

August 12, 2025

To,
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

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

NSE Symbol: APOLLOPIPE

SCRIP Code: 531761

Dear Sir/Madam,

Sub: Transcript of the Conference Call

With reference to our intimation dated July 31, 2025 regarding the Conference Call, which was held on Friday, August 08, 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
Company Secretary and Compliance Officer

Encl: A/a

APOLLO PIPES LIMITED

Regd. Office : 37, Hargobind Enclave, Vikas Marg, Delhi-110092, India

Corporate Office : A-140, Sector 136, Noida (U.P.) - 201301

Manufacturing Unit : Dadri (U.P.), Sikandrabad (U.P.), Ahmedabad (Gujarat), Tumkur (Karnataka), Raipur (Chhattisgarh) India

Toll Free No.: 1800-121-3737

info@apollopipes.com | www.apollopipes.com | CIN : L65999DL1985PLC022723



“Apollo Pipes Limited Q1 FY '26 Earnings Conference Call”

August 08, 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: **MS. ANSHIKA PATNAIK – SYSTEMATIX INSTITUTIONAL EQUITIES**



*Apollo Pipes Limited
August 08, 2025*

Moderator: Ladies and gentlemen, good day and welcome to the Q1 FY '26 Earnings Conference Call of Apollo Pipes Limited hosted by Systematix Institutional Equities.

As a reminder, all participants' 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 Ms. Anshika Patnaik from Systematix Institutional Equities. Thank you and over to you, ma'am.

Anshika Patnaik: Thank you. On behalf of Systematix Institutional Equities, we welcome you all to the Q1 FY '26 Conference Call of Apollo Pipes Limited.

From the Management side, we have Mr. Sameer Gupta - Chairman and Managing Director; Mr. Arun Agarwal - Joint Managing Director; Mr. Ajay Kumar Jain - Chief Financial Officer; Mr. Anubhav Gupta - Group Chief Strategy Officer.

I will now hand over the call to CMD sir, Mr. Sameer Gupta for 'Opening Remarks'. Over to you, sir.

Sameer Gupta: Thank you. Good afternoon, everyone. This is Sameer Gupta - CMD of Apollo Pipes. I have joined today with Mr. Arun Agarwal – JMD; Mr. Ajay Kumar Jain - CFO, and Mr. Anubhav Gupta - Group CSO. I would like to extend a warm welcome to all of you to our Q1 FY '26 Earnings Call.

As I shared in our previous interactions, FY '25 was one of the most challenging years for the PVC pipe industry. The sector faced significant headwinds due to weak end-user demand and heightened volatility in raw material prices. Unfortunately, these pressures continued for the 1st quarter of FY '26. The sector was impacted primarily due to breakdown in both the private real estate sector and government infrastructure spendings.

On top of this, the frequent and sharp fluctuation in PVC resin prices triggered cautious behavior and continuous destocking by our channel partners. As a result, Apollo Pipes experienced a flat year-on-year performance in consolidated sales volume, and our margins were under pressure due to low capacity utilization and heightened competition across the sector. Despite this, we remain focused on our long-term growth strategy and are actively executing a four-pronged strategy to navigate the current environment.

1. **Product Portfolio Expansion** – Recently, we expanded our product range with the addition of PLB ducts, DWC pipes, PE gas pipes, and PVC-O pipes in the piping segment. In addition, we have forayed into the UPVC doors and windows category, further

strengthening our presence in the building material space. These strategic additions aligned with our vision to diversify into adjacent high-growth sectors and cater to the evolving needs of the infrastructure, real estate, and utility sectors. Each of these products is expected to offer endurability, replacing conventional materials, and opening up new market opportunities for Apollo Pipes.

2. **Improving Product Mix** – We are increasing our product focus on CPVC pipes, which is currently contributing to 15% of our volume. We are in advanced discussions with a leading raw material supplier to create a joint pitch and strengthen our presence in this high-margin category.
3. **West India Plant Ramp-Up** – With over one year of integration, our West India facility acquired last year is now seeing a steady ramp-up in production. This plant is playing a key role in catering to the demand in Western India.
4. **East India Expansion** – Our new plant in Varanasi is on track and is expected to commence operations in the coming months. This will significantly strengthen our presence in the Eastern Indian market.
5. **On the capital expenditure front** – we continue to invest in building long-term capacity. We incurred a CAPEX of Rs. 70 crores in Q1, following a spend of Rs. 166 crores in FY '25. We remain committed to expanding our total installed capacity to 2,86,000 tons over the next 2 years, without adding any debt to our books. Our working capital cycle has remained disciplined at 38 days and we anticipate further improvement as operational efficiency scales up.

Looking ahead, we expect a more favorable demand environment starting from September onwards as construction activities are likely to resume post-monsoon. Additionally, increased government spending on infrastructure projects should also boost liquidity and improve cash flows across the ecosystem.

That concludes our opening remarks. 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 being assembled. The first question is from the line of Aryaman Agarwal from Money Stories Asset Management. Please go ahead.

Aryaman Agarwal:

So, in the coming year, I was wondering how the volume would pick up in the PVC industry, look like the previous year was dull for the industry and how do you expect the competition to be?

Moderator:

Sir, your voice is not audible properly. Can you just please use headset.

Aryaman Agarwal: Is this better now?

Moderator: Yes, sir. Go ahead. Thank you.

Aryaman Agarwal: In the coming year, how would the volumes for PVC industry pick up, look like the previous year was dull for the industry and how do you expect the competition to be?

Anubhav Gupta: Hi, Aryaman, good afternoon. This is Anubhav here. So, if you look at FY '26, how it is panning out, Q1 was obviously, I would say, pretty much washed out. April started on a good note. It did continue in May, but then by the time June came because of the onset of early monsoons, the quarter got washed out. And on Y-o-Y basis, our volume is lower by 4% on console basis. As we are into the current quarter, July-August, things are slightly better than Q1, assuming that since monsoon came early, it will go early as well. And we are already seeing that some of the construction sites are being cleared up, which were stuck because of heavy monsoon in the last 60 days. So, by the end of August, early September, monsoon should go as well, which will open up the construction sector in a big way. So, Q2 should be better than Q1 in that sense.

But I think one of the biggest challenges what we are seeing is the overall slowdown in the government spends towards the infrastructure. And this we are witnessing across product verticals, not only in plumbing, but also construction material as a sector, if we look from a macro perspective. When we look at the quarter 1 results from cement, tiles, structural steel pipes, plywood, like all those sectors, so everyone is facing the heat of slowdown in the government spending. So, FY '26, how we perform or this sector performs in second half, it will depend a lot on how government spending picks up, which right now is not visible to the great extent. But yes, government has a lot of commitments towards the large infrastructure projects. Some of the sectors, which are critical, they are on priority list. So, we assume that at some point of time, government spends should kick start. And that is when the whole construction material sector, including plumbing pipes, would see a massive improvement, which has been lagging for last now continuously 18-20 months.

But at macro level, we are having a lot of levers. Macro is one, but at macro level, the new product introduction, for example, window profiles, which we launched last month. So, we are seeing a good pipeline building up for that segment. And in the next 18 months, we will see good ramp up. And quarter-on-quarter, you will see the contribution from this product line, adding up to our overall top-line. Then, what we have done is to boost our product mix in terms of CPVC contribution, which has been stagnant at around 15%-16% for the last 2-3 years, we have tied up with one of the largest raw material manufacturers of CPVC resin, wherein we are going to co-market the product. And that supplier is already approved with a lot of real estate developers and large projects. So, benefits are already visible that our CPVC sales are growing by a high double digit already. This agreement was signed in July and it is already visible. So, CPVC will contribute a lot in the coming months.

Then OPVC, where we invested heavily last year in anticipation of good demand coming from replacement of DI pipes. So, that has started, but because it is dependent on government spends, which right now are a bit subdued. But the good part, what the industry is doing is at least like all the participants are going and making representations in front of the government authorities that you should approve OPVC over the traditional conventional product. And we are seeing good traction, good adoption from the government agencies. So, whenever state governments get funds to resume their water infrastructure improvement projects, we will see good demand from OPVC sector. Now, this starts in Q3-Q4. It will depend on how government funds come up.

Then, we have added 2-3 new product lines like duct pipes, DWC pipes and gas fitting pipes. The idea is to test the waters in these product categories, make small investments and whichever product picks up, we increase the capacity and take it to the next level. So, we assume, we are confident that these small segments will start contributing meaningfully over the next few quarters. And other than that, we have our Varanasi plant, which will start towards end of this calendar year. It is a big plant in terms of the universe it is going to cater to, East India. We have been absent from that market.

A lot of new construction infrastructure spends are coming up in Eastern Uttar Pradesh and Bihar-Jharkhand belt. So, that will give additional volumes. And now, Kisan has been almost 15 months into our possession, 14 months to be precise. And we have fixed a lot of problems there. One was, of course, the investment what we made. But then other than that, the supply chain, the distribution network, a lot of issues, what the company was grappling for the last 10-12 years, we fixed those issues in the last 13-14 months. So, we will start seeing the results as soon as we see some pickup in the end demand, right? So, we have a lot of levers, Aryaman. So, we believe that for FY '26, we should be growing at double-digit in terms of volume. Now, whether it is low double-digit, mid double-digit, I think things will be more clear how quarter 2 pans out.

- Aryaman Agarwal:** Nice to hear that we have so many macro-level levers to help with the macro scenario.
- Anubhav Gupta:** Thanks, Aryaman.
- Moderator:** Thank you. The next question is from the line of Sujit D Patil from iSight Fine Trade Private Limited. Please go ahead.
- Sujit D Patil:** Yes, good afternoon to the Apollo Pipes team. And my question is specifically to Mr. Anubhav Gupta. Is Mr. Anubhav Gupta online?
- Anubhav Gupta:** Yes, please go ahead.
- Sujit D Patil:** Yes, sir. So, I have a telescopic question for you. Going ahead, looking forward, how is Apollo Pipes planning to expand its footprint into housing and infrastructure? And are you planning to

integrate smart metering, IoT-enabled plumbing systems, or recycled polymer solutions into your product roadmap in the next 5-10 years? And do you think this could possibly help Apollo Pipes position itself as a sustainability-driven leader in the next-gen water management? Yes, thank you. That was my question.

Anubhav Gupta: Hi Sujit. Good afternoon. So, see, if you look at our housing segment today, right, it contributes around 60% to our overall revenue, which used to be like 40% 5 years back. Then it moved to 45%-50% 2-3 years ago. And now, today, it is at 60%. And as all the new products we have added to our portfolio, this mix will keep on improving towards housing segment, right. So, eventually, it should settle at around 70% or 75% in next 3-4 years. Now, this smart metering, yes, we are hearing a lot of noise, right, from the government side. So, we are evaluating this segment already. But nothing concrete is on drawing board as of now. Maybe in next 3-4 months, we will be in position to tell you that how this segment is going to pan out, what are the government commitments to focus on this segment, because what we have seen is that, unless there is a mega push from the government side, to encourage household owners to go for smart metering, etc., things will not move, right. We saw that in the electrical side as well, correct? So, we are being alert, right, we are alert how industry is going to shape up in terms smart metering. Next 5-10 years, yes, definitely, it may become a significant portion of the housing plumbing industry in India. But time is not right as of now. But we are keeping our ears on the ground what is happening there.

Sujit D Patil: Great. Thank you very much. So, just confirming again, integrating smart plumbing systems is in the cards of Apollo Pipes down the line, yes?

Anubhav Gupta: Definitely, yes. And we are talking to some international players also that if at all there is a demand in India, we should be ready with the technology.

Sujit D Patil: Great. Thank you for the insight and best of luck for all your future endeavors. Thank you very much.

Anubhav Gupta: Thank you.

Moderator: Thank you. The next question is from the line of Bharat Kumar from Choice Institutional Equities. Please go ahead.

Bharat Kumar: Hello. First of all, what is the CPVC contribution going ahead for 15%?

Anubhav Gupta: Bharat, can you please repeat your question?

Bharat Kumar: Yes, one second. What is the CPVC contribution going ahead like current 15%?

- Anubhav Gupta:** So, with all the efforts what we are putting in to boost our CPVC sales, we are highly confident that the contribution will improve above 20% in next 1-2 years versus 15% today.
- Bharat Kumar:** Fine. Thank you. That is it from my end.
- Moderator:** Thank you. The next question is from the line of Udit Gajiwala from Yes Securities Limited. Please go ahead.
- Udit Gajiwala:** Yes. Hi, team. Good afternoon. Thank you for taking up my question. Can you please explain in Apollo Pipes on a standalone basis, though we have maintained the volumes Y-on-Y, but that realization has taken a sharp knock. So, is it purely because of resin or would you like to elaborate more on the competitive intensity, please?
- Anubhav Gupta:** So, there are both factors. Yes, one is that reason is down by Rs. 2-Rs. 3 a kilo if you look at like 1st April versus 30th June, so some decline in the NSR definitely because of low resin prices. And yes, the competitive intensity is high at the moment because demand is sluggish and each of the PVC pipe companies has increased the capacities in last 2-3 years. So, there is a pressure on all of us as a sector to ramp up the capacity. So, we are seeing that players' right from the top leader to mid-Tier or the low-Tier, right, people are going very aggressive on reducing the selling prices just in order to fill their capacities. So, yes, it is a mix of both the factors.
- Udit Gajiwala:** Going ahead with this postponement in ADD and whatever the BIS thing, which is expected only from Q3, how do you see specifically the standalone or Apollo Pipes realization moving for the year and so on?
- Anubhav Gupta:** So, I guess, see, in NSR, we don't give too much weightage which is related to the increase or decrease in the PVC prices because that is not in our control at all, right? So, if you look at our EBITDA spreads also, we try to protect our EBITDA spreads in terms of rupees per ton or rupees per kg, correct? So, no comments on like how NSR would appear with the movement in the PVC prices. But we do believe that in next 2-3 months once the end demand picks up, the aggression which is being shown by each of the PVC pipe companies shall narrow down a bit, right. And at industry level, the selling prices, the NSR should inch up.
- Udit Gajiwala:** Got it. And in terms of your product mix for the quarter or for the year, what would be the agri, non-agri mix if you can help with that? That is it from my end?
- Anubhav Gupta:** Yes. So, 60% is housing, 40% is agri.
- Udit Gajiwala:** For this quarter, right?
- Anubhav Gupta:** Yes, for Q1, yes.

- Udit Gajiwala:** Thank you, Anubhav. Thank you so much.
- Moderator:** Thank you. The next question is from the line of Sneha from Nuvama Wealth. Please go ahead.
- Sneha:** Hi. Good afternoon team and thanks a lot for the opportunity. Just a couple of questions here. Given there is current weakness in demand and of course, we are hopeful of government spending picking up and things improving, would you like to give some guidance for this year in terms of volume growth, both Kisan and Apollo put together along with some margins improvement?
- Anubhav Gupta:** Sneha, we did mention that we are looking for double-digit growth, definitely, now in terms of volume. This is like low double-digit, mid double-digit. We will be clear that how Q2 pans out, right. And what we can tell you is that we are ready for high double-digit growth, also correct for the rest of the 8 months. But yes, a lot will depend on how macro pans out. But worst case, we would be growing our sales volume by double-digit, low to mid double-digit.
- Sneha:** And what about the margins? Where do you see margins going? Because of course, we have been speaking about going to double-digit margins also, but even this particular quarter, margin seems to be slightly on the subdued side. Of course, there is competition, there is PVC price pressure. But given let us say, once ADD is there into place, what could a margin trajectory look like?
- Anubhav Gupta:** So, in our business model, we don't look at percentage basis, we look at rupees per ton. If you look at Apollo Pipes on standalone basis, it is at around Rs. 9,000 a ton and Kisan is at Rs. 4,000 a ton in Q1. Definitely, once the capacities are utilized further from Q1 levels, Apollo will go towards Rs. 10,000-Rs. 11,000 a ton, which we have been present at this level for many quarters now. So, we can hit Rs. 11,000 per ton in pipes standalone and Kisan has a lot of room to improve. We are just waiting for sales pick-up, revenue pick-up. Whenever it happens, Kisan will immediately jump towards Rs. 7,000-Rs. 8,000 a ton.
- Sneha:** Understood. Thanks a lot.
- Moderator:** Thank you. The next question is from the line of Yog Rajani from Omega Portfolio Advisors. Please go ahead.
- Yog Rajani:** Hi, thanks for taking my question. So, I have two questions. First being about the sales volume. So, while we had a slightly negative sales volume Y-o-Y, other PVC players have done, what do you say, flattish to positive growth. So, is there a reason why our company has, what do you say, de-grown slightly? Is it geography specific or is it just general overall?
- Anubhav Gupta:** So, Yog, if you look at the mild sales volume, which our competitors have delivered, you would also see that their margin in terms of rupees per kg, that has also fallen very sharply. So, it is

clearly visible that the competitors are reducing their NSR and compromising on margins way too much to demonstrate or to try to gain sales volume growth. So, which we at some point stopped, because we are sure that so one is that our fixed costs are under control. It is not that we have too much of high fixed costs, so that we have to push our volumes way too much, where we keep on compromising on our selling price and margins. Second is that we are not losing confidence in the growth prospects of this industry. It is just a kind of, I would say, a weak, bad phase, which will go away, because this stress in the industry and players are selling below their cost, those smaller, weaker players will vanish and then with the demand coming back, the supply would be trimmed. So, good days have to come back, they have to return, which we are hopeful should happen from Q3 onwards. So, we are not too much bothered or concerned about having mild volume growth and further compromise our spreads.

Yog Rajani: Fair enough, because historically, we have always gained market share. So, along those lines, I wanted to understand what is our market share today? And what is our goal for market share a couple of years later?

Anubhav Gupta: Right. So, see, with the revenue run rate, what we are having today is around Rs. 1,200-Rs. 1,300 crores on a full year basis. And the industry should be like around Rs. 40,000-Rs. 45,000 crores. So, that way, our market share is around 2.5%-3%, Yog.

Yog Rajani: And what would we be expecting as a market share, say, 5 years later or 3 years later?

Anubhav Gupta: Right. So, see, the capacity is what we have put in of almost 286,000 tons. Right now, it is 220,000-230,000, but eventually, it will move to 286,000 tons in the next one to one and a half years. Now, that will give us a revenue of around Rs. 3,000 crores, Yog. And the industry may, and we expect that to achieve in next 3-4 years. Of course, it keeps on like getting extended because macro hasn't supported us at all. So, at Rs. 3,000 crore revenue with the industry size of like Rs. 50,000 crores, let us assume, right, our market share should be like 5%.

Yog Rajani: Brilliant. Another question about the conversion of warrants. Could you give us some color about what has been happening regarding that? Has more money been taken by the company from the warrants?

Anubhav Gupta: Yes, right. So, we did issue warrants last quarter, right, to an Oman-based fund, Kitara Capital. The total investment is Rs. 110 crores, 25% money came last quarter, right. The idea is to, because these are tough times, but we have been into hyper CAPEX mode, Yog. And we want to continue to build capacities for new products to cater into new geographies. Since earnings are slow, so cash flow generation is also slow, correct. So, we want to ensure that our balance sheet doesn't get stretched at any level to fund this CAPEX. So, we are happy to raise capital and fund this CAPEX because we know that whenever industry will turn around, the revenue, we would sweat like, these assets are 2.5-3x, which is the average for this industry. Our return

profile, like including ROE, it will boost a lot, right. But we don't want to strain our balance sheet at any given point of time.

Yog Rajani: Yes, I fully agree. We wanted to understand the quantum that has been achieved and what is left outstanding and when we would see that if you could just give that breakup?

Anubhav Gupta: So, I told you, Rs. 110 crores is the total investment commitments, right. 25% came in last quarter, rest 75% will come in within next 18 months.

Yog Rajani: All right. Thank you so much.

Moderator: Thank you. The next question is from the line of Parikshit Gupta from Fair Value Capital. Please go ahead.

Parikshit Gupta: Hello.

Moderator: I am sorry to interrupt. Your voice is not clear. Sir, your voice is not audible properly. Hello. Sir, I just request you to rejoin the queue again. The next question is from the line of Sneha from Nuvama Wealth. Please go ahead.

Sneha: Hi, team. Thanks a lot for the follow-up opportunity. I just wanted to deep dive a bit into your CAPEX. You have been into the CAPEX mode for quite some time now. What is the CAPEX which is likely to get completed this particular year? And with the total gross block, where can you see your topline? And similarly, the second part of the question would be, you have been mentioning about higher competitive intensity, which is leading to, of course the volumes not being achieved for a while now. I just wanted to understand when do you see this competitive intensity easing out? You also mentioned that smaller players will die down. Are you seeing any of these activities actually happening on the ground?

Anubhav Gupta: Thanks, Sneha. So, coming to the first part, which is for the CAPEX commitments we have, right, so today we are at a capacity of around 230,000 tons, right? And in our current business plan, we will take it to 285,000 tons. Now, the residual CAPEX to achieve this is around Rs. 100 crores. In Q1, we already spent Rs. 68-Rs. 69 crores, correct? And in rest of 3 quarters, we should be another Rs. 70-Rs. 80 crores. And when we enter into FY '26, some residual Rs. 30-Rs. 40 crore may be left over. So, one is that. And then once industry gets, like in a better mode, which we expect, say, next 6-9 months, then we will take a call to see if we have to go for a Greenfield plant in South India, which is definitely in our wish list. But time is not right for now. And it may require another Rs. 150-Rs. 200 crores kind of investment whenever we think about it. But nothing on drawing board as of now. And that will be funded from internal cash flows. You have seen that our working capital is getting better year-on-year. Right now, we are at 35-40 days. This will go towards 30 days of cycle, maybe by end of FY '26 or first half of FY '27 and it should remain between 25-30 days at a sustainable rate going forward.

Sneha: Anubhav, what I actually want to understand is, when I was asking about the competitive intensity and the CAPEX, what I understand is we are already operating at about 45%-50% utilization that means there is an immense scope of improvement here. While that being there, we are further adding capacity. Is actually, like, the demand a problem or competitive intensity is a problem? Because if competitive intensity is a problem, properly, do we have an answer to when it gets easier to when are we likely to utilize this capacity? That is a broader question I am just trying to ask?

Anubhav Gupta: Sure. Sneha, see, both are linked, right? Why there is hyper competition in the industry today? Because demand has slowed down. And second, in last 4-5 years, a lot of capacity came up, correct. So, what had happened was that after COVID, next 2-3 years, like from 2020 to 2023, those 3 years, the demand was very strong, especially in the PVC plumbing sector. Plus, I agree, because government had a lot of push on the infrastructure, which boosted sales for HDP pipes, etc. Housing plumbing, you yourself know that after COVID, the home improvement segment in India, it started doing pretty well. So, each construction material performed pretty well, including PVC pipes. And then there was increase in PVC resin from Rs. 70-Rs. 80 a kilo, it moved to Rs. 170-Rs. 180 a kilo, right? So, during that time, all the players thought that this golden period would continue, and in anticipation, they increased their capacities, right. The top players were having strong balance sheets. So, the capacities came without that. Smaller players, they had smaller balance sheets, so they leveraged and put up the capacity. Now, last 2 years have been bad in terms of demand, right? And it has increased the competitive intensity now. Demand is less, and the supply is more. So, each player wants to fill its capacity, correct? And that is why this decline in the EBITDA spreads for the companies in last 7-8 quarters, you would see, right, including the leaders. But what happens is that we are at a time when companies, like organized players, top 7-8 companies are operating with margins, which was like 5%-6% lower than what they were operating 2 years ago, 3 years ago, correct? So, players who were operating at 7%-8% margin, now they are operating at like, they are barely breaking even. So, at some point of time, those players will go away, correct. And yes, we are already seeing a lot of deals on the table, correct, like weaker players, capacities coming for sale. Every day, every week, a banker would show us a deal, right. So, definitely, there is a lot of stress, right? I think it is just a matter of a few quarters that we will see a lot of cleanups in the sector. And after that gets cleared up, we will be like, a few of the large ones and strong medium ones who will be again controlling the market. So, till that time, the pain may continue. But yes, at some point, it will reverse for sure.

Sneha: That was quite helpful. Thanks, Anubhav.

Moderator: Thank you. The next question is from the line of Parikshit Gupta from Fair Value Capital. Please go ahead. Sir, your voice is still breaking. You just go ahead with the question. Hello, can you just go with your question, please, again?

- Parikshit Gupta:** Sorry, I have been trying to talk, but there is an issue.
- Moderator:** No, it is fine, sir. It is a little bit fine. No, sir, we can't hear you properly. No, sir, we can't hear you properly. We can't get your question, what you are asking. Sir, you can disconnect the call and again rejoin the call. The next question is from the line of Karan B from AMC. Please go ahead.
- Karan B:** Hi, sir. Thank you for the opportunity. How do you see the ROCE calculation now assuming that PVC prices move up by Rs. 5-Rs. 6, even if any of these 1 BIS or ADD come through by the year-end?
- Anubhav Gupta:** Yes. So, Karan, see, ROCE is something what we see, right? Optically, it is like very low and very concerning for us, right? But one thing, what makes us confident that at least we are on the right track, to achieve the desired ROCE levels, upward of like above 20%, which we have always maintained. So, why it is low today is that we have invested almost like Rs. 800 crores in gross block today and Rs. 200 crores is our working capital. So, Rs. 1,000 crore is what our capital employed today, near about. And it is generating revenue of around Rs. 1,200-Rs. 1,300 crores with EBITDA of Rs. 90- Rs. 100 crores. So, that is why it appears low, single digit. But this Rs. 1,000 crores of this capital employed, it can generate Rs. 2,500-Rs. 3,000 crores kind of revenue, right? And Rs. 250-Rs. 300 crore kind of EBITDA, right? At same capital employed, hardly Rs. 100-Rs. 150 crores will be further invested from here on to achieve that Rs. 2,500-Rs. 3,000 crores of revenue. So, it happens in 2 years, 3 years, right and then you will see that improvement in ROCE, which will be very sharp from Rs. 1,200, we go to Rs. 1,400-Rs. 1,500 and then Rs. 2,000, Rs. 2,500, Rs. 3,000. So, we can promise you, Karan, that our capital employment will not increase to achieve these revenue numbers because we are already heavily invested in the business in terms of gross block and working capital will only get better, right, in number of days. So, absolute working capital may remain same, even if we grow at 25%-30%, revenue for the next 3-4 years.
- Karan B:** And just wanted to understand, Kisan has been delivering very strong gross margins, but it has not been translated into operating profits and net profits. So, what is our role, maybe in a year's time, how do we plan to have some profitability with the EBITDA and the PAT levels?
- Anubhav Gupta:** So, Karan, like you rightly pointed out that yes, gross spreads in Kisan are very encouraging. Now, why it does not translate into better EBITDA spreads, only because of like low capacity utilization, right. The company has been in the range of like Rs. 280-Rs. 300 crores kind of revenue, right, which it should generate like Rs. 500-Rs. 600 crores. So, that is the capacity which is already there. And some of the fixed costs are also aligned as per that. So, it is a matter of like a few quarters when we see like its revenue jumping 25%-30% Y-o-Y. You will see that translation of better gross spreads are moving down the EBITDA level.

- Karan B:** And you mentioned a few inorganic opportunities which are there on the table. So, are we evaluating that as well?
- Anubhav Gupta:** No.
- Karan B:** Because I believe Greenfield capacities will take a year and a year and a half and again 6 months to stabilize. So, in case if you feel that PVC prices will kind of move north, so it is better for you to have a ready capacity.
- Anubhav Gupta:** So, it is only South India we are wanting to have a full-fledged plant, Karan, right. We have not got any opportunity on that table which mirrors what we want in South India, like full-fledged plant, like Kisan in West was mirror of like what we actually wanted a plant in Maharashtra. But so far nothing on our table which could mirror what we want in South India.
- Karan B:** Got it. Thank you. Thank you for the detailed explanation. That is from my end.
- Moderator:** Thank you. The next question is from the line of Yash Modi from Ashika Group. Please go ahead.
- Yash Modi:** Good afternoon to the team. Sir, could you highlight more on how our order book is panning out on the UPVC door and window segment? How has the response been? And secondly, also on the newer products that we are looking at, like specially DWC pipes or some of the newer products that we are trying to get into, if you could elaborate a little more on that as well?
- Anubhav Gupta:** Yash, UPVC, we just started the commercial production, right? I mean, 15 days ago, you must have looked at our press release. So, right now, we are at a point where we are going and aggressively pitching this product to the key stakeholders, which are mainly contractors, real estate companies and government agencies. It requires a lot of approvals, right. So, order booking is building up, right. For the full year, we should be doing kind of Rs. 50 crores kind of revenue from this vertical. But most of this will come in like second half. Q2 will not be a significant number. But what we can tell you is that the response, what we are getting from the contractors and developers today, we are confident that full year, we should close around Rs. 50 crores and which will mainly come in the second half.
- Yash Modi:** Got it. And secondly, on the newer products, especially something like DWC pipe, what is the thought process and how are we looking at it going forward? Because the capacity that we had initially planned, we would have planned, did we have these newer products in mind or is it more of a case of just trying to set our assets more?
- Anubhav Gupta:** So, we had space available in our plants, right? So, it is just installation of a machine, which doesn't require any Greenfield CAPEX. It is more of Brownfield CAPEX. Now, the idea to get into these product categories is, of course, diversify our portfolio, right. Some of the products

are sold through same channel, right? For some products, we need to create new channel like for UPVC, for gas pipes, right? We are creating totally new channel. And any product may click, right and then we can go big on that. So, that is the idea, right. To keep on introducing new products, experimenting with new product lines and have something in our kitty which can contribute like 5%-10% to our overall revenue, right. So, that is how we would be achieving 20%-25% of revenue growth on a long-term basis, Yash.

Yash Modi: Got it. All the best, sir. Thank you.

Moderator: Thank you. As that was the last question, I would now hand the conference over to Mr. Ajay Kumar Jain - Chief Financial Officer for the closing comments. Over to you, sir.

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

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. Thank you.