



“Astral Limited  
Q4 FY2021 Earnings Conference Call”

**May 19, 2021**



**ANALYST: MR. PRAVEEN SAHAY - EDELWEISS BROKING LIMITED**

**MANAGEMENT: MR. SANDEEP ENGINEER - MANAGING DIRECTOR – ASTRAL LIMITED  
MR. HIRANAND SAVLANI – CHIEF FINANCIAL OFFICER – ASTRAL LIMITED**



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**Moderator:** Ladies and gentlemen, good day and welcome to the Q4 FY2021 Earnings Conference Call of Astral Limited hosted by Edelweiss Broking Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing “\*” then “0” on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Praveen Sahay from Edelweiss Broking Limited. Thank you and over to you, Sir!

**Praveen Sahay:** Thank you, Aisha. Hello, everyone. Thank you for joining to the earning call of Astral Limited. On a behalf of Edelweiss, I would like to welcome management team of Astral Limited to discuss the results and outlook post Q4 FY2021. I have with us from company management Mr. Sandeep Engineer, Managing Director of the Company, Mr. Hiranand Savlani, Chief Financial Officer. Firstly, I would like to congratulate management for a very strong performance in the quarter. Now, I request Mr. Engineer for his opening remarks, post which we can open the floor question and answer. Over to Sir!

**Sandeep Engineer:** Hello, everyone and thanks for joining this Q4 and annual numbers call. Unfortunately, from last two years, we are unable to come down to Mumbai and meet you in person and have a conference to interact with you closely and share the earnings results and what else being done due to the ongoing pandemic. I hope that you and your families are safe in this difficult time and taking care of everyone in your family against the pandemic. The world is passing through a very difficult time from last one year and India is not in option. We are also passing a difficult time and now we are passing in a more difficult time and a more challenging and everyone has to take care of themselves . We have to take care of the recovery if they are affected by the pandemic and the globe has to do the same and I think everyone is taking care of each other as well as the society and following the guidelines given by the government.

I want to thank all our team members for delivering a lifetime high result in this difficult time. At the same time, I want to thank all our key investors who have stood by us in putting confidence in the management in this difficult time also. You all know that we have more challenges in each day with the pandemic still continuing, a lot of challenge is coming on our way due to the pandemic as well as the vaccination program also will take its own time. For Astral, myself I am not taking care of my own family, but I have been taking care of the Astral family as a whole and the families of my country, which is very near and dear to me and whatever we can do in this difficult time we are doing the contribution to the society.



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We have done our level best to get our staff members vaccinated at the office and the factory. At the office, we are almost 82% to 90% office has been vaccinated. As the factory, mostly 50% plus people have been vaccinated. So, we had taken a very vigorous vaccination drive and the same drive still continues at our plants and at the factory level.

For the CSR what has to be done for the society we have done our best to help many hospitals with biotech equipments, the oxygen concentrators, and many other medicines as well as we have ensured that all our staff members who has been affected by pandemic should be given the best treatment not only to them, but their family members and their children and not a single rupee should be spent from their own pocket to get them recover.

Still unfortunately we lost a few people in the organization whom I will remember lifelong and to take care of their families and their children we have declared to give them the running salaries the cost to the company for two years and education to their children till they reach the college. This is what we have been doing for our own people and we will keep doing the best for them and their family and spouses and if there are ladies for their husband. We as Astral, we are comfort to put two oxygen plant at our location. Two oxygen plants of Santej location; two oxygen plants of 30 meter cube, I do not know exactly what is the number, will be in the coming this week and will be operational by next week and we can daily fill 250 oxygen cylinders, which are used in the hospital and in nutshell taking care of 250 to 300 individuals or the need for oxygen, so lot of these initiatives and lot of these initiatives have been done and lot of the initiatives are being continued. We are continuing to help our society and help our country in this difficult time.

Coming to the business part, let me first step into the pipe business. The performance, the numbers of the business will be obviously discussed by our Chief Financial Officer and our family members I can say very proudly, but to first brief you there are being balancing expansion plans going on at every factory Santej we did atomization and many levels we increased the second capacities of higher range of fittings, by getting new moulds and we put up an facility to make water tanks. The water tank facility at Santej is operational and that is the number 2 facility after the Aurangabad facility, which we acquired a few months back and we have started rolling out and sales of the plastic tank, Astral tank on the Santej location. We will be starting our tank manufacturing at the Ghiloth plant in Rajasthan shortly and then followed by the tank manufacturing the Hosur plant in south also shortly within the next span of three to four months maximum.

This will be two more facilities added to the two existing facility in the Aurangabad and Santej. The construction work of the valve manufacturing is being completed at Dholka. We have started basic range of valve both in plumbing as well as in industry and with each



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passing months there will be new moulds and new additions happening in this facility. We would also proudly say that we will be first Indian company making its own compound for fire sprinkler, Fire Pro and our compound in pipes will be the first product indigenously made approved by UL. UL is the highest approval for the fire extinguisher pipes other than FM and LPCB. Those approvals are also underway. So we will be having all the international approvals, but we are now approved by UL so we are inline with globally and in the development and have the approval of UL other than the ISI approval of India.

At Santej, we work for almost two years to revamp the technology of CPVC, aluminium CPVC pipe and we just launched that product few days back and called it as Multi Pro. In the past, we were making this product, but due to reasons we had to stop the production. We worked on the advanced technology, we worked on improvement in technology, we worked on the improvement of the product for almost two years and with all things inline we have launched this product a few days back and it has excellent in the market because this technology globally is at present only with the Astral manufactured by Astral, globally we are the first and the only manufacturer of CPVC composite pipe and it has extensive use, extensive market, extensive application and the good part of our technology is the cost effectiveness of the product is much, much better than what we used to manufacture in the past, so we had made the product more cost effective to expand its usage in the plumbing as well as water application. This product is proved from Santej.

In the plants at Aurangabad and Sangli, our PVC CPVC machines are there and we have started manufacturing PVC, agri and SWR pipes from Sangli. Shorty we will be starting more effective in CPVC and PVC, agri and SWR pipes from Aurangabad. In the next Q2 this will be operational. Sangli PVC is already operational, but Bhubaneswar work is in full swing. The project should be completed in September 2021 and the production will be rolled out in October 2021. This is a state-of-art plant design to go up to 60000 metric tonnes the first phase will be 20000 metric tonne. Bhubaneswar will be operational before this year end and all the plants in Maharashtra will be making CPVC, PVC, SWR, agri to cater the Maharashtra market as well as the Central India market with cost effectiveness. There are various expansions going certain value expansion product developments going on, certain product are developed, but COVID is delaying us in some way or other for launching of these products and we will be launching another new product line in Q1 or Q2 in the piping industry.

Our team has been continuously working on this developments and launching of new products and we at the level at management level are also continuously involved in developing new technologies and seeking new opportunities in the market for the infrastructure business. Overall pipes, the results are there, there is a growth, all these

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challenges we have done our best and I again congratulate the team and a lot of initiatives to go ahead are underway and we are also working on setting up our own R&D facilities and technology, transfer facilities as well as training facilities at Santej and this should be through in next one or one and one-and-a-half years, if we are not more delayed by the COVID.

Coming to the adhesive business, Resinova as you know as we has always told there were lot of challenges one and one-and-a-years back as you all know, we overcame the challenges, we again completed our task of revamping things and we kept on appraising you all and we always kept you in the loop and last few quarters I have been telling you that things are inline and you will see the numbers will reflect and obviously the numbers are reflecting.

Resinova's performance was excellent and on the difficult times the results are in front of you and we have almost grown at 93% in Q4 year-on-year basis, the highest in the history of Resinova and I am confident that going forward we will keep this performance, we will keep this run rate and we will keep sharing you new developments in Resinova and a lot new developments are taking place in Resinova and a lot of new product addition is taking place in Resinova in the construction chemical business, in the goods segment, in the maintenance segment, and we are also getting into lot of other chemistries. The R&D facility at Resinova is under expansion. We are doubling the facility and it will operational in the next two to three months. The work is almost under completion of the R&D facility. The plants are whatever the balance equipments or whatever the safety aspect things have to be done are continuously done at our three plants, two at Kanpur and one at Ahmedabad.

We have kick start initials work at Dahej and it would be a phase wise. We will be making the plant in phased manner and it will take at least one and one-and-a-half years to as a state of our plant at Dahej for certain chemistries with the state-of-art safety and automization so that work have started. We have entrusted one of the best consulting firms of India who has designed many chemical plants and the work is just started in a phased manner and as pandemic allows us to speed up the thing accordingly the work will go on at the Dahej plant for Resinova.

The business outlook is excellent in adhesive and we are very positive on the business, we are very positive about the growth and the future of the adhesive business in Astral family. We have launched a series of new products in Resinova. We have launched new Solvo bond premium range, Resiwood Edge and Zesta-D3. We have launched TU APC all in the rubber adhesives, we have crack pillars, we have Monset, we have many, many chemistries where we were not present or where we needed to upgrade or where we needed to have better



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technology edge, we have done the same and launched these products to the product from Resinova's table.

We are also working for few new chemistries with UK as our company in R&D centers as well R&D center in Ahmedabad and we will be also adding few products in coming quarters and we will keep you updated on this as we move forward in the new product category.

Now coming to the seal It UK and US business, UK as everyone knows is almost out of pandemic and now it has declared, the first country to declare COVID as a disease not a pandemic and the growth trajectory now would be even better than what we have done, but in this challenging time of COVID, UK, which is a country with lot of challenge of growth, which is a developed country, but the seal It has given a 16% plus growth, excellent growth, remarkable growth and remarkable double digit EBITDA has been driven by the seal It though the raw material was under inflation.

The US business is going very good. It is on self. It is meeting profits. It is growing especially in the RescueTape business is growing excellently well, but we launched a few products for Roof Ceiling hybrid products from UK, which are made in UK and US market and the response is enormous.

We were exporting containers of product to US, we have been approved by the big Home Depots and many other such stores and we have been placing our products one by one in these stores and roof ceiling hybrid products are exported from UK to US and we are getting good chunk of business there and in future if the same level of business continues we may plan to make some more product lines in US, which are made in UK to cater the market and to have a bigger growth in the US market.

Overall, Astral as a family in this time of pandemic has done its best to take care of the business, to take care of the growth, to take care of the profit, to take care of the people and its investors and we will continue to do so in the coming years, coming months and we are still working at our highest peak and highest level even in the month of April and even this month also we are working whatever the best we can improve the growth and cater to the market and take care of the society.

With this I thank you all and we will answer more with your question about your any of things you want to know more about the business and other aspects if then I pass on the mike to Hiranand Savlani to continue his interest to all of you. Thank you everyone.



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**Hiranand Savlani:**

Good afternoon everyone. Thanks for joining this concall and hope you all are safe and we wish that we all come out quickly from this pandemic and move to our regular activity and we take our country to the past vaccination drive so that we can be coming out much faster way. We are thankful to Astral team, which had supported us for this and particularly to the HR team, which had taken the care of vaccination work and that is why we have seen and we all are double vaccinated now and we wish whatever the left out portion of team members are there, HR is sincerely taking care of all of them and shortly they will also be vaccinated and we all will be coming out from this pandemic.

Now this press release is with you, so I will not take much number, we have already taken a sizable time, so I will try to give more time to the Q&A session, but I will highlight the few things, which we have taken place in this quarter and going forward what is our plan and what is our growth strategy, so few of the points I will highlight and then we will go for a the Q&A session. So, this quarter was one of the excellent quarters in the history of Astral in which probably we have grown up the business in the piping, which delivered us close to about 80% topline growth on quarter-on-quarter basis. It is a mix of little lower base also last year, because there was some advantage of the polymer size and secondly the genuine demand was also robust in this quarter and that is why it is not only the topline growth, but in the volumes also we have clocked about 26%, so in all respect this quarter was excellent and we were running shortages in many of the items and we were of the view that if this run rate will continue in the coming quarter will be very, very robust to us because a lot of shift is talking place from unorganized to organized, but unfortunately the second wave has come so little bit of activities that get slow, but we are quite confident a bit in this country we will reopen, we will maintain our higher growth run rate in the coming quarters also.

Taking to the adhesive side, adhesive was also one of the best quarters as Sandeep Ji said in the history of Resinova and the Seal It both has delivered the excellent number and that is why you can see that the revenue growth of the last quarter was 73% and prior the base effect of UK was not problematic, but, yes, definitely Resinova was low so that is also to some extent supported, but 73% kind of growth is unbelievable kind of growth our team has achieved. Not only the growth of 73%, but our EBITDA growth was 150%, which is very, very remarkable and that gives us confident what we have communicated earlier to you guys ultimately the goal of Astral is to take this adhesive business to 16% plus EBITDA growth percentage level and which we are already going towards that journey and we are quite confident that in the next 3 years then we will be 16% plus EBITDA company into the adhesive and sealant business also.

On a consolidated basis similar because both the business have equally delivered good number because of that the revenue growth was 79% on Y-on-Y basis and on a full year



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basis also we believe on a consolidated basis 23% topline growth and EBITDA was doubled in the topline growth, topline was 23%, EBITDA growth was 46% and equally the strong PBT number of 74%. So in nutshell the numbers were very robust and the economy was going at a very, very rapid space and kind of growth we were getting was tremendous and we are at the view the underlying current is still very strong in the economy and the housing sector is performing very well and you can see the housing sales number also that India normally do around 65000 unit quarterly run rate, which we have already crossed in the last quarter, we have sold 69000 units of housing in the particularly top nine cities.

The market demand in the pipe segment was robust from September onwards and that format would still continue till last quarter. Even April was comparatively good, volume growth was at single digit, but topline growth was 50% compared to FY2019, because FY2020 number will be the misleading number so that is why we have given in the press release also comparison with FY2019. Similarly, the adhesive business also demand was excellent from July onwards and it continued throughout the last quarter and equally good number we see in April also. The best part we see in the adhesive was both India operation as well as UK operation did excellent work in Q4 and we are confident that going forward also this momentum will continue both post this small hiccup, which has come from the second wave.

There was a huge pressure of raw material inflation in both the businesses, in adhesive as well as in pipe business, but pipe we were able to pass on quickly while adhesive we have passed on with a lag effect and that is why slight drop is there in our GP margin in adhesive business, but otherwise in the pipe business, we are maintaining our GP margin also and all this numbers will be uploaded on the stock exchanges website because we have prepared a very nice, beautiful presentation, but unfortunately yesterday there was a cyclone effect in Ahmedabad so many part of the city was disconnected from Wi-Fi and mobile connectivity and the lights were not there so our team was not able to complete that presentation, but I am sure that my team will be able to complete today and the late evening may be 8 o'clock to 9 o'clock we will be uploading that presentation for final touch to be given by me because I worked throughout the day busy with the media and concall from the fund managers and analyst community, so we were not able to finish but I am promising you that you will be getting this presentation from our side by late evening by 8 to 9 o'clock.

As communicated earlier that the growth side in the coming time in the next 3 to 5 years will be very, very robust and we are stand by to that and margin will also be much, much better, normal margin in the pipe industry you know 15% to 16% kind of sustainable margin, but now consistently last 6 to 8 quarter Astral is delivering much, much higher margin than the normal margins of 15% kind of run rate, so now we are of the view that this





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higher run rate will be little bit in check in the coming times also though there may be a pressure on the downward side on the PVC side, but at the same time good part is that that the CPVC price have stated inching up now and across the interest everyone has taken the price hike of between 5% to 8%, so the Astral has taken the price hike in the CPVC, so that will support the downpour of the PVC price and Astral you all know that in generating the maximum revenue from the CPVC side.

Infra business was good pickup in Q4 and numbers were encouraging so we are of the view that the way the government has promised to spend sizable money into the infra side, so that is the run rate will continue in the coming year, I think in the coming quarter infra business should do better for us. Numbers are with you, so you all know that Astral is sitting with a very, very handsome cash on hand that is close to about Rs.476 Crores even in the net level also after deducting the debt also we are sitting on the net basis a cash of 409 Crores so robust cash flow is coming to us and we are expecting in another couple of years we will be crossing more than 1000 Crores cash flow. During the year, the company has done a capex of Rs.167 Crores, which includes the acquisition of this tank business where we spent close to about Rs.45 Crores to Rs.50 Crores and we have added a capacity of 19000 metric tonne plus.

Balance sheet quality as you know we are continuously communicating in every communication, every concall that Astral is very, very serious about the quality of the balance sheet and we have demonstrated in this quarter also that you can see that in this quarter also in spite of so much of challenges were there we did a handsome growth of 78% to 79% on a full year basis 23% to 24%, but still we have maintained our working capital cycle not only we have maintained, but we have reduced our working capital cycle. You can see the inventory days, which has come down from 77 to 54 days and our working capital cycle on a consolidated basis has come down from 41 to 27, so our working capital has also given a fairly additional operating cash flow for us. As far as this opportunity in which Astral is there you know we are into right now into 4 segments that is the pipe, infra, adhesive and the tank.

Pipe opportunity in India is roughly about 32000 Crores to 33000 Crores, infra is close to about more than 1000 Crores opportunity, adhesive in India roughly about 15000 Crores opportunity and 14000 Crores opportunity in UK and tank business is roughly about 12000 Crores opportunity so all put together Astral is right now working in the area where the market opportunity is roughly about Rs.67000 Crores, no need to write this number because everything these numbers are already there in the presentation, which you will get post concall, so pipe we are roughly about 7% to 7.5% of the market share, adhesive in India we have hardly 3% to 4% market share and UK we have close to about 4% of market share,



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and tank we are just going to begin our journey. So huge, huge I can say potential is there in the coming next 5 to 10 years for the growth and we are expecting if we work hard we can double the size of our topline in the next 5 years' time.

At the same time we are working on the new product also and you will find the list of the new product, which we have launched in the each and every categories of Astral, Sandeep has already discussed about this Multi-Pro, then we have launched the water tank also in the adhesives, every category we have launched the new product with the advanced technology and the advanced chemistry whether it is a construction chemical, PVA, or you can say the Epoxy side, even a solvent cement also we have launched a premium categories of solvent cement into the adhesive basket and we will continue this kind of launching in the coming quarters because sizable I think product range is there in the pipeline, which our R&D team is working at and Sandeep Bhai is more money into the R&D side and we have put up a very state-of-art building of R&D into the Resinova and unfortunately this is not a good time to invite all of you, but I will wish that the moment these things will settle down, we will invite all of you to visit our facility and see the kind of R&D facility we have put up in Ahmedabad.

We are also open for the growth whether it is inorganic or organic because now the sizable cash is there and sizable cash flow is expected in the coming time so we are always ready for both side organic as well as inorganic side, but our criteria will remain same and we will maintain that discipline that any business, which will not going to us 30% ROCE we are not looking to that kind of businesses and we will be looking only profitable businesses and businesses which can leverage our brand Astral as well as it can leverage our distribution network of dealer and distributor, which is a huge, huge network more than 33000 kind of dealers in pipe business and more than 130000 dealers into the adhesive basket, so we have a very, very huge family, it is great and sell product we are ready to bring that product into our basket and we will keep continuously producing these types of products.

Now coming to pipe side again as you know that the shift from unorganized to organized side is getting momentum and we are of the view the second wave will be further getting into more accelerated way and still we all know that 32% to 35% is unorganized placed into the piping sector, so this is going to be a good driver for the growth for Astral. Secondly, we already communicated that Astral is moving from the human approach to the systemic approach constrict and that is why we are strengthening our system at office level as well as at the market level and Astral loyalty program is getting momentum in the market. You will be surprised to know that now every month we are getting sizable new plumbers getting into the program and many new dealers are joined into this program and in this pandemic time we have supported every plumber brothers and our dealers by way of transfer of



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money into the Paytm account so that they can get it in this difficult time, so they need not to worry about whatever points are there they can immediately convert and we can transfer the money to their Paytm and we would sizably transfer that money during this pandemic time also.

As communicated by Sandeep, east plant is gearing up and hopefully we are targeting to be ready by September, so October onwards the delivery will start in the market and as you know that our competitors are very, very strong into this size of the geography, but our stake is very low into that so we are expecting that the moment our plants will be ready we will be settled by huge amount of logistic cost, which will help us to strengthen our geographical reach into the eastern market and we will be delivering a good number in the coming times over there. Same way government projects we would know that the kind of amount government has communicated in the budget and the various forum whether it is Jal-Se-Nal, whether is an affordable housing, whether is an infrastructure project, they all will supporting the Astral product and we are quite confident that Astral will also participate in these kind not directly by bidding process, but definitely we will be supporting our dealers and distributors definitely to support in a local level or Panchayat level or maybe municipality level wherever the project requires these kind of product.

You all know that with every growth we are always believing in decentralizing ourselves and derisking ourselves so as a part of that we are continuously going to derisk our business so this year we are adding the three locations of pipes that is in Sangli we are adding the pipe as well as Aurangabad and Bhubaneswar that is in east, so three new locations in the pipe is going to be added in the current year. Similarly, as communicated earlier also I am repeating again that Astral's continuous focus will be there into the value added products and we will continue to aid the value added product in our basket and valve product is little bit delayed, but many of the valves have already started production in our existing plant, but the new building is almost on the verge of completion and then the new machines and all are on the way so hopefully we are targeting that the Q2 new building will start producing the varieties of valve and that will be rolled out from the Q3 in the market.

Adhesive and sealant side also growth is there continuously and we are expecting that this moment will continue and this will be further supported by the new product launch, which we have recently done and new additional product, which shortly going to be launched in the coming time and in the US, as Sandeep has already discussed will be a good, good growth driver for our overseas operation and if that product clicks the numbers will be really fantastic for us so right now we export and may be 15 to 20 container and they have given a good support to us and now we are thinking to repack over there that product exporting from UK and with the further growth we are going to start producing at the US

plant itself. Now plastic storage tank, I think is little delayed this project, but now we are ready with the two plants, Aurangabad because acquisition side also we report some delayed because you know this is the pandemic time so some paper formalities and that takes always time, so we have completed the complete acquisition process in the month of March and now we are ready and we have to take the challenge of the market and now we will be pushing our product into the market and similarly, Ahmedabad plant will also support, now Ahmedabad is ready with the tank and shortly the two new locations will be added that is Ghiloth and subsequently Hosur and at the last we are going to add that into our eastern plant. With this I want to conclude my initial remark and open the floor for the Q&A session. Thank you very much.

**Moderator:** Thank you very much. We will now begin the question and answer session. The first question is from the line of Nitin Jain from Fare View Investment Advisor. Please go ahead.

**Nitin Jain:** Thank you for the opportunity and first of all congratulations on the excellent set of numbers, so I had two questions related to the adhesive segment, so in this quarter the market leader has seen their margins drop sharply due to raw material inflation, but we have managed to improve our margins quarter-on-quarter and year-on-year, so is there any particular reason for this out performance and the other question is the waterproofing market, the market leader is seeing as the next growth so how are we present there because every quarter we see paint company is gaining market share and the market leader also gaining market share, so how aggressive are we here? Thank you.

**Hiranand Savlani:** I think I agree with your understanding that there was a huge pressure on the raw material side and the same thing goes with us, in initial remark also I communicated that there was some pressure on the GP level, but because we did about 73% topline growth so because of economy of scale we were able to improve our margin not only the reduction in the margin, but there is a improvement into the margin, so basically economy of scale had supported us in this difficult time and at the same time with lag effect we have passed on to the market and that we are not in a big way present our volume in the PVA is still very, very low so it has not affected too much to us because our other products have performed very well so because of that there were no pressure on the margin, but yes, margin pressure is still there because still the raw material prices are on a higher side, but we are passing with the lag effect and topline growth is high so because of that there is no pressure on the EBITDA and on the contrary in this EBITDA side we have increased our EBITDA margin. Regarding your second question to the waterproofing, yes, everyone is talking about the waterproofing and there will be a very, very big market opportunity to that front, so every players definitely is going to perform in this market, when the market size is big, everyone can take a small piece of the cake, larger player or may be a leader can take away the bigger piece of



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the cake, but there is always an opportunity available for the smaller sized companies also to take some portion of that so that is the case with us also, so with the time we are also continuously launching new products into the waterproofing side. In my presentation which is shortly going to be uploaded in the website new product which we launched is a waterproofing side also. So keep finger crossed we will keep adding the product basket into that segment also and we will keep growing at a higher run rate

**Sandeep Engineer:** With this plumber data, which we have and as we are in the construction industry, in the plumbing business with the plumbers, the connection with the plumbers lot of our waterproofing products will be launched with new initiatives which will help us to grow because we have all the products inline, we have all the chemistries, we have all the products available and we need to go and touch the endusers and that programs are rolled out and we also equally see a great opportunity in waterproofing business and will give you a good set of numbers in this segment and this business in coming years and very soon we will be growing very well in this segment and have lot of initiatives with the plumbers and end-users is going on the waterproofing, so it was good question and I think we are very positive on this.

**Nitin Jain:** A follow up on this. Mr. Savlani, you mentioned about the lag effect so should we see any pressure on the adhesive margin in this quarter or the price will take care of it?

**Hiranand Savlani:** Yes, quarter April was good I can say, but May is slow because of the majority of the country passing through this pandemic time and the lockdowns and all these, so topline growth will be low compared to what we originally planned. Of course it will be better than the last year Q1, but last year April was affect, this year May is affected, but one thing is good that there is no complete shutdown so that is a good part that at least some sale is happening today also so that is going to support us, but I think one quarter or may be one month or two months is not a right way to look at any company, we have to see any company's performance from the next five years point of view and we always guide our investor they do not look our quarterly number because quarterly number one part may be abnormal, one quarter may be subdued because of the market condition and all, but you have see the annual number, you see in this difficult time you rightly said that the peers are not able to grow topline and Astral was able to grow 26% topline growth that itself shows that we believe in the long-term journey and we are whatever steps we are taking that are taken from the point of view of long-term not from the one quarter point of view so humbly request every investor it will be misleading if you continuously look at the quarterly number always look at the annual number and the next five year number.



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**Moderator:** Thank you. The next question is from the line of Sujit Jain from ASK Investment Managers Limited. Please go ahead.

**Sujit Jain:** Mr. Sandeep and Mr. Savlani, congratulations, we are delighted with the numbers. A quick question on, now the industry size you spelt out 32000 Crores that is for pipes, but in terms of volume, what you think could be industry size and roughly the split between the CPVC and PVC and clearly you have made some solid gains in terms of market share, what is your current PVC, CPVC market share and any inventory gains this quarter if you can quantify and just needed to understand our cost structure compare to other CPVC players, how much extra in terms of operating margins you would be earning because you make your own CPVC compound? Thank you.

**Hiranand Savlani:** Let us start with the last question first, that CPVC compound what is the advantage to us I think I will not be in position to quantify because of the competitiveness in the market, but definitely anybody who is making the compound and now Astral team has now the mastery in the field of compound today to the raw material resin of the world, we can compound in our plant so that is the strength of Astral team that they can compound any raw material of the globe so that definitely is going to give us support in terms of our cost competitiveness. Regarding your second question of what is the market opportunity for volume, I do not have a handy number with what is the PVC volume number and the CPVC number, but I can say that our market share as far as the PVC is concerned it is hardly 4% to 5% kind of run rate, CPVC we may be close to about 22% to 23% market share, but volume side I do not have handy number with me, but if I will take some more I will definitely share with you. Anything else left out?

**Sujit Jain:** The inventory gain if you can quantify other company have done that?

**Hiranand Savlani:** I think it is very difficult to quantify, but my rough estimate, I may be wrong also, it will be somewhere around 30 Crores kind of inventory gaining roughly I am telling, it may be plus, minus few crores.

**Sujit Jain:** And for the full year FY2021?

**Hiranand Savlani:** Major sale in the previous was CPVC and that is where you are seeing the heavy growth in the previous quarter as well as you can see the realization per ton has gone up sizably that is mainly because CPVC has contributed very heavily to us and I told in the initial remark in many of the item we were shortfall and also because of the supply constraint was going on in the system and all the vessels were getting delayed, now touchwood we would have got every raw material in time, now everything is again back to the normalcy, but otherwise at one point of time there was a challenge of the raw material also, so CPVC has contributed



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very, very good in the last quarter and that is why you are seeing this expansion into the margin as well as the topline. Best part is that in this difficult time also Astral has maintained their GP margin to 38%, which is the best part, I personally as a finance person seeing in my number and EBITDA will defiantly grow with the economy of scale. I am maintaining the growth of its GP margin in this difficult time and passing on at a right time to the market that is the big achievement our team made so all credit goes to our marketing team, which has done this excellent job.

**Sujit Jain:** Certainly, so what we were looking at is the steady state number this company can make and hence the full year number inventory gain number for FY2021 if you can spill out?

**Hiranand Savlani:** So, full year number, again I am saying we are not able to calculate, but it should be somewhere around 60 Crores to 70 Crores kind of run rate will be there because our major chunk of business is coming CPVC and CPVC there were no change in the price, on the contrary, there was a little drop from our side into the price so because of that there was no gain into CPVC side, but definitely PVC might be 60 Crores to 70 Crores kind of gain should be there may be few Crores plus or minus because we are not able to calculate the exact number. Secondly, Sir, I can tell you we are more dependent on the local sourcing. So because of that our raw material or the finished goods into the PVC basket will be comparatively low than the players who are dependent on the import, so the higher gain or higher loss can happen with the people who more dependent on the imports, while we are dependent on the local source, either it is Chemplast or maybe you can say the Reliance and all these people because of that our inventory levels are also low, so the moment what price we are getting we are passing on to the market, so that is why I think our gain will be much, much restricted compared to the other players.

**Sujit Jain:** Thank you and all the best.

**Moderator:** Thank you. The next question is from the line of Girish Choudhary from Spark Capital Advisors Private Limited. Please go ahead.

**Girish Choudhary:** Thanks for the opportunity and firstly would compliment on the great performance during the quarter and the year. First question is on the adhesive business in the segment you clocked around 740 Crores of revenue this year, but if I see the second half of our performance and annualized it is like more than 900 Crores, so just to understand this better, which part of this business is showing a strong uptake is it construction, chemicals or wood related or maintenance chemicals would like to hear your detailed comments on this?

**Sandeep Engineer:** I can reply. See every segment has given growth. There is no specific growth of only a few chemistries, which have grown. This has been such a good balanced year for us and

balanced way of correction and work done even when we went into details in our board meeting everyone was delighted to see equal spread of growth in every segment in the maintenance, in the proxy, in the silicon, in the grouts, in the solvent cements, in the cement mixtures, in the wood product line, so it has been a very, very balanced growth and that is a very good sign of any business I would say it is a lopsided growth it will always dangerous because if something goes wrong on a lopsided growth, your growth falls very fast. If you have a very balanced growth of all the chemistries, all the product coming in the right percentage variation of few 4% to 5% here or there is an excellent business, every chemistry, every product, every segment we cater towards given us growth.

**Hiranand Savlani:** Secondly, I can add, Sandeep Bhai, but the best part is that I think the question was right that if you pick up the second half, the second half growth was robust and if we could have grown upon that run rate I think we were internally targeting a 1000 Crores mark in FY2022, but now the second wave of COVID has come so we have to see how the pent up demand is supporting, what supported last year, if the same will be repeated there are high probability, but we can touch the 1000 Crores run rate in this year, so it depends on how the reopening is taking place otherwise, yes, we were mentally prepared and geared up, our team was ready to take that challenge and to touch this landmark number.

**Sandeep Engineer:** I am confident that we will be touching this landmark number though this one or two months have been challenging because now with the layout of the business is perfect, rich systems or programs, our way of reporting, our way dealing, our electronic system set in the business, our chemistries, our product landline, our demand so I am 100% confident if 15 days or a month goes here or there, but we will achieve the number by.

**Girish Choudhary:** Great to hear that. Second question from the government side we are have seen massive outlay specifically Jal-Se-Nal mission, this year 50000 Crores and going ahead also it is expected to increase so what are you seeing on ground from this side of a business front how is our company like Astral placed to take advantage of this trend?

**Sandeep Engineer:** These both are typically different players so sometimes, 1 Crores so thing is that we are doing good business in government over that and this last six months have shown a good growth and good pull in the market. The fuel has grown even in these two months also, it has been doing good and we are working on certain product lines with the Jal-Se-Nal project, which will be value added product. We do not want to go into a mass product line and then just rub our bottoms that we are working on certain product lines, we have really value added products and still goes in this projects. I cannot give you the bigger outlay of this project due to competitive reasons, but yes, our eyes are open on this and we are working on this.





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**Moderator:** Thank you. The next question is from the line of Sonali Salgaokar from Jefferies India. Please go ahead.

**Sonali Salgaokar:** Sir, thank you for the opportunity and congratulations on a great set of number. Sir, my first question is regarding the demand trend, so you touched upon the saying that you may appear to late, but getting deeper into that any particular trends you are witnessing right now from the urban versus rural point of view as well and 54% value growth in April on a two-year basis was it more because of the underlying demand or market share gain from the unorganized?

**Hiranand Savlani:** Sonali, I think it is too early to comment about what will happen, 15 days number cannot be the trendsetter for the company for the full year, so I think it is too early for us to give you that any guidance or any comments, which we may be not right because we are not expert into the pandemic side, going forward what is going to be there, but the vague number of cases as per the reported numbers are coming continuously down that had driven the hope that the revival will come soon, but very, very difficult to say that it will be surely going to come, so I do not think that will be the right way to tell you that what is there, but overall the demand is coming from the states, which are fully opened right now they are under restricted lockdown from that side demand still continuing and we are getting the numbers from that state, but many of the states are at the full lockdown from there we are not getting any number so it is a mixed kind of way things are going in the first 15 days, but at the same time April, yes April numbers are good, but majority of the growth I can say would laid by the volume. I already communicated in my earlier remarks also that the volume term growth was very big and as such also if you see the historically also Astral is delivering close to about 16% growth in the first quarter, so first quarter is anyway is the lean for us whether it is affected by even 10% hypothetically I can say then also on an annual basis it is going to touch base only 1.6% of the world so it is not going to affect Astral's number per se for the full year. We were very happy that this thing happened after completing our peak quarter that is the Q4. So even if something goes wrong in first quarter on an annual number believe me it is not going to affect because first quarter is anyway slow for us, you see the last, now almost 2007 to till 2021 so almost 14 year history is there, 14 multiply 4 so almost 56 quarterly numbers are available you can see the trend that Q1 is always lean so I do not think we should give more focus to the Q1 number, Q1 number is not going to affect Astral in any sense.

**Sonali Salgaokar:** Fair point. Sir, my second question is would you like to give any medium term guidance in the sense 3 to 5 years because you have just mentioned in your opening remarks that you are targeting to double the size of your topline over the next five years, so any growth rate

or margin guidance you would like to give at this point of time and also the CPVC price hikes that you mentioned 5% to 8% then when they have taken?

**Hiranand Savlani:** So, I already replied all this answer in my initial remarks again, I am repeating if you are not listened, so CPVC price I think across the board industry has taken in the months of April, some may have tried in March also, but they were not able to keep it may be they have implemented in some geography, but April onwards I think across the industry everyone has taken the price hikes into the markets so this April I am telling you. Now coming to your second question was regarding?

**Sonali Salgaokar:** The guidance?

**Hiranand Savlani:** Yes, I think in initial remarks we said that we are aiming to take the company to double in the next 5 years so indirectly we are communicating that long-term 15% kind of topline growth will be there minimum. I can we are always hungry to grow more, but as a guidance we are very conservative and you have seen the history of last 14 years post listing that Astral management is always believe in Q4 we have always put it in our guidance and so we are targeting and aiming to be on that level, but at the same time I communicated the other part also that now we are sitting with the sizable cash also, so that can be us growth in come from inorganic side also or may be a Greenfield new project and also come in the coming time next 3 to 5 years. Now that is going to be there then the growth rate can be even higher that also, but that is all subjective because it is very difficult to get acquisition kind of candidate because our criteria's are very tough minimum 20% ROCE it should be leveraging brand Astral, it should be leveraging Astral network, it should be a long-term highly profitable business, and it should not be a high capex oriented business these are many filters board has defined so within that filter getting the business it is always a challenge, but yes, definitely we are keeping our eyes open and if the right opportunity will be there we will definitely look into that so if that is the case then I think we can be growing even higher run rate also.

**Moderator:** Thank you. The next question is from the line of Maulik from Equirus Securities. Please go ahead.

**Maulik:** Thanks for the opportunity and congratulations on very good set of numbers. Just two questions, one is can you just help to understand what kind of price gap between the CPVC and PVC is not there, in the international market the PVC is right now \$1.8 per kg, CPVC could be in the range of around \$2.1 or \$2.2 per kg, can we see the shift if there is no demand for the CPVC from plumbing as a consumer say that CPVC is no more an expensive and there start preferring have you seen this stands in the past quarter or probably will you see this in the coming quarter also?

**Hiranand Savlani:** Yes, Maulik your understanding is absolutely right. I think CPVC is cheaper compared to PVC, the way the PVC has gone up compared to the CPVC has not gone up so because of that many players can think to move from PVC to CPVC and that trend we have seen in the last quarter and that is that CPVC volume growth is very high in the previous quarter and that frame will continue in the coming time also that is what we are internally thinking, I think Sandeep can add more into that, Sandeep?

**Sandeep Engineer:** First of all, Maulik international price is not 1.8, it is around 1.5 and 1.45 and the pricing softening will start because things are coming normal in the globe so my thinking is that that PVC will soften out in the next four to six months, but obviously CPVC is not so much gone up in this compared to what PVC happened and obviously CPVC has a better polymer better product, and has it is made in copper tube size compared to the ASTM products running weight of CPVC price is less so the cost of pipe from us one inch more so the internal plumbing is there would be an external usage of CPVC obviously going up. When you go to the CPVC again, the CPVC, the advantage which Astral carries again in CPVC it makes its own component buy its own polymer and it has advantage of buying polymers from two, three sources it also plays a major pricing advantage of Astral and that also the additional advantage is being converted into the margins or usage or other programs, which we can run as well as in the aspects and in the projects so obviously these advantages are carried on for the CPVC to grow more than PVC and PVC is still at this price also prevailing market has come down to certain extent, but not substantially because if you going SWR, agri all this application has no CPVC, column piping, only when you find in CPVC plumbing so obviously that market would more expanded in CPVC.

**Maulik:** Second question and the last one, Hiranand had given some guidance on the adhesive margin that the aspiration is to reach to 16% to 17% on that side, could it be the similar for the plumbing or the pipe segment given this we did 21.5% margin was there compared to 18% in the previous year any such guidance or outlook on the margin?

**Hiranand Savlani:** I think Maulik, margin side pipe we have already said in the initial remark that the 15% to 16% in the long-term sustainable margin, but the way Astral is functioning and the way Astral is doing lot of decentralization, lot of value added products are getting produced in the system and we are taking the economy of scale advantage and all this thing so that will take us to the higher margin run rates, so now what will be the higher run rate I think the time will tell, but yes, definitely these are the long-term sustainable kind of margin and this depends on the polymer trend also, we have never ever said that we will be able to maintain 23% 22% kinds of margin because are the abnormal margin, which includes the element of inventory gain also so we have to understand that part also and we have to remove that also from the system. Secondly whenever there is a polymer high then you know that percentage

terms your margin will always go up because your fixed overheads are always fixed and your topline growth if you divide with them then definitely your expenditure will be low because of that I think margins are very, very high, which definitely will not be able to sustain 22%, 23% kind of rate, but yes, we will see that we should be between 16% and 18%, 19% kind of run rate that will be a good achievement for us, but 15% to 16% is a long-term sustainable, additional whatever we are taking the steps and all whatever that benefit will keep coming to us we will keep increasing to that level, but this will be minimum benchmark we have set in the organization.

**Maulik:** You mentioned in April 2019 to April 2021 the growth in pipe has been growing April 2021 was 1%, right volume growth?

**Hiranand Savlani:** I do not remember exactly 1%, but it should be somewhere in lower single digit, yes.

**Maulik:** Great, thank you. Stay safe and wish you all the best.

**Moderator:** Thank you. The next question is from the line of Kunal Lakhani from CLSA. Please go ahead.

**Kunal Lakhani:** Good evening. You mentioned earlier that your PVC market share is about 4% to 5% and CPVC is around 22% to 23%, so the market share have not really changed significantly in the last one year or so, so just wanted to understand that you have been mentioning about the consolidation happening in the industry, but it does not get reflected in the market share that is my question one and my second question is in terms of your guidance of 15% topline over the next five years annually would you break that up into volume guidance and realization guidance, the reason why I am asking is because if you look at our volume growth in 2021, it is 3% and largely the topline growth has been driven by realization and rising so just wanted that breakup of 15% top line that we are targeting in terms of volume growth?

**Hiranand Savlani:** So, this 15% we have given a generalized guidance that we will be with a caveat that there are lot of new activities are happening in the organization that will take the growth on a higher side, so that is not that 15% is a fixed guidance from the management side so this is the minimum, which we are targeting and then there are lot of you can say levers available with the management and which I already explained in my initial remarks also and we have put up all these levers into the presentations also is that will support then the growth can be even much, much higher than what is that level. Secondly your remarks of the market share I think you should also understand that the country level the polymer market has degrown by 15% to 17% last year, so we should not forget that market was compressed and under that situation Astral was able to grow at a 3% to 4% volume. When the market is



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compressed by 15% to 17% and we are growing at a 3% to 4% that means indirectly we are getting the market share and secondly this industry number I have put up approximate number, may not be a right number with me. So I do not think in any sense we say that we are not getting market share. We are definitely getting the market share, otherwise, we cannot grow in this degrowing market, which is degrowing at a very higher rate so we have to consider the market conditions also based on that I think we should take the decision so I am quite confident that we are definitely taking the market share and that is reflected in the numbers also.

**Sandeep Engineer:**

Let me get into this, last fiscal we have done excellently in PVC compared to the smaller players also and everyone and we have in spite of not doing anything in April, May have I have given this number of growth. You can imagine if you divide this growth number by just 10 months then the growth would even much, much better in double-digit, so we are focused and we are working and we would be growing in PVC, we do not want to just focus and do see CPVC, CPVC is a product, which Astral is born so it will be obviously being a lead product of west, but PVC is not a product, which is in the second category are not being considered why are we going with Bhubaneswar plant, why are we putting PVC machines in Aurangabad and Sangli. Sangli already four machines are operational, Aurangabad, four or five machines will be operational on two months, so obviously one in north we are planning in Uttaranchal to get into this so everywhere our focus is to expand in all polymers, PVC yes obvious, CPVC yes obvious, and PPT also, and in the water tank business. If coming water tank business, yes obvious, and there are lot of other plants, which are there for the growth of the polymer, products, reach and margin, which we cannot unfold every strategy in an open platform being watched by every manufacturer is looking what Astral is doing and what Astral is saying, what Astral wants to do, and what Astral sales has been repeated in the reports of everything. So we do not want to echo our own policies with other people and then get that echoed back to us. So obviously we are focusing on everything which is there in the business and with the margin and its products, yes, there was a question why you can sustain the margin because we are focusing also margin ended products. We are focusing on a lot of product lines, we know that we can sustain a better margin and we can sustain our EBITDA margin, but lot of these strategies cannot be unfold, but the number have been unfold see above the things in the coming years and coming quarter and obviously our dream should be high next five years to reach a goal, which we have set for ourselves to a number of to the topline and the bottomline for both adhesive and the pipe business.

**Kunal Lakhani:**

Thank you so much and all the best.



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**Moderator:** Thank you. The next question is from the line of Abhishek Ghosh from DSP Mutual Fund. Please go ahead.

**Abhishek Ghosh:** Thanks for the opportunity. Sir, just couple of questions, we hear a lot of the unorganized players having faced lot of issues during the crisis because of supply chain and other things now with things normalizing do you believe they coming back or have gone for good if you can just get your comments on that?

**Sandeep Engineer:** Actually in second wave we are more affected actually and if the ship is shaken too much, it takes its own long time to come back to these levels. So it is obvious that it is not going to be so easy and so fast for the unorganized players and the smaller players to come back at that thrust and force and they lot of them are almost having issues with their working capital cycle and lot of them have issues with their production facility is almost shutdown so obviously we do not wish that this should happen. I would not as person or as an industry wish this is a good sign and anybody should face this in the future or any kind, but obviously for reasons these are what has happened and I think this will continue, it is not good to bounce back.

**Hiranand Savlani:** Abhishek, I can add what Mr. Sandeep has said that few of them definitely will come back, it is not that 30% to 35% unorganized players are that they all will die, but hypothetically I am telling you even 20% or 25% of that will go away then 10000 Crores plus market opportunities are there with the unorganized player, so 10000 to 12000 is mainly with them even if the 20% to 25% will go away from the system that itself is going to open up a big opportunity for the organized players and never ever going to happen that 100% will die that will never happen even after 10 years also some unorganized player will be there in the system.

**Abhishek Ghosh:** That is very helpful. Thank you so much, Sir. The other question is if you can just help us understand the increase in the touch point for the adhesive segment if you can just help us or some quantification of that what is the touch point today and what are you doing to increase 15% that will be helpful?

**Hiranand Savlani:** So, touch points actually what has happened that earlier we were working on a certain database, which marketing people were sharing with us so but that was not an authenticated database, but now I think we have developed our own programs and now we are tracking down the line data and all the thing, so now we are getting the authenticated number. Right now we are quoting in our presentation 130000 touch point, but I think it should be more in the system, but because now we are consolidating all this number I think hopefully in the next one or two quarters we will be getting the right number what is there because now every schemes and everything is connected with that program so because of that we will be

having that exact number with us that will be going to help us also in our decision making also and give us the exact numbers also, so hopefully may be one or two quarters down the line we will be able to tell you exact number, but right now the coated number around 130000 to 140000 number in our presentation, but actual number should be more. As far as pipe is concerned I think there 33000 to 34000 kinds of touch points are there.

**Moderator:** Thank you. The next question is from the line of Madhav Marda from Fidelity International. Please go ahead.

**Madhav Marda:** Good evening and thank you so much for your time. I just wanted to understand on the new launches that we spoke about the valve unit and the aluminium CPVC pipes, what could be the opportunity here in terms of the opportunity size in India and also just curious to understand can valves and aluminium CPVC pipes is there an export opportunity also?

**Sandeep Engineer:** In the size opportunity just give us one quarter we can give you a percent approximate size of the market also obviously because there is a market, there is a size, we were when we stopped manufacturing of this component pipes six years back, we have reached a monthly sale of around 3 Crores to 4 Crores, but that was a very costly product at that time. What we developed and made is much cost effective with the same results and better results so we will give you an exact size of the market in just one quarter and valves obviously we will give you a rough estimate already in the industry as segment we are growing and we are selling valves around 70 Crores to 80 Crores and we will give you an exact size of that exactly rough estimate. The third point you are saying yes, both will have export opportunity and we will be exploring opportunities and it has more export opportunity than even Indian opportunity especially in valve and even the pipe, there will be export opportunities.

**Madhav Marda:** The export opportunity for valves and aluminium CPVC pipes is that something we would like to explore in the near term or it is going to be more two to three years later?

**Sandeep Engineer:** Once the range is over we can explore in valve you cannot go with half range so once the range is over in the next one year or so we will obviously explore and composite in the next two quarters after two quarters we will start exploring.

**Madhav Marda:** Thank you.

**Moderator:** Thank you. The next question is from the line of Sneha Talreja from Edelweiss Securities. Please go ahead.



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**Sneha Talreja:** Good evening, Sir and congratulations in great set of numbers. Sir, just two questions from my end, what is the breakup of other expenses or why the other expenses from this particular quarter a bit higher and secondly what is the capex guidance for the next two years?

**Hiranand Savlani:** I think as far as the capex is concerned we are targeting roughly 130 Crores to 150 Crores this year and next year will be close to about 100 Crores. Now coming to your second question of other expenditure, I think last quarter was the abnormal quarter for us because we launched our brand ambassador, Ranvir Singh, so because of that we spent a sizable money for fees of Mr. Ranvir Singh. Secondly making ad film because that is also a costly affair to make ad film and we have made a three, four different films. It is not only one film, so we spent on making of film charges also and plus launched campaigns. We completely sponsored the India-England series and that has given us a good mileage and secondly we had a sizable budget lying with us and because we cannot shy away doing the branding otherwise we are going to operate our brand for longer time, we were sitting on a sizable budget with us, so we were little bit generous in spending into the branding activity so that also was there so because of all this thing other expenses shot up, but that is not the permanent for future, after doing that also our annual branding budget compared to previous quarter a year, it was low, so we are always focused and very clear that our budget whatever being given to the team should be strictly followed. It is not that we can change our budget, but yes, the timing of quarterly basis may be changing because of the event, but otherwise on an annualized basis we always try to maintain what budget we were give to our team.

**Moderator:** Thank you. The next question is from the line of Rahul Agarwal from Incred Capital. Please go ahead.

**Rahul Agarwal:** Good evening. Thank you and congratulations Mr. Hiranand and Mr. Sandeep on a very good set of results. Lot of questions got answered, just one question, from fiscal 2017 to 2021, I am seeing there is a consistent decline in overall debtor days and our management has been amazing, overall working capital obviously I am looking at a core number inventory plus debtor minus creditors gone down from 41 to 27 days Y-o-Y you know that is also great. I just wanted to understand is it driven by pipes or adhesives that is one end, if you could guide us on the future of this where does the overall working capital cycle stabilize but obviously fiscal 2021 was very great year for working capital for most companies here, but if you could help me understand working capital better and where do we stabilize would be helpful? Thank you.

**Hiranand Savlani:** I think the overall performance for excellent in pipes division followed by Resinova that is Indian adhesive division, overseas division on the contrary little bit inch up in the working



capital cycle so two, three days have moved in all side whether it was the inventory or receivable so overseas side there would be no improvement in the working capital cycle. We have maintained with the three, four days plus or minus, but definitely in Indian operation both adhesives as well as pipe both has performed excellent I can say and going forward also I think we are targeting that we will be a more or less five days plus or minus from whatever the level right now you are seeing, but on a quarterly basis it can be little bit plus or minus like now hypothetically this quarter. This quarter the volumes will be little lower because of this pandemic effect, so in that case our inventory level may go up because we were working on a 20% to 25% kind of volume growth trajectory and now all certain this challenge comes then naturally little bit inventory will go away again the pent-up demand will come in the Q2 again it will go down, but on an average I am telling you we will be plus or minus 5 days what you are seeing in the current year full year number.

**Rahul Agarwal:** So, full year ended at 18 days, so should I assume like 25 days is our strategic number over working days?

**Hiranand Savlani:** Maximum you can consider 25 days.

**Moderator:** Thank you. The next question is from the line of Sagar Jethwani from Phillip Capital. Please go ahead.

**Sagar Jethwani:** Great set of numbers and impressive growth plans. Sir, I have quick three questions, in piping segment whom are we taking market share from? Is it just from the unorganized market or maybe you can name any players and my second question, how much is the export contribution do you see in the next three to four days, third is if you can quickly help us with export margins and export receivable days? Thank you.

**Hiranand Savlani:** I think it is not fair to give any organized player's name that whose market share we are taking that is injustice to everyone so we will not be able to share the name of whom we are taking the market share, but definitely unorganized market share we are definitely making so that is across all the industry every organized players are trying to take unorganized portion. Now, coming to your export side, I think export side still is very, very limited presence, so now with this addition of new product like Sandeep Bhai has rightly said that CPVC aluminum has a good potential for export, valve has a good potential for export, now our adhesive division is picking up for the export, many products are such that we can also export. So going forward we may increase our focus into the export front and we may increase our export because right now export as a percentage of the sale is hardly anything, but definitely yes, there is a huge scope available in future and definitely we will see that now we can keep some specialized people over there. Right now, already some people we have appointed and they are taking care that is why export revenue is going up, but still it is

not up to the mark so we will see that now we can increase the strength over there and we can grow this revenue at a very, very fast run rate because still our base is very, very negligible and scope is there and now with this new addition of the product, the scope will be wider. Definitely we will try and see that we can grow the market share into the export side also. In receivable, I think amount is very negligible so hardly anything will be there and majority of our export is either advance or through LC. None of the party whom we give claim credit so it is 100% secure and that is why you can see in the balance sheet, which is going to be shortly published and presentations and all; more than I think 90 days of receivables are hardly Rs.2 Crores as a company as a whole. So Rs.2 Crores to Rs.3 Crores is nothing looking to the size of that so we do not allow and we are very, very serious about our cycle that we do not allow anybody otherwise we can have done a much, much better volume if we start giving the credit terms to our distributor or may be quoting to the direct projects or maybe giving supply to the government we can grow even much, much faster rate, but we have maintained a discipline in the organization that we do not want higher growth, we want the growth which is consistent, see this is very important what Astral philosophy is there. We do not want overnight growth. We want the growth which is consistent and that is why you see the day we got listed from 2007 and till today 14 years you see on a year-on-year basis we are growing. We always believe in consistency. We do not want 25%, 30% 40% kind of growth. We want 15% we are happy, but we should see that it should be consistently maintained and that is why we every time personally I am also telling every investors if you want to compound your money Astral is best company for you, but short-term kind of gain Astral is not a good company the put money, so consistency is very important for us and we always stick to that and we are educating every our team members also into that front only.

**Moderator:** Thank you. The next question is from the line of Achal Lohade from JM Financial. Please go ahead.

**Achal Lohade:** Thank you for the opportunity, Sir and congratulations for great numbers. My question was in terms of we have seen we acquiring facility in Aurangabad I am talking about specifically the pipe segment here, so in terms of acquisition do you see opportunities around as you kind of hinted we could have 1000 Crores kind of a cash balance in the next couple of years, so in that situation how do you look at deploying that in some inorganic growth perspective? Will that be more in the pipe segment or adhesive segment?

**Sandeep Engineer:** Inorganic growth is obviously any organization which is sticking on cash and which is an opportunity which comes to you and you obviously grab and we have done that as of now nothing on the table, but as of now opportunities come and go and we try to evaluate there is a future, there is a margin, there is a product line, there is a synergy, there is an

opportunity we will always keep looking at it. It is not that we would not keep looking at it, but wherever we have taken this step of getting into a new segment, getting into a new business, getting into a new product line, getting into some industry you can see our track record of all acquisition put them online, put them on growth, put them in our culture and do our best, which we have tuned into and obviously we will be exploring such opportunities in this four wall of the construction industry. I think what we would like to remain in this four wall of the construction industry and Astral has dedicated its own brand, it is today having a lot of recognition as the best brand, as the most powerful brand or many, many recognitions are there, you will see in the presentation today and the best part of Astral is it was not there a may be six years back. ASTRAL has its own complete range of technology, complete range of product line, complete indigenous technologies whether silent pipe is made, where they campsite, CPVC compound, fire pipes, industrial pipe, PVC and even the column pipe we have a new technology. Astral has its own technologies. It has all its own brands. Astral does not have any brand, which is owned and technology from someone else. It has its own product line. It has its own technology and it will keep going the growth path in its own technology, product line in piping and by the inorganic parts also so that is what my vision.

**Moderator:** Thank you. We will take the last question from the line of Sujit Jain from ASK Investment Managers. Please go ahead.

**Sujit Jain:** Sir, one question, you mentioned about the PVC and CPVC pricing, the current rate for PVC what they would be so that gives us a sense as to reduction on the gap between the two?

**Hiranand Savlani:** Like PVC, pre-COVID was roughly about Rs.70 a kg, which has gone up to a peak level of Rs.135 kind of level and now Rs.4 per kg is there so around Rs.130 is there so that is the price rise. While CPVC there was no price hikes except this 5% to 6% or 7% every company has taken in the month of April so that kind of gap has reduced, I can say in the system.

**Moderator:** Thank you. That was the last question. I would now like to hand the conference over to the management for closing comments.

**Sandeep Engineer:** Thank you everyone for this opportunity. I would always like to close saying that be safe, take care of your families, take care of yourselves and still we have to work and still we have to grow. So we have to accept the reality, accept the challenge, take care of ourselves, get vaccinated and we have to get back to our work and we are back on work and we hope everyone gets back to work and things keep normalize, we pray to God, we appreciate the steps taken by the several state governments and the central governments and we get back



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to business in short. At the same time, we thank you for your trust in us, and believing in us and giving us the opportunity to present our Q4 result and joining us in this call and the annual result also, and we will surely look forward to again talking to you after Q1 results and if time permits and if things permit at the half year results we would like come down to Mumbai and have a conference and meet you in person that is what I am looking for, but stay safe, stay healthy and take care of yourselves. Best wishes to everyone. Thank you very much.

**Hiranand Savlani:** Thank you everyone. Thank you for joining this call. If any questions are unanswered from the participant I think you can call me anytime. My mobile is always available 24/7 for you people and post to this presentation if you have any questions or any doubt then also you can call me, tomorrow because this presentation will be now uploaded shortly maybe in a couple of hours or so. I will try whatever early I can do and will be in touch with you. Thank you very much. Thank you to Edelweiss team for hosting this conference. Thank you, Praveen.

**Praveen Sahay:** Thank you.

**Moderator:** Thank you. On behalf of Edelweiss Broking Limited that conclude this conference. Thank you all for joining us. You may now disconnect your lines.