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# APOLLO PIPES LTD.

Q2FY22 EARNINGS PRESENTATION

October 22, 2021

[www.apollopipes.com](http://www.apollopipes.com)



Made For life

## Safe Harbour

Except for the historical information contained herein, statements in this presentation and the subsequent discussions, which include words or phrases such as "will", "aim", "will likely result", "would", "believe", "may", "expect", "will continue", "anticipate", "estimate", "intend", "plan", "contemplate", "seek to", "future", "objective", "goal", "likely", "project", "should", "potential", "will pursue", and similar expressions of such expressions may constitute "forward-looking statements". These forward looking statements involve a number of risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements. These risks and uncertainties include, but are not limited to our ability to successfully implement our strategy, our growth and expansion plans, obtain regulatory approvals, our provisioning policies, technological changes, investment and business income, cash flow projections, our exposure to market risks as well as other risks. The Company does not undertake any obligation to update forward-looking statements to reflect events or circumstances after the date thereof.



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# COMPANY OVERVIEW

# APOLLO PIPES AT A GLANCE



**Among the Top 10**  
leading PVC pipe  
manufacturers in India



**1,25,200** MTPA  
Capacity



**5**  
Manufacturing  
Plants



**600+**  
Channel Partners



**1500+**  
SKU's



**13%**  
5-year Sales  
Volume CAGR



**21%**  
5-year Revenue  
CAGR



**30%**  
5-year Net  
Profit CAGR

# Q2FY22 AT A GLANCE



**14,518** MT

Sales Volume  
18% YoY increase



**208.2** Cr.

Revenue  
69% YoY increase



**26** Cr.

EBITDA  
67% YoY increase



**12.5%**

EBITDA Margin  
~Flat YoY



**14.1** Cr.

PAT  
48% YoY increase



**20.2** Cr

Cash Profit  
49% YoY Increase

# PRESENCE ACROSS SECTORS



## Agriculture Segment

- Casing pipes
- Drip irrigation & Sprinkler system
- Bore well pipes



## Water Management Segment

- Hot & cold potable water distribution & transportation
- Residential, commercial installations



## Construction Segment

- Sanitation & Sewage pipes
- Plumbing Pipes



## Oil & Gas Segment

- Conveying edible oils and chemicals & corrosive fluids



## Telecom Ducting Segment

### Apollo Pipes - Key Focus Area



# PRODUCT PORTFOLIO

Diversified Basket of 1,500+ Products



## uPVC Piping System



uPVC Pipes & Fittings | uPVC Column Pipes | SWR Drainage Pipes | uPVC Pressure Pipes  
Well Casing Pipes | Underground Drainage Pipes

## CPVC Piping System



CPVC Pipes & Fittings

## HDPE Piping System



HDPE Pipes &  
Sprinkler System

## Bath Fittings



Faucets | Hand And Head Showers | Health Faucets  
Cistern | Seat Covers | Allied Products | Bathroom Accessories

## SOLVENT CEMENT



Solvent Cement

## Water Tanks



Water Tanks

# SUCCESS MILESTONE



**2000**

- Commercial PVC pipe manufacturing operations.
- Established 3600 MTPA in Sikanderabad, U.P.

**2005-10**

- Started manufacturing HDPE pipes
- Setup new plant at Dadri-UP of capacity - 21000 MTPA
- 1st Company to start manufacturing of patented uPVC column pipes in North India

**2013-15**

- Started manufacturing uPVC Plumbing Pipes fittings with 180 MTPA capacity
- Commenced CPVC Pipes & fittings using Kemane, France resin
- Started manufacturing uPVC agri and SWR fittings.

**2016**

- First in North India to install 900kg/hr PVC extension line
- Expanded capacity by 10,000 MTPA
- Took total available capacity to 50,000 MTPA

**2017**

- Largest plastic piping solution company
- Installed capacity of molding division enhanced to 2,700 MTPA

**2018**

- Purchased a land with building in Noida to develop Apollo Pipes Corporate office
- Introduced a brand new product range of faucets, taps, showers and accessories

**2019**

- Concluded promoter infusion of Rs. 142 crore through issuance of Equity Shares and fully convertible warrants on Preferential basis

**2020-21**

- Concluded the strategic acquisition of Kisan Mouldings' manufacturing unit in Bengaluru
- Successful listing of Company's shares on NSE
- Started Manufacturing Water tank, Solvent, Bath Fittings and faucets

**Robust 5-year CAGR**

(FY17 – FY21)

**13%**

Growth in Sales Volume

**25%**

Growth in EBITDA

**30%**

Growth in PAT

# Our Environment, Social, Governance and Safety Policy

- **Cost Savings and Energy conservation are one of the key focus areas for Apollo Pipes**
  - Installed rooftop solar plant at Dadri for optimum utilisation of energy
  - Evaluating opportunities to install rooftop solar plants at Ahmedabad and Bengaluru in the near future
  - Organized various awareness programmes for Shop-floor manpower to ensure optimum utilization of energy across plants
  - Complete in-house set-up for re-use of Polymer Waste ensuring nil environmental pollution
- **Social Welfare of the Society**
  - Funds and efforts towards Education and Welfare of orphaned and abandoned children and Health Care of the unprivileged
  - Associated with Bharat Lok Shiksha Parishad (“BLSPP”) and FCS Foundation to include scholarship programme for meritorious students who are socially backward and under-privileged
- **Effective safety policy and regular safety audits conducted regularly**
  - RO and water softening plant facilitating safe consumption of water
  - Regular workshops & training for machine operations / handling & safety
  - Mechanized Finished Goods movement
  - Usage of masks and safety gears for plant personnel
- **Highest standards of corporate governance practices**
  - Maintains high levels of transparency, accountability in all its interactions with its stakeholders including shareholders, employees, lenders and the government



# GROWTH LEVERS

# Key Business Strength

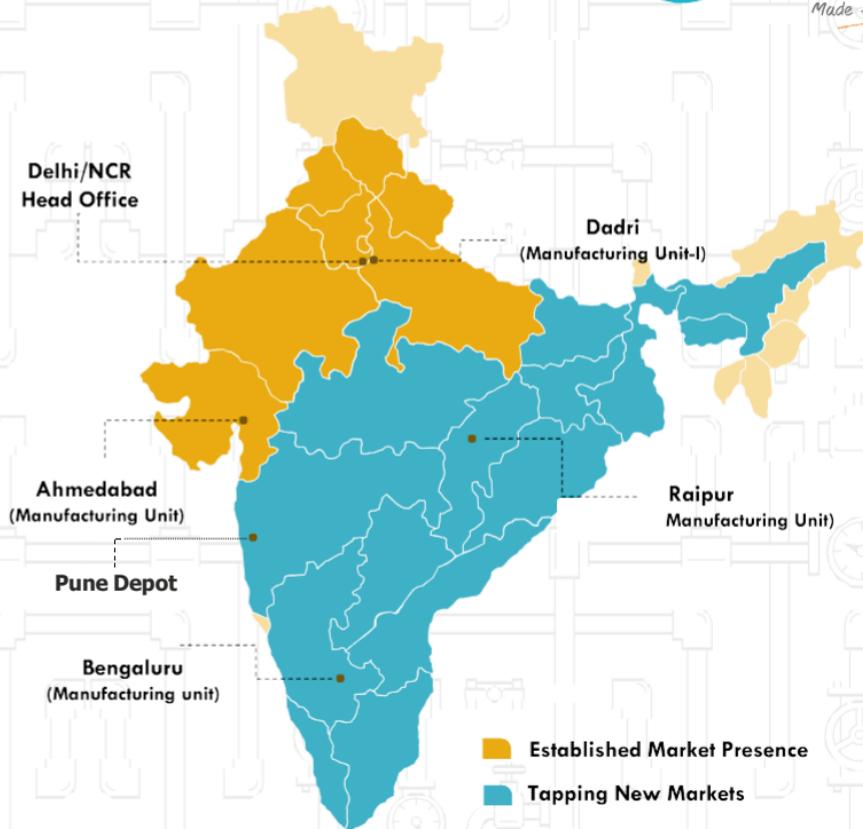


# Strengthening distribution network across India to Augment presence and improve market penetration

Enjoys a dominant and leading presence in North India

Extensive distribution network significantly reduces delivery time to 48 hours (from 10-12 days)

Tapping newer markets to reduce inventory cost for Distributors & Dealers



## Diversified Product Portfolio with total offerings at 1,500+, Aiming to achieve 2,500+ products to the basket



- Range of products manufactured at the technologically-advanced manufacturing facility at Dadri & Sikandrabad at U.P., Ahmedabad at Gujarat & Tumkur (Banglore) at Karnataka and Raipur at Chattisgarh.
- Launched 'Plastic Faucets, Taps and Showers' in the domestic market – to drive higher brand visibility through New Products
- Successfully added Water Storage Tanks to our product Portfolio



# Capacity Expansion to aid long-term growth plan



Available Capacity  
1,25,200 MTPA

Aim to deliver a healthy  
25%+ CAGR over the next 3  
years



Primary focus to improve  
utilization at Dadri,  
Ahmedabad, Bengaluru and Raipur

Establishing a manufacturing  
line for the high-margin  
Fittings' product at Eastern India

Undertaking brownfield  
expansion at Dadri facility to  
cater to strong demand  
scenario in North

# MACRO GROWTH DRIVERS

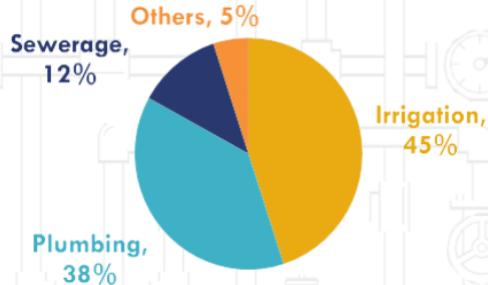
# PVC Pipe Industry



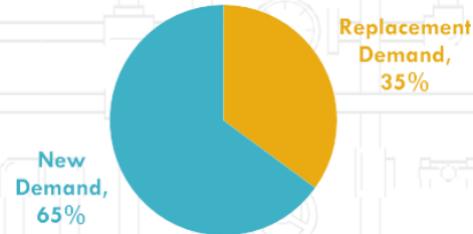
The Indian PVC pipes and fittings market expected to register 15% CAGR during FY18 - FY26

- The domestic plastic pipes industry size at ~ ₹ 315B
- Organized players account for ~60% market share
- Key features of plastic pipes against other pipes
  - Lightweight
  - Ease of transportation
  - Longer life span
- Key growth drivers:
  - Government's push for cleanliness and sanitation to boost water management sector
  - Increased Building of affordable houses and growing housing demand
  - Requirement for infrastructure for irrigation and water supplies

Demand Segmentation - Domestic Industry



Demand Split- Domestic Industry



# At the Forefront of multiple sector trends

## Urban Infrastructure & Construction



- Infrastructure push - plumbing and distribution requirements
- Water Management, Waste Management, Water Drainage & Sewerage System
- 'Housing for All' scheme and 'Smart Cities' scheme to drive demand
- GoI targeted construction of 20M and 40M houses in urban and rural areas, by 2022
  - One unit in the urban area nearly consumes 200 kg of PVC products
  - Rural house consumes ~75kg

## Water Management



- Rehabilitation of aging pipelines and installation of new pipes in transportation of liquids offers a significant opportunity
- Government focus on providing clean water, clean cities with well-organized plans for sewage removal and efficient transport facilities
- National Rural Drinking Water Mission (NRDWM) to create a safe drinking water program

## Agriculture Focus



- Improving irrigation schemes for farmers
- Water Table Depletion – increase in bore well activities leading to higher demand of larger diameter pipes
- Increase in land under irrigation for food production
- Increasing agriculture focus will have better demand for irrigation and thus demand for PVC pipes



**FUTURE OUTLOOK**

# Focus Areas for FY21-22



Strengthen foothold in existing markets of North and Western India



Undertake a phase-wise capacity expansion at the existing facilities over the next few quarters  
Successfully integrate inorganic acquisition in the South



Register solid growth in volumes – targeting volume growth of around 25%+ CAGR



Penetrate and establish footprint into neighboring markets in Central and Eastern India



Improve utilization at the existing manufacturing plants at Dadri and Ahmedabad



Undertake various brand building exercises and establish stronger brand recall in the established markets of North and Western India



# OPERATIONAL & FINANCIAL HIGHLIGHTS

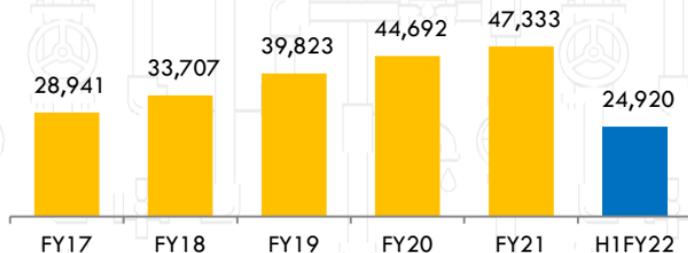
# Financial Trend



H1FY22

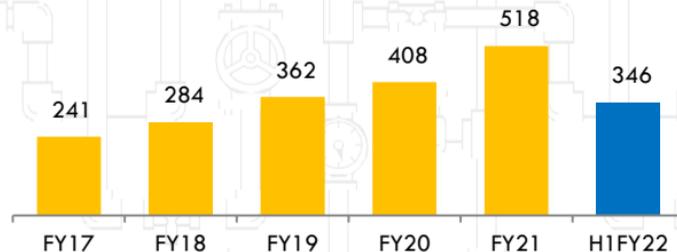
(5 Yr. CAGR - 13%)

## Volume (Tons)



(5 Yr. CAGR - 21%)

## Revenue (Rs. Cr)



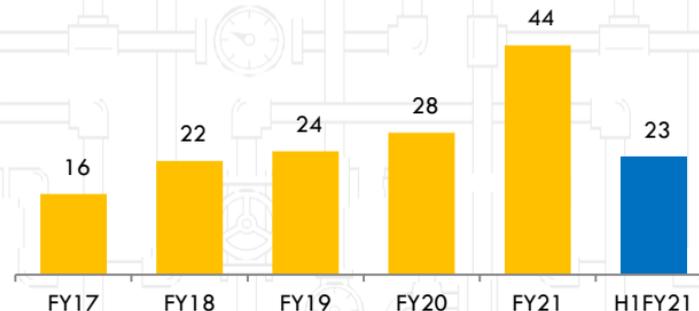
(5 Yr. CAGR - 25%)

EBITDA (Rs. Cr) EBITDA Margin (%)



(5 Yr. CAGR - 30%)

## PAT (Rs. Cr)

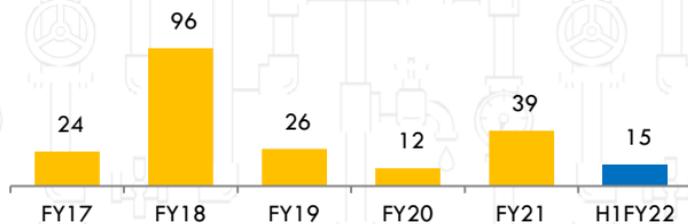


# Financial Trend

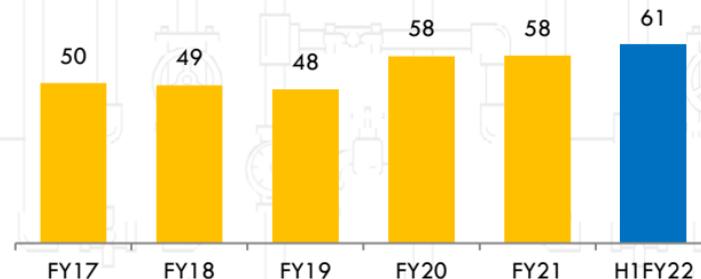


**H1FY22**

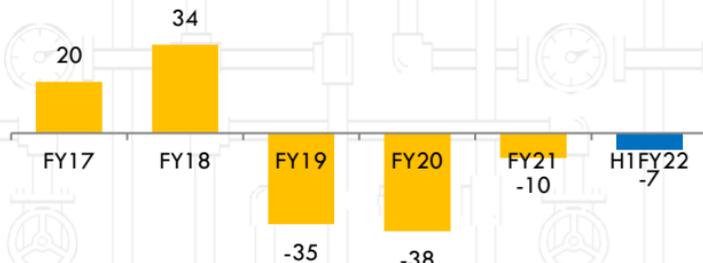
## Op. Cashflow (Rs. Cr)



## Net Working Capital (Days)

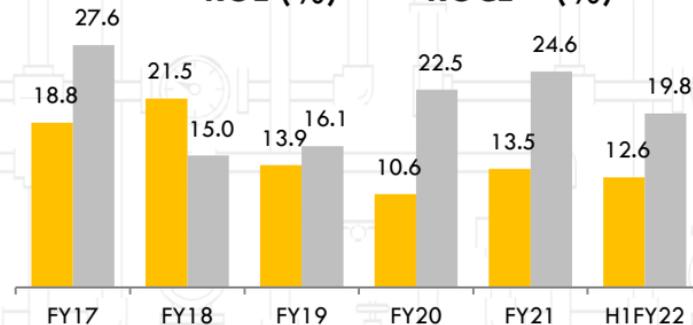


## Net Debt\* (Rs. Cr)



■ ROE (%)

■ ROCE\*\* (%)



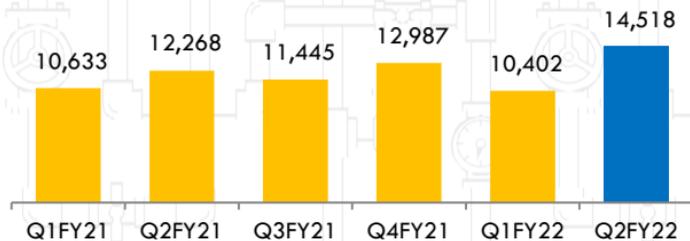
\*Negative due to Net cash, \*\* Capital Employed: Networth + Net Debt-Short term Debt

# Quarterly Performance

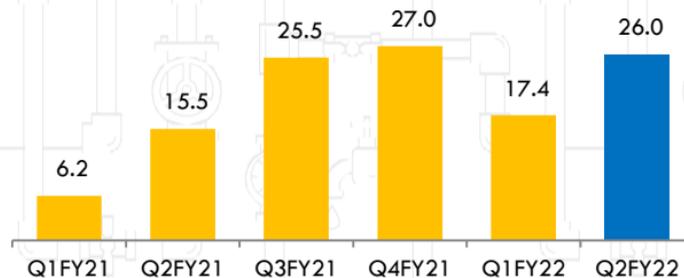


Q2FY22

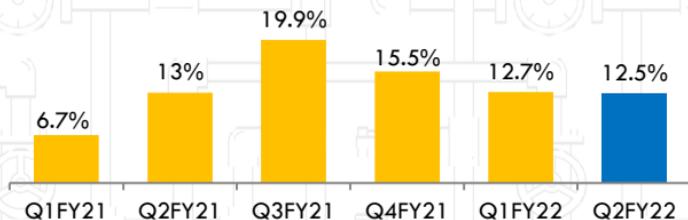
### Sales Volume (Tons)



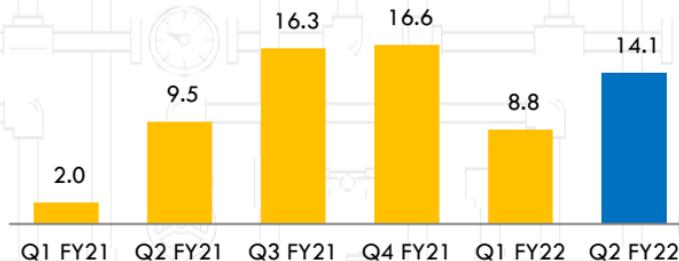
### EBITDA (Rs. Cr)



### EBITDA Margin (%)



### PAT (Rs. Cr)



# Abridged P&L Statement



Particulars	Q2 FY22	Q1FY22	Q2 FY21	Y-o-Y Shift	Q-o-Q Shift	H1 FY22	H1 FY21	Y-o-Y Shift
<b>Net Revenue from Operations</b>	208.2	137.6	123.3	69%	51%	345.8	215.8	60%
<b>Total Expenditure</b>	<b>182.2</b>	<b>120.2</b>	<b>107.8</b>	69%	52%	<b>302.4</b>	<b>194.1</b>	56%
Raw Material expenses	152.6	98.6	84.0	82%	55%	251.2	156.6	60%
Employee benefits expense	10.1	8.7	7.5	34%	17%	18.7	12.7	47%
Other expenses	19.6	12.9	16.3	20%	52%	32.4	24.7	31%
<b>EBITDA</b>	26.0	17.4	15.5	67%	49%	43.4	21.7	100%
<i>EBITDA margin (%)</i>	12%	13%	13%	-13	-20	13%	10%	248
Other Income	0.1	1.4	1.9	-94%	-91%	1.5	4.1	-62%
Finance Costs	0.7	1.1	0.7	-1%	-32%	1.8	2.8	-37%
Depreciation and Amortization	6.2	5.7	4.1	53%	8%	11.9	7.4	61%
<b>PBT</b>	19.2	12.1	12.7	51%	59%	31.3	15.6	101%
Tax expense	5.1	3.3	3.2	61%	54%	8.5	4.1	108%
<b>PAT</b>	<b>14.1</b>	<b>8.8</b>	<b>9.5</b>	48%	61%	<b>22.8</b>	<b>11.5</b>	98%
<i>PAT margin (%)</i>	7%	6%	8%	-95	39	7%	5%	127
EPS Basic (Rs.)	10.7	6.7	7.3	48%	60%	17.4	8.8	98%

# Abridged Balance Sheet and Cash Flow Statement



Balance Sheet - Assets (Rs Cr)	H1FY22	FY21
Cash & Bank Balance	40.9	72.5
Receivables	86.0	62.7
Inventories	81.3	78.2
Other current assets	29.2	39.8
Fixed assets (net)	216.0	211.7
Right to use Assets	9.3	9.3
Investments	0.3	0.3
Other Assets/goodwill/CWIP	16.4	19.8
<b>Total Assets</b>	<b>479.4</b>	<b>494.3</b>

Balance Sheet - Liabilities (Rs Cr)	H1FY22	FY21
Trade payables	37.7	48.2
Other current liabilities	28.8	28.0
Debt	34.3	62.9
Others	2.0	2.4
Minority Interest/Provision	1.3	1.3
Shareholders' funds	375.2	351.5
<b>Total Equity &amp; Liabilities</b>	<b>479.4</b>	<b>494.3</b>

Cash Flow Statement (Rs Cr)	H1FY22	FY21
EBITDA	43.4	74.2
Changes in Accounts receivables	-23.4	-3.3
Changes in Inventory	-3.1	4.2
Other WC changes	2.9	-33.7
Others	1.5	10.0
Tax	-6.8	-12.9
Operating cash flow	14.6	38.5
Interest	-1.9	-4.4
Residual cash flow	12.7	34.1
Fixed assets	-20.7	-68.8
Investments	5.0	6.5
Free cash flow	-3.0	-28.2
Dividend payments	0.0	0.0
Capital increase	0.0	0.0
Net change in cash flow	-3.0	-28.2
<b>Net debt beginning</b>	<b>-9.6</b>	<b>-38.0</b>
Debt Repayment	-28.5	-27.2
<b>Net debt end</b>	<b>-6.5</b>	<b>-9.6</b>



**CONCLUSION**

# Key Takeaways



## About Us

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Apollo Pipes (BSE: 531761; NSE: APOLLOPIPE), is among the top 10 leading piping solution providing Company in India. Headquartered in Delhi, the Company enjoys strong brand equity in the domestic markets. With more than 3 decades of experience in the Indian Pipe Market, Apollo Pipes holds a strong reputation for high quality products and a an extensive distribution network.

Equipped with state-of-the-art infrastructure, the Company operates large manufacturing facilities at Dadri – UP, Ahmedabad – Gujarat Tumkur – Karnataka, and Raipur-Chhattisgarh with a total capacity of 1,25,200 MTPA. The multiple and efficient product profile includes over 1,500 product varieties of cPVC, uPVC, and HDPE pipes, PVC taps and fittings of the highest quality. The products cater to an array of industrial applications such as Agriculture, Water Management, Construction, Infrastructure, and Telecom ducting segments. The Company's extensive distribution network spreads for about 600+ channel partners.



For further information,  
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