge. Every business you step in is a challenge but if you see Adhesive, the retail base which we have created, we have also 100 plus thousand counters which are active, everyone would not use but if 10% of those join, it makes a sense. We are never going to.. We are an organized company, we are a brand actually, we are seen every night in a TV. So we are a brand. We don't want to make our presence felt by only doing one... We will take on as a brand with everyone as equal parity. We'll create products which have equal parity. We'll have connections, but we will grow at our pace and we'll take time also. But we'll make our mark felt at some point of time it will take few years. I don't say we are magicians here, we are actually businessmen. When you see my hair and when I see Miten bhai's hair, in the first analyst meet it was all black and when I see my picture here, I feel little older here, Mitenbhai both of us. So before this comes completely white we'll give you result.

Attendee:

All the very best sir. Thank you.

Mr. Sandeep Engineer:

Just on the lighter part because everything was very serious.

Attendee:

Hi sir, this is Dhananjay Bagrida from ASK. Your Op/ton for this quarter for your piping business was fantastically high. Is this something which you could see sustainable for the business going ahead? Or is it some segments which have done better?

Mr. Hiranand Savlani :

So see, if you see the history of Astral. The Q4 is always a peak quarter, where the economy of scale will be the highest during the fourth quarter. So that advantage will give you per kg higher realization of EBITDA. Secondly, the contribution from CPVC will be always highest in Q4 because that's the seasonal month for us. So in seasonal month it will be always high contribution from CPVC side that is our value added product.

So product mix completely change in Q4 and the margin gap is wide between PVC and CPVC. So because of that also you are seeing that the sudden shoot up has taken place.

Third thing what we said that we have added lot of value added products. So value added product means they are contributing higher margin than our normal margin. So that has also contributed highest I can say in the last few quarters. So all put together has resulted, this per capita, per kg higher EBITDA. But that is not going to be sustainable because this is the peak quarter so in peak quarter you will find this kind of number but once you will go to the Q1, Q1 PVC product will be highest. Because

in Q1, highest Agri sale takes place, highest Drainage pipe sale take place, CPVC will be comparatively low because Q4 is high. Another thing is that in Q4 always annual target will be there to every dealers and distributors.

So to reach that target they buy the maximum CPVC, to attain that ballpark number, to take the advantage of the annual scheme. So all this has contributed in Q4. But that doesn't mean that whatever was there earlier in two quarters we will be going back to that level. So that will be a decent level. But again, I'm telling you, per kg will be very very difficult for us. If I will speak any number, next quarter you will be firing me because quarter on quarter will keep moving in a wide range. That's why I always tell investors that look at this number. If you want to see really number, then look at the full year number rather than looking at the one quarter number.

If you want to invest the money, come for the ten year, not for the one year or two year because this volatility will be there. So it is very difficult to meet the expectation on a quarterly basis. That will be really challenging for us.

Attendee:

And sir this value added would be now for like the full year would be how much percentage of our revenue? And what do we see that let's say scaling up or is that something sensitive?

Mr. Hiranand Savlani :

Full year?

Attendee:

For your piping which you said value added, how much percent of the revenue would now be would be that?

Mr. Hiranand Savlani :

I think we will not be able to disclose that. Sorry for that.

Attendee:

Okay, sure Thanks.

Attendee:

Sir, Venkateshan from Access capital. Again, going back on the question which he was asking, I think this quarter the EBITDA per kg in the plumbing was almost between Rs. 47 & 48 per kg, which I understand, you know there are some things abnormal. Now, you also mentioned that you repaid your creditors a little fast so because of that you would have got some discounts. Also is there like a quantifiable number for the discounts?

Mr. Hiranand Savlani :

No, will not be much! Rather than discount, we get the highest benefit of foreign currency. So that was reflected in other income and there was a positive side on exceptional income. So there the total six crore rupees was there into this line level item, other income and the fluctuation side.

Attendee:

Now again 90, I think 21 & 22 I think you did something like Rs. 42 per kg for the full year. Is Rs. 42 - 43 a reasonable number or that is also slightly on the higher side?

Mr. Hiranand Savlani :

So again I am telling you per kg will be very difficult for us to tell you, but definitely will be good number in the coming time because now the volatility has reduced substantially, late few quarters we passed through because whether this kind of volatility will be there, then there will be up and down. If the consistency will be there in the polymer, yes it will be a better number. How much I think we will be in a position to tell you maybe two, three quarter down the line what will be the consistency. But right now fluctuation is wide which you can see from Rs. 32 to 47 also.

So this kind of high fluctuation is happening. So keep patient for a couple of quarter. I think once the polymer will stable then we will be in a good position to tell you that per kg what will be there.

Attendee:

A couple of other data questions. Can you share Gem Paints fourth quarter revenues and EBITDA and also Sanitary ware revenues losses you have already put in the press release, Sanitary ware and Faucets do you have any revenues?

Mr. Hiranand Savlani :

So I think we already shared Rs. 22 crore gross sales there in the full year basis. So because Sanitary ware we started in the second half only.

Attendee:

Okay and Gem Paints?

Mr. Hiranand Savlani :

Gem Paints, I think full year number was 216 crores and last quarter it was around 58 or 59 crores.

Attendee:

This is on revenues revenue side?

Mr. Hiranand Savlani :

Revenue side and EBITDA was 14.5%.

Attendee:

Thank you very much.

Attendee:

Sir, if I may? Sir in your presentation you spoke about CPVC aluminium pipes, which is going to be one of the biggest innovation as per your commentary. Can you give us some idea about the product? What problem does it solve?

Mr. Sandeep Engineer:

The metal pipes when metal comes, the thermal expansion goes down. So the thermal expansion goes down the performance you get is of mix of metal and plastics. so if you see the globe is moving as a composite pipe also equally fast, especially the Euro Pex, Aluminum Pex or PRT, PRT, Aluminum PERT. So there are a lot of benefits where you have a thermal expansion issues in certain regions and how this thermal expansion helps and all I think one to one you can ask me, I'll explain.

Attendee:

All right, thank you.

Attendee:

Hi, this is Deepak from SBI pension fund. Sir, it's my follow up question on the previous question. If you could share some more information on the innovation that the company is doing on Piping segment, in terms of how do you go about identifying gaps in your portfolio? How do you go about, how much time will it take to come to the market? What kind of market sizing are you looking at? And what does it really take to find these kind of innovations in the segment which has been in the country for decades? Thank you!

Mr. Kairav Engineer:

So, innovations usually come through from the market need. So whenever there is a need for a certain product in the market and whenever there is a gap, if we don't have a local solution for that, we try to make one to tailor that need.

Now, for CPVC, Aluminum CPVC, the need came from the solar downtech lines in the city of Pune. There used to be a lot of thermal expansion and lot of sagging and because of this, the pipes started breaking at the fitting joint. So that is why, to provide the stability, we created this CPVC, aluminum CPVC product. Similarly, there are many other product in our pipeline that we are working on, be it Adhesives, be it Pipes, be it Sanitary ware - Faucets, where lot of R&D work happens day and night.

It usually takes anything from few weeks to a few years for a product to enter the market. Certain products have a lot of regulatory approvals that take a lot of time. For example, the Fire product has a lot of approvals. UL is there, BIS is there long tests are there, two years, three years. So such products take a long time to enter the market.

In Adhesives, there are a lot of products where chemist can work out a formula and there are no regulatory approvals. You just need to create the packaging material and it can come into the market within few weeks. So the innovation pipeline in Astral is always full and always up and running and there's a lot of things that happen on a day to day basis. But because of the competitive intensity of the market we operate in, we only announce a product once it's made and once it's ready to enter the market. Because otherwise a lot of this R&D and innovation work is a proprietary to our company and we don't want whatever we are working on to be leaked in our competitors, within the competitors or within the trade.

Attendee:

Sure, and given the fact that you've spoken about Aluminium CPVC, any sense on what could potentially be the market size five years, ten years down the line?

Mr. Kairav Engineer:

So this market is a very specific and a very niche market. But again, this is, you can say, like a Bentley of plumbing. You can use this product in the interior, internal plumbing also, if you want to use, it's basically a composite pipe. So it doesn't mean that you only need to use it in the solar downtake lines if you have the budget and if someone is willing to pay two, three times more than the regular plumbing products available in the market and wants to do the entire internal plumbing of their house with this product, It's possible. So it is a premium product and composite pipes are currently picking up in the Indian market.

Different types of composite pipes have started entering the market. So we want to create an innovation around this same but we want to try to do it with CPVC because that is a polymer we are most comfortable working with and even India is most comfortable working with.

Attendee:

Sure. Thank you.

Attendee:

Yes, this is Mitul Shah from Reliance securities. Sir I have two questions. First is in initial remarks Sandeepbhai talked about bullet trend potential. So what are the products can be used and what would be the application side and what is total potential over 10 years and what stage we are right now in terms of any trials or only primary discussion?

Mr. Kairav Engineer:

We are already supplying to the Bullet Train project. There are a lot of products in our wrecks that are going into this particular project. So right now, whatever work that is happening, it's all an elevated line. So they are using it for tensioning basically. And a lot of this Multirex product is also used for laying down of cables. So we are already supplying big time to the Bullet Train project and L&T is the company that we supply to.

Attendee:

In terms of any revenue numbers or any?

Mr. Kairav Engineer:

That we don't share.

Attendee:

Second question sir, on Agri pipe side, when we talk to Rural or what feedback we are getting is that there is a strong demand or spurt in demand for Agri pipes in last one or two months and most of the companies seems to be stock out. So what is the industry scenario here and how we are positioned in terms of inventory and supply?

Mr. Kairav Engineer:

We are also in the same boat. We also have a very strong demand for these particular products in the last couple of months and we are also running in the fast moving category. We are also running hand to mouth, but we are able to supply almost - most of the orders that come to us with a few days of wait. So we have bought enough machines in the last couple of months to make sure that the capacities are in line with the demand.

Attendee:

Thanks and all the best sir.

Mr. Sandeep Engineer:

There is also some hiccups in the market due to non-supplies by some brands due to various issues which we don't want to get into but these are also the reasons why I, we feel this part may be there.

Attendee:

Good evening everyone. Thank you for a lovely presentation.

I have two questions. One is you spoke about the cross utilization of data in the brands that you operate in. So can you speak about some of the initiatives that you would have taken and how is the progress there and how do you really measure the distribution efficiencies arising out of that?

Mr. Hiranand Savlani :

So like we are developing a software whereby suppose my plumbing guy is going to any dealer's point and he finds that here paint is selling.

So he can put the remarks in the system which we can be a predefined question. He can pick on that. So immediately that thing goes to the paint division and paint division guy get immediately all the data so that he can approach to that counter. Similarly project side also, now suppose here Hiranandani's one project is there and here somebody my Faucet guy is going or Pipe guy is going there and he finds that here also we can sell our Product. He can give one brochure of other products also to them and he Can put in the System that here I met and here this product can be Sellable immediately the other team guy can approach to because ultimately product wise team will be different. It cannot be one person serving to all the Category so he can immediately give the information to them. All the data will be there in the system so he will get immediately all the connect who is the person? Where is the location? Which is the builder? He can get ready data so he can immediately approach them. So thereby we can use the databank and we can do the cross selling benefits.

Attendee:

Last time I remember you had spoken about the loyalty program that you were running. So any updates on that? How is that helping you in the last mile?

Mr. Hiranand Savlani :

So, loyalty program is going on with big bang I can say, one of the sizable side program in the piping industry which Astral is running, whereby we have connected all the plumbers across the country. We have connected all the dealers more than I think 35,000 plus dealers are connected with that. So all dealers, any purchase they are doing from any of distributors across the country he will get the loyalty point and that loyalty point he can engage with the company through Paytm also.

Now this year onward we are going to start the direct bank credit also or through a Voucher, maybe a gold Voucher or maybe a foreign trip depend the option which company is giving to them. So he can encash that. So that program is running very well. Through that we can get a clear visibility of where our product is selling, which dealer is strong, which is selling average product. So we have categorized dealers, plumbers into the diamond category, gold category, silver category like that way. And based on that we keep interacting with them, we continuously dialogue with them and we keep giving them very lucrative incentive plans to them. So that they can be connected with the company and they can do more and more sales of the company product. There also integration will play very important role because he can buy any of the Astral product and he can get the loyalty point and he can encash that part also.

Attendee:

And do you expect any margin expansion because of this Initiative or any other initiative that you would take in the..?

Mr. Hiranand Savlani :

I think we are already at a good margin, so there is no point to expand the margin from here. We are the highest in the industry.

Attendee:

Sure. Sir next question was on the EBITDA.

Mr. Hiranand Savlani :

I think you should restrict your question so other can get the chance please!

Attendee:

Sir, last one question on the EBITDA margins. So do you see all these acquisitions that you have been doing or the integration of all the businesses that you are in, do you see those as margin accretive or margin dilutive in maybe next ten years?

Mr. Hiranand Savlani :

I'm not getting your question.

Attendee:

So after you have forayed into paints business, valves business, tanks business so do you see all these businesses improving the margins in future or do you see the margins will be dilutive?

Mr. Sandeep Engineer:

No no, Margins will not be diluted because paints we have acquired. Tanks we only acquired one small company. Rest all is our production.

Attendee:

Understood sir. Thank you so much.

Mr. Sandeep Engineer:

We have not acquired and done tanks, and valves we have not acquired it, it is our own plant.

Mr. Hiranand Savlani :

All these products have better margins. (Illegible)

Mr. Sandeep Engineer:

Paint only is the acquisition.

Attendee:

Yes Sandeepbhai. It seems that from what was presented, Astral is firing on all the cylinders. No, what I'm trying to highlight, sir, is extension of board, extension of team members, experienced people coming on board. To a large extent it seems that things could be on, to some extent on autopilot, where some - few challenges where are required. So I am curious to know, sir, what is your mind occupied with taking astral say in 2030? I'm not wanting numbers, but I'm trying to think through where is it your mind is occupied with? What I'm not saying worries you, but what is it that bothers you that you need to be on top of it at all the time from the risk point of view?

Mr. Sandeep Engineer:

One is I have two sons, then our team! So human today, you know taking care of human is the biggest challenge for machines don't need cajoling, consoling, and understanding. Machines do their work very silently. Computers do their work very silently. So a lot of time goes in taking care of the humans and the senior humans are you can understand, expand on that. So that is one thing.

Attendee:

I appreciate. I appreciate.

Mr. Sandeep Engineer:

Second, we are more I'm doing firefighting like strategies where things are there, seeing that things are happening and wherever, see, when you are growing at a pace, there are certain things where you also ignore or sometimes you have to keep seeing that you don't become complacent, you don't take your market as a consider. So we are continuously getting on the ground and doing our work, whether it's connection with the market, distributors, users, teams and systems. So sometimes that's correction, sometimes that's firing, sometimes there are hot meetings, sometimes, so a lot of things are happening, but I think everything is happening for good and I am confident going around in the market and with all our team is confident next 25 years of this country is massive growth for infrastructure, massive growth.

The faster we move with more plants, the faster we create the reach, the faster we grow.

Attendee:

Sir any vision for 2030?

Mr. Sandeep Engineer:

How much vision should I have now?

Attendee:

Something which you feel, which you would have seen in international markets, in developed markets, companies which has grown where you think Astral should be heading up there?

Mr. Sandeep Engineer:

I have seen recently in lot of these international markets that lot of technology change is coming, especially in the chemicals horizon and I would feel that we would have to keep our pace with that thing. And in the globe, I think the way things are going to happen, we will have a very positive growth. So by 2030 – 30 is a long time. My age is 70 now.

Attendee:

Sir you have a long way to go sir.

Mr. Sandeep Engineer:

But I will come here till 75, so don't worry)

But, I think we should be at a very good scale of company the way we are, the way we are thinking then, the good part of the whole thing is that the next generation also is quite to the ground and interested in the business. That is one of the biggest positive point if you see for organizations who

strive to that level, next level and that is what there and teams are there. All of family members are associated with many, many now family members. I think it's a positive thing.

Attendee:

Fine sir, all the best.

Mr. Sandeep Engineer: If I say everything I want to say then you will not want to do. I have to hide a lot of things)

Attendee:

That's why I want to know your mind)

What is going in your mind? Because most of the things are on autopilot.

Mr. Sandeep Engineer:

Whatever I do will come in the market. But it will come at the right time. Obviously I get a lot of ideas but.

Attendee:

Fine sir. Okay.

Attendee:

Good evening sir. Thanks a lot for the opportunity. Just a couple of questions.

Firstly, during the entire COVID time we have seen a lot of unorganized players losing market share with PVC prices shooting up. So just wanted to understand now that prices have broadly stabilized, where do you see the share right now? Do you see competitive intensity being high? I understand you're a CPVC based focused company and more plumbing and the competition was always more on the Agri side but just wanted to understand how is the intensity right now? Are those players out or are they back in the market? And just some sense.

Mr. Kairav Engineer:

So actually when the PVC prices shot up, the competitive intensity was very high because Unorganized players who were mixing calcium now calcium is a very cheap material. It's Rs. 10-12 kg, maybe even less. So when the PVC was at its peak around Rs. 150 - 160, people were mixing 30 - 40%, 50% of filler. They were more price competitive than the organized players because the delta was very high, between the price of the calcium and the price of the PVC. As the PVC dropped from its peak of Rs. 162 to right now, it is in the high 70s.

What happened is that the unorganized sector who was using a huge amount of filler, the proportion of this product available in the market went down because the delta shrunk. So that is why you can see that majority of the organized players right now are sold out in the Agri capacities.

Agri is the highest unorganized market in India, more than Plumbing PVC or more than Drainage PVC or any other PVC. Agri is the highest unorganized PVC consumer in India in the Piping segment. So it is a clear sign that the competitive intensity from these unorganized players has reduced as the PVC price has gone down. So it's a good sign for the organized players and also very good sign for the consumers because the consumer sentiment is also very positive for the polymer.

Attendee:

Understood sir. Sir secondly, I just wanted to understand the leader have been mentioning a lot on the "Nal se Jal" scheme taking all the benefits. Where do we stand? Are we participating in such schemes or because it's a low margin and not that great business is what we feel.

Mr. Kairav Engineer:

So basically, we are not actively selling to any of the government projects we sell to contractors and distributors. Now say there is a "Nal se Jal" contractor who has been awarded a contract for a certain area or a certain region and if he is agreeing to buy my product at my quality and my price, we will gladly supply. But for the sake of some tonnage numbers or for the sake of some overnight supplies to such projects.

Astral has never, it's not in our blood to reduce the price or to put high amounts of fillers or to reduce the quality. Basically, whatever product I sell in "Nal se Jal", I sell in my trade or I sell in my retail counter or I sell to my projects. So we have never changed the product quality as per the requirement of the consumer.

So if some distributor or some contractor who wants to participate in a "Nal se Jal" scheme in his particular area and is happy to buy our product at our quality, our price, we are supplying. But we are not actively chasing for the sake of false volumes and then giving a subpar product, which is the demand from most contractors in the country. That is not going to happen. Not in Astral, because we very much adhere to the quality principles that we have.

Attendee:

Understood, sir. Thanks a lot sir and all the best.

Mr. Hiranand Savlani :

And you must have heard lately that within last 4-5 months many companies have been blacklisted by the government, including big companies. I would not name any specific company but many of India's big companies have been blacklisted. So it's like a milk shop, if you want to sell it at Rs. 5 per litre, you would add one jar of water, if you want to sell it at Rs. 4 per litre, you would add 2 jars of water. Pipes in the Nal se Jal scheme are being sold like that. So it is not a profitable business and whoever has done cheating in that, the government is blacklisting (blocking) them one by one and many companies' name is already available in the public domain. Even you can easily find it out. So if in that business, our products sell with our quality at our price then yes, we do.. but that portion is going to be very small because we can not do that work. But many companies are doing that and slowly and gradually government is also understanding this and many companies are being blacklisted.)

Mr. Hiranand Savlani :

So I think this was the last question. We are concluding this meeting. Thank you once again to everyone for joining this call. And if something is left out, you can meet us later on one by one... we are still around.)