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August 29, 2019

ELECTRONIC FILING THROUGH BSE LISTING CENTER

To
Department of Corporate Services/Listing Department
BSE Limited
P. J. Towers, Dalal Street,
Mumbai – 400001

(SCRIP Code: 531761)

Sub: Intimation under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 – Earnings Call Transcript

Dear Sir,

With reference to our letter dated August 13, 2019 and pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith Earnings Call Transcript of Earnings Conference Call held on August 16, 2019.

You are requested to kindly take the same on your records.

Thanking you

Yours Sincerely
For **Apollo Pipes Limited**

APOLLO PIPES LIMITED

Ankit Sharma
Company Secretary

Encl.: A/a

Apollo Pipes Limited

Q1 FY20 Earnings Conference Call Transcript

August 16, 2019

Moderator: Ladies and gentlemen, good day. And Welcome to Apollo Pipes Earnings Conference Call. 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 telephone. Please note that this conference is being recorded. I now hand the conference over to Mr. Anoop Poojari of CDR India. Thank you and over to you, sir.

Anoop Poojari: Thank you. Good morning everyone and thank you for joining us on Apollo Pipes Limited Q1 FY20 Earnings Conference Call. We have with us Mr. Sameer Gupta – Managing Director, and Mr. Ajay K. Jain – CFO of the company. We will begin the call with opening remarks from the management, following which we will have the forum open for a questions-and-answer session.

Before we start, I would like to point out that some statements made in today's call maybe forward-looking in nature, and a disclaimer to this effect has been included in the earnings presentation shared with you earlier. I would now request Mr. Sameer Gupta to make his opening remarks.

Sameer Gupta: Hi, everyone. Good morning. On behalf of the entire management team of Apollo Pipes, I would like to extend a warm welcome to all of you for our Q1 FY20 earnings conference call. I will share the operating highlights, following which Ajay ji will run you through the financial highlights.

I am happy to share that we have begun a new fiscal on a positive note despite a subdued macro operating environment. During the quarter, our sales volume grew up by a solid 20% to 13,953 MTPA. This growth was driven by a strong volume contribution from the core product categories of uPVC pipes, cPVC pipes and HDPE products. Our high margin Fittings segment also contributed positively to the overall performance during the quarter. Strong volumes further resulted in the healthy revenue growth of 16% year-on-year at Rs. 117.4 crore.

I would like to highlight here that although our volumes from the uPVC pipes segment stood strong during the quarter, a challenging operating environment resulted in a decline in for overall realization across the industry. Profitability performance during the quarter remained steady with EBITDA growth at 16% Y-on-Y and PAT up by 12%.

On the operational side, I am pleased to share with you that we have concluded the strategic acquisition of Kisan Moldings Ltd's manufacturing unit based in Bengaluru. This acquisition is in sync with our long-term approach to enhance our company's reach in the Southern Market and establish ourselves as a PAN India player. The acquired plant in Bengaluru has a total installed capacity of 12,000 MTPA, out of which 9,000 MTPA is for uPVC pipes and 3,000 MTPA is for cPVC pipes. Both these product categories are key product category of Apollo Pipes and we look forward to strengthening our volumes for these categories. Further, this facility is spread over 7 acres and offers significant growth scope for future expansions. So, we are also steadily evaluating plans to establish a 3,000 MTPA manufacturing facility for Fittings at this facility. Currently, we are seeing a strong build-up of demand from the customers for this high margin value added segment and we believe an additional manufacturing line will help address this growing demand and strengthen volumes for this category, going ahead. Also, manufacturing of our three key products segments at this facility, we believe, will help us address and capture demand in the high potential southern market, reducing the logistics cost while also strengthening our brand and distribution reach.

On our other expansion plans, we continue to mark a healthy progress and are on track with our brownfield expansion plans in facilities in Dadri, UP and Ahmedabad, Gujarat. A combination of all these three expansions will take the total installed capacity to 90,000 MTPA by March 2020 from the current capacity 63,000 MTPA.

Coming to the recently launched products, our brand-new range of premium plastic faucets, taps, showers and other accessories are receiving a positive response from the market. These are high margins products for us, so we remain keen on growing its share in our product basket as they will support on the overall profitability in the future.

On the whole, we are seeing a steady improvement in the macros and the operating environment. Further, with good rains we do expect the rural economy to improve which bodes well for our products. The recent 'Har Ghar Jal' initiative announced by the government which focuses on providing clean drinking water to every household in the country by 2024 is also an important initiative for the industry. We believe this initiative will create a significant demand in the market. We also believe there is enormous growth potential across the growing market and Apollo Pipes is well positioned to capitalize on these opportunities. On the back of our planned capacity additions at existing facility and the latest new facility in south, we should be able to deliver a healthy 25% to 30% CAGR over the next two years.

On that note, I would now like to invite Mr. Ajay Jain to run you through the key financial highlights for the quarter ending on June 30, 2019. Thank you.

Ajay Jain: Good morning, everyone. I will briefly cover the financial performance during the quarter ended June 30, 2019.

During the quarter, our total net revenues grew by 16% to Rs. 117.4 crore as compared to Rs. 101.1 crore in Q1 FY19. Our volumes for the quarter stood at 13,953 MTPA as against 11,639 MTPA in the corresponding period last year, delivering a growth of 20%. The volume growth in the Fitting segment stood strong at 57% Q1 FY20. CPVC pipes grew by 42% and HDPE products increased by 51%.

Moving on to the profitability front, our EBITDA for the quarter increased by 13% Y-on-Y to Rs. 17.5 crore, as against Rs. 15.5 crore in Q1 FY19. As the company improves its sales volume on the back of expanded capacity going forward, we should be able to deliver better profit growth on a year-on-year basis. However, we anticipate EBITDA margins to remain in the range of 12% to 14% as the company focuses on volume growth in the near future. Depreciation cost in Q1 FY20 increased by 16% to Rs. 2.5 crore on account of increased commissioning of new capacities. PAT for the quarter registered a growth of 11% and stood at Rs. 9.7 crore as compared to Rs. 8.8 crore in Q1 FY19.

With this, I would now request the moderator to open the forum for any questions or suggestions that you may have. Thank you.

Moderator: Thank you very much, sir. Ladies and gentlemen, we will now begin the question and answer session. The first question is from the line of Praveen Sahay from Edelweiss. Please go ahead.

Praveen Sahay: My first question is, the 20% of the volume growth, from where you got this? It's the region expansion, geographical expansion or distribution reach expansion, from where you got this?

Sameer Gupta: This growth of 20% that we are talking about, it is mainly from our new plant from Ahmedabad and our other plants also. Basically, you can take that it is the overall growth from each segment that we are working on. But mainly the growth is from cPVC pipes and the Fitting segment which is providing the maximum contribution to this growth.

Praveen Sahay: Okay. And this Kisan Mouldings expansion, this capacity is mostly to cater to the agri PVC pipe?

Sameer Gupta: No, in Kisan Mouldings, we have the capacity to make uPVC pipes along with also cPVC pipes. Other than that, we are also planning to put up a manufacturing unit facility for the manufacture of Fittings at this location, which will be around 3,000 MTPA facility which will, you can say the process is already on, and we think that it can be completed by the end of this financial year. We have already ordered the moulds and other equipment for manufacturing these Fittings at this facility. So, basically, we will be making all the range of the Apollo Pipes' products at this facility.

Praveen Sahay: So, how much was the capacity, extended capacity that you have planned for?

Sameer Gupta: Initial capacity will be 12,000 MTPA, which will be mainly uPVC pipes and cPVC pipes, and we will be adding up 3,000 MTPA for Fittings. Put together, it will be 15,000 MTPA altogether.

Moderator: Thank you. The next question is from the line of Ankit Merchant from SMC Global Securities. Please go ahead.

Ankit Merchant: I just have a few questions, one related to the industry. So, sir, can you define what is the industry capacity right now for the plastic pipes?

Sameer Gupta: It should be roughly around, because exact figures are not there, it should be roughly around we can say 25 lakh tonnes to 30 lakh tonnes per annum, somewhere around 28 lakh tonnes to 30 lakh tonnes.

Ankit Merchant: Okay. And the market size in crore would be near about?

Sameer Gupta: Around the same level, Rs. 25,000 crore to Rs. 28,000 crore.

Ankit Merchant: What has been the general utilization in the past few years for the industry?

Sameer Gupta: General utilization, that's a tough question, because we don't have the capacity of the whole industry in India, that what exactly the whole industry capacity is, because there are several unorganized players also for which you cannot calculate the exact capacities. We have the figures for the organized ones. So, normally for the organized players the capacity utilization is somewhere around 65% to 70% is the overall in the year that they achieve. If you talk about the unorganized players, that figures are not readily available with us, but it should be quite low because of the lower brand segment, they are not able to cater at very high capacity utilization.

Ankit Merchant: And sir about cPVC resin, we are dependent on China primarily for our procurement, is it right?

Sameer Gupta: No, from the day one we are buying from France KEM ONE and we are totally dependent on them. And in KEM ONE there is no such impact of anti-dumping duty. So, we are not impacted by this recent development for the government for anti-dumping. Because from day one we are depending on KEM ONE from France.

Moderator: Thank you. Next question is on the line of data from Puneet Mehta from Global Portfolio. Please go ahead.

Puneet Mehta: A couple of questions. One is, in last few years we had heard a lot of noise about new players building up the capacity in PVC pipes like HSIL and so forth. What is the status, are you seeing people rolling back on their plans, are you seeing unorganized players closing down on PVC pipes?

Sameer Gupta: Basically, if any person who comes in the industry and just tries to ramp up the sales inorganically and not actually working on the team development, market development and the product reach, then they will definitely fail. Because it's a very technical type of market where we cannot just take away sales and product and come back, because it's a continuous process. We have to keep in touch with the customers, with the retailers, dealers, and we have to create confidence in them. Because of that only we will be able to cater the market in the right way. And for Apollo Pipes we are there in the industry for the last 35 years, and for last 20 years, almost 19 or 20 years we are there in the PVC segment. So, you can say, it's a tough job for any new player to come into the market and straight away capture the market share. Yes, of course, it will definitely take time for any new player. But if they try to act very quickly, there is a chance that they will face challenges to see how they achieve sales. And whereas you can see that if we talk about the new players like HSIL or HIL, they all are working hard. But I don't know what exactly their status is. But again, it's a tough market; it is not a very easy market for any new players to get into this.

Puneet Mehta: Basically, my question was that are you seeing a reduction in competition from organized and unorganized, except apart from the larger players like Finolex or Astral or Supreme or Prince, are you seeing any reduction in competition from any of the other players?

Sameer Gupta: I don't think so, because they all are working very hard. So, it will be a competitive market in coming days also. So, we have to be on our toes for selling the product and maintaining our profit margin. We don't see and we either don't expect them to, you can say, they will be getting weaker and waiting for them to get weak and then we can gain the market share. We have been continuously pushing very hard on the market side, on the costing side and the product range side so that there should not be any chances that we may fail in any of the markets.

Puneet Mehta: Okay. My second question is, since you are importing your cPVC resin from France, what is the impact of rupee depreciation on the balance sheet or on the P&L?

Sameer Gupta: First of all, our cPVC pipes and Fittings segment is quite low on the total turnover of our Apollo Pipes balance sheet, it's roughly around 2% of the total balance sheet. So, it is not impacted that much. But of course, if there is any rupee depreciation against the dollars, it will definitely affect Apollo because other products also we are depending upon imports. So, that part we cannot remain untouched. On the other hand, we have also engaged some professionals to take care of our foreign exchange so that we may be least hit in this segment. So, we have also actually, foreign payments to treasury market so that they can manage the whole payment schedule according to them. And they can better read the market and you can say advise us accordingly.

Puneet Mehta: So, are you hedging some of your imports at the moment?

Ajay Jain: Yes, we are definitely heading but we are totally depending on the advice from these financial institutions we are working with.

Puneet Mehta: Okay. The next question, I know that you had 20% volume growth this quarter. But given the numbers that the competition as thrown up, which has all grown quite well as well, in fact, some places I guess Astral has grown 41%, so given the low base, Apollo has still just grown 20%, any specific reason for that?

Sameer Gupta: No, first of all, we were expecting high growth in this quarter, but because of the elections it impacted a little bit on our growth. Actually, other players like you are telling, other big players like Astral and other things have seen a strong growth. But if you see that there is a total growth on the overall side, if you just see the pipe segment, because we are mainly focusing on the pipe segment, 99% of our volume is from the cPVC pipes and the HDPE products only. So, if you see that growth pattern, these are in line with the industry and we are definitely working hard for our brand presence and product reach. Right now we are only in north and west; again in west also we have registered a good volume growth as compared to the last year. Almost you can see we have achieved around 60% to 65% of the capacity utilization in Ahmedabad plant. So, definitely it is a tough market, like I told you, but that will be way of working on that. And we see that in the coming days we will be registering high growth also. But these growth rate that we have achieved, they are in line with industry only because of the other product segments they may have registered a growth. If you see our product segment and our product range, this is in line with the industry.

Puneet Mehta: Okay. No, I was actually comparing like-to-like, which is the pipe segment. But anyways, I understand your point. And my last question is regarding the recent schemes that the government has announced, how do these schemes normally work? I mean, would you be bidding directly with certain agencies or does it come as a subsidy, how does it work and how does it benefit?

Sameer Gupta: It works both ways. The government works directly with the manufacturers and they also engage some contractors or the agencies to take the funds from them and then they procure the material on behalf of the government. So, we are in touch with all of them. Right now, the funds has not been released from the government for these schemes. These will be, you can say, in the near future we see that they will be releasing the funds, after that the demand will be there in the market. And we are very quiet optimistic regarding this demand, because we are already in touch with various government agencies in which they are buying pipes for such schemes for the government. And other contractors also are in touch with us. And with Kisan Mouldings unit in Bengaluru that we have taken over, we can offer the product all across India to any government segment or any contractor that we are working with. So, we are in a quite comfortable position. Once the funds are released from the government then we see that there should be a good demand boost up in the industry, it should of course help the industry in the sales.

Puneet Mehta: So, currently are you supplying anything to the government? And if so, what percentage of your sales comes by supplying directly to government or its related agencies?

Sameer Gupta: Roughly around you can say 5% to 7% of our total sales is coming from government or these related contractors and other segments. We are bidding for the government tenders, you can say we are supplying to various departments in UP Government and MP Government directly and indirectly also, and to Rajasthan Government also. So, we are in touch with them and there is no such problem, because Gujarat Government we are also supplying. So, we are already registered with all these government departments, and whenever the demand will come, we will definitely be eligible and will be supplying to these institutions.

Puneet Mehta: Okay, and one last question if I can, is the receivable and working capital requirements different when you supply to these government agencies rather than selling to the market directly?

Sameer Gupta: Of course, it depends upon department-to-department, some department of the government they are good paymasters and they make the payment in terms of around 15 to 20 days or 30 days. But some of the government departments their payments are late and sometimes the budget is also a problem, if the budget expires then we have to wait a bit for the payments. So, it depends, it's not actually we can say a certain date we can expect in 30 days or 45 days we will receive the payment, it depends upon the department, how the department is actually poised with the funds that is available with them and what exactly is the position with them. In the month of April, we supplied to some of the government departments, and because of the elections the fund was stopped, all the payments were stopped and after the election only we could get the payment. So, it depends actually. And normally it is not it very late; if they are too late then we don't supply to such government departments.

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

Madhav Marda: Sir, just one question on the Bengaluru plant. Just wanted to know, I mean, how much was the volume contribution for the plant this quarter?

Sameer Gupta: This quarter, no, the discussion is going under, the deal has been finalized and we have paid the advance. But the full acquisition will be by the end of this month. So, after that only we will be taking the plant under our control and then from Q3 you can say, basically from Q3 there will be a contribution to the total sales from this plant.

Madhav Marda: And what is the utilization at which this plant is running, of the 12,000 what's the run-rate for FY19?

Sameer Gupta: For Apollo?

Madhav Marda: No, for the plant that we acquired in Bengaluru, at what utilization was it running in the previous year?

Sameer Gupta: In the previous years, we don't have any figures from Kisan Mouldings right now. But it should be around 30% to 40%, but we are not official partners to quote on that thing, we don't have any figures for that.

Moderator: Thank you. The next question is on the line of Nikhil Gada from AMSEC. Please go ahead.

Nikhil Gada: Sir, my first question is on inventory losses, have we seen any inventory losses in the quarter?

Sameer Gupta: So, it's quite possible, yes there were some, but it's quite marginal, there is no heavy impact on any inventory losses for this quarter.

Nikhil Gada: Sir, it is little surprising because if you see there has been a very sharp fall in PVC prices that we have witnessed in March, and most of the other companies they have seen significant fall.

Sameer Gupta: In March end only it happened, but if we talk about Q1 there is no such heavy inventory loss in Q1. Actually, the drop was there but it was mainly in January or February month, mainly by the end of March it was almost over. Then the prices actually increased in this quarter a little bit.

Nikhil Gada: Okay. So, post now in Q2 as well you continue to see that inventory as in in terms of the pricing it being very accommodating right now, right?

Sameer Gupta: Yes, it is comfortable. And again, because we are mainly depending on imports, so because of some rupee depreciation we make some losses because of that. Other than that, there is no such selling on account of price reduction or you can say, because there is no such heavy drop. Of course, in the last quarter of last year there was some heavy drop, but now only you can say the market is quite bullish regarding the prices and it should go up with the time going on.

Nikhil Gada: Okay. Secondly, on just the raw material front, now that we are expanding capacity significantly, are we now going to look at more of a local sourcing as well in future? Are we in talks with some of the local suppliers in that context?

Sameer Gupta: So, in current scenario also we are already buying material from Reliance. And for our Bengaluru unit we have already talked to them and maybe there are chances that we will be taking supplies from Reliance or the local producers in the coming days for this unit, because the pricing policy for this company for South is quite good as compared to North. So, we should be comfortable in buying from them.

Nikhil Gada: Okay, that's great. Secondly, on the Bengaluru unit front, so you have given in your presentation that the payback can be in just less than three years. So, just wanted to have some understanding as to how we are seeing this market in terms of how is going to be our distribution network, are we going to leverage distribution of our APL Steel or are we going to add new distributors? As well as, is there any ballpark number you can give in terms of the utilization this plant can achieve say in next couple of years?

Sameer Gupta: Of course, and likely you already know that we have a very good brand presence of steel pipes in Southern India, and we will definitely be taking leverage of that plant in the market. Right now we have already started marketing of our products in those areas and our Ahmedabad plant and from the Dadri plant, we are already supplying to some of the markets in those areas. So, we see that this should be a good demand pull from the distributor segment because of the already existing good brands in the market. And we see that we should be able to, you can say, in the initial year it may be around 50% to 60% of the capacity utilization that we are achieving, and we will be ending in a couple of years we will be achieving somewhere around 75% to 80%. We will be targeting that thing; we are targeting 75% to 80% of the total capacity utilization in Southern India.

Nikhil Gada: Okay. And lastly, we have done a decent volume growth of 20%, but vis-à-vis someone like an established player like Finolex has also, especially in the agri pipes on a very high base they are doing also a very strong route. So, just wanted to understand are we actually seeing some market share losses in this particular quarter or did we continue to still improve on our own market share? Just a broad understanding on that.

Sameer Gupta: No, so actually like I earlier also told you that we were expecting a good demand growth in this quarter also. But because of the general elections, it actually affected us a bit, otherwise the demand would be much more, you can say, the figures would have been much higher. But these things are not under our control, so we lost a bit because of those elections. But we are already on track and we are already working very hard to achieve our figures that we have projected and we are quite optimistic regarding those achievements.

Nikhil Gada: Okay. Sir, how is the demand right now in Q2, how are we seeing the traction?

Sameer Gupta: Q2 is comparatively slower as compared to Q1 because of the rains and monsoon, and most of India is already flooded. So, it is a bit affected. But we will ramp-up with our, you can say, there is no such major challenge that we cannot achieve our targets. We are on track with our targets.

Moderator: Thank you. Next question is from the line of Kedar B from Composite PMS. Please go ahead.

Kedar B: Sir, just a follow-up question on what the previous participant has already asked about the new facility that we have at Bengaluru. So, are we acquiring just the facility or will we be taking onboard some of the some of the existing distributors as well? Because as you rightly said, there is a fair amount of pre-launch or a pre-marketing activity that needs to be done, so a bit more depth or more color on that would definitely be helpful.

Sameer Gupta: So, we are not targeting any distributor of Kisan for our product distribution. Definitely we are going into the market and we are reaching each and every player there which are available in the market. They may be our steel distributors or maybe distributor for some other companies, but we are not very much focused on any particular company or any particular distributor. We are going wherever we feel comfortable with the distributor and we feel that the distributor can work good with us, we are targeting those distributors only. We have no such shifting of any distributor from Kisan to us, there is no such thing.

Kedar B: So, as a portion of the overall market size, what would be the contribution of South? I am talking at an overall market level, not just for Apollo Pipes.

Sameer Gupta: It should be somewhere around 25% to 30% of the total, 30% you can say that. In fact, you can say that in North, West and South, you can say, West is the biggest one and North and South are around 25% to 30% put together, put together 80% is the total market size these three zones. And 15% to 20% from the east.

Kedar B: Okay. Sir, and given that we are planning to leverage the APL Apollo brand that's already pretty strong in south, so do we at any point of time plan to start paying them some sort of a royalty for using the brand name or how will it work? Because when I look at your investor presentation, we are not talking about building a separate brand saying Apollo Pipes, we talk of leveraging the existing brand. So, how will the dynamics of the two works going forward?

Sameer Gupta: If you talk about APL Apollo, it is owned by Apollo Pipes only for the plastic segment. So, there is no such brand sharing between the two companies. So, we are working for our band only, there is no such brand royalty or any other thing that we have to give to Apollo Tubes for that. So, whatever this can support, APL Apollo is registered with Apollo Pipes in Plastic Pipes and Faucets and you can see other segments we are working in. So, we don't have to give any royalty, but of course the brad leverage will be there because both companies use the same brand, the brand presence will be totally helping us in marketing the product in south India.

Kedar B: I just want to be sure that I understood this right, so you are saying that APL Apollo as a brand or as a trademark is owned by APL Apollo tubes, correct?

Sameer Gupta: No, it is owned by Apollo Pipes for plastic segment. If you talk about steel pipes it is owned by Apollo Tubes Limited. There are different classes for every product that government has notified. So, we are registered for these Plastic Pipes and Fittings, for APL Apollo - steel tubes and steel fittings they are registered with APL Apollo tubes.

Kedar B: And just one final bookkeeping questions from me, what is the debt position on the books of the company as of June 30th?

Ajay Jain: The debt are on very lower side this time, we are already maintaining ourselves within 30 to 35 days in debt. It is around Rs. 47 crore right now.

Kedar B: Okay. So, is this a loan that we have taken against FD or is this a cash credit fund, what is the modality of usage?

Ajay Jain: Currently we are utilizing the bank credit facilities, CC limits. So, currently we are not using any limits on my FD, that FD is purely parked as deposits. And we are using CC limits for my working capital.

Kedar B: Okay. What would be the average borrowing in cost that we are getting from the bank?

Ajay Jain: It is less than 9%.

Moderator: Thank you. Next question is a follow-up from the line of Madhav Marda from Fidelity Investments. Please go ahead.

Madhav Marda: Sir, just wanted to check the money infused by the promoters, has that been converted into equity completely now? And just what is the timeline on that, if anything is pending?

Ajay Jain: The total Rs. 202 crore are to be converted into equity in three years, for the first two years in FY18 and 2019 that same has already been converted, balance 11,50,000 shares would be converted in FY20.

Madhav Marda: Okay. And its one-third, one-third, one-third over three years?

Ajay Jain: No, actually as per the SEBI guidelines only 5% of the total paid up capital could be allotted to the promoters in a year. In first year, we had converted 950,000 shares, second year we allotted 11,25,000 shares, and in third year we would be allotting 13,60,000 shares. Already allotted, this quantum has been issued and advance amount of 25% has been received from the promoters.

Madhav Marda: Okay. So, in this annual report that amount which was a loan from Director that would have reduced from the previous year's annual report basically? And then next year it would just be gone completely?

Ajay Jain: That's, right. Yes.

Moderator: Thank you. The next question is a follow-up from the line of Nikhil Gada from AMSEC. Please go ahead.

Nikhil Gada: Sir, in the presentation we have shown that our working capital has decreased significantly to 34 days. So, can you just highlight as in what the steps we have taken to sort of get this kind of improvement?

Sameer Gupta: We are definitely working very strongly on that credit part, that earlier to increase the market we were giving credit to the customers and just mainly focusing on to give extra pay to the customer and increase the market share. Whereas from the last two or three quarters we are really working on that part and we are very rigid on the credit part that we are not giving extra credit and extra leverage to the customers. And because of that these credit days have come down.

Nikhil Gada: So, can it be…

Sameer Gupta: Sorry, you are talking about creditors or debtors?

Nikhil Gada: I am talking about total working capital days. So, FY19 we had around 48 which has come down to 34.

Ajay Jain: Yes. Apart from controlling our receivables we are going for imports, so in imports we have extended our credit line, so we are getting credit for more period, LCs have been opened for more period therefore we are getting more credit limits. So, trade payables have increased so this has reduced my working capital cycle.

Nikhil Gada: Sir, just sticking to the receivables front, can it be sort of counterproductive then that although we have an established name, but vis-à-vis other big players when we are sort of tightening our receivable cycles, can we also lose some part of our volumes because of that? So, just wanted to have an understanding on that front.

Sameer Gupta: The market is actually very uncertain. So, it is not right now very advisable to increase the credit days for debtors. So, as a company policy we are pretty rigid on that policy. But we are actually working with the strong dealers who have got good financial backup to increase the sales. And we are rather keen on giving them the product at a lower price rather than to give them extra credit. So, we are trying to improve their profitability so that they can receive more money into the business and our credit days can improve and their margins can improve.

Moderator: Thank you. The next question is a follow-up from the line of Kedar B from Composite PMS. Please go ahead.

Kedar B: Just a follow-up question on the product wise breakup that you have provided. So, this other category that is the category called 'Others', does it refers only to Faucets or what else comprises this entire category?

Sameer Gupta: There are several other products that are required by the customers, institutional customers or the contractors that they don't wish to buy from the market. They are first for us, that are very negligible of the total volume. But still that is mainly solvents cement and some of the other allied products that we do not manufacture in our product range. But those are required from the customers. These are not Faucets, as Faucets are mainly included in Fittings, because those Faucets are all moulded products so they are included in Fittings. These are other products mainly.

Kedar B: So, the realization per metric tonne in the case of Fittings of the category, would it be higher compared to what we get from cPVC pipes?

Sameer Gupta: They are two different things. If we talk about Fittings, Fittings comprises of all the three categories - uPVC Fittings, Agri Fittings and cPVC fittings. Whereas cPVC again there are two parts; cPVC pipes and cPVC fittings. So, we cannot straight away compare these two products with each other. Of course, the cPVC is a costly material so the realization will be quite high as compared to other products in the product basket.

Kedar B: Okay. So, effectively what I was meaning was, let's say if we just take cPVC as a broad category and if I were to compare the realization that you get in metric tonne of sitting versus the cPVC pipe, how does that comparison happen sir?

Sameer Gupta: The cPVC fittings and pipes considered realization, you are talking about per tonne realization?

Kedar B: Yes

Sameer Gupta: In the cPVC you can say the realization is somewhere around Rs. 170 to Rs. 180 per kg. Whereas when we talk about fittings it is somewhere around Rs. 250 to Rs. 300 per kg.

Moderator: Thank you. Ladies and gentlemen, that was the last question for today. I now hand the conference over to the management for their closing comments. Over to you, sir.

Ajay Jain: Thank you. I hope we have been able to answer all your questions satisfactorily. Should you need any further clarification or would you like to know more about our company, please feel free to contact our team or CDR India. Thank you once again for taking the time to join us on this call. Thank you. It was a pleasure interacting with you all.

Moderator: Thank you members of the management. Ladies and gentlemen, on behalf of Apollo Pipes that concludes this conference call. Thank you for joining us. And you may now disconnect our lines.
