



“Astral Poly Technik Limited Q3 FY21 Earnings Conference Call”

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Moderator: Ladies and gentlemen, good day, and welcome to the Q3 FY21 Earnings Conference Call of Astral Poly Technik Limited hosted by Systematix Institutional Equities. 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. Ankit Gor from Systematix Institutional Equities. Thank you and over to you, sir.

Ankit Gor: Thank you, Margaret. Good evening everyone. On behalf of Systematix, I would like to welcome everyone on the call to discuss Q3 FY21 Earnings of Astral Poly Technik Limited. From the company side, we have Mr. Sandeep Engineer, who is the MD of the company and Mr. Hiranand Savlani – the CFO of the company. Without taking much time, I would like to hand over the call to Sandeep bhai for his opening remarks after which we can have questions. Thank you and over to you, Sandeep bhai.

Sandeep Engineer: Hello everyone. Firstly, I welcome you all to this Q3 Results Concall and hope you and your family members are safe and doing well, fighting the challenge of the pandemic which we all have faced since almost a year and the whole globe is facing. Under this situation, firstly, I congratulate my entire team to support the organization, not only to take care of their families, but to give excellent growth to the company and to improve the company's margin. At the same time, I want to thank all our key investors who have stood by us in putting the confidence in the management in this difficult time and I am sure you have stood by us with the expectations of numbers and returns and we have done our best to match up to your expectations.

Coming to the business, I will give you a brief on the pipe business. As communicated in the previous call that the business has just started picking up from the Q2 onwards and now the growth has been accelerated in Q3 both in topline and the bottomline. You can see from our press release and from our results and from the quarterly chart, we have given in the press release that our EBITDA margin has grown much faster than the topline. The reason is for the better product mix, value added product and inventory gains because of the PVC price hike. Our expansion plant of Orissa, Bhubaneswar has started a schedule and we should be ready with the plant in Q2 of FY22 and the revenues will start coming from that plant in Q3 FY22 onwards.

Our value added product expansion is going on as scheduled, the building will be ready by May 21 and the production will commence in the Q2 of FY22 for the valve manufacturing facility which we are putting up at our Dholka plant. We are expecting to start the fitting production facility at Hosur for both PVC and CPVC in the Q1 of FY22 which is also an expansion which we have undertaken in our Hosur plant. The demand scenario of pipe business is good and we have not only grown in the value, but also able to grow in the volume by 15%. Plumbing product demand is comparatively good and we see a very good attraction in demand and looks the same will continue in the coming month for this quarter and may be even beyond this quarter.

Our expansion work for new product launching is going on. We are expecting to launch some new products in the first half of the next fiscal and we will let you know the details of the same

once we are close to its launching and once we are firm up the launching plants of the new products. The plastic tank business which we just acquired in this quarter, as almost the acquisition process is almost complete, a few formalities of acquisition are pending which we should be able to complete in this month, but the production of SARITA brand which is now owned by Astral is under Astral Company, Astral Pipes, Astral Poly Technik and the SARITA brand marketing to the chain which was buying, the detail chain is now done with the Astral team.

The Astral brand which is going to come up at the Aurangabad location, Ahmedabad Santej location, the North, the Ghiloth location, the project is underway. In Aurangabad, the Astral brand tank will be launched shortly within a month. In Ahmedabad plant, the Astral brand tank will be launched again within a month and in Ghiloth plant, the Astral brand tank will be launched by the first quarter of the next fiscal and the Astral brand tank from the South Hosur plant will be launched in the second quarter of FY22 and the Astral brand tanks from the Orissa plant will be launched with the opening of the plant. So we will be incorporating the manufacturing facility of the plant with the ongoing project. We are expected to launch complete range of Astral brand tanks in all sizes in next 6 to 8 months from 4 to 5 locations, and the work is underway, the machines, orders have been placed and the infrastructure addition work is being undertaken or is almost under completion. So our expansions are going on practically for the pipe business, for the balancing requirement in the fittings and valve, in the new acquired tank business and for the new product line which will be unveiled in the 1 or 2 quarters from now.

Coming to the adhesives business, as we have been communicating since last 4 quarters that we have made many structural corrections in the adhesive business and they are almost complete now, and now the addition to the network of retailers, distributors is going on, which is a continued process. So we are back in track of the business, we are back in alignment of the business and we have no more to focus on any of the past issues of corrections or any other issues. And this you can see from the growth, the results, the margins and the continuous improvement which is coming quarter-on-quarter in the business and we have tremendous confidence to take this business to new heights in the coming years with the new way the things have been aligned, the distributors have been aligned and the network has been aligned and the product line which has been aligned. And the business sentiments of adhesives are very positive. The outlook is very bullish in the coming quarters for this business. And Astral is ready for this in its Resinova subsidiary to take on this growth challenge, and we are about to launch a few new chemistries which are in the final trials in our R&D and which will also add to the topline and the bottomline of the business and the more utilizations of the manufacturing facility. So with all the confidence, I can say that adhesives business is back on saddle. We have a total now understanding of the business. We have a complete grip on this business, and we are completely aligned to take this business to new heights of growth in topline and the bottomline.

Regarding our Seal IT U.K., U.K., despite of the pandemic, has done excellently well because the country had never imposed lockdowns on the business or the business on the plants, and so we have done excellently well. Not only the demands have grown in U.K. but the margins have grown in U.K. also to a new level. So U.K. business has been growing. The margins have been

growing. The business has been growing, in line with the business growth of India. So the growth is very positive in U.K. and the U.S. subsidiary is doing excellently well. It is a positive number. The margins have started generating good cash. Margins are encouraging and we have launched a few products which are made in U.K. and the U.S. market and which is getting a very good response and we are getting very good orders. So at present, we are exporting a few products in the construction industry for the housing roofing products which are made in U.K. and are also equally sold in a good quantity in the U.S. from last 3 to 4 months.

Now coming to the expansion plans in adhesives business, we have undertaken a few expansion plans, a few chemistries would be expanded and centralized at our plant at Dahej, but it would be a phase-wise expansion plan. So there won't be a one-go CAPEX coming at that level, but we will be going in some backward integration and some balancing equipment expansions in our Dahej plant.

In our CSR activities, we have been continuously supporting the wild life, which is something different with Astral. There are many of the parks in Rajasthan, MP, South, in Assam and also, the company is responsible to support the nature, the environment and the weaker section of the society. So we have been undertaking tremendous positive activities for CSR funds and our CSR team is doing a great job here in coordination with the top management. As communicated in the last concall, we are also working towards the reduction of carbon footprint and our solar energy, renewable energy, solar rooftop plants have commenced in Santej and Dholka, and the same will be commenced in the other plants also shortly. We already have a solar energy in the Hosur. In Dholka and Santej in Ahmedabad now they are operational solar energy rooftop plants and in Hosur also, shortly they will be operational and other plants also will have the solar energy rooftop plants in coming 6 to 10 months. So that is our positive footprint on the ecosystem by reducing the carbon footprint and carbon emissions. So our results are with you, our numbers are with you and our CFO will share more highlights on this and then we will take on more in your question and answers rather than just we communicating everything. Thank you very much, everyone. Thank you.

Hiranand A Savlani:

Good afternoon everyone. Thank you for joining this concall and thanks, Ankit for hosting this call. Hope you all are safe and wish that the entire world come out quickly from this pandemic and hope that now the vaccination work is going on at the global level, so quickly, we will get rid out of this pandemic. I think press release is with you. So I don't want to take much time into it and want to give more time to Q&A session and I will touch only key issues of last quarter and then we will move quickly to the Q&A session.

So standalone topline were grown by 33.29%, again that the EBITDA was grown by almost 60%, so much more than the topline growth and the PBT was 82% and the PAT was grown by 80%.

So we continuously communicating since many quarters that now the Astral focus is not only topline, but also to the bottomline, and we will be always trying to see that our EBITDA growth should be better than the topline growth. Adhesive topline was grown up by the robust 41% and

the EBITDA by 91%. So you can see the kind of correction which we were continuously communicating to the investor community that we are doing a lot of structural correction and which you can see now it has started paying us, and we are quite confident that in the coming quarter it will be going to help us further from this level also.

On a consol basis, topline growth was 35% and the EBITDA growth was 64% and PBT was 89% and the PAT was 82%. Volume growth of the pipe business during this quarter was 15%, close to about 36,902 metric tons versus last year 32,053 metric tons. Market demand in pipe segment, as Sandeep bhai said, was good in Q2 and further accelerated in Q3, which I am sure you must have seen from the number. It was a mix of pent-up demand and as well as the opening of the metro cities. Similarly, in adhesive business also, we are constantly doing better quarter-on-quarter, which you can see from the quarterly number. Not only we are focusing on topline growth, but slowly we are trying to improve our margin of adhesive business, which you can very well see from the press release number, which we have given in the quarterly chart.

Adhesive, both Resinova as well as Seal IT, is growing excellent, and we are happy to inform that both companies are not only giving better topline growth than what we expected and they are equally giving us a good number into the margin front. In the current situation, looking to the polymer price trend, we are not expecting any reduction in PVC price in Q4 because till international market prices are not coming down, and I am sure recently also Formosa and all has given the price rise, so we are of the view that any reduction will come that can be coming into the Q1, not in Q4. Even if the PVC price will start immediately reduction trend, but still the effectiveness will be in the Q1 because all the material, which now new booking is taking place from the import level, will arrive in India after April only. Under such situation, we are expecting that our normal EBITDA margin, which we are guiding 15%, 16% for pipe, but in this situation it will be much higher than the normal margin in Q4 also. Secondly, Q4, historically, having the higher volume compared to the first 3 quarters, that is a historical trend, we don't know what will be the situation in the current year, but historically, we always deliver a better number in Q4 and this year, Q4 being a lower base compared to last year, so the number should be better and the margin should also be better only.

Adhesive EBITDA margin was better compared to last year and now looking to better growth in topline in coming quarters, we are expecting margin to be maintained at this level and there is a room for further improvement into adhesive margin from here on in the coming quarters, but not necessary Q4. But we are giving you the guidance for next 2 to 3 years that we are expecting that there is a room available for the growth of margin in adhesive business from the current level. We are positive for adhesive business in coming quarters, as indicated by Sandeep bhai, that slowly our structural correction has started giving result. With the launch of new products and economy of scale in next year, we are expecting a further good growth in the coming time.

Infra business was slow because government projects' work was very slow and they were on hold. Now it has started picking up. Last quarter, we were able to see at least slight growth. Margins are stable in infra business. We are expecting next year, this segment should give good

return once governments start allocating funds to infra project. And in recent budget announcement day before yesterday, government has given focus to the capital expenditure projects, which will help our infra business to grow in the coming time. And that too, we are expecting it should deliver a good number in the next year.

Cash position as on 31st December 2020 was 190 crore against the debt of 76 crore. So we are a net cash surplus company to the tune of 116 crore. In 9 months, company has done a CAPEX of Rs. 87 crore. CAPEX of first 9 months is Rs. 87 crore, including purchase of water tank business assets. As far as balance sheet quality is concerned, we, at Astral are always trying to improve the same, which you can see from all parameters. During the current quarter also, we have tried to reduce our receivable days and squeeze the working capital cycle. I am giving you the 9-month debtors of last December, the receivable was Rs. 281 crore. Against that, 281 crore, this year the debtors are Rs. 237 crore. So we have reduced from 281 crore to 237 crore. And inventory last year December was 505 crore. Against that, this year, it is 478 crore. In spite of so much rise in the raw material price, inventory is under control and in spite of topline growth, we have reduced absolute level the debtors.

In short, we are trying to improve our working capital cycle in the difficult time without sacrificing growth. Plastic water tank acquisition we have done from internal accruals. So we have not raised any debt for the acquisition of plastic tank business and I think with this, I am concluding my initial remarks and opening up the floor for the question-and-answer session. Over to you, Ankit.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Saumil Mehta from BNP Paribas. Please go ahead.

Saumil Mehta: I have 2 questions from my side. So first is, while the volume growth for this quarter in fact was encouraging, but if I recollect, October, we had grown about 60%, is it fair to assume that there was some softness in November, December, maybe due to competitive pressure or some other factors because it looks like November, December, we would have degrown or just posted a flattish volume growth and how has been the competitive intensity over the last 2-3 months? And an update on Jan volumes, if you can give, that is my 2 questions?

Hiranand A Savlani: So I think October, the base was low, that is why it was showing the higher growth because last year, the Diwali was in the month of October and this year, Diwali was in the month of November. So because of base effect, I think that was there, but otherwise, I think November and December was also good numbers, but of course, not to the tune of October because October, the sizable element was of pent-up demand also. But overall, I think November and December was good. January, I don't have a volume number, but I think value-wise, it should be close to about 35% kind of value growth, but volume growth, I don't have a heading because month-on-month, we don't break the volume growth, but topline was roughly about January, it was 35% kind of level.

- Saumil Mehta:** And sir, is it fair to assume that competitive intensity will still not that high given PVC prices are high? So there is still maybe there isn't availability issue for the smaller guys, and that benefit will continue till you see some sort of global PVC production picking up?
- Hiranand A Savlani:** So it may help us till March, it looks very clearly, but beyond March, we have to see how the situation is panning out on the ground, but yes, definitely till March, it can support us.
- Sandeep Engineer:** Yes, but when you see this position which has come up since last almost pandemic till here, I think this advantage to the better brands or things will continue, but here, you can see that only PVC is not a forte, Astral has done equally good in CPVC and the topline numbers and the overall margin numbers and all, CPVC is equally helpful or is contributing to it and PVC, there could be a decline base coming. It has to, but I don't see that it will go to the levels which it used to be in at least for a longer time this time.
- Saumil Mehta:** And my second and last question on the adhesives business, while the guidance on the margins should improve from here on is quite encouraging, but in terms of topline, post the correction in distribution, are we confident or rather calling out that probably structurally, you might be able to see a 20% topline growth on this business now? Because historically, we have maintained pipes growth at 15% and maybe adhesives is a bit faster, but now can adhesives can be 15% structurally over the next 2-3 years?
- Sandeep Engineer:** Basically, in the short-term things if you see for at least 1 year, it should be even better than that. That is what we have to achieve to reach to a level and we will be obviously, going and looking at a much better number than 20 on the growth part, but now if you see the longer base, 2025 should be a number which we should keep achieving, and I don't see any issues of not reaching that number, but as our base compared to the bigger brands in the market is much low, we would not be looking at 20, but we will be working on a better growth trajectory for coming quarters.
- Moderator:** Thank you. The next question is from the line of Bharat Shah from ASK Investment Managers. Please go ahead.
- Bharat Shah:** Deadline is finally culminating where both pipe and adhesives businesses are playing kind of a symphony, where the kind of performance that Astral, I always believe it was capable of, but finally, we are seeing in a very strong kind of a symphony. What I am looking forward to is your reason in terms of where each of the 3 businesses, pipes, adhesives and new activity on the tanks, where do you see them in 3 to 5 years' time?
- Sandeep Engineer:** Pipes and tanks complement each other and tanks would help pipe in many, many markets and pipes will help tanks. So I think it is a right synergy where we have done this, but if you see the company at 3 years' trajectory and with the new additions of the plant and new geographies work which is going on with the team and a lot of groundwork has been laid, we must at least be doing a double-digit growth continuously in next 3 to 5 years.
- Bharat Shah:** In volume?

- Sandeep Engineer:** For the volume only, sir. Volume, I now tell my teams and everyone that I don't want to measure you in the value. I always measure them in the volume. Now in adhesives, as I just communicated in the reply just before your question, but we would look at a better trajectory in 3 years for adhesives even than this '20 number and that we should achieve and we will achieve. And if you go with 5 years also, this trajectory should be better than that because we have to make a cover as huge ground to reach a number and we will do it and we are confident now and the confidence which has been regained and which has taught us a lot and the business understanding which has come. I am confident that this could be achievable. So the 5 year's vision is very bullish and we all are aligned. The whole organization is aligned with that.
- Bharat Shah:** Which means Sandeep bhai, essentially pipe business in volume terms should double in 5 years' time. If we grow at about 15%, then essentially we should be anchoring for doubling of our business in volume terms in 5 years, right?
- Sandeep Engineer:** Yes, obviously, yes.
- Bharat Shah:** And with a geographically plant positioning and basically improved efficiency and reduced logistic and say, cost and the scale, that means margins in the pipe business, in general, over these 5-year territory should improve?
- Sandeep Engineer:** See, margins would improve, but pipe business is a business which more relies on the behavior of the polymers but positively, if you take, the margins would improve, margins would increase as the growth is there, but we will remain in a very good positive EBITDA level, which Astral has been working and giving for many years down the line but one thing is sure that what we communicate and what we tell the market, our transparency is very high. So as we have told in adhesives also from last and we have communicated, in pipe also, we are communicating this and we apart from this businesses of pipe and the tanks, we are also focusing on value-added products and businesses. A few are already communicated like the valves, but a few are in the pipeline, which we should be able to communicate in coming 1 or 2 quarters.
- Bharat Shah:** And on pipes, how do we see the picture because pipes is something which begin now? And to that extent, how do we take a base from here to 5 years or 3 to 5 years' time?
- Hiranand A Savlani:** So Bharat bhai, normal margins, we always consider 15%, 16% EBITDA is a very healthy margin for the pipe category of the business, but now many regions are supporting Astral for the higher margin. It can be an economy of scale. It can be a decentralization of the businesses because we are putting up multiple plants. So the moment capacity utilization will start growing from each plant, then the margin will be going to support us. Third thing, we continuously since last almost 7-8 quarters, we are telling that our focus is growing towards the margin side, not only topline because we are continuously adding the value-added products into our basket. So because of that also margins are supporting in the normal margins, we are already continuously delivering higher margin. So if this kind of phenomena will continue, then, yes, we can definitely expect more than that, but I think 15%, 16% is the run rate which can be maintained for next 4-5 years on a longer-term basis, I am giving you the guidance, but yes, if this kind of new addition

will take place, then like now we are entering into tank and we are getting a very positive vibes from that business because the kind of response we are getting from our dealer and distributor community, even we can't think even that kind of response we are getting from the team, but at the same time, we are in the early stage of the launching. So we will see and monitor and keep updating the investor that what is the ground reality happening because working in Astral is always easy. I am always telling that. Working in Astral is always is easy, but when you do actual work, the picture is always different. So I don't want to be too much bullish at this stage, but yes, definitely, once we will be working a couple of quarters, then I think we will be able to guide you about the tank business, where also our expectation is high and unfortunately, because of this COVID, earlier, the previous company's legacy issues, we are not able to grow at a higher run rate into infra business. Actually, that business is also a very good business and a volume business. So once that will start picking up, then I think there volume will be much higher and the way government is talking about the spending of the capital expenditure side, I am sure this business is ultimately going to pay, maybe a couple of quarters later, but ultimately, it is going to pay us and the way we introduced the products in there and the kind of quality we are having, I am sure that business will go even faster run rate because there the base is still very low. So keep finger crossed that I am sure that tank and infra business in the coming years will give us a very good number and pipe and adhesive, now we are going into the autopilot mode, so they will keep continuously giving us certain level of growth, like pipe 15% kind of growth, adhesive 20% kind of growth. That will keep continuing to work. And plus, other than that, we are continuously looking for the new products. It is not that there is the end of the journey. We are continuously starving for the new product. So we will keep adding that new product and that will give us a little edge over the normal kind of growth. So keep finger crossed, again, I am telling you we are working on many products and in coming 2-3 years, we are going to give you a lot of new products from Astral side and they will also give us a good number.

Sandeep Engineer:

Bharat bhai, I would like to lastly add to one point, which Hiranand bhai has forgotten that the backward ways of integration in CPVC and the way the purchase of polymers has been done in PVC is also helping a great way to Astral in not only growing the market, growing the demand at reaching, improving the margins and the brands which we have created way back, 5 years back in CPVC was a very positive step helping us on the growth path in CPVC and margins. So that is one of the greatest advantage on CPVC and PVC also, we have nicely managed our stock inventories and buying.

Bharat Shah:

Yes. So to summarize, if I have understood it correctly, if we are talking of the next 5-year journey, our **(Inaudible)** coat business of pipe business of pipes will continue at a healthy pace, good double-digit with potential for on a longer-term basis improvement in the margins from where they stand today, both because of the operating leverage and scale as well as our dispersed manufacturing, giving us the logistics advantage. Second, the adhesive now becomes an accelerator, both in terms of the growth rate as well as improvement in the margin, so it becomes like a force multiplier over these 5 years. The excitement is on the tank business, but it is to be unveiled in some time, but primary picture appears to be positive. And infra business, which has so far not turned in much for us, but at some stage, that can join the party and can take the growth

rate ahead. And finally, new products in our integrated planning for PVC and CPVC, this could be additional kind of catalyst to the overall picture over these 5 years' time.

Hiranand A Savlani: Yes, your understanding is perfectly all right.

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

Sonali Salgaonkar: Sir, my first question is regarding the operating margins, our core operating margins are about 21.4% on a consolidated basis, is almost at an all-time high, so could you please quantify what is the inventory gain this quarter? And ex that inventory gain, what could be the steady-state operating margin that we should look at?

Hiranand A Savlani: So Sonali, as communicated in earlier question that inventory gain is very difficult to arrive exact number, but yes, some element of inventory gain in the PVC side is there, but our company is more focused on the CPVC side. So compared to the PVC player, our gain will be much, much lower, I can say. Secondly, we are more dependent on the local supplier likely, that is Reliance. So our inventory levels in PVC are low. So inventory gains will also be low, but exact number, it is very difficult to arrive. Regarding your second question of future guidance, I think, 15%-16% is the number which is a sustainable kind of margin. But yes, we will try, I already explained while replying to Bharat bhai's question that we will try to keep on a higher level with this continuous value-added product side and the continuous introduction of new products. So we will see how it is going, but 15%-16%, it looks a doable and achievable number for a longer period of time.

Sonali Salgaonkar: Sir, my second question is regarding the tanks business, sir, any ballpark estimate as in how much it will accrue to the revenue and the margins going forward?

Hiranand A Savlani: So I think it is too early because still Astral brand is not launched in the market. So first, we have to launch our product and we have to see how the reaction is coming from the market because I told that right now, the encouraging numbers are coming from the interest point of view, inquiry point of view, but once we will launch, then after, we will see how fitting problems are coming, what kind of challenges are coming. After that, I think it will be fair to give the guidance about the tank business, but I can tell you that initial response is very good. So number should be reasonably good in the coming 2 to 3 years horizon. First year may not be that much lucrative because first year, we will be going for the setting up, but I am sure FY23 onward, number should be very encouraging.

Sonali Salgaonkar: Sir, what will be our steady-state margins for our tanks business and infra business once it runs, sir?

Hiranand A Savlani: I think, again, once we will launch, then we will come to know exactly, but normally, the other company which brands and all are working, I think 14%-15% kind of EBITDA margin can be expected, but we being a new player, we have to see how we are going to position our brand into

the market and based on that, I think margin, for initial year, I think margin is not that important. Positioning the brand and putting up our company into the market is more important. So maybe a couple of percentage here and there in margin is fine as far as initial years are concerned, but at a later stage, once you become a brand, I don't think margin is a challenge. You have seen in pipe business also, initially it was a challenging time for us to fetch a higher margin, but now with the brand, we are able to do that part. So I am sure with the time, margin should not be the problem into the tank business also.

Sonali Salgaonkar: Sir, in FY22 onwards, what could be our CAPEX?

Hiranand A Savlani: CAPEX, I think we have to rework because we are working on every plant, we are doing some expansion activity. So we have to see finally how it is coming out. Now we are going to start the piping operation in Sangli also. So because Sangli being an ideal location for us because we don't have a plant over that side for the PVC and CPVC side, so we are targeting to put up a few machines for PVC at the beginning stage and later we may think for the CPVC also. Similarly, in Hosur, we are putting up a manufacturing facility of fittings, as Sandeep bhai said. So we are putting a sizable capacity of fittings over there in South. In the same way, now we are putting up a tanker capacity in Ahmedabad, then Ghiloth, then Aurangabad and lastly into the Orissa. So a lot of rework is happening. So I think we have to rework the CAPEX plan. So hopefully, in the next quarter, I will be in a better position to guide you what kind of CAPEX will be there, but of course, it will not be sizable CAPEX because tank and all business are a very light CAPEX businesses. So it will not be that high CAPEX, but we will be comminuting to you maybe next quarter.

Sonali Salgaonkar: And what is our distributor and retailer strength right now, both for pipes and adhesives?

Hiranand A Savlani: So there also, we have put up an ALP program. So we are working on that the exact number and geography. So we will let you know once this year will be completed. So in the analyst meet, we will be communicating to you the exact numbers.

Sonali Salgaonkar: Sir, last question, just a clarification. Sometime back, you mentioned that the value growth in January was about 35% year-on-year, so just confirming this is for the pipes or for the company as a whole?

Hiranand A Savlani: I am telling you consol number.

Moderator: Thank you. The next question is from the line of Nehal Shah from ICICI Securities. Please go ahead.

Nehal Shah: Sir, 3 questions, one on the CPVC pipes, how has CPVC pipes fared in Q3 considering the fact that CPVC would have become more competitive versus PVC pipes? So any update on this?

- Hiranand A Savlani:** So CPVC demand was excellent in Q3 and we are expecting it will further accelerate in Q4. That is what we are getting the sense from the January numbers. So we are very positive about the CPVC demand.
- Nehal Shah:** So mix would be in favor of CPVC in last quarter?
- Hiranand A Savlani:** Yes. Definitely, it will be in favor of CPVC.
- Nehal Shah:** Sir, my second question would be, are we now likely to see CPVC price increases because what we are hearing is that suppliers may start taking price increases because of pressure of higher PVC prices. Is that a possibility coming in this quarter?
- Sandeep Engineer:** This quarter, obviously, the supplier would change the price to some tune, but the way Astral has purchased and the way we have worked with the supplier, we won't be making any major price change or any price change in this quarter. Our focus will be to get on to the volume and still get good margin.
- Nehal Shah:** And sir, my last question would be on the budgetary allocation which was announced day before yesterday, which to us seems very encouraging with the kind of outlay, the Jal Jeevan Mission, rural has got some almost 10,000 crore-11,000 crore to 50,000 crore plus and the Finance Minister has also come up with a new scheme, which is urban Jal Jeevan Mission, which is an outlay of 2,87,000 crore over the next 5 years. So this implies a budgetary allocation of 1 crore plus, so 1 trillion kind of outlay every year. So what kind of investments do you think this will lead to in materials like pipes, HDP or PVC pipes and fittings to that extent?
- Sandeep Engineer:** It will help both HDP as well as PVC, but the allocations which have been made, I think the HDP will also play a major role because at this prevailing price of PVC, these projects could become quite costly. There would be usage but I think HDP will play a better role, which even Astral is focusing to come in a big way. Our work is on that project. Then coming to all these projects, we would be studying, but there are certain needs of specific way of fittings which we are also going to look at this option of working on that. So yes, these projects, we will study in detail in coming quarter and I think in the analyst meet or if we are lucky, we can meet you, analyst, after March if the COVID situation permits, would be better and we will communicate everything on this vision of the new projects announced in the finance bill and how Astral will be benefited from it. Just give us 2-3 months more to give you a better picture.
- Hiranand A Savlani:** Just I can add what Sandeep bhai has said that numbers are mind blowing. Sometimes, if I do the calculation, even a few percentage of that business will come to the pipe side, it will be a huge business. India cannot supply that kind of pipe, if that is the case, but we have to see actually how the execution work is taking place from the government side because based on that, the number will be arrived. But yes, it is a very encouraging number the way government is starting to give the focus into that area and if that is the case and government will sincerely spend that money, then definitely, every industry player will be beneficial, not only Astral, everybody will be getting the benefit, big benefit out of this.

- Nehal Shah:** Sir, also a big benefit for top players because considering that the way the consolidation is happening, I think there is more reason now that this business also might go to some of the branded players as well. So that is where the optimism stands at this point.
- Hiranand A Savlani:** Yes, that will always be there. Even this year, also, you see that because of this situation of polymer price and all this thing, now tougher implementation of GST and all, even agri business have started moving to the organized player. Even small unorganized players are just wiping out from the system. So that will always be there. The consolidation will be there and that is going to help to the all bigger player.
- Nehal Shah:** So that is where it is surprising that big players like you, Supreme, other big players who have reported so far, the volume growth is just about, say, 9%, 10%, 15% and the kind of benefits, probably we could have had because of consolidation and a lot of players not able to source material or they are sourcing material at much higher price, don't you think volume growth could have been far? What stopping volume growth to be much better considering the tailwind what we have at this point?
- Sandeep Engineer:** Let us see, Nehal. Give us 1 more quarter, let us see how polymer behaves. It is too early to comment on certain situations because some situations have arisen not only because of the shortages, but because of the pandemic and because of the shipments, the container pricing, the time, so there are not only one factor, there are multiple factors and these all factors to talk and to be bullish is too early. Let us understand 1 or 2 quarters because everybody is now getting more safer, the numbers are coming down. If you see, India is reporting 10,000 less, vaccines are moving fast. So in 6 months, we will know how the graph of the polymer behaves, but yes, government spending is encouraging, but who will get what pie and what will be used and how and when and what, it is too early to comment just from the speech of FM. We need to fine tune, understand and then let you know exactly what we benefit out of it.
- Hiranand A Savlani:** And secondly, Nehal bhai, you should also appreciate that the metro sales now started functioning properly and the biggest driver for plumbing products are metros.
- Nehal Shah:** So what is the kind of recovery metros have seen in last quarter?
- Hiranand A Savlani:** Yes, it is doing very well. That is doing very well.
- Sandeep Engineer:** I can tell you in nutshell, I can tell you Nehal bhai, metros are recovering, a lot of small towns are recovering, but a lot of plants are being laid out by Astral to see how and where and what and I think just give us 1 last quarter, and then I think, come down to Mumbai and communicate to all our analysts and the investor community at large on this.
- Moderator:** Thank you. The next question is from the line of Tejas Sheth from Nippon India. Please go ahead.

- Tejas Sheth:** Sir, on the adhesive side, which side of application we are making strong inroads and is it somewhere on the construction chemical side or on the carpentry side or on the retail side? What part of that adhesive is showing a higher uptick for us?
- Sandeep Engineer:** See, carpentry side, the growth is there, but we are miniscule compared to the giants. So it cannot be, we have to grow from our core products and at the same time, we have to strengthen the products lines which we need to work on. So our core products are getting better and better day by day, giving growth, giving reach and new variants of the core products are being launched every day and there is a lot of positive pull from the core products because you cannot avoid the core products and say that I am growing in a section which is very weak for me and the percentage is high, but at the same time, when we go to the white glue and when we go to certain products in the construction chemicals, yes, we are working on it, and we are growing in that. The number digit of growth in percentage terms, if you say, is very encouraging, but those percentages are misleading because the numbers are very small for us. So the percentage would look high. Once we reach at a reasonable number, the percentage continues, I think the results would be encouraging, but we are doing good in many chemistries which were left out and many chemistries which we need to focus and our core products are doing excellently well. So I think the combination, which we are now put the business is very perfect and very encouraging.
- Tejas Sheth:** Sir, on the plastic product side on this quarter, 33% revenue growth and 15% is your volume, so 18% comes from your higher realizations, but Hiranandji said that there is not much price hike on the CPV side considering that unlike in PVC, so this 18% is purely, I mean, higher share of that is because of the product mix? I mean I fail to understand that because we have never seen this kind of?
- Sandeep Engineer:** It is product PVC price and also a good growth in the CPVC. So it is completely not only driven by the PVC. Again, I am repeating that our Astral is the leading player of CPVC and so a lot of things come from CPVC side also when the volumes and things and also PVC, but Hiranand bhai will give you more detailed reply.
- Hiranand A Savlani:** So Tejas, basically, you see that the pre-COVID level, the polymer price was just Rs. 70 a kg, PVC price, and now that price has gone up to almost Rs. 120 per kg. So that kind of price is there in PVC side, okay? So because of that, that effect will be there. In terms of percentage, if you count, it will be 70%, 80%.
- Tejas Sheth:** Last year, we did 500 crore of plastic revenue. On that, 18% is our realization hike, which is 90 crores, right? But our plastic profit growth on absolute terms is 56 crores. So I am just trying to understand if the realization hike is 91 crore, it should directly flow to the EBIT level, right?
- Hiranand A Savlani:** I think I have to check each and every number and you can separately call me, I can discuss with you and understand your point of view and then I will be in a much better position if I have a handy number with me, and I can discuss with you.

Tejas Sheth: Just lastly on this previous question, if we take 9 months in perspective, the plastic revenue growth is 3% and the demand for plastic products is more of like a deferred demand or pent-up demand. I mean you can never lose that demand from the market, right? So considering that, I mean, 3% revenue growth for 9 months, if we adjust for the price hikes, the volume growth will be still probably flat or negative. I mean that kind of, isn't there a concern that the pent-up demand has been not so strong?

Hiranand A Savlani: So that naturally, because you have to understand the ground reality that the metros have started functioning now. So naturally, the pent-up demand or maybe deferred demand will come in the coming quarter, maybe next year and secondly, you see the situation on the ground for the migrant labor. Migrant labor will come when the train will start. Take the example of your Mumbai city, local train is not working. So how the construction work will pick up? So today, you see the Godrej, maybe Oberoi, maybe other Sobha, all are doing a lot of booking, but the execution is where? Execution will take place now with the lag effect only, maybe 3 quarter lag, maybe 2 quarter lag, maybe 4 quarter lag. I don't know exact lag. Because these things will happen only once all the machinery will start working at a time. So right now, migrant-related issues are still not sorted out. I am sure Bombay; all the migrant labor has still not come back. Similarly, in the other cities also, migrant labor has still not come back. So once the train and everything will be fully functioning, then everything will be back and then everybody will start working into that. So everything will come with the lag only. It cannot happen overnight. This is what our understanding. We may be wrong in our understanding also, but this is what we are understanding and that is why you see everybody is forecasting next year's numbers better than the current year's number, even current year's last 2 quarters also because everybody know that this positive effect will come with the lag only.

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

Kunal Lakhan: Just following up on the previous question. So we have been highlighting in the past quarters that there has been a fair bit of pent-up demand which has played out, and it continues to do so, like you said, is that the reason why we are restraining from upping our long-term guidance of 15% growth in Pipes because we think that once this pent-up demand come down, I think demand may just normalize back? I just wanted to understand the thought process why we are not increasing our guidance based on the performance that we have seen in the last couple of quarters?

Sandeep Engineer: We are not telling we don't want to give guidance.

Hiranand A. Savlani: These are the standard we are selling. We are not telling guidance.

Sandeep Engineer: You cannot upfront like things over 3 or 5 years. So even then, for 3 and 5 years, we have given a guidance, I think you must have heard Mr. Bharat bhai's question-answer on that and the guidance is always given with keeping all the factors in mind. See, there is no pent-up demand. Again, let me tell you, if there is a pent-up demand, the percentage of volume growth of all these big companies would have been much higher. You go with the volume growth. Value growth is

coming, so that is a demand, actually, is the volume growth. And as you go with the Astral's volume numbers, we have given a 15% volume. Value is a phenomena which may continue, which may not continue, which may reduce, which may change, which may affect the pandemic. The world itself is going through a lot of challenges. So I think what we have told Bharat bhai in the 5-year and 3-year plan is the perfect things which we have told keeping everything in mind. We don't say that we are not going to give a long-term guidance, and we have already communicated the guidance in that answer.

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

Sneha Talreja: Sir, my basic question was related to, can you give us the month-wise numbers like, you already shared the October numbers in the previous quarter, which was around 60% to 65% volume growth and more than 80%, 85% sort of a value growth. So what was the trend in November and December? And maybe some trend on January also, if you can provide?

Hiranand A Savlani: So we don't have a ready number, but you separately call me, I will give you. But we don't take month-on-month number because this time, the situation on the ground is very scary. That is why we have given the monthly number, but normally, we don't give the monthly number, but if still you want to understand the number, yes, I will share with you, but I don't have a handy number right now with me.

Sneha Talreja: Sure. I mean, my just understanding would have been on the fact that how are we seeing? Are you seeing month-on-month improvement in demand continuing or has there been some amount of...?

Hiranand A Savlani: You have to understand the base effect also because last year, October, Diwali was there and this year, November, Diwali was there. So that base effect will be there. So because of that, month-on-month number cannot be compared because you know, because of Diwali, how many days holidays are there in India? So because of that, that number cannot be comparable. That is why we say that always compare the number on a yearly basis. Even I don't want to tell you compare with quarterly also, because that also will be a misleading sometimes. This year is an abnormal year, so very difficult to compare yearly number, but we always tell every investor, don't look at the number of 1 quarter or 2 quarters because, ultimately, on a 12-month basis, everything gets even out, even polymer price. Right now, the polymer price has gone up abnormally high. That is why you see all the PVC-dominated companies are giving crazy topline growth because prices have gone up by almost 70%, 80%. So monthly basis number is, ultimately, it will be a completely misleading. So we request every investor, every analyst, please look at the yearly number or, right now in this situation, maybe quarterly number because otherwise, on a monthly basis and all you will be taking a wrong decision.

Sneha Talreja: Sir, second question from my end was related to channel inventory (**Inaudible**) that you are seeing some PVC resins. Are you seeing some reluctance from the channel for not holding much inventory? Any color on that?

- Hiranand A Savlani:** Yes, because channel is, I think, the lowest in so many years because everybody is scared when the polymer price is going to drop. So that is why nobody is ready to keep the higher inventory with them. So they keep only need-based inventory. So very miniscule, I can say, the inventory is lying with the channel.
- Moderator:** Thank you. The next question is from the line of Rajesh Ravi from HDFC Securities. Please go ahead.
- Rajesh Ravi:** I have 2 questions, first on the tanks business and second on the Pipes business. You already mentioned that the normal industry benchmark margins are around 15%, but any asset turn in terms of revenue to asset turn, which this business can generate? This is on the tanks business and second, if you could give breakup in terms of agri, non-agri fittings and CPVC, that would be great?
- Hiranand A Savlani:** So normally, in tank business, asset turn is roughly about 4-4.5x. That is what normal benchmark. It can depend on the company to company and the location, how many locations are there. So it depends on every company to company, it may vary also, but normally, 4, 4.5x should not be the problem. What was your second question, PVC, CPVC?
- Rajesh Ravi:** How many pipes business your agri, non-agri mix fittings, and CPVC?
- Hiranand A Savlani:** We don't share all those individual product numbers.
- Rajesh Ravi:** Any broad number that would help, not on a quarterly basis, even on a 9-month or an annual basis, that would suffice?
- Hiranand A Savlani:** We being basically a CPVC-oriented company, so naturally our focus is only on CPVC more, and our numbers are very encouraging in CPVC in last quarter, I can say it that way.
- Rajesh Ravi:** No, not on a quarterly basis. Your CPVC overall would be what percentage of the total volumes, approximately?
- Sandeep Engineer:** Let the fiscal year be completed, and we will come back to you after the March and then we do come and....
- Rajesh Ravi:** In the Adhesive, Resinova and Seal IT, earlier, when you were in still FY19, the margin differential one was around 17%-18%, one was around sub-10%. So where do they stand now? That differential still exists?
- Hiranand A Savlani:** Today, also the differentiation will be there. India margin will be much higher than the U.K. margin.
- Rajesh Ravi:** And with the volume ramp-up that you are looking up in this business as you guided earlier that 20%-25% growth revenue, growth on a low base of yours is possible, will that also be a margin accretive or at sustainable margin, you see the revenue growth to be the driver?

- Hiranand A Savlani:** That is what we say that over a longer period of time, there is a still room for improvement into the margins, but not on a shorter-term basis because very difficult to break into the raw material trend on a shorter-term basis, but yes, longer-term still, there is a room available for improvement into the margin.
- Rajesh Ravi:** Sir, in CPVC, resin prices have also, what is the inflation that you have seen in the CPVC resin?
- Sandeep Engineer:** At present, there is not much because we already had quantities and we had already a tonnage binded up, but it will happen in coming months, but for us, in this quarter, there won't be any much, if at all.
- Moderator:** Thank you. The next question is from the line of Madhav Marda from Fidelity Investment. Please go ahead.
- Madhav Marda:** I have 2 questions. One was a very basic question, like because of this shortage in container availability and higher freight rates, etc., did we have a challenge in selling more volumes because raw material was a bit in short supply in the market? Is that something which impacted our business in the quarter?
- Hiranand A Savlani:** I don't think we are affected with any shortages. We have enough material with us.
- Sandeep Engineer:** Basically, because of shortages, PVC can be more in sale, but in CPVC, availability was there and Astral, with its own brand, reach and many factors together has done much better in CPVC and that is a great thing for Astral in the growth sector. And one of the biggest factors which played in the CPVC is that Astral has its own products, its own brands, it makes from the basic, which we went 5 years back and all this put together also helps us to grow and even improve on our margin.
- Madhav Marda:** And my second question was, given that we are talking about a lot of smaller players continuing to face challenges in the market and unorganized shipping to organized, can there be any more acquisitions that you might be interested in that helps in filling a product gap or giving us more distribution, etc.? Is that something like that which is still on the table or that is largely done now for us?
- Sandeep Engineer:** No, as far as, at present, no, nothing on the table or nothing to be done, except some new or product, which is not in now our stable, we look at it, otherwise, nothing.
- Hiranand A Savlani:** For the existing product, definitely, we are not looking for any acquisition, but anything new product is there or where we feel that strategically it is good for us, definitely, we are always open-ended people. We always welcome, but otherwise, for the existing product, there is no point to pay a goodwill to somebody when we are not going to use their brand.
- Moderator:** Thank you. The next question is from the line of Sujit Jain from ASK Investment Managers. Please go ahead.

- Sujit Jain:** Sir, if I look at your Resinova margins, they kind of resemble the industrial segment margins or the market leader in the Adhesive segment, so is it safe to assume that this is predominantly a B2B business? And at what stage in the life of Resinova, do you think that you will do that leap and launch consumer products there?
- Hiranand A Savlani:** So I think we are more of retail. We are not on the industrial side more. If you see the products, almost 90% plus our business is coming from the retail only. So I don't think we are an industrial product company, first of all. As far as the margins are concerned, I think we already communicated in our earlier question that there is still some room available for the expansion into the margin with over a period of time. It may not be, again, a 1 quarter or 2 quarter down the line, but yes, over a period of 2 to 3 years, there is still room available for expansion of margin because of economy of scale and because of continuous launching of new products that is going to be contributing us and a few of them are value-added products. So that is why we are saying that there is still room available for the expansion into the margin.
- Sujit Jain:** The question came because the leader clocks 26%-27% kind of a margin in consumer and bazaar segment, in a predominantly retail segment?
- Sandeep Engineer:** Let me be very frank that we, the leader has a legacy and we are creating certain things. We had to go through phase of correction. We have repeatedly told and I know that this once happens your expectations will rise, and I am sure that we will live to this expectation shortly. Give us a few more quarters for growth, for improving the margin, but we don't want to give wrong guidance, but I am sure that in next 2, 3 quarters, you will see all these changes coming. And we are not fighting here with any leaders or nor we have to create our own space and we have to create our own brand and at the same time, we have to create a strong, sustainable business for years to come as we have created in the Pipe segment, and I am sure we will create a very strong sustainable business, a very strong sustainable brand and when we create this business to the consumer level, which we are doing, both the topline and the bottomline will improve to a substantial level.
- Sujit Jain:** That is really encouraging to hear.
- Sandeep Engineer:** We are on this and we are doing everything and we will, right way, right time, communicate the reality of everything and we have done it very transparently and we will do it very transparently. Give us 1 or 2 more quarters, and I am sure we will come out with some more flying colors on this business.
- Sujit Jain:** And in the Rex business, if you can give some numbers for 9 months, topline and OP and margins and growth as well?
- Hiranand A Savlani:** We don't share all this individual category-wise number. I think in previous, many con calls we have communicated that because of competitive intensiveness, we don't share with that, but I told you that this quarter was flat.

- Sujit Jain:** Is it in line with our current Pipe margins?
- Hiranand A Savlani:** No, it is lesser than the current Pipe margin. This business is on an average generating 14%-15% kind of margin. Our overall Pipe business of last quarter was roughly about 24 or something percentage because of the inventory gain and you can say CPVC proportion was higher, so that is why it was very high in the last quarter but this was the normal, generally, 14%-15% kind of EBITDA.
- Sujit Jain:** And the growth rates in this business?
- Hiranand A Savlani:** The last quarter was flat.
- Sandeep Engineer:** The growth rate, the major supply of these products is on the infrastructure business and as you know, the spending started after 2 quarters and still it is on the lower end of the spending, but it is improving. Last quarter, the spending for the infrastructure improved a lot and again, I would tell you that, again, next 2 quarters, you give us and once the spending and the projects are back on normal, the business will give growth and as growth comes, everything improves.
- Sujit Jain:** And one last quick question, FY20, what would be the rough percentage of CPVC?
- Sandeep Engineer:** No, we cannot give you that at present.
- Moderator:** Thank you. The next question is from the line of Manoj Shah from Laxgov Investment. Please go ahead.
- Manoj Shah:** I just wanted to understand, on your margin, like how do you decide it? Do you look at the margin in terms of like EBITDA per ton basis since you are basically converting the PVC resins into pipes and tanks? So while deciding the pricing, do you look at the margin in terms of EBITDA per ton basis kind of versus the percentage term?
- Hiranand A Savlani:** No, we always consider EBITDA on a value base on the sales basis. We don't consider on a per ton basis.
- Moderator:** Thank you. The next question is from the line of Aasim Bharde from DAM Capital Advisors. Please go ahead.
- Aasim Bharde:** Two questions. Firstly, if I look at your standalone results, your gross margins have come off by 80 bps Y-o-Y, so if I take this as a proxy for your domestic pipes business, the margin fall is a tad surprising, especially when you did mention about value-added products being sold, so can you talk about why that should be the case?
- Hiranand A. Savlani:** Gross margin can be a little bit here and there and 80 bps is nothing with the kind of topline growth is there, against that 80 bps is nothing. So I think that can keep fluctuating with the product mix and all these things. I don't think it is going to be substantial, but because of this topline growth, which is very high, that the EBITDA margin will shoot up. Gross margin may

be because with this price rise, you sometimes pass on this to the market with the lag effect also. So that is also playing the role and that is going to affect you to the gross margin levels. Maintaining the GP margin, it is always a challenge.

Aasim Bharde: So it just seemed a bit off, that is why I thought I will ask you and second question, sir, when you said earlier in the call that your January 2021 value growth is 35% for console business, can you break that up between pipes and adhesives?

Hirananad A. Savlani: I don't have a handy number of January, but it was around 30%-35% minimum. That is what I have and I don't have the exact MIS report ready with me because I was busy in this Board meeting preparations and all, but I have given you the ballpark figure, 30%-35% was minimum growth, but exact number, I have to also check. Both businesses were in line, so almost, Adhesive was a little higher than the Pipe. I can say like that.

Moderator: Thank you. The next question is from the line of Yash from Param Capital. Please go ahead.

Yash: I would just like to understand the capacity utilization level and what exactly is the current capacity in terms of the Pipe business and the Adhesive business? And what will be the capacity post expansion?

Hiranand A. Savlani: So I think capacity number, we have already given in the press release. If you can see, it was roughly about 2,40,073 metric tons and this capacity will be added by year-end because of this tank business and because of addition into our South operation, some operation at Sangli, some operation at Hosur, some operation at Ahmedabad plant. So all locations, small capacity addition is taking place. So I think by year end, we will come to know exact capacity and then the ultimately 20,000 bigger capacity will come from East next year. So hopefully, maybe you can say 280,000 kind of level will be there, 280,000 to 300,000 kind of level will be there by next year, FY22 year end.

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

Maulik Patel: Yes, I think I got dropped out earlier. So just one question, and that is related to the CPVC and I probably missed that. So as you mentioned that too earlier, there have been a large price gap between the PVC and the CPVC prices, so CPVC, around 30%, 40%, 50% expenses, but given that there is a sharp increase in the PVC prices and most of the players, including you, have passed that to the customers, now there is hardly any gap. So have you seen, because there isn't hardly any gap between the PVC and CPVC prices, the CPVC uptake is much higher? And will that continue going forward?

Hiranand A. Savlani: So whether it will continue or not, it is very difficult to answer, but near term, it looks like that the PVC higher price will continue and you are right in your understanding that gap was there between CPVC and PVC price because CPVC India follow the CTS standard and in PVC India follow the ASTM standard. So because of that, 2 standard variation, the thickness of the Pipe

varies. So because of that, CPVC pipe is thinner than the PVC pipe. So the weight of the pipe was higher in PVC. So because of that, the gap was there, but now that gap has wiped out. I think that many of the size may be close to CPVC and PVC level and some higher price, still CPVC will be a little costly. So yes, definitely, the gap has narrowed substantially and that is going to help us to grow CPVC volume faster in the coming time.

Maulik Patel: And has the competitive intensity increased because, a couple of your peers, competitors, in their numbers, we have seen a pretty stark decline in realization in the CPVC over the last 2-3 quarters, so has the competitive intensity increased?

Sandeep Engineer: No, I don't see that.

Maulik Patel: But given the fact that, I understand the last CPVC price hike was almost 3 or 4 quarters back, and now you will see some CPVC raw material inflation given that you mentioned that, it may not be in this quarter, but probably 2 months or 3 months down the line. At that point, will there be any price increase? Because the question comes from the fact that there has not been so strong growth in CPVC volume over the last 9 months, let us say, that could be in a pent-up demand which will be there and large part of the growth in the Pipe is due to the value growth, which you have mentioned, so beyond that, if the CPVC price in international market goes up, will you follow the price hike or will you try to change the volume?

Sandeep Engineer: Basically, if you see the price rise in CPVC, which is being proposed, it is much miniscule compared to what happened in PVC, like it is not there and there is no pent-up demand in CPVC. Let me tell you, I have the experience of CPVCs in inception and applications where CPVC has changed from PVC. Those markets have always stood by CPVC for longer phase because, ultimately, because of the PVC price very low, CPVC had gained some importance in plumbing, but most of these markets always try to prefer CPVC as a plumbing, it is a better polymer and it gives a better result and long-term basis, CPVC is always better. So there won't be any pent-up on this demand, but yes, obviously, there has been more consolidation of the Astral going into many markets, doing lot of expansions, lot of other things that also have helped and at the same time, the CPVC being made by the smaller players is under stress of 2 things. One is availability due to the transport time increase and their funds are majorly blocked in the PVC business. PVC business has got a lot of working capital in the market and the stocks for many players. So there are a lot of multiple factors which has amounted to this rise and thirdly, again, going with what Astral has stood by, I have been telling from 2-3 questions that going to backward integration and making our own formulations and our own way of purchases has really put us in a very driving saddle in the CPVC. So these are all multiple factors and we are also taking a lot of market-level initiatives. Some of these policies, some of these initiatives, some of these strategies, I am very sorry, I cannot communicate because I have been watched by all my competitors who follow what Astral does and follows. So thank you very much. I can communicate what I can and I cannot communicate, what I cannot because that affects me on the longer term. I think we can take now last question because, already, we have overshoot by 25 minutes. So we can complete 1 or 2 questions more.

- Moderator:** Thank you. The next question is from the line of Sujit Jain from ASK Investment Managers. Please go ahead.
- Sujit Jain:** Sir, I just wanted to check if we have gained market share in the 9 months or in the latest quarter? And what would our market share be roughly in CPVC and PVC?
- Hiranand A. Savlani:** I think on a quarterly basis, very difficult to quantify the market share gain.
- Sujit Jain:** Not on a quarterly basis, but maybe on a 9-month basis, have we gained?
- Hiranand A Savlani:** 9 months also, you see we are flat compared to last year. So I don't think it is a big gain or loss will be there.
- Sandeep Engineer:** Let us finish this fiscal to answer some of these things. Let us be a little patient,
- Hiranand A. Savlani:** but I can say you that, overall, in India, Astral's market share into the piping sector is just 6%. So we have to do a lot of hard work in coming years to gain the market share because we are just still 6% of the market share. So there is a huge opportunity available for us to grow in this segment because Pipe, we are just 6% of the market share.
- Sujit Jain:** But would it not be almost quarter of the CPVC market?
- Hiranand A Savlani:** Yes. CPVC, definitely, it will be much more, where our market share will be very high.
- Sandeep Engineer:** But let us quantify these numbers once, let me pass through a high challenging year and we are still passing through it. So let us not be too early to reply to certain things. Let us finish this fiscal to come out with a nice analyst meet and we will communicate everything to you.
- Sujit Jain:** And one quick question is on the value-added part, what you alluded to that in this call. Last call, you said you will launch some in Q3. If you have any update on that?
- Sandeep Engineer:** Some of these things have been a little delayed because of some technology setups and machine setups. So I am sorry, but I think we are about to do that, but as Astral, something comes out from the stable, a long-term testing is being done and we are on the verge of doing a lot of these testings. But yes, we have come out with some of these products. I think, in last quarter, we just launched this Silencio another range also, which will help us in a big way and we would be launching a few products in this quarter.
- Hiranand A Savlani:** And also, we have launched a few valves in the market already and the bigger plant of valve will be ready by Q1 and whatever we receive, the molds and all these things, so we already launched by putting up machine in our existing plant.
- Sandeep Engineer:** Yes, we have launched a new range of plumbing valves, which have been done in this last quarter.

Sujit Jain: And one last question, housekeeping. Orissa plant, what is the CAPEX? Hosur plant, what is the CAPEX in terms of amount?

Hiranand A Savlani: So Orissa, it will be roughly above Rs. 40 crore to Rs. 50 crore, all put together and Hosur will not be more than Rs. 20 crore.

Sandeep Engineer: Everyone, I wanted to communicate one last thing is that we are proposing to change Astral Poly Technik name to Astral Limited.

Hiranand A Savlani: Basically, we are changing the company name. Right now, we are working under the name of Astral Poly Technik Limited, but now, Astral is going into the bigger pictures of many multiple products range like tanks and all those things, infrastructure products and all these things and adhesives and all. So we are, that is why changing our name from Astral Poly Technik Limited to Astral Limited. So we are removing the word Poly Technik and shortly, I think our legal team will communicate to all of you and the stock exchanges, I think, we are already working on that. So we will be changing the name of the company. Thank you, everyone. Thank you.

Sandeep Engineer: Thank you, everyone. Be safe, be healthy and hope to see you all in person if possible after this Q4, or else we will again get in touch through the call. Thank you, everyone. Thank you.

Moderator: Thank you. On behalf of Systematix Institutional Equities, that concludes this conference. Thank you for joining us and you may now disconnect your lines.