

Astral Analyst Meet,2024

21st May, 2024

Mr. Sandeep Engineer Speaks,

Thank you everyone for joining us for the meet for the last fiscal's results and I know there will be many questions but I would first start briefly to appraise you about the business. To start with the piping business, last year we have given a growth of close to 24%. As you are very well aware, all of you, that Astral is mainly concerned with the infrastructure industry. Our very few products go in the government infrastructure projects. We are more on the building space of the private infrastructure industry. Still, Our CPVC has grown at a good pace. PVC has equally grown. And our new products have also grown at a substantial pace. The fire sprinkler business, which we have been talking from many years, has grown at a very good pace last year.

And a lot of acceptance has come from various markets. There are certain key approvals in fire system and highest of that is the UL approval. And all of the STL products have sought UL approval in last year. And this has helped us to get bigger projects, especially from good five-star hotels which have come from the international, which have come from abroad. We have given into Marriott and JW also Marriott and the normal Marriott and many other hotel chains we have been supplying now for the fire sprinkler system. Especially the plants are concerned. Guwahati plant is now fully operational. We started with water tanks and now we are making PVC pipes and CPVC is also started recently. The Cuttack plant is completely operational now with CPVC and all the product, all the pipe products made from the Cuttack or plant two new plants are under construction.

Work has started in a big way for our plant at Hyderabad and work will start shortly for the Kanpur plant. So, these two plants will be completed and will be operational before this fiscal year. So, we'll be adding these two plants, apart from the last two plants which we added. Capacity and other details, Hiranand bhai and Kairav, they will be providing. We are at present working with OPVC. In the third quarter, we will be starting our OPVC manufacturing. First from Ahmedabad plant, and then in next one, to one and a half years, we will have OPVC machines at various plants throughout India. You all know that OPVC is today taking over from the ductile line in a big way in the infrastructure projects. The acceptance is huge.

The market is growing. The difference between others and Astral is that Astral has its own technology. its own type of machine, we are not dependent on any company where we have to give royalty, we have to give any brand fees, we have to buy fittings from there, we will be making our own fittings, and above that, the old technology will be completely in the ownership of Astral. The capex of our OPVC will be much lower than the capex done by the competitors because this

has been worked, developed, and done by Astral. We will be coming in to PEX, aluminum PEX, with our own machines, which will also be operational by the last quarter of this fiscal. We are also working on various other products, especially polyolefins, and we would be launching a few new products which we would only be disclosing in the second or the third quarter in this fiscal sum and maybe in the next fiscal sum of these products. This will help Astral to complete almost the complete portfolio of the piping industry which is available globally and will be available within India.

Lately, especially in last few days, the PVC scenario has completely changed. The PVC price is started going upward. The availability of PVC is in short supplies. The price has gone up last week, going up this week, and it will the trend will continue. So, there is a very, very positive demand on PVC come up and will continue to be there for next few months or maybe the whole year because of various reasons.

CPVC also may be going upward because there is anti-dumping duty which is proposed and if it comes then there will be upper trend which will be again a positive thing for astral. Both of these things will bring in a growth of 20 plus. Our guidance is always very honest and we always try to over perform that but it will give a good growth and if this happens, we are planning two more locations to zero down and start work on plants at the end of this fiscal or next fiscal, which may be, the decision may be faster even depending on the demand scenario. Tank business has been now growing at a very fast pace. This year itself, we were very close to 150 crores and our continuous growth of 20% plus is there in tank business. As we start two more new facilities, we will continue to keep our growth pace on the tank business and tank business in next two to three years will be a substantial business, and a substantial number will be, and margin, bottom line will be given by tank business.

Now, coming to the adhesive business. Everyone has a great concern on the growth of adhesive, especially the EBITDA of adhesive and again, the detailed explanation will be given by Hiranand bhai in the financial numbers. There is no concern on adhesive business. Let me tell you, our plant at the hedge is fully operational. We have started getting a lot of benefits from the Dahej plant in the last quarter.

The Dahej plant has reduced our cost of raw material because now we buy in bulk. It is an automated plant, a closed-loop system, so the efficiencies have gone up. The consistency of product is there. People have found our product very consistent lately because of the process controls which we have in the automation. And the dahej plant is at full operational, and we'll be shortly shutting one plant in adhesive at Kanpur. Because we need to give that plant back to the original owner as per the terms of agreement. So one plant operational cost will come down in adhesive business in this quarter. And the Dahej plant gets fully operational and automated plant is there. The challenge which you see in the last quarter and the whole fiscal is come from our UK operations.

UK operations The price dropped steeply in most of the raw material last year and because of that the UK operation has not grown in value terms also the UK operation has also not grown in

the EBITDA margins because of the drop of the raw material. So, again Hiranand bhai will be splitting these numbers and giving the complete explanation on the margins and growth in the adhesive business in India and adhesive business in UK. UK business is back on track and this year we will have a 10% plus growth and the margins will be also normalized in this year. As I say, the piping business, the value growth is less, the volume growth is more because of the fall of raw material price.

Similarly in adhesive also the value growth was a challenge the volume growth is even higher, which you see the growth in value and the volume. Volume is even much, much higher than that. Similarly in UK also.

Now coming to the faucet and ceramicware business I attended almost 5 to 6 funds and people have two things to ask me. One is faucet ceramic and second is paints. So, I'll clarify as much as I can and rest you can also take over in the question answers.

Faucet ceramicware business is one and half years old. And faucet ceramicware business took its own time to stabilize, to grow. But if you go with the last quarter of this fiscal, we crossed 20... almost touched 25 crores of this business with a good margin. And if I go to this fiscal as we started off in April and now in May, there is a substantial growth coming in the business. There is a lot of acceptance of the product which has come, lot of showrooms have started, lot of distributors have started, lot of builders have started accepting it and they are putting in their projects.

We have also changed our marketing team. We have now the marketing is headed by Mr. Khurana, who has come from Roca Periwares. So a lot of changes have been done in the manpower, changes in the faucet ceramic business. We have added two more ranges, which were very well accepted in the Plumbex Mumbai. It was displayed. And the same day, we booked huge orders. And these two ranges were missing in our portfolio, which were added. So now we have a huge range of product. We have complete product. We have a distribution system which is growing. We have products which are well accepted. And last year we closed to around 62-63 crores. This year we will be anywhere above 125-150 crores between that. And this year faucet ceramic business will be break-evening or making some profit. So, we have started some soft branding activities in faucet ceramic business and we will continue that. soft marketing and branding activities, especially the branding activities and we are going to bring faucet business into breakeven or in a single digit margin at least in this fiscal. But we will be crossing 125 and closing anywhere between 125 and 150 crores.

So there is a substantial jump in the business in this fiscal for faucet ceramic ware. Coming to Paints. Paints we have de-grown in last year. Not much, but we have de-grown. We have closed around 200 crores. The reason is that before, in the last fiscal, the owners of GEM were running the company as per the agreement, terms of agreement of the company which we bought over, that they had to perform, they had to give a EBDITA, and on that their further valuation depended. So now, as we took over the 30% from there last year. When we are now 80% owner of the company, we are on the driving seat. So, we made massive corrections in the company. The first

correction was to bring in systems of SAP and the HODs and many corrections at the plant and sales and multiple levels.

And the biggest correction we did is the cash cycles. Most of the dealers have 90, 120 days payment terms, which Astral has brought down to 60 days. And this took a toll on the business to some extent. And obviously it will take. The same thing happened when we acquired Resinova. At that time, again, the same concern was there. People were expecting, you went into adhesive sealants, how will you do it? How will you grow? How will you move forward? Today, proudly, there is an adhesive sealant worth 1400 crores. And we can proudly say we are the number two Indian company in adhesive sealants. So, we have delivered, we have grown, we have succeeded in adhesive sealants. Similarly, we will be growing and succeeding in paints also.

Yesterday only we have launched complete range of product in Astral Paints brand. We have the packaging lying there, So we are launching Astral Paints in Ahmedabad on Thursday. We will be starting selling Astral Paints with gem paints in south in Karnataka, Tamil Nadu and Kerala and in the state of Gujarat from this month end. We will be adding state by state in paint. We assure you that we won't be doing any cash burning or you can say branding or you can say margin EBITDA washed out or nothing. We would stick to 14-15% EBITDA. We are not here to do magic. But next year our target is 300 crores plus around that in paints and we'll deliver this number. And we are confident about delivering this number and even growing at a better pace in paints.

So, there is no concern about anything which will go wrong in paints as we did in adhesives but we don't want to overshoot the numbers. We don't say that we'll be overshooting numbers and we'll go pan India and we'll be doing huge branding or we'll be overspending somewhere and we'll be Creating a paint brand. Nothing like that. Astral is a brand. Known brand. It is there right on the container. People see it and people trust it. That's how we will be building our paint business. Rest we will take over in the question answer session. Thank you very much. And I will now tell Kairav to take over from here. Thank you very much.

Mr. Kairav Engineer Speaks,

So, good evening, everyone. This is our presentation that we will later upload on our website and we will circulate to you guys. It is loaded with a lot of information so I'm just going to skip through it because if I were to tell you everything that's in the presentation it will take a lot of time. At the end of my presentation, I would like to, I will spend a bit more time talking about our loyalty program and our initiatives with regard to our IT platforms that are transforming the company. So, in the presentation, I will just skip through basically and later we will upload the same. So, don't worry if the slides are moving a bit fast. So, just a glance on what we have achieved in our 25 years of operation. Around 9,000 employees exporting to 31 countries, 42 depots across businesses, 25 manufacturing units across businesses, across countries, more than 5 lakh tons of capacity across businesses, and more than 3,300 distributors across India and access to more than 2 lakh dealers across India. Actually, this is the core strength of Astral. If you look at the distribution footprint of the brand, it enables us to launch newer categories and newer products

and to spread our wings in the market into uncharted territories and uncharted product categories. We never thought that we would get a positive response for a lot of the products that we launched. And once we started getting that, it only enabled us to become more confident in launching different categories going ahead. So, for example, we started out with CPVC. We were a pretty late entrant in the PVC product category. There were many market leaders before us. But our distribution strength enabled us to succeed in PVC.

Then products like water tanks. You can consider us a very late entrant in this water tank category also. But because of the strength of the brand and the distribution strength, we were able to succeed in that. Then came the category of adhesives. Again, the network of Astral along with the network of Resinova combined enabled us to grow much faster. The same thing we are seeing in the bathware business also. There has been a lot of interest by our network to stock and sell this product and the similar type of interest can also be seen for our paint product as well which we launched yesterday. A lot of the distributors were present. A lot of them have shown interest in starting this particular product in their firms.

This is the corporate structure of Astral. 80% holding in Astral Coatings which was formerly known as Gem Paints, 95% in SeallT UK, 50% in Kenya JV which is not undergoing any business operations at the moment and 100% SeallT UK owns 100% of SeallT US. These are the eight high growth categories that we operate in, pipes, water tanks, adhesives and sealants, construction chemicals, bathware, paints, specialized walls and infrastructure products. The ninth Hygro category which we will launch later this year is the OPVC product line which we have declared in our annual press release. We have ordered four OPVC lines which will be set up across India. OPVC is a replacement for ductile iron pipes and there is a good future for this product category and product line in India.

And we are seeing a good response for OPVC pipes and good demand for OPVC from water supply companies. And since the future looks promising, we are committed to enter into this product category and to grow it. We were the first to introduce CPVC in India. We were the first to introduce lead-free UPVC pipes for portable water and lead-free column pipes for underground water in India. We were the first to introduce low-noise products in India, and we are the market leaders when it comes to our low-noise polypropylene piping systems. which consists of Silencio and Drainpro products. We were the pioneers in introducing double wall corrugated and infrastructure products in India. Our pipe innovations, we cannot list all of them, but we have done a lot of innovations in the piping category.

We were the first to introduce water tanks with NSF certification in India. and first to introduce tanks with copper shield in them so our tanks have active copper free radicals inside them to kill viruses. Just our brief journey. I am not going to cover all of it because it will take time. But from 2021 onwards we introduced our water tanks. We expanded a lot of product portfolio by also introducing few adhesive products like Bondtite Pro. In 2022, we did a launch for the Polypropylene Drain Pro Piping Systems. The Bhubaneswar plant got operational. We got into bath ware. We got into paints. 2023 was our 25th anniversary. And 2023 was also when we commissioned the Dahej adhesive plant. And then we launched our ball valves.

And we also launched our rain gutter systems, which is known as the rainway. 2024, we launched a product known as PTMT water taps. PTMT water taps are basically plastic water taps, molded water taps. And we have seen a good demand for this. Our channel sells a lot of this. Earlier, there was a company known as Water Tech that used to be the market leader in this segment. But now there have been a lot of unorganized players who have also been operating into this segment. But there is a demand for branded, good quality PTMT taps. And this is a very good product line for tier 2, tier 3 markets, especially markets where they cannot afford the chrome-plated brass taps. So in the rural markets also, in slums, in chholls, wherever, you know, the consumer is extremely price conscious.

But it is a molded product and it has good margins. We continue to be certified as a good place, not a good, but a great place to work. It is, I think, third or fourth year running that we have gotten this certification. 2024, we also launched astral Paints. These are some of our record awards and recognitions. 2024, FY24, we saw third consecutive great place to work, most trusted brand in the piping segment for sixth year running uh most desired pipe brand uh most preferred place to work, and astral bondtite and astral pipes both got recognized as super brands for 2023-24. Astral Pipes has been a super brand since the past five years. We also got a several green certifications like green pro certification for our CPVC product and green pro certification for our astral drain pro as well.

So these are some of our core competencies and some of the firsts. I am not going to cover much of this. These are some of our pipes and water tanks manufacturing units. Santej is our mother plant, followed by Dholka, Ghiloth, Hosur, Jamnagar is our faucets facility, Sangli is our infra-product facility, Aurangabad is our water tank and PVC pipe facility. Sitarganj is our infra facility. Bhubaneswar is our pipes plant and Guwahati is also our pipe plants. Adhesives and sealants manufacturing facilities. SeallT UK, SeallT US, Santej, Rania, Unnao and The Dahej. Paint manufacturing units Peenya, Dabaspeth and Sompura. These are our upcoming facilities for pipes. Hyderabad with 70,000 metric tons in two phases and then Kanpur with 60,000 metric tons which will also be in two phases.

This is an overview of all our manufacturing facilities. it shows that, you know, we have a largely pan-India footprint. Central and East are places where we need to, you know, develop more manufacturing footprint. So going ahead, it will be a core focus, especially MP Chhattisgarh side and also, you know, West Bengal side. This is a list of our plants, depots and offices across India. By offices it means sales and marketing offices. Our head office is in Ahmedabad and we have a secondary office out here in Bombay as well. This is our adhesives and paints business office and depot list. These are some of our plumbing business offerings. So plumbing systems, we have CPVC, UPVC. We are also working to launch PEX composite pipes.

Drainage, we have FoamCore, we have DrainPro, we have Silencio, we have AquaSafe, we have DrainMaster. We have a lot of products in the drainage segment as well. And in the agri segment, we have agri pipes, column pipes, casing pipes. We have full range of conduit pipes as well. We have massive solutions. when it comes to industrial piping in CPVC, UPVC, both, along with industrial ball valves. We have our state-of-the-art, highly certified fire protection system, which is

seeing excellent traction in the Indian market since the past 12 months. And then we have urban infra products, like double-walled corrugated pipes and Telerex pipes for the cables, and also Plastirex pipes for post-tensioning ducts. These products, post-tensioning duct products were used in the Atal Setu by L&T when it was being constructed.

We have a wide range of solvent cements in the Weldon brand, Solvobond brand, Amro brand, Truzo brand, Pipefix, a lot of brands and we are the market leaders when it comes to solvent cements in India. We have a lot of specialized fittings as well. and ancillary products like clamps, hangers, and insulation materials. These are some of our specialized valves, true union valve, single union valve, and industrial ball valves. This is our PTMT range. Our water tanks range, we have tanks in different capacities from 500 litres. To 10,000 litres. We have them in roto moulded configuration. As well as blow moulded configuration. And in various colours. We have also launched. Our channel. Channel trains. Known as channel pro. These are developed in house. And 100% made in India. Earlier we used to sell this. Under Horaton. But. now we have decided to make our own channels and they are made as per industry, international standards with different load bearing capacities. And we have also gotten a very good response for our channel drain products. And lastly, like I said, we are going to launch OPVC pipes for high pressure water supply. You can play this video.

Normally, when you have PVC pipes, they crack when someone is using a hammer against them. And they break when someone will move such a large load over them. So, compared to that, our drain pro pipes are very resilient. They have a very high impact strength. And this is one of the reasons why they are largely being accepted in the market. And we see a lot of market being shifted from traditional PVC SWR piping systems to pp piping systems, PP drainage systems. Because these pipes are very resilient when it comes to cracking and breaking, either during installation, on sites, or in transport. Just some snippets from our 25th anniversary celebrations that we had in Jaipur. It was a one-time event we had kept for our key customers and key employees to reward them for their service and dedication to the brand and to the company. These are some of our branding initiatives. Our cricket branding. our in-film branding. Now coming to Bathware, it is 100% made in India, 100% designed also in India and in-house. We have a very strong after-sales service and the best thing is that we have designed our products in such a way that the after-sales service is very easy with the use of minimum number of spares. So we have tried to ensure that all the spares that are being used in our bathware product are similar so that when it comes to any sort of repair the plumber does not need to carry too many spares with him.

And we are spreading our distribution network in this particular product category in a very rapid manner. These are some of our bathware products gloria is our base range product, then comes Premia, then Imperia, and Celestia is our top-of-the-line premium product. These are some of the Bathware branding initiatives. So basically, Astral Foundation is the CSR arm of Astral, and these are the six categories that we usually support. Education, environment, support to disabled people, infrastructure development in communities around our plants, healthcare, and wildlife conservation.

So these are some of our CSR initiatives. These are our sustainability initiatives. We have increased our CSR spends this year by 23%. We have increased our training man-hours by 32%. We have increased our solar capacity. Energy consumption through renewable source was 18% and 20% in Santej and Dholka plants. green certifications for various products. And ISO and IMS certifications as required by ESG as well. So, before I hand over to Saumya for adhesives and paints business, I would like to show a few films about our loyalty program which is known as ALP. Give me half a 7 feet pipe. Sir, half a 7 feet CPVC pipe, half a 8 tees and 5 elbows. And yes, all of them are Astral. Half a 7 feet CPVC pipe, quarter a 7 feet UPVC pipe, 15 tees, 15 elbows, a big tin solvent and a 500-liter water tank. And yes, all of them are Astral. And all of them... Astral. Is there a lottery? Not lottery. Loyalty. Loyalty? Astral Loyalty Program. Buy Astral and get rewards. You'll get daily rewards, big rewards and accidental death insurance. Download this ALP app today. Do it. There's no fun in this. Show me that one. The red one. The one with the skull. Yes. Brother, why are you sitting on a cycle? What's wrong with the bike? I've got the bike points. I'll get the bike too. Is there a lottery? Not a lottery. Loyalty. Loyalty? Astral Loyalty Program. Buy Astral. Get rewards. You'll get daily rewards, big rewards and accidental death insurance. I'll download the DLP app now. Brother, did you download the LP app? Yes. What did you get from the points?

Amazon vouchers. New shoes for the vouchers. New jewellery for the wife. There are a lot of points, but there is less money in the account. That's it. You can transfer the points directly to your bank account on the ALP. This is really a lottery. Not a lottery, Loyalty. Earn points on the ALP and transfer them to the bank. It's fun for everyone. Hey, from my side? The tea is getting cold. What happened, Ms. Sheetal? Is everything okay? If he passes away, his income will be stopped. So many expenses. No help. Everything will be fine, sister. If something happens to me, I will also have to pay for such small things. You don't have to ask. There is accidental insurance on the Astral Loyalty Program.

In difficult times, you can get it. Astral Loyalty Program. Plumbers and dealers get a lot from it. Accidental death insurance of lakhs too. Small help in difficult times. So this program has done wonders for us. It has connected the dealer and plumber community with the brand and especially with all the initiatives that we have taken, including them in the death insurance policies and then offering them direct to bank transfer when it comes to point Redemption, as well as different types of rewards. So people have bought cars, people have bought motorcycles, people have bought jewellery. there have been many plumbers who lost their lives due to accidental deaths, whose families have also gotten insurance claims from this particular program. So this is a program that is seeing increased subscription, YOY basis, and it is a very positive sign for the brand that more and more dealers and plumbers are joining this program and it will be a game changer and mark my words every pipe company will come up with such loyalty programs in the future because we have again been a trendsetter when it comes to loyalty programs so with that i will hand over the floor to Saumya for the adhesive and paints business thank you.

Mr. Saumya Engineer Speaks,

Good evening, all of you. I'm Soumya. This is my first time. Usually, I'm sitting right there every year from past eight years. This is the first time I'm addressing all of you. I handle the adhesives and paints side of the business and I joined Astral in 2014 when the acquisition of Resinova and Sealit in UK happened. And I took a year and a half, two years to just get to know adhesives, chemistry, what it is. Before I start the presentation, I just want to give you a brief on adhesives because every time I tell my father, you know, you are pro-piping from heart and now we are adhesives also. So That's why I wanted to talk today. So, Adhesive, proudly, we can say today that, you know, we acquired Resinova at 190-200, and we are in the four-digit club in eight years, because Astral took the command in 2016, full-fledged, with Parekh Saab exiting the organization, and that's where we started taking decisions in terms of day-to-day business and restructuring the business. So, Big thanks to the team, everyone who has given their best in this journey and will keep going forward. What did we do in adhesives in last eight years?

We strengthened manufacturing, setting up a special R&D facility because adhesive is dependent on the application of the business and not just, you know, it's for example pipes which is our mother, water is one application, it does water. Adhesives, every product there is a change in application, so understanding that business, understanding the different substrates which the adhesives will cater going forward was the key for us, change in that mindset was a key for us in terms of you know, how we should restructure the adhesive business and you know, so that was a major journey we did, we got good scientists, we got good chemists on board who are redefining few substrates in the Indian market for the first time what we are doing at Astral in terms of few applications.

Then we understood sales and marketing. Well, as you know that now, adhesive business for us, we have segmentized into four to five selling verticals. M&T business, which is our core retail business, selling repair and maintenance products, adhesives, construction chemical business, which is waterproofing business, Wood is our woodworking adhesives, white glue. Industrial is our B2B segment. And this year itself, we are going through a big launch of our rural division for the first time, New Bharat, which we are launching in adhesive business, catering into the rural parts of India by clubbing all the M&T, CC wood businesses into a single sales channel catering into the rural parts of India. So this year we have launched New Bharat which will help us penetrate to the 2000 to 10,000 populations.

Exactly statistics I won't go into but that's how we have planned to how to go into the depths of Indian market and cater to the mass of India because adhesive is a retail business. Why New Bharat? So we understood that you know when we acquired Resinova When we acquired this business, it was born from rural. This business was born from rural. Then astral strength, our strength, the brand strength, we made our mark in urban. We are still a long way to go. But we knew that we have that rural penetration, we have that rural data. And at the same time, these segmentizing teams, why not create one sales channel where we can reconsolidate and cater all three businesses together in New Bharat which will give a lot of strength to the organization and the pilot results are excellent.

So, in terms of sales and marketing, marketing also we have put in lot of efforts in terms of setting up new chemistries, new substrates. As you know that Indian adhesive market has been dominated by one player for last 40 years. We are seen as the top player in the Indian market now. Not just by our numbers, but the way we are moving, the way we are leaving the legacy, we are leaving the legacy of creating new applications in adhesives. Still the application of adhesives in the Indian market is at the tip. There is still a big iceberg in the bottom which is still not explored, which is explored in developed nations, which is still being developed in Indian market, which we are entering into. And also, our UK-US business helps because they are present in the developed market. Even if you know what trends are going there, what substrate trends are going there, it helps us. So, just few examples. We work closely with fiber optics market. We work with motors now. We are into one of the manufacturing lines for Tata motors in terms of our silicon application. So, there are very big, big applications which we are break throughing, researching, understanding. where I'm just seeing that adhesive business is still, it's going to be a great journey for Astral when it comes to adhesive. So, as I covered New Bharat briefly, tap into the massive untapped market potential of rural India by establishing a unified presence under the New Bharat umbrella. 69% of India's population residing in rural areas as per 2011 census. Reduced competition and opportunity to establish strong brand presence. I was in the rural parts of Ahmedabad last week and I went to one of the outlets and I was just talking to the dealer and the way the rural dealers talk to you, they want the business, they want company to approach them, they want company to talk to you. City mein kya hota hai? There are 10 customers lined up, so even me as an owner, if I go there, he's like, sir, wait for a minute, my morning house is running, let me finish it, then I'll give you time. But rural, they give you space, they give you chance, and they are more humble in terms of accepting newer companies, newer entrants, and they will give you that place to prove yourselves in the rural market.

And again, it's lesser brand conscious than urban, so it gives us a big edge to just spearhead into the rural. One unified brand identity and distribution channel for Astral's wood adhesives, construction chemical and maintenance products. I covered that. Leverage the strong brand equity of Bondtite to enter wood adhesive segment in rural markets. So, again, India's 40% market is still the white glue. And I'm sure you guys know that. You guys know your figures for sure. And the breakthrough we are getting with the white adhesives glue in the rural is absolutely amazing. We have set our qualities. We had some hiccups in terms of the formulation in understanding the RMC, understanding, you know, how exactly we set the whole structure in place. But I can, you know, confidently tell now that after two years or two and a half years, you know, COVID also spoilt a little bit of the launch.

But now we are quite confident in terms of our approach, in terms of bringing Bondtite as an umbrella brand. And then what we did was, you know, having multiple brands, Bondtite takes the umbrella brand and then epoxy, which is our mother product, where we fight against foreign players and big players. Then we put PVA under the Bondtite brand as well. Sinoacrylates, which is the super glue in Bondtite and synthetic rubber chemistry. So all four chemistries go under Bondtite brand. So it gives us leverage to do branding also with lesser costs. We brand Bondtite. And that's the tagline which we want to use. And you know, Kairav and his team and Yogi and

everyone, India ke alag-alag material ko jode Bondtite. So that's the tagline we want to take forward and create Bondtite as the next generation adhesive for the Indian market.

And that is the legacy we want to give to the Indian adhesive market. So that is the vision and journey we have in terms of Bondtite. Cross-selling opportunities by offering a diverse yet complementary product portfolio. Comprehensive solutions catering to rural consumer needs under a single umbrella. So these are just all benefits and highlights. Establish strong brand visibility and recognition in rural markets. Capture market share by being an early mover under served regions. Diversify revenue streams and reduce dependency on urban markets. Gain insights into rural consumer behavior for future product development. You won't believe rural India is spending and they are spending fast. They want to spend after good paints. Not I'm saying top-notch paints but you know mid-size premium paints. Even waterproofing. I went to one of the shops and there is waterproofing there.

So it's not just that city and your urban is doing but your rural is also doing. So this is also one of the thoughts we had before, you know, going into New Bharat. So these are just the product ranges we are present in, epoxy adhesives and putties from where Resinova was born and how we acquired. Bondtite PVA, which was, we are consolidating under one name which I told you, Bondtite. Bondtite rubber adhesives, anaerobic adhesives mostly used which are mostly used in engineering, mortars and repair shops and auto shops. Tapes, so we are into masking tapes, PTFE tapes and PVC tapes. And we are growing very well in all the three categories of tapes. Silicon sealants is again, is going to be one of the biggest chemistry for Astral in next four to five years and for India.

I'm not just saying for Astral, but India will move towards silicon sealants. And when I talk about silicon sealants, I talk about all the chemistries that go under silicon sealants, acetic cure, neutral cure, hybrids, all those things. And we at Astral know the know-how, know the applications, know how to do it. So we are sitting at the right time to cater to the market with good products and, you know, just work on the penetration now. Instant adhesive. is something we launched a couple years back. We had a rough patch. I will be very honest with all of you. We launched on the brand ResiQuik, and we failed. There was formulation error which happened, and the team's worked day and night for one year, one and a half year, and then we said that we need to go with a fresh mindset into the market, so we restructured it under Bondtite.

And we launched Bondtite quick and very happily saying that in last six months, seven months, the traction we are getting in the market for this five-rupee product is amazing and few northern and western belts are doing very well. Waterproofing is something we strengthened the portfolio last year. We completed the full portfolio. So waterproofing also, what we did was restructured how we approach the market in terms of waterproofing. So We put waterproofing into admixtures, coatings, membranes, and all those things. And we want to go more specialized approach in the market. So again, this is going to be a big growth driver for us in next four to five years. And with that, I would take your time and launch Astral Paints here with all of you.

Two years back, we acquired Gem Paints, certain stake in gem paints and again, see, I'll go back and just give you a brief is when we enter businesses, we understand the businesses. We understand what are their loopholes, what are our loopholes. Is that business structured to drive to the next level? Does it need structuring? So it takes time. We set up SAP, we restructured the house, we restructured the man force. aligned it with the culture of astral, which is again a big thing because you need mentally focused and driven people with us and now happy to say that things are going in the right direction. Then we went into the R&D, we went into the setup, same, same, you know, journey. I still remember sometimes I, 2014, 15, 16 with adhesives is again repeating with paint.

So then we understood the formulations, we understood, you know, what's how the big players are working on their formulations because even if I'm not a chemical person, I should know that how a paint is being made, though I don't need to move a reactor. So, we redid the formulations, I'll tell you. The formulations you see today are all redone. No formulation of gem paint is used in astral paints and we set the complete formulations according to the Indian paint standard, the top standard comparing to all the top companies in the market. After that, we decided the launch date, not launch date and then work towards the formulation. So, lot of energy, effort and power has gone from the team's end towards the launch of Astral Paints and I would like to thank all of them. So we launched yesterday in Bangalore, great response. me, my brother, my father, we are all there with our teams in South because Gem it's where Gem started and we wanted to continue that legacy and that's why we chose Bangalore and now we'll choose Ahmedabad on Thursday because that's where Astral was founded so we want to choose two states. Gem paint products will continue as is, the legacy of Gem paints will continue in those southern states because they are very strong in industrial paints which We want to continue and which we want to keep servicing the market in the best possible way. So that is a very, you know, strong point. So we are very excited with the paints launch. We, me personally with my team, we have done blind tests in the market.

We have done some small projects also in Ahmedabad with contractors and painters where they applied the product neck to neck with top companies. And I was there, Ram was there. we all understood, took their feedbacks, and the results are good, we are confident, and that's from where we decided, okay, we are going with the launch. And on day one, I would be happy to tell you we are coming up with the painter loyalty app and contractor loyalty app, like Kairav explained with ALP. On day one of launch, they'll get everything in their hand to have that transparency with the business. So in paint we are going with economy, premium, luxury. Usually the market trends are such that you go from economy range, premium range, luxury range.

And as you can see that the sub-brands in economy, Styla, Raga, Premium, Estima, Extura, Styla. So these are all the sub-brand names which you will see there. The quality, the performance, everything is benchmarked. And everything with the formulation is benchmarked with the market and we are preparing and ready for launch. So phase one will be complete decorative launch. Phase two will start finishing the wood coatings, marine coatings and again phase one with the paints will be giving waterproofing as well. So waterproofing will go with phase one to the market. Which will be of course a bit separate portfolio than TrueBuild, which I explained of the Adhesives

portfolio. So we'll complete the full range of paints in next six to seven months, which covers almost 95% of the paint portfolio in the Indian market.

So this is our interior emulsion, Elita and Styla, exterior emulsions, Extura Plus, Extura, primers we have, puttees we'll launch, We'll have acrylic wall putty as well, stainers and colorants. So again, news to all of you, we'll be coming with our own tinting machines and the loyal dealers of astral paints, we will give them tinting machines and we will be installing tinting machines to the loyal dealers who will give us certain chunk of their business. So certain policies have been set and we'll be implementing that from day one. All right, with that I will pass it on to Hiranand bhai. Thank you so much.

Mr. Hiranand Savlani Speaks,

Good evening, everyone. We normally finish our analyst meet in one hour. give the maximum time to the Q&A session but I am extremely sorry that this time we have extended because now Astral is no more a pipe company as two young gentlemen said.

Now we are in a different four vertical. So naturally it is very difficult to complete the presentation in one hour. But still we will try to see that we give maximum time to the Q&A. So I will quickly finish the financial part which I think all numbers are in front of you but I wanted to only highlight the few of the exceptional thing which many of you are having panic that what happened to this number, that number. So, I will give the clarification maximum in the Q&A session and few highlights I will share now in the coming presentation time. So, this is the way forward present this message from Mr. Sandeep Engineer, it is already there. So, I am not going to read the completely.

The message is very clear. that we are into the high growth trajectory and we are quite confident that we are going to double our revenue from here on in next five years. So practically 15% CAGR will not be a challenge to our organization. If the economy support will be there at the kind of infra-spend which is happening in our country, we may even exceed to that target also. And our new vertical, new babies, they have just done a beginning of the journey. So when they will mature like Resinova, when I still remember when we acquired the Resinova, everybody was crying that how you are talking about 500 crore top line. I still remember every analyst, every fund manager were scary when we were telling that we are targeting to achieve the 500 crore mark.

And today proudly we can say we are a 1400 crore company in ADSU. So similar journey is for the Bathware and same journey is pain. More or less numbers are in the same line. So next five or 10 year down the line, I will be here only and talking to you all this number, what we have achieved in the ADS event. So you will be there, so we will be sharing with you the same thing. So industry outlook, we are quite confident that the industry is going to deliver close to about 12 to 13% kind of PI revenue and close to about eight to 10% kind of ADSU. That is what industry outlook we are getting the sense from the market. There is no authenticated number available, but we are of the view that this kind of trend will be there for the next year.

And there are a lot of triggers available in the industry side. It can be a also. It can be infrastructure spending also. It can be industry consolidation. That is the big thing happening in the market. I'm surprised when I see the pipe company's number. Most of the good companies in the pipe category out beaten the industry average number. So any up and down which is happening in the polymer side, earlier the range was 5% kind of up and down. Now that range is going up to as high as 20% up and down. So in this up and down journey, smaller companies are going to lose heavily in the financial terms, in terms of profitability, while companies like us will be getting big, big benefit out of that.

Nobody was expecting that in the month, the q1 itself, the polymer will go up like that. So two polymer rises already taken place, and another third rise is on the card. Before first of June, we are expecting another four to five percent polymer price will go up. That is what grey market is suggesting in the country. Housing. Anyway, it's a booming. You talk to any developer, whether it can be a Godrej, Oberoi, Shobha, anyone you speak, everyone is talking about the big number. And actually, they are delivering. You see their numbers also. The kind of project booking is happening. 5,000 projects are getting booking in a one-week time. That clearly indicate that there is a huge demand, and the availability is very, very thin.

A city like Mumbai, if you ask anyone, I own four BHK apartments. It's hardly available in a ready position. So huge demand is expected in the next three-to-five-year time. So, these are the big drivers for the growth which we are expecting in the coming time. That the overall industry growth will be 10 to 12% shift from unorganized to organized which we already. Another big advantage to company like Astral is the decentralization of manufacturing. What happened that when you are supporting from the distant location to the market, your logistic cost will be very, very high. So, in that case, it is very difficult for us to maintain the margin and gain the market share. But when you are near to the market, it is very easy to take the market share and at the same time maintain the margin.

Because many dealers and distributors are very much keen to join the brand astral. But because we are supporting from the distant location, they have to keep a sizeable inventory, which is very difficult for a smaller distributor to hold the inventory. Not only holding the inventory, secondly, you know, nowadays the rental costs are so high. So it is very difficult for any distributor level or a dealer level to spend so much money. But if your plant is near to the market and you hold the inventory, there are high probability that everyone want to join the brand astral. So that is going to play big way in our favor. Secondly, expanding the network. Like recently we have taken the entry into the eastern market. You will be happy to know that very first year itself, our plant utilization is 70% plus.

This is a big, big, I can say, even we were not forecasting that that kind of support the Eastern market can give the brand Astral. Because everyone knows the brand Astral, but the availability was the big challenge. The moment we have put up the plan, everyone is keen to join the brand Astral. And with that confidence, we put up the second plan in East, that is in Guwahati. So now we are coming this side to the Hyderabad. Because we are seeing that the brand is very well

recognized across the country, but the challenge is the availability. More and more availability we will make near to the market. There are high probability we will continuously going to gain the market share. Loyalty program, Kairav has already discussed.

So this continuously we are adding the dealer network in our Pote and similarly the plumber side. Continuously every week new and new plumbers are joining to our loyalty program. So, all these things are going to give us a big support and the biggest thing which we have seen in the last year is the infrastructure business of Air style. Infrastructure business, first time in the history after taking over the Rex acquisition in 2018-19, we were able to sell completely 100% capacity throughout the year. So we were not having capacity last year which can fulfill the demand. So demand was so high that we were not able to fulfill. So now this year, quickly we have ramped up the capacity. We have added 4,000 to 5,000 metric ton capacity immediate basis.

Further capacity we are going to add in the near term. So that sector is also going to give us a good number in the coming time. So I want to skip all this thing. This I discussed. Now coming to the main number side. So if you see the consolidated number of Astral, the last five year growth was close to about in a revenue term was 21.63% CAGR. The management has always given the guidance of somewhere between 15 to 20% and we are able to deliver 21.63%. So we are always in line with what we have guided to the street. The biggest drawback in the last year was the value erosion because of the drop in the chemical price as well as drop in the polymer price. So because of that, the gap between volume and the value was very high, close to about 14% because volume growth was close to about 23% and the value growth was 9 point something. So 14% gap was there. That's why we were not able to absorb the overhead. Otherwise, our margin could have been much, much better in the last year itself. But still, margins are better. Margins are as per what we have given the guidance. Within that range, only that. But if value erosion was not there, then our EBITDA percentage could have been much, much higher. I can correlate this thing with the GP percentage. I'm sure you must have gone through. Unfortunately, this slide is not here. Otherwise, I could have shown you.

The GP improvement in the company at the consolidated level was close to about 5%. But EBITDA improvement was hardly 0.6 or 0.7%. So the GP to EBITDA conversion was not in a parity. The reason was very simple that our overhead, fixed overhead were same, but because value addition was not there, because top line was eroded, that's why it was not fully converted into the EBITDA. But in the coming time, in the coming years, once the polymer price will come back to the normalcy level, then this is going to be there, and that is going to help the improvement into the EBITDA. Few of the number which you want to write down, you can write down, many of the analysts, because they mostly are much worried about this thing.

So please write down, because it's not there in the presentation, but I was going through this, my balance sheet in the flights today morning, and I have picked a few, so that you can correlate how the erosion of EBITDA taken place, otherwise EBITDA could have been much, much higher. So number one thing is the sales and promotion. Sales and promotion, special drive was there for 25 years, celebration, so we completely changed all our packaging material, all our boxes, all our social media campaign, all our TVC. Across the board, we have changed the theme of 25 year.

So because of that, we have to give the highest budget to that event and plus there was a celebration also with our dealer community, our suppliers, our employees, our plumbers, everyone was a part of that celebration.

So we have spent sizable money into that side also. So all put together branding and all put together total spend which was 127 crore rupees last year. This year it is 179. So more than 50 crore spend was there because of sales promotion and the branding activity. which is not going to be repeated next year. Saijabal will be curtailed this year. So that was one of the things. Second element was the freight. Last year, freight was 66 crore rupees. This year, freight is 102 crore rupees. Because volume growth was 25%. So naturally, freight is directly connected with the volume. But because value was not there, so because of that percentage term, this freight has jumped up substantially. So that has eroded the EBITDA.

Third element was power and fuel. Power and fuel has increased from 90 to 116, so almost 20 by 30%. It is in line with what is the volume growth, because volume was 23, 24%, but value was just 9%. So because of that, that cost has also shoot up. So, all this individual line level, when I am giving you only three, four item right now, but if you go through our balance sheet line level, there are so many expenditures which would link with the volume, But because value was not there, that's why it affected our EBITDA. Similarly, employee cost. Many of our labour costs, all other things were linked with the volume. But value was low, that's why that cost also increased. And you can see very well that our employee cost has also substantially gone up in terms of percentage in the previous year.

Now EBITDA was also similar line, 20% plus, 20.64%. This year also, in spite of having so much challenge on the value growth, we were 15% EBITDA growth. PBT was also 24.42% in last 5 year CAGR, and last year was 18.9%. PAT, again the same line. Similarly, EPS in the same line, and cash profit also. All across the things, if you see, everything is 20% plus in the 5 year CAGR. One more exceptional item was there in the balance sheet, that was the amortization. Because we acquired the JEM paint, so on that acquisition we are writing up every year 26 crore rupees annually to amortization. So to that extent my PBT is low and consequently the PAT will be low to that extent. So 26 crore every year we are writing up, so two year we are writing up, so seven year we will be writing up to take the taxation advantage.

So that was also the exceptional, that's why you will see the EPS has come down, but that is only a book entry and the non-cash entry. It's not going to affect the cash flow of the organization. This is the consolidated working capital cycle. You can see last four, five years, it is constantly maintained. We are not deteriorated, though we are growing at a 20% plus run rate, we have maintained very, very tight our working capital position. So you can see the inventory levels are, last year it was 62%, now it is 59%. and the working capital day last year was 24, now it is 25, now it is 24. Sorry, data days. And net working capital has reduced from 30 days to 27 days.

This is the cash position, more or less close to about 500 crore kind of net cash we are sitting. Definitely the question will come, what are you going to do with this cash? So company have an aggressive plan for the expansion. We have already announced the few plans. Few more

expansion activities, it is still at the board level. We have still not concluded, which may be concluded in the second half of the current year, FY25. Once that will be finalized, we will be communicating to you. And in between, if any good opportunity will be there for the acquisition side, we are ready for that also. So it depends what kind of opportunity is coming. But definitely, we are going to utilize that cache.

Otherwise, there is no point to hold such a cache and deteriorate our own returns. So we will be definitely going to use this judiciously. Otherwise, we are going to give back to the shareholders. This is the more or less breakup is same. Last year, the pipe contributed 73%. Pipe include plumbing, means including bathware, contributed 70%. This year is same. And the paint and is 27%. The ratio is maintained. This is a broader backup of plumbing business, that is the pipe and the bathroom. Here also the five-year CAGR, if you see, it is close to about 20% plus, all front, whether it is the revenue, whether it is EBITDA, PBT is little higher to 26%. So on a long-term basis, if you see constantly 15-20% guidance which management is giving, we are continuously delivering into that.

This is the capacity utilization you can see. So last year, we were close to about 68% kind of utilization. So capacity utilization improved in last three years. This is a plumbing business working capital. More or similar line what we have seen on the console because 73% is contribution from the plumbing. That's why data days has come down, sorry, inventory days has come down from 64 to 60. And working capital days has come down from 21 to 19 days. Daters, almost 18 to 19 days. This is the paint and adhesive business. If you see paint and adhesive, Keger is 26%. Of course, the paint is the later stage edition. That's why it is showing 26%. But if I remove even paint, only adhesive also, which is not a separate slide here, but that also close to about 19% kind of Keger is there.

EBITDA again 21% and PBT is around 17.7% mainly because of 26 crore rupees which we are writing off as an amortization that's why PBT is low. If I remove these 26 crore rupees annually and write off that is in amortization the number will be 20% plus. This is a key takeaway I think mostly I have covered. So I am not going to repeat again because we have already taken so much of time from you and we want to give maximum time to Q&A session. Thank you very much.

Q&A Session

Attendee:

Sandeep bhai, thanks for the opportunity. It's very nice to note that you are no longer alone while addressing the meeting. You have your second son also joining and I don't want to compliment him too much today, but he's done a good job.

My question is on the paint industry. Two years ago, when you acquired this company, we had a godsend opportunity with one major cement player wanting to enter this field. He entered the field and at that time I remember asking this question, don't you think this could be a big disruption and opportunity for smaller players? Today we have a situation where the plant is operational, there

is disruption in pricing The established players are talking of taking price cuts initially to sustain the market. Do you think the next 12, 15, 18 months will be a time for you to enter this market in a big way, capture pockets of the market and this could be the game changer for Astral Paints?

Mr. Sandeep Engineer Speaks

Yeah, when we acquired GEM and in very short time, in maybe a month, the announcement came from the big business house and they have also come with their products. But basically, the news around disruption, they might have told that their pricing are not a disruptive pricing as of now. As of now, they are fighting against the biggest paint company of India. And we are also studying what the launch is happening, how their schemes are happening, how they are going to approach the market. But when we see ourselves in this market, and with the adhesive dealer network which we have almost now, it is going to touch 200,000, 2 lakh adhesive dealers. And we did a survey, almost 60 to 70% sell paints. And we are still very, very niche. And we would not do any disruptive business. When we acquired Resinova, the same challenge, people said that there is a huge company in front of you.

And how will you succeed? And we said, we'll go in our way, we'll create brand, we'll create our space. And we said that we'll keep growing at 20-25%. So our still target here is 25-30%. We have astral brand well established. We don't want to go and do any cash burns or not go into any fights. Still with all these happening last year, JEM itself had 17% plus EBITDA. This business if rightly done can be always 14-15% EBITDA which people doubted when we had even adhesive that how will you have so much EBITDA. So we are not going to push, put money behind it, be aggressive without any reason and do any unordinary expenses. We will grow. This year we will reach 300, 325.

It's an ideal number. And from there we will keep growing at around 25-30% which is because the size is small, which is a good number for us. Let the top people have their own things going on. We'll make our own way. Because I'm seeing that we have a better way. Yesterday I met 350 dealers. And there is a lot of clusters. When this cluster happens, their margins have come down. And they have fight going on. And with that, we'll make our own way. But what we can tell you, all of you, is, today also I met a big fund and you want the baby to be born, tomorrow it should start walking, third day it should start running and fourth day it should start building the muscles. I said give us three years. The baby is getting developed but the patience of the market loses very fast and this fiscal you will see the difference in paint. You will see the growth, much growth in adhesive, much better growth in faucet. We are not magicians here. You come, I told them that let's extend the seat and see how things work. Because it doesn't work with magic. Business takes its own time, but we are very cautious. Why we presented both of them that we have now a team of people who are going to run it. It's not, we have concerns of many companies who don't have people to take over. And still, you trust them. Here we have people and bandwidth. Please trust us to keep growing at the right pace.

We won't overshadow anything. We won't overcommit anything. See, when things run here and there, a few parameters keep going here and there. But the company is not shaking. It's still cash

positive company. It's still with certain unexceptional expense come of 25 years celebration. Everybody started shaking. But it happens, 25 years people have stayed with us. We celebrated with the smallest guy and we spent 35 crores for that. Gives us a big reward with the dealers. Today when we had multiple dealer meets of this celebration, you see the amount of business we are getting from the next day. So don't worry about paints, we won't be doing any disruption. We will go phase wise. It will go very perfectly when you see our paint going.

Attendee:

Sir, last question on the O-pipes that we are talking. Could you give us some sense of the ductile iron pipes, typically we also hear of very large diameters. So whether it will come in all those sizes, it will come in the mid-size, where would this be an advantageous?

Mr Kairav Engineer Speaks

So, first phase we are launching up to 12 inches and after that maybe we will go to higher dais. Major demand is up to 12 inches, 315 mm is the major market for this and it is a replacement for ductile iron pipes that are used typically for fresh water supply. And, this is different from the null sejal pipes. DI is a pressurized application. So, OPVC is also a pressurized application. And, it is typically used in, which is, it's not the same.

You know, using HDP in agri for null sejal and using ductile and OPVC in freshwater supply is two different categories. So, by getting into OPVC, we are unlocking a new growth driver for the company. And there are many plastic pipe players who have already announced their entry into OPVC. There is a BIS standard also developed for this particular product. And majority of the market leaders and majority of the bigger players are going into this. So this will also see going ahead maybe not immediately, but in the next 5 to 10 years, shift from metal to polymer. Thanks.

Attendee:

Thanks for the opportunity. Girish from Morgan Stanley. Wanted to understand the adhesive portfolio for FY24. If you split the performance for international and India, if you can help us with the revenue and EBITDA margin. And you also mentioned in the commentary that there's going to be the dahej, which will be the only plant running right now, going forward. So, the impact cost for shutting down, is it likely to come through in Q1 again? And if there is any one-off in Q4, if you'd like to comment on that, that's the first question.

Mr. Hiranand Savlani Speaks

First of all, it's not going to be a big effect on shutting down the plant because most of the machinery we have moved to the new location. So, it's not going to affect too much, maybe few crore rupees, 2-3 crore or 5 crore max. It's not going to affect much to the size of company which

we are today. The revenue from the last year from India operation was 960 crore and the EBITDA was 151 crores.

So, close to about 15.7% EBITDA was there from the India operation. The biggest challenge which we faced and the GP, the best part that GP was improved from 34.72% last year. The UK did around 355 crore rupees last year. Again, that EBITDA was just 19 crores. Last year EBITDA was 34 crores. This year EBITDA was 19 crores. Almost half EBITDA. That was the pain point for us because of the inventory losses at the UK level. Otherwise, GP in that business has also improved from 33.42% to 35.57%.

Attendee:

So, what... What is the normalized EBITDA in UK business that we should expect going forward?

Mr. Hiranand Savlani Speaks

So, we are expecting close to about, double digit, close to about 10% EBITDA next year. Next one, you have 500 crores of cash.

Attendee :

Just wanted to understand your CAPEX program for this year and next year and if you can break it down into various business segments to the extent that plans are formed up now.

Mr. Hiranand Savlani Speaks

So like we are, initially we have chalked out the plan which can take away the 300 crore rupees of CAPEX. But if the demand scenario is going to be high, which is there are high probability, then in that case we may increase also. So like we have planned out Hyderabad and the Kanpur plan in two phases. That is 40 plus 30 in Hyderabad and 30 plus 30 in Kanpur. Okay. Now if the demand scenario will be robust, then we can prepone also. It depends on the demand scenario. So roughly about you can say major chunk. 250 crore kind of will go to the pipe and 50 crore will go to the other businesses.

Attendee:

And there was a comment that you could expand in Central India also. So that will be the next phase. Not this year.

Mr. Kairav Engineer Speaks

This current CAPEX is only two plants. But Central India is a vacant geography for us. So after these two plants, the Kanpur and the Hyderabad plants are done, something might be on the cards for us in central India but it is in the nascent stages of just thought process.

Mr. Hiranand Savlani Speaks

Still we have not identified the land also.

Attendee:

Okay. And just final question on OC PVC. If you could quantify any opportunity size, the pricing or I am sure the margins would be accretive. So you spoke about ROC being better because the capex intensity is lower.

Mr. Kairav Engineer Speaks

So yeah. So we are our OPVC capex typically we are going to invest one-fourth of what our peers have invested in OPVC. Because we have not bought a licensed machine from any manufacturer. Neither we have done any contracts with them. And on the realization side, I think it is too soon to comment that what the realizations of this product line would be. But since it is a technical product and a technology driven product. It will not be like a agri pipe or a HDP pipe which are sold at R plus basis. There is a lot of technology behind this. So it will be selling at a premium price though it's a PVC product.

Attendee:

Good evening. Good evening, this is Heth Choksi from Devend Choksi. Thank you for the presentation, Sandeep bhai, Kairav, Saumya and Hiranand bhai and thanks for inviting us. A few questions, first around the entire theme that how Jal Jeevan Mission conceptualized in 2014 brought around the entire pipe water to the villages of India, we see a similar theme of pipe gas in the next 10 years. So, could you talk a little bit about how would you be wanting to capture this theme of pipe gas business especially going forward?

The second question is around, we've seen how George Fisher involves and we have seen how Jubirit has created value in the insulation piping business. I think I remember last time in the last analyst meet, you spoke highly about the aluminum coated insulation pipe for the hot water segment.

So could you just throw a little bit light on that space as to how would you want to capture that theme? Because that product is a very premium product, but eventually you want to bring unit economics to India. So that would be really helpful as to how would that market eventually evolve.

The third question is around adhesives and sealant business. Look, honestly, you have been very strong in the piping business over the last 15, 16 years. But to replicate that similar kind of a distribution, the kind of a reach, the just-in-time product to the market, it requires a little dedicated effort in which I'm honestly seeing great effort from the team. But do you think that creating a separately listed company with a very dedicated, separate distribution network, still relying on the

cross synergies of the parent business can support your expansion because your vision is very big, the addressable market is huge but probably the ability to cater to it in the right time at the right moment might be the influencing factor around the growth. So that was one question and the fourth question is on we've seen how some regional players like Sera Chem in Chennai or in Tamil Nadu segment having a really dominant position in the niche silicon sealant space, where DAO is really a significant player. So how would you want to really work on this space going forward? Because I think the regional players are having a lot of impact on the industrial applications. So I think a little bit light on that aspect would really help. Thank you for that.

Mr. Kairav Engineer:

So, I will answer the piping side of the questions that you raised. So gas piping, yes, you are correct that there will be a shift. See, Europe, they use polyethylene and polybutylene pipes for gas applications. And India is still using metals. So gas side, there will be a move to usage of polymer pipes. It is still in a very nascent phase. And we are actively keeping a watch on the developments on this side. It's too soon to commit to any sort of a capex till there are proper standards and proper uses and proper authorities willing to accept these products for the gas transfer application. Because India, the thing is that, you know, foreign and all, they have set of standards.

So they are very comfortable using polymer products. But in India, you know, people are always scared that it's a polymer pipe and we are using it for gas. What if there is breakage? What if someone drills through it? What if there is a leak of gas? So all these things come up in people's minds. So we are actively watching this space. We are not saying that, you know, if tomorrow this space develops, that we will not enter it. We will definitely enter it. But it is still in a very nascent phase. So, we are just keeping a watch. And you asked about the aluminum composite pipes. We already have the CPVC aluminum composite pipe for hot water supply. And we are also going to launch the PEX, aluminum PEX composite pipes, again for hot water supply, with a different set of fittings that do not require the solvent cement crimping method as well as push method.

So there are two ways to do the fitment of this particular product categories. But again, it is a very premium product. It is something that is selling at almost three times to three and a half times of a CPVC pipe. So the takers for this particular technology will be very limited in a cost-conscious country like India. But nonetheless, since it's a new and upcoming technology, we are committed to launch these products and manufacture these products in India very shortly.

Mr. Sandeep Engineer Speaks

Please wait. Folly Oliphants will give you a good news. Every child if I make, I am born today, then you will start eating my head from tomorrow. So we'll give you some good news as time comes in this fiscal. A lot of things are coming in new ways for a lot of applications and we are there working on many, many new products.

Okay.

Mr. Hiranand Savlani Speaks

So, regarding your second question was the George Fisher wall kind of things. So wall business, I think we have recently taken the entry and we are really doing great. We have already crossed three-digit marks. So that business is anyway doing good. But still we have not explored the opportunity for the export market. Once we will be exploring that export opportunity, this number can be any number. Because huge demand is there. So, keep patient because it's a new business for us but doing great into that business and going forward also we are expecting that we are going to do reasonably well in that business. I am very happy to announce that recently Astral has opened up the office in Dubai. So now Astral focus is going toward this export market also. And we are going to bring lot of new projects from the Gulf region also and that we are going to support so many products. It's not only VAL. This can be a CPVC also, it can be a Drain Pro also, it can be a Silencio also. Multiple products, even ADC also we are selling into the Dubai market. We have appointed the distributors over there also. So now focus is moving toward that direction also. But it always, it takes time. So give us few years, definitely we are going to do a good job into that category also. Regarding your another questions of adhesive and a sealant, a separate company so you can give a more focus and all. I am sure you have not seen the number of our this business.

Last 10 years, our growth is 17% CAGAR, including UK. UK geography is growing hardly 1 or 2% in the GDP terms. Including that also we are growing at a 17% CAGAR. So which is one of the best growth I can foresee in a country like India into particularly that category. Where the big giant is there, no one is even dare to do 500 crore business against them. And we are today close to about 1400 crore. So we have done a good job. Yes, definitely we can do still better. And we are trying hard that we can do further better into that segment. But you know, any brand journey, initial journey is always a push journey. The moment pull start, number move very fast.

So we are almost on the verge of pull side. Now Bondtite brand is very well recognized. You go into the Mumbai city, every shelf you will find the Bondtite brand. That is what a big achievement for a brand. So pull will come and that will take this business to the next level of 3000 crore. So it's a question of only time. And Saumya, you want to add anything?

Mr. Saumya Engineer Speaks

You mentioned about the sealants and the application of sealants and how you will go into B2B. B2B, correct? Yes.

Attendee :

I mean, yeah, the competition from the...

Mr. Saumya Engineer Speaks

So, basically, there's application of sealants. You know, it's B2C and B2B. B2B is directly to industries. So, we do both. We do both. And B2C will be our focus because we are a retail-focused company when it comes to adhesive business and will be the same when it comes to the paints. We reach to around 2 lakh unique outlets every month with loyal outlets Growing every month on month who are billing with us regularly, so we'll be focusing on our distribution and strength of distribution But as I rightly said that sales marketing is creating the category creating the application Application banayata category bana. So we'll be focusing on creating applications. I'll give you one example is for Jio, you know fiber optic market fiber optics so Jio, Airtel and Tata, we are one of the biggest suppliers for them, for their repair kits. So, that's how we are going into segment by segment, understanding, developing that application and then ending over. It's a little different because application to application, there is a change in chemistry, there is a change in the packing size, there is... So, it's not fit to fit method for everything.

But yes, mass is retail. for sealants and we'll go head on with the competition in the retail. Thank you.

Attendee:

Thank you. All the very best.

Attendee:

Hi, sir. This is Ritesh from Investec. A few questions. First for Sandeep Bhai, I think on one of the slides we have indicated 10-11 percent industry growth. It was not specified whether it was volume or value. If you could specify that and, in that context, do we have any aspiration on maintaining market share or increasing it and would you want to revise your volume guidance which historically we have indicated around 15%? So that's first question for you.

Second question for you again and Hiranand bhai, two years back we had given a number of 1500 crores of top line within four to five years.

If we could spell where we are on the journey and are we still retaining that target? That's the second question.

Third, again, specific to Sandeep Bhai, I think Kairav did indicate that we have around nine verticals. Just wanted to understand what sort of management structure we have and how it folds into Kairav and Saumya and into you and Hiranand Bhai. I think this is first set of questions. I have a few more.

Mr. Sandeep Engineer Speaks

The market, we have been guiding at 15 to 20% growth, but on the higher end, we will always be 20 and we will always want to be above 20. So that is what we are looking at. And this year, as we look the polymer scenario, I think the guidance of the higher end will happen.

So, safely, we don't want to give absurd number and tomorrow you all run and something happens to the stock and then we don't deliver. We have always given a guidance and delivered. So, yeah, it's a 15 20 percent but 20 is all I'll just add to this.

Mr. Kairav Engineer Speaks

Ritesh bhai Industry is supposed to grow at between 10-12% volume and our indication to the market is between 15-20% volume for this year. We will observe the trend for H1 and based on the trend of H1, like we revised our guidance last year, we might revise our guidance based on the movement of A, the polymer price and B, the demand.

Mr. Sandeep Engineer Speaks

And second question for me was about the bandwidth of the people.

Attendee:

Yes, sir.

Mr. Sandeep Engineer Speaks

So, bandwidth of the people, yeah. It is always a challenge today. One, people and one, to maintain people. But by God's grace, today, in all our segments, we have the best of the best people. The bandwidth of the people, say, if you say in the pipe, we have. you can come and meet some of them are very, very good people from the trade also. And today the pipe heads are come from real companies who are from B2C. General trend was to take all the people from the same pipe industry which go around. We change the trend. We have people who have come from different B2C segments, deliver the best results. Adhesive, we have one of the best teams today in place for every vertical in adhesives, be it the maintenance and wood and everything.

Paint, we have Mr. Ram. We especially brought him here because a lot of people would like to ask questions. He has 25 years of experience plus in paints. And in narrow leg, he has been there for almost how many years? Narrow leg only. So it's a big journey for him and well connected with the market. The technical guy in paint also has a big journey. So he's also a very good person.

Similarly, we had concerns about our faucets, about sales. So the concern was addressed, we made changes and we have Mr. Khurana who is again 25 plus years in the same trade. So yeah, bandwidth is proper at present. We keep our fingers crossed that we all remain together as a family and deliver things.

Attendee:

And sir, on market share, how do you look at it? The reason to ask is...

Mr. Sandeep Engineer Speaks

Which market share do you want?

Attendee:

On polymers, basically. If you look at it... Plastics.

Mr. Kairav Engineer Speaks

If you can see, Hiranand bhai presented the CAGAR. So, last... It's about 21% was the volume CAGAR in the last five years. So, I think we have outgrown the industry as a whole in the last five years. So it is very indicative that we as a company are very aggressive to gain market share and to grow our reach and our networks. So that aggression and that pace of outgrowing the market will continue and we want to gain market share in the next five years also.

Mr. Sandeep Engineer Speaks

If you see the pipe industry, we have given 24% growth, but the best EBITDA in the segment. Now you want to give 40% growth and the lower EBITDA, then you are doing government business. These businesses which you see in Jal se Nal or gas and all, you have to invest looking at the long term. Those businesses are going to be gone in 4-5 years. Those are not permanent businesses. In India, Jal se Nal is done, then from where will we do Jal se Nal every day? There is no water in Bangalore. It is being sold on the money of a bucket. So, these projects we are going to come, but we are looking at alternates also for the application. Tomorrow I want to make an alternative for that application, that it can be used in the industry, where it can be used. So it's a long sustainable thing. There were many products in PE came for say rainwater harvesting. Harvesting got over. We are thinking in a very big rational way of bringing all our products. That is what goes in our thought process on the long-term horizon of 10-15 years, not a short-term horizon.

Mr. Hiranand Savlani Speaks

So Ritesh, you know Astral by nature is a very conservative company in terms of guidance. We don't want that overnight our share price goes up by way of giving a higher guidance. So we

always give the guidance which is do able. And whenever the time comes and we see that the market is good, we can anytime revise the guidance. It's not that management cannot revise the guidance also. Last year we have given the 15% volume guidance.

Half yearly when we see that we did around 28-29% kind of volume, we immediately revise our guidance to 20%. And actually, we deliver 23%. So, guidance can be revised also. But you know, we are working in so many variables. And now variable is not restricted to the India. Variable restricted to the globe. So anything can happen anytime. So very very difficult for us to predict what is going to be there next 12 months down the line. Who thought, any analyst thought that 10% kind of price rise can happen in polymer in one quarter time? No. Even company never expected. So these kind of variables are there within that we have to perform. So we have to be always conservative. We don't want unnecessary our investor make losses.

We are not that kind of company who make the losses. We give the higher guidance and then don't deliver and then ultimately our shareholder make losses. Because ultimately analyst will project higher number because they have to extrapolate only in excel. In real world doesn't happen like that. So because of that they will do like that way and then number will never come. So we are very clear that we will give whatever it is do able. That only we are going to guide. And we have clearly, categorically said that once we will complete six months, we can revise our guidance upward. That also we have communicated today also in the media also, in G News also I have given categorically answer that we can revise.

It's not that we are restricting ourselves to the 15% or a 20%. It can be 25% also, it can be 30%. We are prepared. We are having capacity. We are having cash flow. So nothing is going to stop us for the higher growth. But at the same time, we want to work judiciously and in the interest of our shareholder. Secondly, your question was our original marks of 1500 crore from the new business. We are very well on track. We have not shared the number. But next time in the presentation, we will give the net number also what level we have achieved. We will not be able to give the breakup of individual category. But definitely whatever we have given the guidance of 1500 crore from the new businesses, we are going to achieve in next committed time.

Regarding your another question of management bandwidth and all, you are very well aware our employee cost are going up because we are adding a lot of senior level positions in our organization because we are preparing ourselves for the 10,000 crore marks. So we are preparing ourselves in the management bandwidth side also. We have already appointed the CTO level person. We have already appointed the CHRO level person. These positions were not there in the organization. So all these new positions are getting created and that's why you see our employee costs are also going high. But this is mainly because we are forecasting our doubling the turnover from here from the next five years. That's why we are preparing the base for that and we are creating the management. Today our employee costs may look higher but once the number will start coming, this will be automatically absorbed and that will be coming to the normalcy what we are used to do earlier. So we are mentally prepared to aid the management bandwidth and that is, on that line only we are working right now and two gentlemen are in front

of you. They are already working hard, on an average 14 to 15 hours both are working, so nothing to worry on the management side.

Attendee:

Just two quick questions. ANP spends, would you like to quantify? I think Hiranandji gave a number of 179 crores. How do you see this number?

Mr. Kairav Engineer Speaks

ANP, like Hiranandji said, most of it was due to the one-off of the 25th anniversary. If you look at the core brand spends and advertisement spends, we have not increased from what we have been doing. It has always been in the same ballpark. Budgets are made accordingly. And coming into this year, I think A&P spends will be rationalized again to what they used to be as a percentage of sales. So, it is not that we have done a lot of TV ads or it is not that we have done, like... Actually, in fact, starting from this year onwards, we are also coming out of the brand ambassador spends because now we have reached to a certain scale where most people are aware about our products and we want to save that money and use it. towards, you know, developing the newer categories within the particular vertical.

Attendee:

Thank you so much.

Mr. Sandeep Engineer Speaks

And take the last question because almost six o'clock or two more. One is there and one is there.

Attendee:

Thank you for the opportunity. Amit Purer from Ilaria Capital. Sir, just on your comment on infrastructure pipes, you highlighted that that is a growth opportunity and we acquired rex and you said that has done very well. Has it grown ahead of the company average or any ballpark number if you could share the outlook for that?

Mr. Sandeep Engineer Speaks

So we won't give you the breakup of the number but it has grown much better last two years. Not only I can say it's projects which are the infrastructure project of the government but we worked with the projects of various builders and got the product accepted.

So now the growth of this pipe is 30-40% comes from the private businesses from various cities and equally it is growing with the government projects. It is growing at a good pace.

Mr. Hiranand Savlani Speaks

So it is higher than the one normal businesses.

Attendee:

Okay. And, and just working capital cycle

Mr. Sandeep Engineer Speaks

it's much better. Because we do you know.

Mr. Hiranand Savlani Speaks

Astral is very, very careful about the working camera that's why many businesses will leave it. Because we are very clear that we don't want to do the business at the cost of balance sheet. So we are very clear. We will be happy with one or two percent lesser growth, but we will not dilute our balance sheet. We don't want to

Mr. Sandeep Engineer Speaks

We are supplier of a special product we made for the bullet terrain project. It was approved in Japan. And we are one of the suppliers for that. So that's a niche product which we have made for them. Yes, last.

Attendee:

Hi sir, good evening. This is Rahul Agarwal from Ikigai Asset. Sir, one question I had on adhesives. The Dahej plant has just started. I think your focus will be to ramp it up next year. I understand the long-term guidance of 15-20% of the segment growth revenue. But just wanted to know, like a bit shorter term, next two years, would Adhesive see higher than normal growth, you know, purely from a volume perspective? I understand the pricing is up and down. But that's one question I had, purely from a next two-year perspective on Adhesive, please. Yeah, yeah.

Mr. Sandeep Engineer Speaks,

Obviously, it will be growing at a much higher pace in volumes. Much, much higher pace. And the Dahej plant is having a good capacity. So it will be... helping us to grow much faster. The initiative of New Bharat now has started seeing results for us. So basically, one more reason also for this manpower jack-up cost which has come is that the New Bharat initiative, it comes like people come first or the business comes. When you see number, you feel, no, people should not. But people come first, then the business comes. Now we have also Faucets which is going to, that

cannon has to fire this year. Obviously, the manpower cost will go up. Paint, similar you will see for one or two years. When you see consolidated, it looks little higher. But yeah, we have put people on the ground and adhesive will grow at a faster volume pace in this year and coming years also.

Mr. Hiranand Savlani Speaks

Even if you see last 4–5-year CAGAR number, that also adhesive, India operation is growing faster than the pipe. But that, because of UK, if we consolidate the number, now you feel little lower than the pipe. Otherwise, India operation, it is, we are doing much better. And if you compare with the peers, you will immediately come to know what is the difference. So, we are continuously gaining the market share.

Attendee:

Sure. So, essentially it means that 20-25% is what we could essentially see this year, right? Purely because a new plant has started.

Mr. Hiranand Savlani Speaks

Yes. India operation, you can still expect that 20% plus. Right. But overall console base, 15 to 20% will be there.

Attendee:

Sure. And lastly, just as a bookkeeping question to Hiranand bhai. Sir, paint car revenue EBITDA, if you can share. And for the bathware business, I think you shared the top line, but if you could give the EBITDA, please.

Mr. Hiranand Savlani Speaks,

So, bathware, I think we lost close to about 17-18 crore last year, EBITDA level. And top line on a net basis after GST, discounts, all was around 60 to 63 crore rupees. Gross was much higher. And painted total revenue was around 185 crore rupees and EBITDA was somewhere around 14.5 to 15 percent.

Attendee:

Okay, thank you so much.

Mr. Sandeep Engineer Speaks

Okay, thank you. Any other questions? I am here, so you can meet me in person.

Thank you very much all of you.

Mr. Hiranand Savlani Speaks

Thank you everyone. Thank you.

Mr. Kairav Engineer Speaks

Thank you everyone. Thank you.