Sudesh Group
35 Years of excellence

APLAPOLLO PIPING SYSTEMS
Made for life

February 04, 2020

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

Sub: Intimation under Regulation 30 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 – Result Presentation

Dear Sir(s),

In reference to the captioned subject, please find enclosed herewith a copy of "Q3 FY20 Result Presentation".

This presentation has also been uploaded on the official website of the Company.

You are requested to kindly take the same on records.

Thanking you

With Due Regards
For Apollo Pipes Limited

APOLLO PIPES LIMITED

Ankit Sharma
Company Secretary

Encl.: A/a

APOLLO PIPES LTD.

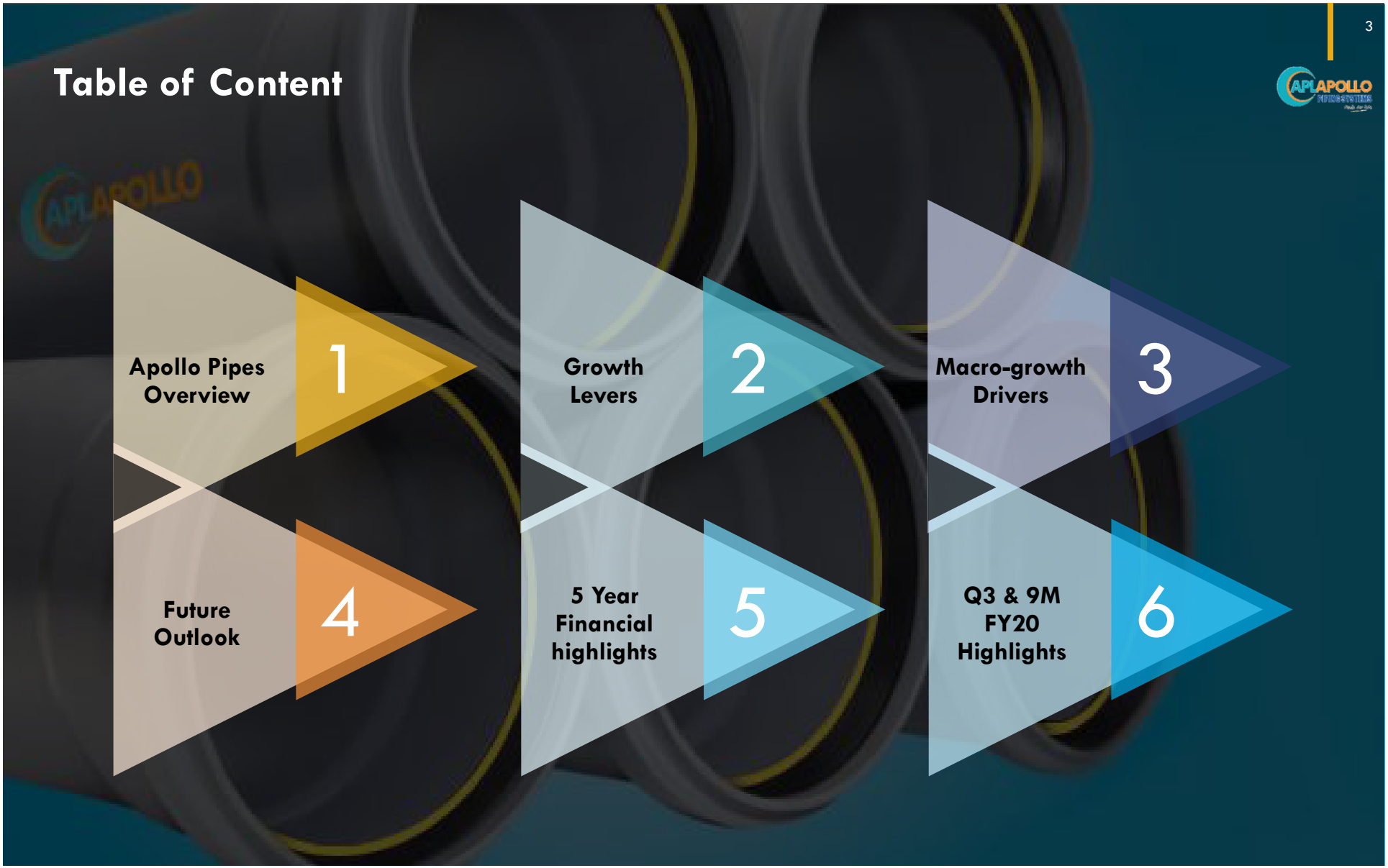
Q3 & 9M FY20 Earnings Presentation

APLAPOLLO PIPING SYSTEMS
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.

Table of Content



Company Overview

Apollo Pipes at a glance

Among the top 10

leading PVC pipe manufacturers in India

75,000 MTPA

Capacity* as on 31st December 2019

3

Manufacturing Plants

150+ **Distributors**

450+ **Dealers/ Retailers**

1,000+

Products

15%

5-year Volume CAGR

43%

5-year Revenues CAGR

19%

5-year PAT CAGR

* Includes acquired 12,000 MTPA capacity unit in Bengaluru

Presence across Sectors

Agriculture Segment
- Casing pipes
- Drip irrigation &
- Sprinkler system

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

Apollo Pipes - key focus area

Oil & Gas Segment
- Conveying edible oils and chemicals & corrosive fluids

Construction Segment
- Bore well pipes
- Sanitation & Sewage pipes
- Plumbing Pipes

Telecom Ducting Segment

Product Portfolio - Diversified Basket of 1,000+ Products

uPVC PIPING SYSTEM

- PIPES
  - uPVC PIPES
  - uPVC COLUMN PIPES
  - uPVC RING FIT PIPES
  - uPVC RIBBED SCREEN PIPES
  - uPVC PLUMBING PIPING SYSTEM
  - uPVC AGRI FITTINGS
- FITTINGS
- DRAINAGE PIPES AND FITTINGS

cPVC PIPING SYSTEM

- PIPES
- FITTINGS

HDPE PIPING SYSTEM

- HDPE PRODUCTS
  - OPTICAL FIBRE PIPES
  - IRRIGATION PIPES
  - SPRINKLER PIPES

PLASTIC TAPS/ FAUCETS/SHOWERS

- FAUCETS
- SHOWERS
- ALLIED

Success Milestones

2000
- Commenced PVC pipe manufacturing operations
- Established 3,000 MTPA plant in Sikanderabad, U.P.

2005-10
- Started manufacturing uPVC Plumbing fittings with 180 MTPA capacity
- Commenced manufacturing cPVC Pipes & fittings using Remone, France resin
- Started manufacturing uPVC agri and SWR fittings

2013-15
- 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

2016
- Largest plastic piping solution company
- Installed capacity of molding division enhanced to 2,700 MTPA

2017
- First in North India to install 900 kg/hr PVC extension line
- Expanded capacity by 10,000 MTPA
- Took total available capacity to 50, 000 MTPA

2018
- Purchased a land with building in Noida to develop Apollo Pipes' corporate office
- Introduced a brand new product range of premium plastic faucets, taps, showers and accessories

2019-20
- Concluded promoter infusion of Rs. 202 crore through issuance of Equity Shares and fully convertible warrants on Preferential basis
- Concluded the strategic acquisition of Kisan Mouldings' manufacturing unit in Bengaluru
- Successful listing of Company's shares on NSE

Robust 5 year CAGR

(FY15 – FY19)

15%
growth in Sales Volume

59%
growth in EBITDA

19%
growth in PAT

Experienced Management Team

Mr. Sameer Gupta

Managing Director

B.Com Honors from Delhi University (SRCC)

Mr. Sameer Gupta joined the family business in the year 2000 and established the PVC Pipes unit business

Under his leadership, the Company continues to reach newer heights, nurturing the values of Hard Work, Commitment to Quality, Excellence & Growth

Mr. Sanjay Gupta

Chairman

Mr. Sanjay Gupta is the second generation of the entrepreneurial family

Holds a rich experience of over 3 decades in the steel & pipe industry

Mr. A.K. Jain

CFO

Chartered Accountant
ICAI,

20 Years in the field of Finance and Accounting

Mr. Manoj Sharma

Senior General Manager (Sales)

B. Sc,

25 Years into Plastic Pipes Sales & Marketing

Mr. V.S. Verma

Senior General Manager (Business Development)

BE(EEE),

23 Years Experience in field of Project Engg., Product Development & Procurement

Mr. N.S. Rana

General Manager (Production)

B.Sc & CIPET,

30 Years into Plastic Pipes Processing

Strong governance and Management

Board of Directors

Promoter Directors	Non Executive Directors	Independent Directors
Mr. Sameer Gupta *Managing Director*	**Mr. Sanjay Gupta** *Chairman*	**Mr. Pradeep Kumar Jain** *Independent Director*
	Mr. Saket Agarwal *Director*	**Ms. Neeru Abrol** *Independent Director*
		Mr Ramesh Chandra Jindal* *Independent Director*

* Resigned effective December 24, 2019

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 utilsation 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

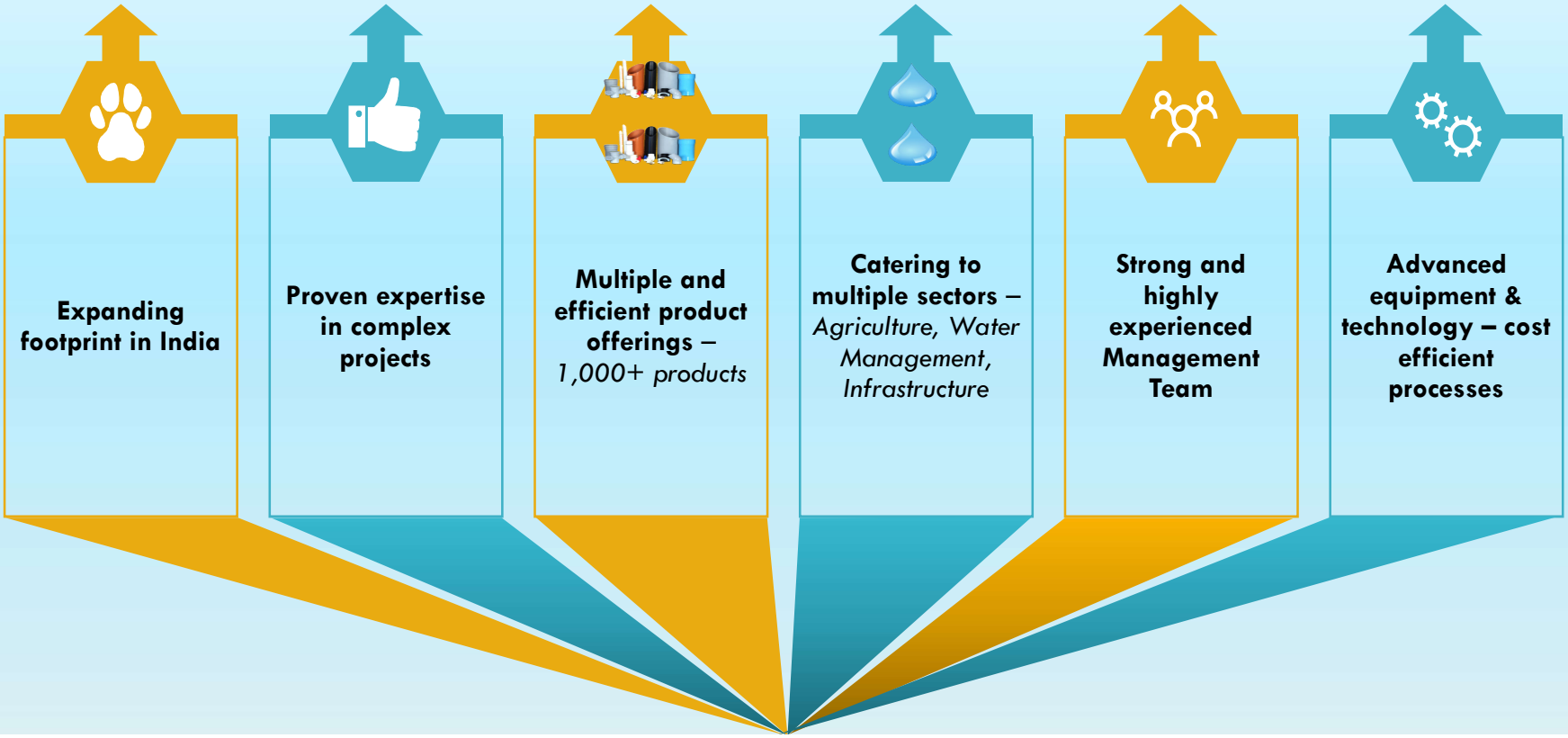
- **Social Welfare of the Society**
  - Funds and efforts towards Education and Welfare of orphaned and abandoned children and Health Care of the unprivileged
  - Associated with Bharat Lok Shiksha Parishad ("BLSP") and FCS Foundation to include scholarship programme for meritorious students who are 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

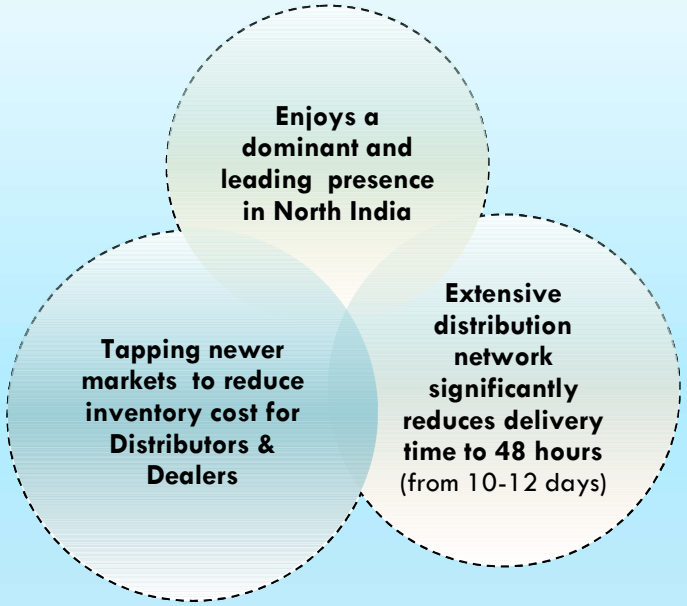
- **Highest standards of corporate governance practices**
  - Maintains high levels of transparency, accountability in all its interactions with its stakeholders including shareholders, employees, lenders and the government

GROWTH LEVERS

Key Business Strengths

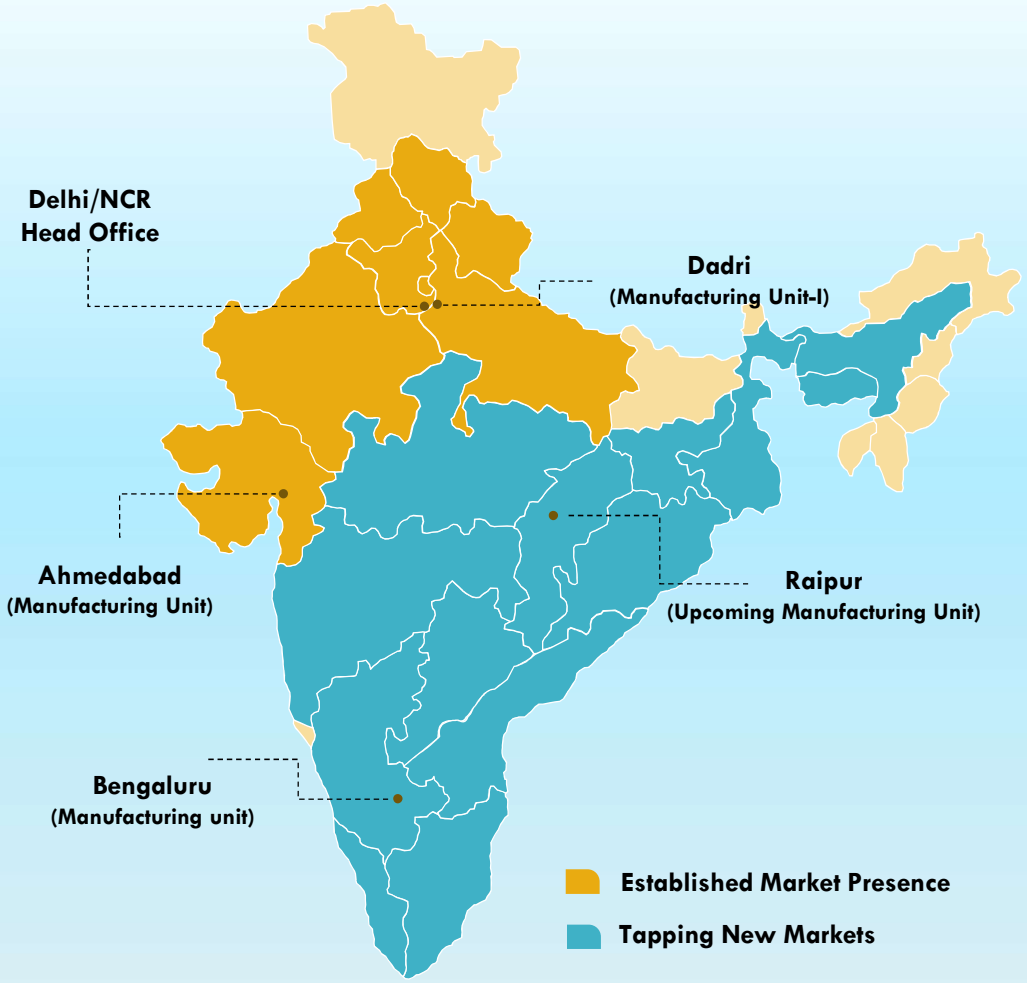


Strengthening distribution network across India to augment presence and improve market penetration



150+ Distributors

450+ Dealers / Retailers



Diversified Product Portfolio with total offerings at 1,000+, aiming to achieve 2,000+ products to the basket

- Range of products manufactured at the technologically-advanced manufacturing facility at Dadri and Ahmedabad
- Emphasis on innovation: One of the first companies to launch "Super Lock System" pipes in the country - Awarded 10 year patent for the innovative product
- Launched 'Plastic Faucets, Taps and Showers' in the domestic market – to drive higher brand visibility through New Products

Capacity Expansion to aid long-term growth plan – to achieve 90,000 MTPA in H1 FY21

Available capacity* of 75,000 MTPA

Primary focus to improve utilization at Dadri, Ahmedabad and Bengaluru

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

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

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

* Includes acquired 12,000 MTPA capacity unit in Bengaluru

Efficiently leverage the 'APL Apollo' brand reach and recall to drive higher growth

The 'APL Apollo' Brand Edge enables better reach and product competitiveness

- Branding Activities – Sports sponsorship
- Principal Sponsor of Pro Kabbaddi League
- IPL TVC – Principal sponsor of Delhi Capitals
- Branding sponsor of 'India vs West Indies' cricket series

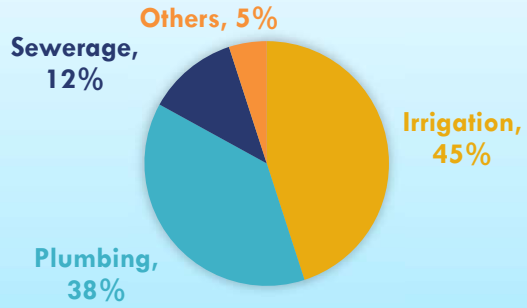
MACRO GROWTH DRIVERS

PVC pipe industry

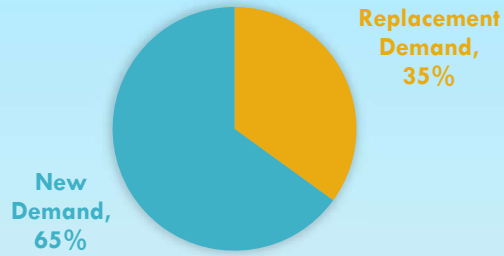
The Indian PVC pipes and fittings market expected to register 15% CAGR during FY18 - FY26

- The domestic plastic pipes industry size at ~Rs. 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



Source: Company estimates and Industry / Broker reports

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

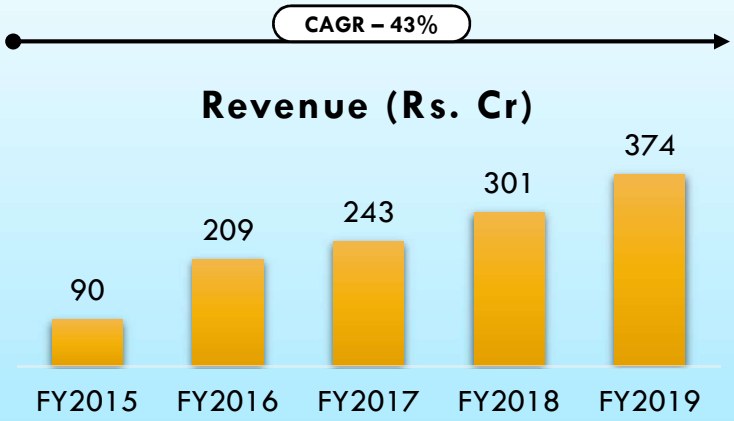
- Improving irrigation schemes for farmers
- Water Table Depletion – increase in bore well activities leading to higher demand of larger diameter pipes
- Increase in land under irrigation for food production
- Increasing agriculture focus will have better demand for irrigation and thus demand for PVC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

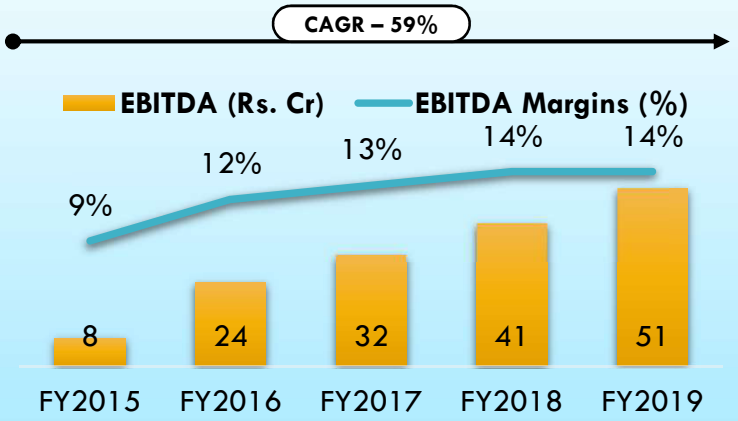
Future Outlook

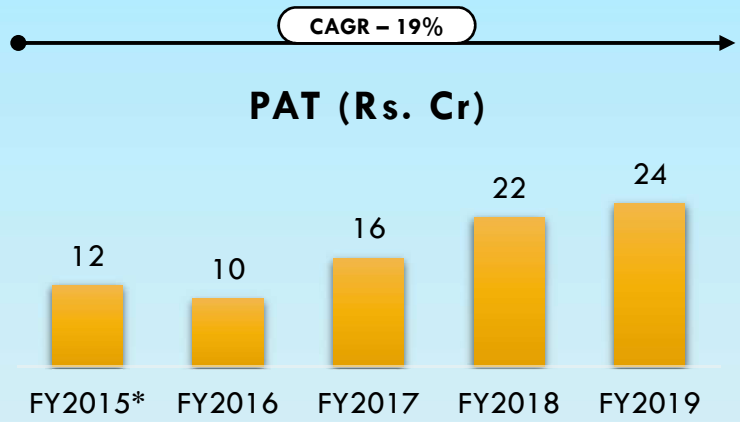
Focus Areas for FY20 & FY21

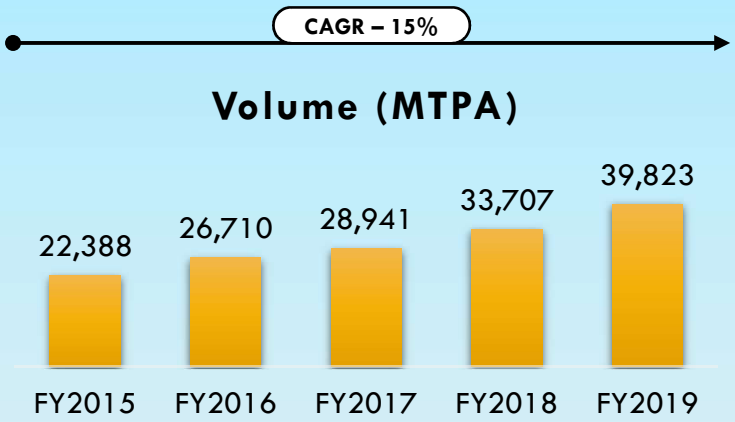
5-Year Financial Highlights

Financial Trend

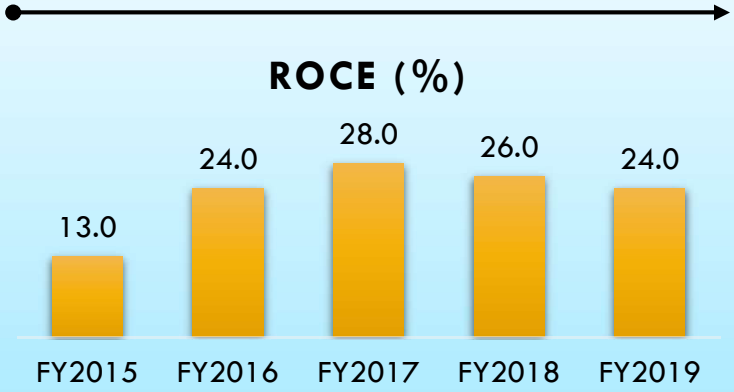


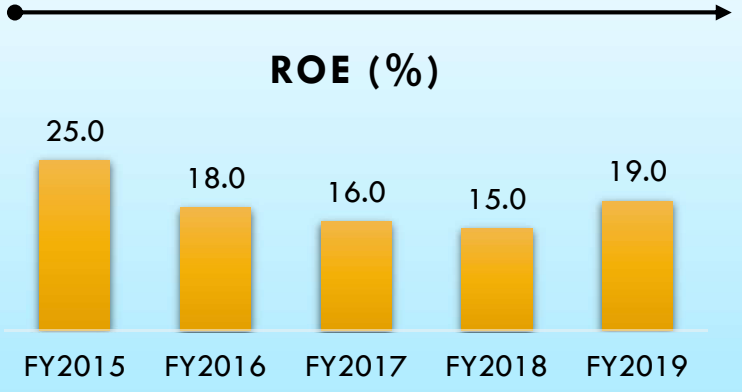


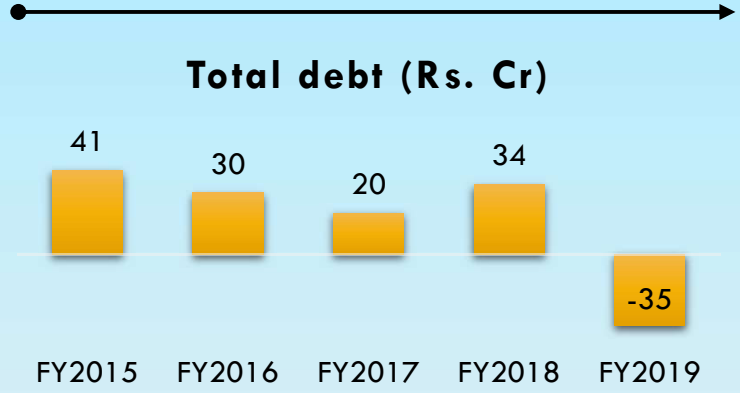


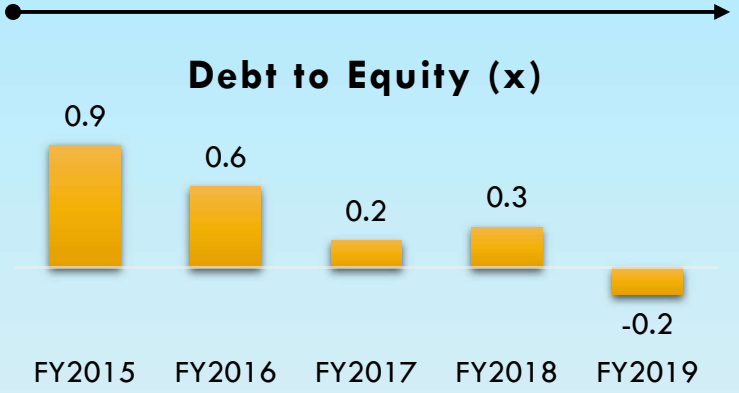


Financial Trend









5-year Financial Track-record

Particulars	FY2015	FY2016	FY2017	FY2018	FY2019
Net Worth (Rs. Cr)	45.0	55.0	91.4	113.3	229.8
Capex for the year (Rs. Cr)	24.0	12.2	9.1	17.1	48.2
Inventory (Rs. Cr)	24.9	13.7	22.7	44.3	52.3
Inventory Days	101.5	24.0	34.3	55.2	52.7
Debtors (Rs. Cr)	19.7	29.5	34.2	38.5	35.8
Debtor Days	69.9	45.0	45.1	41.7	31.4
Creditor (Rs. Cr)	9.1	8.8	18.9	39.0	36.1
Creditor Days	37.2	15.4	28.6	48.6	36.4
Net Working Capital (Rs. Cr)	35.5	34.4	38.0	43.9	51.9
Net Working Capital Days	134.1	53.6	50.1	48.4	47.7
Dividend Per Share (Rs)	0	0	0	0	1
Dividend Payout Ratio	0%	0%	0%	0%	10%

Operational & Financial Highlights Q3 & 9M FY20

Q3 FY20 at a glance

10,712 MTPA
Volume
15% yoy increase

10.7 cr
EBITDA
25% YoY increase

6.7 cr
PAT
25% yoy increase

127.0 cr
Net Cash

75,000
Capacity* as on 31st December 2019

24(%)
ROCE in FY19

Listing on NSE
Shares of Apollo Pipes list on the National Stock Exchange

New Products
Launch of Solvent Cement

40
Net WC days
Continuous focus on improving WC cycle

45.8
Operating cash flows

150+ Distributors

450+ Dealers

1,000+
Products

- Includes acquired 12,000 MTPA capacity unit of Kisan Mouldings in Bengaluru
- Figures in INR

Key Developments

Strengthening product basket through new and high-potential product segments – 'Solvent Cements' and 'Water Storage Solutions'

- Commenced manufacturing of PVC 'Solvent Cements' in January 2020 – a superior quality product with excellent installation properties that can be used in various piping applications
- Key product features: 1) Meets high ASTM International standards used for plastic pipe installation 2) Qualified for use in various applications 3) User friendly as it reduces fumes and odor 4) Is environmentally Responsible by being LEED® Compliant (Leadership in Energy and Environmental Design)
- Product to be available in wide range of packaging
- The Company is also planning to launch products to provide water storage solutions in the next fiscal
    - To introduce Aqua Range of water tanks with 4 different variants – will meet the highest standard of hygiene
- In-line with its growth strategy, the Company is focusing towards improving product offerings across the value chain. This will enable enhanced business visibility, improved sales performance and profitability going forward

Key Developments

Successfully integrated the recently acquired 12,000 MTPA manufacturing facility at Tumkur, Bangalore in Company's operations

- The Company has successfully integrated the recently acquired manufacturing facility at Tumkur, Bangalore, in its business operations. The plant has started contributing to performance from January 2020 onwards
- The Company will also be establishing a manufacturing line for its high-margin 'Fittings' product at this facility
- Improved capacity and better utilization at this plant will enable healthy improvement in volume contribution, going forward

Key Developments

Delivered a healthy volume growth of 15% YoY in Q3 FY20

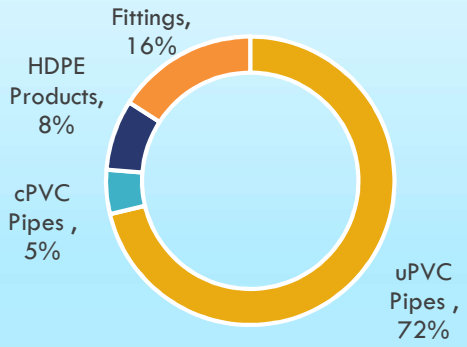
- Apollo Pipes delivered a healthy volume growth despite the challenging demand conditions in the domestic market. Performance was primarily driven by a steady demand revival across product segments including the high margin product segments. Volumes stood at 10,712 MTPA as against 9,300 MTPA in Q3FY19
    - Volume in 9MFY20 stood at 34,971 MTPA as against 30,210 MTPA in 9MFY19, growing by a steady 16%
- Improving utilization levels at existing plants to enable healthy volume growth in the future - utilization levels at Dadri and Ahmedabad facilities are steadily improving and the Company expects it to improve to optimal levels in the upcoming fiscal
- The Company is also constantly working towards strengthening its sales team, dealer & distribution network, and building on brand presence to capture a higher market share and solidify business operations. Better capacity utilization and enhanced capacities should enable the Company to deliver a healthy 25%+ CAGR over the next 3 years

Key Financial & Operational Parameters

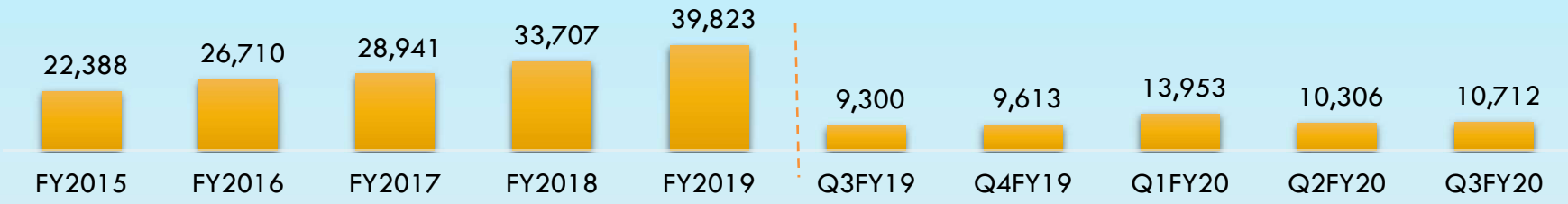
Product-wise Revenue Breakup

Particulars (Rs. crore)	Q3 FY20	Q3 FY19	Y-o-Y Shift	9M FY20	9M FY19	Y-o-Y Shift
uPVC Pipes	65.45	59.83	9%	221.04	207.24	7%
cPVC Pipes	5.34	3.08	73%	14.82	8.80	68%
HDPE Products	10.03	9.01	11%	23.37	16.97	38%
Fittings	16.58	12.85	29%	48.23	33.78	43%
Others	2.61	2.27	15%	6.38	5.62	13%
Total	**100.01**	**87.04**	**15%**	**313.84**	**272.41**	**15%**

Product Revenue (excluding Others segment) Break-up –9M FY20



Sales Volume MT



Abridged P&L Statement

Particulars (Rs. crore)	Q3 FY20	Q3 FY19	Y-o-Y Shift	9M FY20	9M FY19	Y-o-Y Shift
Total Income From Operations (Net)	**100.02**	**87.04**	**15%**	**313.83**	**272.41**	**15%**
Total Expenditure	**89.36**	**78.51**	**14%**	**278.04**	**243.82**	**14%**
Raw Material expenses	69.30	63.34	9%	223.12	198.12	13%
Employee benefits expense	6.91	5.30	30%	19.46	15.31	27%
Other expenses	13.15	9.87	33%	35.46	30.39	17%
EBITDA	**10.66**	**8.53**	***25%***	***35.79***	***28.59***	25%
EBITDA margin (%)	***10.7%***	***9.8%***	***+ 86 Bps***	***11.4%***	***10.5%***	***+ 91 Bps***
Other Income	2.87	3.44	-17%	7.49	9.15	-18%
Finance Costs	1.70	1.85	-8%	4.11	4.11	0%
Depreciation and Amortization	3.35	2.57	30%	8.91	7.18	24%
PBT	**8.48**	***7.55***	**12%**	**30.26**	**26.45**	**14%**
Tax expense	1.81	2.22	-18%	7.95	7.83	2%
PAT	***6.67***	**5.33**	**25%**	***22.31***	***18.62***	***20%***
PAT margin (%)	***6.7%***	***6.1%***	***+ 55 Bps***	***7.1%***	***6.8%***	***+27 Bps***
Diluted EPS (in Rs.-Not annualized)	**4.60**	***4.45***		**15.40**	**15.55**	

Financial Overview and Discussion (YoY)

Income From Operations during 9MFY20 stood at Rs. 313.8 crore, higher by 15% Y-o-Y; Income from Operations in Q3 higher by 15% at Rs. 100.02 crore

- The Company has delivered a healthy operational and financial performance during Q3 & 9M FY20. This was despite facing external challenges such as muted demand sentiments in the domestic market and impact of heavy monsoons & flooding in key geographies
- Steady sales volume growth of 16% in 9MFY20 and a 15% growth in Q3FY20 was driven by a healthy contribution from the cPVC, HDPE pipe and value-added product segment of Fittings
- The Company is witnessing a steady uptick in demand across all its product categories and remains confident of delivering and maintaining a healthy sales momentum, going ahead

EBITDA during 9MFY20 at Rs. 35.8 crore, higher by 25%; EBITDA during Q3FY20 stood at Rs. 10.7 crore, up by 25%

- EBITDA Margins for 9MFY20 improved by 91 bps to 11.4%; Margins in Q3 FY20 improved by 86 bps to 10.7%
- Improving contribution from the high-margin value added segments further resulted in a better gross margin performance

PAT for 9MFY20 stood at Rs. 22.31 crore, higher by 20% and in Q3FY20 it stood at Rs. 6.7crore, up by 25%

- Depreciation costs increased to Rs. 8.9 crore in 9M FY20 on account of increased commissioning of new capacities
- PAT margin stood at 6.7% in Q3FY20, higher by 55 bps YoY, while in 9M FY20, PAT margins stood steady at 7.1%

Management's Message

Mr. Sameer Gupta,
Managing Director

Commenting on the Company's performance for Q3 & 9M FY2020

"We have delivered an encouraging set of results during quarter despite facing subdued demand conditions and weak market sentiments. In the quarter, volumes stood healthy at 10,712 MTPA, higher by 15% YoY. This volume performance was driven by improving contribution across product categories including value-added product segments.

On the operational front, I am happy to share that we have successfully integrated the recently acquired plant at Bengaluru in our business operations. The plant, with a capacity of 12,000 MTPA, has started contributing to performance from January 2020 onwards. In addition, the utilization levels at our existing plants at Dadri and Ahmedabad are also steadily improving and we remain confident of further improving it in the quarters ahead.

I am also pleased to share that we have launched a brand-new segment of 'PVC Solvent Cements' during the quarter. This new segment has received a positive response from the market and it is our endeavor to steadily gain market share in this category. In addition, we are also planning to launch products to provide water storage solutions in the coming fiscal. Our growth strategy continues to be towards improving products offering across the value-added chain that will help drive enhanced business visibility and profitability going ahead.

On the whole, we believe, launch of value-added products, improved distribution network, enhanced branding activities and ramp-up in utilization at facilities will significantly enhance productivity and improve business efficiency for Apollo Pipes in the medium to longer term. To conclude, we remain optimistic of delivering a sales volume growth of over 25% CAGR over the next 3 years."

Conclusion

Key Takeaways

- Aiming capacity upgradation to the tune of 90,000 MTPA
- Target to achieve 25%+ sales volume growth CAGR over next three years
- Value-added product categories to provide impetus to volumes and profitability
- Increased market presence and improving distributor network to address demand across pan-India
- Leveraging 'APL Apollo' brand reach and recall to drive higher growth in business

About Us

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 and Tumkur – Karnataka, with a total capacity of 75,000 MTPA. The multiple and efficient product profile includes over 1,000 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 across 450 dealers / retailers and over 150 distributors.

For further information, please contact:

Ajay K Jain
Apollo Pipes Ltd
Email: akjain@apollopipes.com

Anoop Poojari / Mit Shah
CDR India
Tel: +91 22 6645 1217
Email: anoop@cdr-india.com /
mit@cdr-india.com

Thank You

APLAPOLLO
PIPING SYSTEMS
Made for life