May 15, 2025

The National Stock Exchange of India Limited
Exchange Plaza, 5th Floor,
Plot No. C/1, G Block,
Bandra-Kurla Complex, Bandra (East),
Mumbai – 400 051

NSE Symbol: APOLLOPIPE

Department of Corporate Services/Listing
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort,
Mumbai – 400 001

SCRIP Code: 531761

Dear Sir/Madam,

Sub: Transcript of the Conference Call

With reference to our intimation dated May 05, 2025 regarding the Conference Call, which was held on Monday, May 12, 2025 and pursuant to the Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the transcript of the aforesaid conference call.

This above information is also available on the website of the Company.

Kindly take the above information on records.

Thanking you.

Yours faithfully,
For Apollo Pipes Limited

GOURAB KUMAR NAYAK

Digitally signed by GOURAB KUMAR NAYAK
Date: 2025.05.15 18:33:20 +05'30'

Gourab Kumar Nayak
Company Secretary and Compliance Officer

Encl: A/a

“Apollo Pipes Limited

Q4 FY '25 Earnings Call”

May 12, 2025

MANAGEMENT: **MR. SAMEER GUPTA – CHAIRMAN AND MANAGING DIRECTOR – APOLLO PIPES LIMITED**
MR. ARUN AGARWAL – JOINT MANAGING DIRECTOR – APOLLO PIPES LIMITED
MR. AJAY KUMAR JAIN – CHIEF FINANCIAL OFFICER – APOLLO PIPES LIMITED
MR. ANUBHAV GUPTA – GROUP CHIEF STRATEGY OFFICER – APOLLO PIPES LIMITED

MODERATOR: **MR. AASIM BHARDE – DAM CAPITAL ADVISORS LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to the Apollo Pipes Q4 FY '25 Earnings Call hosted by DAM Capital Advisors 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 this conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Aasim Bharde from DAM Capital Advisors Limited. Thank you, and over to you, sir.

Aasim Bharde: Thank you, Navya. Good morning, on behalf of DAM Capital, it's a pleasure to welcome you all on Apollo Pipes Q4 and FY '25 results conference call. From the Apollo Pipes management on the call, we have Mr. Sameer Gupta, Chairman and Managing Director; Mr. Arun Agarwal, Joint Managing Director; Mr. Ajay Kumar Jain, CFO; and Mr. Anubhav Gupta, Group Chief Strategy Officer.

I hand over the call to the management now for their opening comments.

Sameer Gupta: Thank you. Good morning, everyone. This is Sameer Gupta, CMD, Apollo Pipes here. I, along with my colleagues, Arun Agarwal, JMD; A.K. Jain, CFO and Anubhav Gupta, Group CSO. Welcome, everyone, to Apollo Pipes Q4 FY '25 earnings call.

FY '25 was amongst the most tough years for the PVC pipe industry. The demand was highly impacted from slowdown in private real estate and government infrastructure spends. On the top of it, the frequent fluctuation in PVC resin prices led to continuous destocking by our channel partners. We believe that the overall PVC piping industry would have declined by about 5% in FY '25.

It impacted Apollo Pipes also as we are the seventh largest player in the country. However, we still managed 23% volume growth backed by our strategy of inorganic and geographical expansions. The company's EBITDA was flat at INR95 crores as margin declined due to aggressive sales and slow ramp-up at our Western plant. Apollo Pipes has laid down solid foundation for 20% to 25% volume growth for FY '26.

I'm pleased to tell you, that we have 3 additional revenue drivers, which are oPVC product segment, Window Profile product segment and Varanasi plant. The EBITDA margin slightly recovered this year, backed by improving sales mix. Some green shoots are visible in terms of pickup in construction activity.

We expect government thrust on water infrastructure and housing to return sometime in FY '26. In FY '25, we incurred a capex of INR166 crores after INR250 crores in the previous year. Our capacity has increased to 2,32,000 tons, which shall further increase to 2,60,000 tons by the year-end FY '26. The residual capex would be INR100 crores to achieve this capacity. It will be funded from internal cash flows.

At a consolidated level, we have net cash of INR46 crores despite heavy capex spends. Our working capital cycle remained prudent at 36 days, which resulted in operating cash flow to EBITDA of 65%. We expect this to improve further in coming years. On top of it, we will have equity infusion of INR110 crores from an Omani's fund against which INR28 crores already credited in April with balance coming in the next 17 months. These proceeds will be used for investment into greenfield plant in South India, along with our other company requirements.

Now coming to Q4 FY '25 performance. I'm pleased to tell you that we had best ever quarter with revenue of INR315 crores. It could have been slightly better, but industry pain persisted in January to March quarter as PVC prices continue to decline and we did not see any improvement in infrastructure and real estate sectors.

Our return profile in terms of ROE, ROCE looks depressed as of now due to reasons such as 1. Low capacity utilization; 2. Ongoing capex spends; 3. Margin pressure; 4. Weak macro environment. However, we are confident of achieving 25% ROCE in next 2 years as we increase our sales volume at 25% CAGR with margin improvement. This is from our side. Now we are glad to take questions. Thank you.

Moderator: Thank you very much. We will now begin the question and answer session. Anyone who wishes to ask a question may press star and 1 on their touchtone phone. If you wish to remove yourself from the question queue, you may press star and 2. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the questions are sent to you. Thank you very much. The first question is from the line of Keshav Bijayratan Lahoti from HDFC Securities.

Keshav Lahoti: Sir, thank you for the opportunity, do we had any inventory loss for this quarter?

Anubhav Gupta: Anubhav Gupta here. PVC prices did decline this quarter. But as we carry very little inventory, so inventory losses are very, very miniscule.

Keshav Lahoti: And the volume growth guidance, which you have given 20%, 25%. So can you please split between what sort of growth you are targeting for stand-alone and Kisan because it's a complete different geography, both Kisan and standalone.

Anubhav Gupta: So if you look at Apollo Pipes standalone, we expect volume growth of 20% and Kisan having a slightly lower base, right, and the revenue and volumes have been depressed there for many years. And the idea to acquire Kisan was that we will be able to help them ramp up pretty quickly. So yes, Kisan should be slightly better than Apollo standalone.

Keshav Lahoti: Got it. And what sort of margin plan you have for Kisan for this and for FY '26 and FY '27? And what are the levers which possibly will help them to improve margin, how you can change your mix? And lastly, on the working capital, looks a bit stretched, do we have scope to reduce it?

Anubhav Gupta: Right. So coming on the margin first, if you see just immediately after our acquisition, the company's operating margins become positive from negative, right? So at the end of the year, they are making around 3% to 4% EBITDA margin. We believe that in FY '26, these margins could inch up to around 5%. And in FY '27, there will be further improvement of 200, 250 bps. So as we see that in next 2, 3 years, the company has a capability to generate 8% to 9% EBITDA margins easily. In terms of working cap -- okay.

So coming to the levers. So levers is, of course, the operating leverage because the capacity on which they are sitting right now is around 50,000 to 60,000 tons on an annualized basis, whereas right now, we are making around 20,000 ton a year. So as the capacity ramps up, we will get operating leverage benefits.

And of course, as the product availability improves, the pricing premium will also come into play. In terms of working capital, I mean, it's the first year of consolidation into APL Apollo system, right? As APL Apollo is working on 30, 35 days of working capital easily now, Kisan also as we have more data about their distributors, etcetera. so we are talking to national banks to initiate channel financing at some point.

It may not happen in FY '26, but in FY '27, definitely, we will do that. And as for the supplies also, the supply of raw material, at some point, we will start getting better payment terms from our raw material suppliers. Anyways, the purchase is being integrated with the Apollo Pipes. So we will also see benefits towards the better payable days. So in 2, 3 years, we expect Kisan to generate or to become as efficient as Apollo Pipes in terms of working capital.

Keshav Lahoti: Got it. So 5% margin still looks low for next year, that way, we were expecting faster ramp-up when we did the acquisition part. Something there is missing what we possibly might have thought.

Anubhav Gupta: Yes. See, I mean, at this point, how the industry is behaving, right, PVC in particular. I mean, overall building material industry is going through a lot of pain and the PVC industry in particular, is going with more pain, I would say. So yes, I mean, these numbers can change if we see better performance in Q1, Q2.

But this guidance what we are giving is with a lot of thought process behind it that we are going through tough times, right? And if at all, there is improvement more than what we are expecting, so yes, these numbers will definitely be surpassed, and we might surprise you in quarter 3, quarter 4.

Keshav Lahoti: Got it. And what is the consol margin guidance for the company for FY '26 and '27?

Anubhav Gupta: Apollo Pipes, like I said, is at around as you can see, it's around 8% EBITDA margin, right? Definitely, we will want to take it up to 10% to 11% in next 2 years. And Kisan, like I said, will be around 6% to 7% in 2 years.

Keshav Lahoti: Understood. And the recovery would be gradual, right, somewhere middle FY '26 would be somewhere in the middle of this, right?

Anubhav Gupta: Definitely, it should, provided we see improvement in macro better than what we are thinking today.

Keshav Lahoti: Got it. Thank you.

Moderator: Thank you. Next question is from the line of Pujan Shah from Molecule Ventures.

Pujan Shah: Yes, sure. Sir, my first question pertains to JJM. So we know that in the last 8, 9 months, there was a bit of slowdown and the fund release was a challenge from the government side. So just wanted to know your part. So how is the situation right now? And what could be the potential in this year for the JJM purpose?

Anubhav Gupta: So JJM has been weak for the last 13, 14 months now consistently, right? The product, what we supply in JJM is HDPE pipes. In FY '24, the contribution from this segment was around 12% to 15%. And this year, it fell below 5% in FY '25. So our volume kind of declined by almost 60%, 65%, right? And for FY '26, we have not factored in any substantial volume recovery in HDPE pipes for JJM.

And the reason is that, yes, I mean, government did increase the budget allocations for water infrastructure, right? And there were some payments to the contractors, which were made in last 1, 2 months also, which was stuck for 6, 7 months. But still, I believe that the government needs to do much more what it has done in last 2, 3 months after budget announcement.

So I guess we need to see that how the budget allocation gets converted into actual money transfer into the contractors' bank accounts, right, and how new orders come into play. So we have the capacity, we have the product, right? As of now, we are not in our FY '26 business plan of 20% volume growth, we have not factored in a lot of recovery from this segment.

But if it comes, it will be added bonus to it. As of now, we are remaining cautious on this particular segment. Our focus is to increase sales in the trade channel in the housing plumbing segment, which has been our strength and on what we have been working over the last 3, 4 years very, very aggressively.

Pujan Shah: Just wanted to add on that part. So do you feel any green shoots also in JJM or still there is a lag, as you have said, that still needs to watch on the cautious mode due to 2, 3 months down the lines as government need to spend more. So still there is no green shoots visible in this space, right?

Anubhav Gupta: Like I said, after budget announcement in end of Feb, we came to know that the contractors got paid. The payments were stuck for a long time for them, okay? But not enough that could lead to very sharp recovery. So next 2, 3 months, we need to see how the money comes into contractors' accounts.

Pujan Shah: Right. Got it. And sir, my second question would be on the oPVC side. So we know that a few states have been opening up right now, and we have seen one of the state has been pushing up with the tenders on oPVC part. So how has the strategy for that state and how we have been planning to grow oPVC as a part on a whole of APL Apollo?

Anubhav Gupta: See, right now, in terms of capital employment, what we have done, oPVC is like 15% of our total capital employment today, okay, in terms of gross block, right? So we have made substantial investments in last 12 to 15 months to make a mark in this segment. And it makes a lot of sense for this product to do better in next 5 to 10 years because there are clear savings for the Indian government who is spending on the water transportation infrastructure.

There are savings of up to 30%, 40% when we compare the cost of laying down piping on a per meter basis compared to the steel piping, the ductile iron piping, which is the current product today. Since it's a new product, so the state governments will adopt this gradually, right? Right now, there are 4, 5 states where this product has been approved and sales have started. Even we could sell a good number, right, in FY '25 because all our 3 mills got operational towards end of the fiscal year, right?

We are going and making presentations in a lot of states, where we are trying to convince the authorities that how this product is beneficial and why they should adopt. And not only us, but all the other players who have installed this machinery plus the machinery people, who are producing machines for this product, even they are going and making these presentations to the various authorities relevant for this product.

So I guess in next 1, 2 years, we will see a lot of adoption for this product and companies who have invested into this because you needed to be among the first ones to have this access to the technology, which Apollo has already. So we will see a lot of gains and benefits over the next 2, 3 years. And that's how the transition happened in the plumbing side, right, from steel pipes to PVC pipes in the last 15, 20 years.

So we see similar trends which are becoming visible in oPVC pipes. It's just that because a lot of government approvals are required, a lot of conviction for the government agencies need to be in place. So everything is being worked out. By end of FY '26, we will have a much revenue contribution from this segment. And I'm sure when we will share the numbers, you shall feel surprised.

Pujan Shah: So sir, just wanted to add on that part. So are we planning to increase any capex on this front because as you said 1 to 2 years, the adoption will be quite strong. So do you see any capex? Or right now, I think we have 9,000 MTP of capacity for oPVC. So any target idea what we want to plan to increase to capex number in coming years?

Anubhav Gupta: So see, I mean, for further investments, we will want at least 2, 3 quarters of good order book visibility, right? Nothing stops us from putting up more capacity. We are sitting on net cash balance sheet. Our operating cash flow is very, very strong. If we believe that the order book visibility is much more than the existing capacity, we will go and add up more capacity.

Pujan Shah: But that is quite a challenge in terms of equipment procurement. So there is a very constraint in terms of buying the equipment because of the capacity constraint by Spain technology. So is that a facility when we will plan and we will get the delivery on time and then we can start the commercialization at the inflection point of this new product. So how the strategy will work on that one?

Anubhav Gupta: So since we already have a license with the approved machine vendor, we can buy as many machines as we want to.

Pujan Shah: I think I heard that there is a capacity constraint from that player, which is Molecor. So they can only produce, I think, 8 lines per year. So do you feel that still we will be able to procure due to we have that advantage of licensing already with the Molecor. So that will help us to procure more early than the competitor?

Anubhav Gupta: So I guess, again, see, I mean, so first, we need to have enough order visibility, before we go and ask them for more machinery, right? So that is 6 months from now, right? Like I said, it's a new product. Government is always very slow in adoption of any new product, any new technology.

It is related to water, very sensitive product, right, very sensitive segment for whether it is central government, state government. In 6 months, we will have much more clarity whether we want to go for additional lines or not. But we have understanding with our machine supplier, that if we wish to buy more lines, they will give to us.

Pujan Shah: Got it. And sir, we are planning to procure oPVC line in Kisan molding. So we are being strategy on oPVC for APL Apollo Pipes as well as the Kisan, right? So we will have a blended technology where Kisan will play a better role in where the Apollo has not been present in that specific region. So how that economics will work?

Anubhav Gupta: So that is right because see, I mean, it's a very sensitive topic, right? I will not want to divulge too much of details. But what I can tell you is that Apollo Pipes has access to the technology from the best vendor in the world. Kisan, of course, could not get the license, right, how Apollo Pipes did. So Kisan is working on whatever is available, right.

From the market, what other players are doing. Kisan is doing that. And investment is much lower versus what the 7 guys did to buy a Molecor machine. And this much visibility we have that on whatever investment Kisan will make, we will have 30%, 40% return on that investment.

Pujan Shah: But sir, you have been saying that we have been cautious in terms of JJM and we are looking for next 2, 3 quarters. In the same space, we are also investing in the Kisan for the lines. So how? I am not getting you.

Anubhav Gupta: No, no. So oPVC, see, I mean, when we say JJM, it is about announcement of new projects, right? oPVC is replacement of DI pipes, right? So the DI pipes, which have been laid down in the last 50 years, right? So they keep on getting replaced. That's the regular orders which keep on coming.

So oPVC pipe has the opportunity to go and get installed in the existing lines, which is kind of replacement demand. Government is slow on announcing new projects under JJM scheme. But the replacement demand, right, that is always there. So, oPVC pipe is getting used in for the replacement demand in infrastructure projects.

Pujan Shah: Right. And my last question would be on the realization of oPVC. So could you just guess a number? So lastly, you said I think last year, the realization was INR200 per kg. So this is currently previous to 5%, 10%?

Anubhav Gupta: Again, we will not want to share too much details about this, but this is higher than our blended NSR, what you see today.

Pujan Shah: Okay.

Moderator: Thank you, We take the next question from the line of Udit Gajiwala from Yes Securities.

Udit Gajiwala: Thank you for taking my question**.** Anubhav, if you can just elaborate a bit on this vendor profile part. I mean, when are we commercializing this product? And where do we see the revenue ramp-up for coming 2 to 3 years?

Anubhav Gupta: So Udit, the product launch is lined up for June of 2025, right, which is next month. We have almost finished the capex, very miniscule capex is pending, which shall be completed in the next 40, 50 days. And then we have lined up the launch of this product. So yes, it's a new segment for us. In next 2, 3 years, we expect this product to contribute substantially to our revenue and margins.

Udit Gajiwala: And just one bookkeeping thing. So when we do the consol minus standalone, there seems to be some intersegment volumes. So could you provide some light as in why has that happened in this quarter specifically?

Ajay Kumar Jain: Yes. In this quarter, there was an intercompany sale. So that's why we had factored that.

Udit Gajiwala: So this has moved from, so this is a part of Apollo's volumes basically standalone?

Ajay Kumar Jain: Yes, Apollo's volume. Standalone is totally Apollo's volume. And if you talk about consol, there is intercompany transactions, which has been netted.

Arun Agarwal: The total intercompany transactions for the whole year is approximately INR17 crores.

Udit Gajiwala: And in terms of our geographic expansion that we were planning in our standalone business. So now with Kisan coming up with a plant in West, I mean, do we see Apollo's more market share now coming from East and South as West and Central could be catered by, say, Kisan? Is that the understanding right?

Anubhav Gupta: Yes, definitely, Udit. That was the reason of Kisan acquisition, right? Anyways, we were looking for a greenfield plant in West India and then we got access to this asset, we went ahead and bought it. And now Apollo Pipes on a stand-alone basis is focusing highly on new products in North India, right?

And with Varanasi plant, we will have a lot of access to Central India and East India. And South existing plant in Bangalore, I mean, we have been doing brownfield expansions there. And eventually, in next 1 to 2 years, we shall have a greenfield plant in South India also at some point. We will have much more clarity about that in next 6 to 9 months.

Udit Gajiwala Thank you so much.

Moderator: We take the next question from the line of Sneha Talreja from Nuvama.

Sneha Talreja: Just a couple of questions from my end. If I look at your last year's volume growth ex of Kisan, that has been largely been flattish. One reason that you gave was, of course, HDPE demand missing on ground. But is there anything which was troubling other than this the entire of last year? And how is the current ongoing demand at this point of time? And is the channel destocking largely done with? Or are we still seeing the impact of the same?

Anubhav Gupta: So Sneha, so two things to it, right? So volume is flat, yes, because of collapse of HDPE sales. But on the other side, I'd like to tell you that our cPVC volume increased in double digits, right? Our water tank business increased in double digits. Our agri business also which is like 45% of volume, even that grew in double digits. So it's mainly because of collapse of HDPE.

Yes, the regular uPVC pipes, which goes into housing plumbing. So there, the volume was flattish. Of course, it's a commoditized product. The industry had massive price war into this segment and a lot of smaller players whose HDPE capacity was idle. So they got into this commoditized uPVC product and that cut the market.

A lot of players are incurring losses, right? We believe that same trends selling at loss will not be possible in FY '26. So stronger players with market shares and distribution network, they will be able to ramp up this uPVC pipes as well, in FY '26. So that's why we are confident that 20%, 25% volume growth is possible for us in FY '26.

Sneha Talreja: Understood. And while you gave this number of around 25% ROCE is what you see in the next few years, what are the targets that you have in mind leaving apart 20%, 25% top line growth, which, of course, will mean better utilization. But what are we looking at in terms of margins and where will those margins come from? What are the target numbers here with respect to, let's say, share of agri moving up to plumbing? What are we thinking on those trends?

Anubhav Gupta: Sneha, right now, as at FY '25 end, our capital employment is around INR750 crores, okay? Now INR100 crores more capex will come in FY '26, right? So the capital employment will be INR850 crores. And this capital employment of INR850 crores will give us revenue of around INR2,500 crores, okay? And the margins, which right now are at 8.5%, they will inch up to around 10% to 12%, right, in the next 2 to 3 years.

So that means on INR2,500 crores, my company can generate EBITDA of INR250 crores to INR300 crores and EBIT of around INR225 crores, right, on a capital employment of INR800 crores. So this gives us confidence that we shall be able to generate 25% ROC in the next 2 to 3 years.

Sneha Talreja: Understood. Understood. The lower asset turns that you're taking is on account of oPVC coming into play. Is my understanding correct?

Anubhav Gupta: Say it again, please?

Sneha Talreja: The lower asset turns that you assumed, INR2,500-odd crores top line on the base of INR850-odd crores capital employed, that comes on the back of oPVC coming into play because other than that, if I'm not wrong, our asset turn ideally should be upwards of 4x.

Anubhav Gupta: No, no. So this INR850 crores also includes working capital, right? So my gross block will be around INR700 crores. So on INR700 crores, we are expecting INR2,500 crores of revenue. So asset turnover, gross block asset turnover is around 3.5, 4x only. And yes, oPVC is under onetime asset turnover product.

Moderator: We will take the next question from the line of Utkarsh Nopany from BOB Capital Markets Limited.

Utkarsh Nopany: Sir, my question is again on your sales volume number for the March quarter. So if we remove the Kisan volume from our consol number, then the net stand-alone volume was down by 5.5% in this March quarter despite we have been aggressively spending on the capex for the last 2 years. So I wanted to know what is the reason for the same?

And like you have also guided that we are targeting to grow our stand-alone volume by 20% to 25% rate in FY '26. So what is giving you the confidence that you are guiding such a high volume growth number when you are seeing such a muted demand in the market? Sir, if you can throw some light on this, too.

Anubhav Gupta: See, I mean, you look at value-wise, right? Value-wise, it is because of a drop in the net selling realization on the back of declining PVC prices.

Utkarsh Nopany: On volume wise, sir. I'm asking on volume growth.

Anubhav Gupta: Volume is flat. Volume is not minus 5%. Volume is flat. 21,270 was in Q3 and 21,122 is in quarter 4. So it is flat. It is not down 5%.

Utkarsh Nopany: Sir, like if we adjust the consol volume from your whatever the Kisan number you have given, then our net standalone volume number is down by 5.5%.

Anubhav Gupta: So this is because of the inter segment sales, which Mr. Jain explained over call short while ago. We have also given in our presentation, stand-alone Apollo Pipes volumes, quarter 3, quarter 4 is flat. There is no decline of 5%.

Utkarsh Nopany: Okay. Sir, even if it is flat, sir, what is giving you the confidence of doing 20%, 25% growth in FY '26? Because the demand environment is pretty weak. And the leading player also indicated that the demand environment is going to be pretty tepid in FY '26, and they have guided pretty low volume growth. So how come you are expecting to clock a much heavier volume growth?

Anubhav Gupta: Fair question. So there are 3 drivers, okay, what we believe will drive this 20%, 25% growth in terms of volume. Number one is our window profile products segment, which is ready for launch in month of June, right, we will get incremental sales from this product. We have done a lot of homework.

We have formed a lot of strategies in terms of market launch, in terms of market mapping, in terms of distribution setting up, right, which is fully supported by our talent acquisition, what we have done in this segment, plus the capacities what we have built here. This is going to give us incremental revenue, right?

Second is our Varanasi plant, which shall be starting in the second half of FY '26. Okay? Now we are not able to supply much in the Central India and East India because our existing plant in Raipur is very, very small plant, right? But the kind of network what we have built in those markets, they require much more product from Apollo, which we are not able to service today. But after commencement of Varanasi plant, we will be able to take a lot of market share there, which will all be incremental.

Third is oPVC, right? We have made the investments. All our 3 lines are ready. We have already started building order book. There was minor contribution in FY '25. And the visibility what we have for FY '26, there will be much more incremental sales coming from oPVC. So these are the 3 new product segments, new product categories, new markets, which are going to give us incremental revenue.

Plus existing capacities, should grow at 5% to 10%, depending on how macro factors behave. Yes, as we are sitting today, things do not look very good in terms of macro. But we believe that maybe after monsoons, the real estate activity, the construction activity shall pick up quickly. And India cannot stay dull, right, consistently for 15, 18 months, right?

Whole of FY '25 was bad for macro. First half, again, should remain bad. But second half should see good recovery, right? And that's the confidence we are getting from our interaction with the EPC contractors who are having order books from the real estate developers who have lined up good launches and completion deadlines they have, right?

Even if macro doesn't do too good as we expect in second half, I don't think there will be a large miss to our guidance, right? This 20%, 25% guidance what we gave, again, we gave it after much deliberation, a lot of homework, right, so that there shouldn't be any miss, right, even if macro doesn't support right? So we are confident that we should be able to meet the expectations what we are setting today to our investors.

Utkarsh Nopany: Okay. And sir, how agri pipe demand is shaping up in this quarter in the current June quarter?

Anubhav Gupta: So agri has done well so far, right? Last year, agri volume had double-digit growth for us. So far in Q1, we are seeing the same momentum.

Utkarsh Nopany: Okay. And sir, lastly, like for Kisan, earlier we intended to increase the Kisan capacity from 60,000 ton to 80,000 ton. So whether that capex plan remains intact or we have kept it on hold?

Anubhav Gupta: Right now, we have made some investments, minor investments in Kisan to fix the issues what were inherited, right? We did minor investments. Idea is to take Kisan to like 30,000, 40,000 tons of annual production. And then we will invest into new lines. We have enough land in Kisan plant, right? So the brownfield expansion will be very quick.

It's just that we first need to see how the ramp-up is going on in the current environment, which we are hopeful, we are confident that it should meet our expectations. Maybe early FY '27, we will assess that how many new lines need to be added for Kisan. But for FY '26, we are sorted.

Moderator: Next question is from the line of Umakant Sharma from Viansh Ventures.

Umakant Sharma: Sir, I've just got two quick questions. One, if you could just throw some color around the TAM for the oPVC business? And how do you see the scale up for yourself as the industry expands, right? So when you see the business from a 2-, 3-year standpoint, how does the oPVC exactly scale up for us as well as the industry? And what is the TAM looking like? And secondly, second question is on the expansion in the distribution network for us in the different geographies. How do you see that spanning out?

Anubhav Gupta: So the market analysis, what we had done before investing into oPVC segment, we believe that INR7,000 crores, INR8,000 crores worth of annual sales can be generated through replacement of ductile iron pipes with oPVC, right? So that's the TAM on an annual basis as per our analysis. And when we speak to our peers and the machine vendors, I mean, so they are also aligned near about same figure. So yes, the TAM is around INR7,000 crores, INR8,000 crores a year.

Umakant Sharma: And sir, how do you see what is our current contribution from oPVC? And how do we see that spanning out, let's say, by FY '27 or FY '28 when we are sitting down and the efforts that we are putting in and the investment that we are putting in, how do we see our revenue moving towards the oPVC? How much would that contribute?

Anubhav Gupta: So I guess, see, in terms of revenue, when I say value-wise, right, it would be around 5% in next 2 to 3 years. But in terms of profitability, it will be higher because the margin on oPVC is much superior than our current blended margin.

Umakant Sharma: Got it. Got it. Sure. And secondly, sir, if you could just throw some so largely, would it be fair to say that the existing products itself would be the driving factor for the growth of the business?

Anubhav Gupta: In revenue, yes. In margin, oPVC will contribute.

Umakant Sharma: Got it. Got it. And sir, if you could just throw some color on the distribution network expansion side?

Anubhav Gupta: Right now, focus is to build network and strengthen network in East India, Central India, which will be fed from our upcoming Varanasi plant. Then along with Kisan, we are working to strengthen their markets in West India, right? Because for last 4, 5 years, they have not invested anything to build network, right? Now with Apollo backing, we are ensuring that the West region distribution network strengthens heavily. And the third focus is on South India, right?

Although our plant is running at decent utilization levels, but our ultimate a large greenfield plant in South India, which may take 2, 3 years, right, before it is fully commenced. So we have started working to create market and to increase our brand awareness in that region. North India is strong anyways, right? We are among the top 3 in terms of market share in North India. And here, the idea is to keep on launching new products, right, and keep our distributors, clients busy with our product launches.

Umakant Sharma: Got it. Got it. Thank You.

Moderator: We will take the next question from the line of Ashutosh Khetan from Asian Market Securities.

Ashutosh Khetan: Yes. Sir, I just had one question. What were the ad spends for this year? And what will be for the coming year?

Anubhav Gupta: So ad spends remain at around 1% of the revenue, right? And given that we are able to increase our revenue by 20%, 25%, right? So that much increase you will see in the ad spend also. I don't think we're going to go beyond 1%, 1.25% because whatever our focus has always been more on BTL activities, right? We have launched an app to enroll as many plumbers as we can, right? So we are going to launch a plumber incentive scheme. Right, wherein we have started enrolling plumbers on a tech app, right?

And idea is to remain strong in the BTL activities, right? Anyways, margins are under pressure for the whole industry. Once we achieve 11%, 12% EBITDA margin on an expanded revenue base of INR2,500 crores, then we'll see if it makes sense to go ATL. But for next 2 years, we want to focus highly on BTL only, which is more ROI focused, right?

Ashutosh Khetan: Okay. And one more question that how many dealers are currently taking channel financing for the year?

Anubhav Gupta: 15% as on date.

Ashutosh Khetan: Okay.

Moderator: Next question is from the line of Nabanu Mondal, an Individual Investor.

Nabanu Mondal I have a question with regards to the Kisan molding branding and advertising exercise. What are the activities which are ongoing right now to increase the brand awareness, which we had lost over the last 5, 6 years for Kisan? If you could throw some light, let's say, we are getting into trade promotions or are there any advertising spends which we are accruing for increasing the brand awareness of Kisan?

Anubhav Gupta: So right now, what we are doing in Kisan is working on very, very basic infrastructure, whether it's towards the capacities or it is towards the distribution network, right? So like I said, we made a few investments to fix the plant issues, right? Now whatever production is there, it is like streamlined, right. Quality, we work on how to improve quality, right, got some systems in place, what Apollo Pipes had been following for many years to improve the efficiencies, et cetera.

On the distribution then on the distribution front, right, so they are top 100 distributors, right? We are ensuring that they become part of the family, right? They get the products on time, deliveries on time, right? The SKU range is increasing. Whatever fill in the blank has to be there, Apollo Pipes pitches in and they complete the complete SKU range. So we are working on the basics, right? Kisan brand anyways is very, very strong. So we don't believe that we need to make investments into brand as of now. The first idea is to ramp it up to around like 30,000, 40,000 tons a year in terms of volume. And then we will invest into branding, if at all, we have to move beyond Western markets, right, from the same factory. So focus is to fix the basics first, right? And then we'll go into peripherals. And we don't see any requirement for investment into branding promotion for the next 2 years.

Nabanu Mondal Yes. Just a follow-up question out here that considering we are mentioning that we'll be increasing the capacity to 35,000 to 40,000 tons.

Anubhav Gupta: Not capacity, volume. Capacity is already 50,000, 60,000 tons a year.

Nabanu Mondal Yes. So when we are saying that we are increasing the volumes to 35,000 to 40,000 tons, when do you think that this will be possible? I mean, within the next year? Or how do you see -- because when we acquired the plant, we were already, I think, doing 25,000 tons of volumes. And I think that it has been flattish in the current year as well. So could you throw some light on that?

Anubhav Gupta: Right. So see, I mean, FY '25 volume for Kisan was around 20,000 tons, right? Now we are guiding for 25% volume growth, right? So ideally, it should be much higher, but in terms of our internal targets are much higher, right? So let's assume that it does like 25,000, 30,000 tons in FY '26, right? And then another 8,000, 9,000 tons will get added in FY '27. So by FY '27, Kisan should be near about 35,000 tons as per our business plan.

Nabanu Mondal Okay, thank you.

Moderator: Next question is from the line of Pujan Shah from Molecule Ventures.

Pujan Shah: So, I just was wondering on the Kisan molding with PVC pipe equipment. So we said that we have bought an equipment which is cheaper in terms of pricing and we are not into agreement of 7 players. So just wanted to know last time when we had a con call, we said that we won't be procuring machines other than Spain technology.

And right now, we have been trying to procure from a cheaper equipment available right now. So is that the equipment supplier is now being comparable to the Molecor or the Spain technology? Is that the efficiency is the same compared to them or what we have been seeing on this part?

Anubhav Gupta: No, not at all. The quality is not at all similar, right? See, India is a market which can absorb products of different qualities, right? So where the specifications are for like 100% quality, their Molecor is there, right? And then where quality as per whatever the tender documents are there, right? So if it calls for slightly lower quality, then we can supply from that plant, right? So it will depend on the tender specifications, right?

And the idea is to have the full SKU range in oPVC, what the whole industry is going for. You require better quality product, we have that product available. You have slightly lower quality product, we have that product available. So whatever will go, it will go as per the tender requirements, tender specifications, requirement from the EPC contractor who has secured the project from the government.

Pujan Shah: Got it, sir. Considering the blended NSR realization, so I was considering it would be around INR120, INR130, right? So the realization of oPVC could be in the same range or it would be north above near to INR200?

Anubhav Gupta: I would not like to comment on that. What I can tell you is that it is higher than our blended NSR.

Pujan Shah: Okay. Got it. Got it, sir. And as per the government specification, we have been seeing that the tender which has been floating around that is a requirement of Class 500 mark. So do you feel that the same quality below that the government has not been able to who'll procure the oPVC lines. So do you think that the equipment supplier, the cheaper equipment supplier has that quality, the Class 500 mark, which can be able to supply on that would help to build the sales?

Arun Agarwal: All machines that are being supplied by any of the manufacturers actually comply with the standards that are there in the country. So nobody is supplying any machinery, which doesn't comply with the Indian Standards required.

Pujan Shah: Got it, thank you so much.

Moderator: We take the next question from the line of Sneha Talreja from Nuvama.

Sneha Talreja: Thanks a lot for the opportunity, in one of the answers to your previous participant, while you said that demand is at this point of time weak and you are aiming at second half, could we get some guidance of what would be your split between first half and second half volume growth in in case that is available with you?

Anubhav Gupta: See, what I said is that macro seems to be improving in second half, right? Our trajectory, like how it has been in earlier years, it should be like 40%, 45% in H1 and

55% to 60% in H2, right? What I was referring to was the macro factors, not Apollo Pipes business model.

Sneha Talreja: Understood, thanks.

Moderator: We take the next question from the line of Deepak Pandey from Sagun Capital.

Deepak Pandey: Sir, just want to understand on the window profile and the door profile segment, what sort of capex will we be incurring there? And when can we expect the commercialization to happen?

Arun Agarwal: So, window project, the capex is expected to be somewhere between around INR60 crores. And we have already done almost 80%, 85% of the expenditure.

Anubhav Gupta: And we are launching it in June of 2025.

Deepak Pandey: Okay. And can you also throw some light on the demand side of it, sir?

Arun Agarwal: So obviously, if I have invested into a new segment, so our estimates say that there is a good demand because look, currently, any houses being constructed, wood is not being used actually. So it is a new type of product that are being used. So, it is either uPVC or aluminum.

Anubhav Gupta: So if you see the TAM, right, TAM is infinite, like how many wooden door fines will be used today in India, right, whether high end, low end, mid-end homes, plus the office complexes, commercial construction.

So what trends we are seeing is that the developers, right, the independent homeowners, right, they have started looking for alternate window or door profiles, right, whether it was steel, which just started 4, 5 years ago or right now, it is uPVC trend, which is coming up, right? So what we are seeing is that today, the users, they are looking for alternate options, right, in terms of quality, in terms of cost, in terms of durability, in terms of maintenance, right?

So as far as uPVC is concerned, what we are seeing is that there is demand from the high-end homes also, right? Then there is demand from low-end housing also where the government is doing low-end homes or it is real estate developers who are going for lower-end homes. They prefer uPVC because the installation becomes very easy. There is no maintenance, right?

And cost-wise also, they are like at par with the wood and door frames depending on what kind of quality of wood they use, right? So I would like to put it in a way that the TAM is very big, right? Users, they're looking for multiple options, right, for this particular segment. I mean just to put a reference to it, Apollo Steel Pipes, our sister company, it is selling 300,000 chaukhats every month, right? 300,000 chaukhats every month.

It's steel chaukhats, right? It's steel door frame, 300,000 every month. And uPVC is already being done by a few players, right? And it is gaining a lot of momentum. So we also expect to have good volumes from this.

Deepak Pandey: Got it. Sir, last question from my side is regarding the EBITDA per ton separately, if you can share for Apollo Pipes and Kisan for FY '25 and the guidance for FY '26 as well?

Anubhav Gupta: EBITDA spreads like for Apollo Pipes should be INR1,000 per ton at least higher than what it was in FY '25. And Kisan, of course, because of low base, will be slightly higher than that.

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

Ajay Kumar Jain: Yes. Thank you all for patient listening. I hope we have been able to answer all your questions satisfactorily. Should you need any further clarification or would like to know more about the company, please feel free to contact our team. Thank you once again for taking the time to join us on the call.

Moderator: On behalf of DAM Capital Advisors Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.