



KRITI INDUSTRIES (INDIA) LIMITED

BRILLIANT SAPPHIRE, 801-804, 8th FLOOR, PLOT NO. 10, SCHEME 78-II, VIJAY NAGAR,
INDORE - 452 010 (M.P.) INDIA. PHONE No.: (+91-731) 2719100.
REGD. OFF.: "MEHTA CHAMBERS", 34, SIYAGANJ, INDORE - 452007 Phone: (+91-731) 2540963
E-mail: info@kritiindia.com Website: http://www.kritiindia.com

CIN : L25206MP1990PLC005732

KIIL/SE/2022-23

16th Aug, 2022

To, National Stock Exchange of India Limited Exchange Plaza, C-1, Block G BandraKurla Complex, Bandra (E) Mumbai – 400051 Symbol – KRITI	To, BSE Limited PhirozeJeejeebhoy Towers, Dalal Street Mumbai 400001 Scrip Code - 526423
---	---

Subject: Transcript of conference callheld on 12th August, 2022 along with List of Participants

Dear Sir / Madam,

We enclose herewith transcript of Conference call of Kriti Industries (India) Limited with the Investors and Analysts held on Friday, August 12, 2022 along with the list of participants.

The aforesaid information is also being hosted on the website of the Company www.kritiindustries.com.

Please take note of the same in your records.

Thanking You

Yours faithfully

For Kriti Industries (India) Limited

Pankaj Baheti

Company secretary & Compliance Officer

Encl: As above



**“Kriti Industries India Limited
Q1 FY2023 Earnings Conference Call”**

August 12, 2022



**ANALYST: MR. KARAN BHATELIA – ASIAN MARKET SECURITIES
PRIVATE LIMITED**

**MANAGEMENT: MR. SHIV SINGH MEHTA - CHAIRMAN & MD – KRITI
INDUSTRIES INDIA LIMITED
MS. VINITA PUNTAMBEKAR – GROUP CFO - KRITI
INDUSTRIES INDIA LIMITED**



Kriti Industries India Limited
August 12, 2022

Moderator: Ladies and gentlemen good day and welcome to Kriti Industries Q1 FY2023 Earnings Conference Call hosted by Asian Market Securities Limited. This conference call may contain forward looking statements about the company which are based on beliefs opinions and expectations of the company as on the date of this call. These statements are not the guarantees of future performance and involved risk and uncertainties that are difficult to predict. Actual results may differ from such expectations, protections, etc. whether expressed or implied. Participants' are requested to exercise caution while referring to such statements and remarks. 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 phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Karan Bhatelia from Asian Markets Securities Limited. Thank you and over to you, sir.

Karan Bhatelia: Thanks Suzan. Very good afternoon and welcome all to the Kriti Industries Limited First Quarter FY2023 Earnings Conference Call hosted by Asian Market Securities Limited. From the management side we have with us Mr. Shiv Singh Mehta - Chairman and Managing Director and Ms. Vinita – Group CFO. I shall now hand over the call to Shiv Singh Sir for his opening remarks post which we shall begin the Q&A session. Over to you sir. Thank you.

Shiv Singh Mehta: Thank you. Good afternoon everyone and welcome to the Q1 financial year 2023 earning call for Kriti Industries. I hope you and all your family members are doing well and I wish you all the best.

Let me first brief you on quarter one. During this quarter our operations were impacted by a major fire at our plant. Fire broke out on April 28th and it immediately impacted our operations resulting into direct list loss of stocks and other assets valued at approximately 19 Crores. The fire was brought under control without any casualties by valiant efforts of people at plant, but for this incidence we could have achieved better results during this quarter.

During this period our revenue grew by 19% and 70% as compared to Q1 last year both in terms of value and in metric ton. We fell short of our estimations because of the limitations imposed. Also due to the carried over raw material inventory our results were significantly impacted. I foresee that, we will see an impact on Q2 as well. PVC resin prices were at Rs.141 per kg on 1st April which came down to Rs.116 per kg by 30th June. There is a



Kri Industries India Limited
August 12, 2022

further reduction of about Rs.20 during period thereafter. However with price correction good monsoon, we foresee good improvement in H2. As you may be aware that company has already undertaken Capex of Rs.30 Crores for new capabilities, new capacities and product range, which will be available to the market for offering.

We continue to increase our focus aggressively on building material and column business segments due to their non-cyclic nature and better value addition. Expanding in new market and geographies and new states is helping us to grow.

Now I hand over the call to our new CFO, Ms. Vinita Puntambekar to give financial highlights.

Vinita Puntambekar: Good afternoon everyone. Let me take you through the key financial performance of our company. The operational income for the first quarter of financial year ending 2023 was around Rs.184 Crores which increased by about 19% year-on-year and about 15% quarter-on-quarter. There was an EBITDA loss for quarter of Rs.6 Crores while there was a net loss of around Rs.9 Crores.

Thank you I would like to open up the floor for the questions.

Moderator: Thank you. Ladies and gentlemen we will now begin with the question and answer session. The first question is from the line of Ankit Gupta from Bamboo Capital. Please go ahead.

Ankit Gupta: Thanks for the opportunity. Sir, I just wanted to understand one thing from your end is that the demand for every types, now three years have been pretty challenging despite the farmer seeing quite a bit increase in the crop prices and the farmer income also increasing. We have not seen the demand for the PVC pipe increasing. So what has been the reason that third year in a row we have seen the demand getting impacted significantly and we also understand that the demand is yet to come back to the pre-COVID levels. So what are the key reasons for such a significant fall in demand for the PVC pipes for agriculture purposes.

Shiv Singh Mehta: My assessment is that actually we were impacted in this quarter majorly by our fire which constrained our capabilities to produce. Demand was certainly better than what we have projected we have shown growth over last year and quarter-to-quarter, but it could have been significantly higher had we been able to operate appropriately and adequately. However from a historical level where prices had reached. Now the prices have come down to much more comfortable level which are the historical comfort of the industry with good monsoon and good realization of crops everyone is quite bullish on the demand in H2



Kriti Industries India Limited
August 12, 2022

beginning September middle or October beginning. So we are seeing quite good growth everyone is expecting good growth in agriculture **audio cut 8:13** in our traditional markets as well as in new markets we see a positive anticipated demand.

Ankit Gupta: If this not for fire, the fire accident would not have happened, how much incremental metric ton volume you guys were projecting for this quarter.

Shiv Singh Mehta: For the last quarter, if you will see we had to carry on inventory on the raw material side because we could not convert and had we converted that much of inventory we would have definitely increased say about a significant 20%, 30% over what we have sold.

Ankit Gupta: Sure and that might have actually reduced your inventory loss as well.

Shiv Singh Mehta: Absolutely, this is where we are.

Ankit Gupta: And then what would have been the inventory loss for this quarter because of fall in PVC prices.

Shiv Singh Mehta: We able to exactly calculate because there is a continuous decline and your material which you book from overseas and other spaces keep arriving at different point in times not exactly on date, but overall it would be in excess of anywhere between 17 to 20 Crores.

Ankit Gupta: And we have now in the Capex which was largely sourced which is largely focus on building products and we also have a team in place now. So on the building product side how do you see the ramp up happening on the volume side.

Shiv Singh Mehta: If you see our last quarter itself in building product side our growth in last quarter was almost 64%-65% talking in metric tons value wise it maybe more even there.

Ankit Gupta: And how do you see the growth for building product segments in this financial year.

Shiv Singh Mehta: As we had projected earlier, we are expecting and trying to achieve our numbers what we had projected at about 100 odd Crores if I do not remember exactly just now, but we are trying to achieve those numbers.

Ankit Gupta: 100 odd Crores for the full financial year FY2022.

Shiv Singh Mehta: Yes.



Kriti Industries India Limited
August 12, 2022

- Ankit Gupta:** And that will be a substantial jump compared to last year.
- Shiv Singh Mehta:** That will be substantial jump compared to last year.
- Ankit Gupta:** Thank you Sir and wish you all the best.
- Moderator:** Thank you. The next question is from the line of Dhwanil Desai from Turtle Capital. Please go ahead.
- Dhwanil Desai:** Hi! Sir, good afternoon. First question is on the inventory loss. So you mentioned that it will be anywhere in the range of 17 to 20 Crores, but if you look at some of the numbers of the other peers, the impact on the margin is there, but it is not as substantial as ours. So how should we look at it, is it because of the only fire incident that we are getting this higher inventory loss or do we need to kind of relook at our inventory talk up policy on that, how should we look at that data point.
- Shiv Singh Mehta:** As I was saying our sales numbers as we had planned in actual we lost almost 20% to 30% of sales opportunity and obviously when you plan your inventory you have to plan two to three months in advance in a business like ours where we import a lot of material which we require. So obviously this material kept coming to us and we were not able to convert it into finished goods in time because of the constraints we had and that is why we were not able to capitalize on the opportunity as well as we had to incur inventory loss.
- Dhwanil Desai:** So going forward so this keeping this fire incident aside even in Q2 I think the PVC resin prices have fallen significantly from 1st of July onwards also and then it has stabilized probably in last 10 to 15 days. So, should we expect lower inventory losses than as compared to Q1 how should we look at that.
- Shiv Singh Mehta:** You see there is a further fall of almost Rs.20 after end of quarter one and obviously we could not complete our production plans of Q1. So we had to carry forward inventory in Q2. So we would see some trading losses in Q2 as well, but going forward in H2 where we are seeing significant jump in demand we are quite hopeful that we will be able to do a much better H2 as compared to H1.
- Dhwanil Desai:** The third question is related to the demand part. So I think in last two, three years there were multiple challenges, but the monsoon has been good, the crop prices have been good, but the demand for agriculture pipe has remained subdued and one of the thing that has happened is that overall water levels and the water reservoir levels both have remained



Kriti Industries India Limited
August 12, 2022

high. So is it the one of the reasons why the demand for the agriculture pipes has remain low and if the monsoon is good even this year that may impact the demand for agricultural pipes.

Shiv Singh Mehta: No generally what we have seen that it is a good monsoon the agriculture pipe demand also is good. So normally we expect a good demand with a good monsoon because water levels and reservoirs if they are full there is every reason for people to have multiple crops and to irrigate their lands to the maximum acreage. Only one issue which remains was the prices of PVC, the basic raw material for PVC pipe was extremely historically higher, which have corrected significantly in last four months the prices have come down to more or less realistic levels which is quite comfortable for general historical averages of PVC resin prices. So that is why everyone in industry is expecting two, three things to happen, one mentality and acceptability at this price, coming back of pent-up demand which was always there which was not consumed during pandemic level and times, third good commodity prices gives available cash flow for a farmer to buy. So we are all anticipating good agri demand beginning H2 post rainy season.

Dhwanil Desai: And the last question is on building products for the 30 Crores Capex came on stream in April or May. So in terms of the product range and in terms of the distribution setup are we kind of done with all the preparatory work and are we on course to kind of capitalize on the Capex that has been done.

Shiv Singh Mehta: Yes, as I told even in our last call that we have already been able to complete our required production capabilities and capacities we have also augmented range and also our distribution into different geographies that we had planned has been put in place and we have started initial work including sales and marketing and selling efforts in each of these areas.

Dhwanil Desai: Okay thank you that is it from my side.

Moderator: Thank you. The next question is on the line of Viraj from Equirus PMS. Please go ahead.

Viraj: Sir just two or three questions. In terms of whatever people we had to hire in our building products segment is that hiring complete and is that cost part of the P&L already or do we expect any more costs to come.

Shiv Singh Mehta: No, we have already hired and that is already part of our P&L both sales and marketing efforts are on. So all are already factored in our P&L.



Kriti Industries India Limited
August 12, 2022

Viraj: And with the number that you projected of building products, I mean, it will then require a Herculean 30, 40 plus Crores quarterly run rate. Are we seeing that kind of traction for our building products already.

Shiv Singh Mehta: Yes, we are quite on track and we are seeing that kind of abilities for our sales team to generate those numbers.

Viraj: And when you say that H2 and you made a comment to one of our earlier participants' that H2 will be significantly better than H1, I mean, that is bound to happen right, I mean, H1 is anyways going to be a very bad half year for us, but if you were to compare it to let us say H2 of FY2020 and in December 2020 we did 220 Crores sales. So let us say two years out will it be like 270, 300 Crores sales is what you are expecting because matching that or being better than H1 is essentially not a barometer for somebody like us.

Shiv Singh Mehta: No, I appreciate your point absolutely and we are certainly targeting better than what you have indicated.

Viraj: Right Sir, thank you so much and I wish you all the best.

Shiv Singh Mehta: I need your good wishes all the more post whatever we have faced in last couple of months.

Viraj: Thank you Sir.

Moderator: Thank you. The next question is from the line of Karan Bhatelia from Asian Market Securities. Please go ahead.

Karan Bhatelia: Hi! Sir, thank you for the opportunity. I just wanted your thoughts on the PVC pricing you think we are almost at the bottom or we see a good correction from here as well.

Shiv Singh Mehta: No, generally what we talk to about suppliers outside and here everyone feels that we are towards the bottom end of the price curve and from here there are less chances of any further movements downward and we are seeing good growth in terms of demand in India particularly and that is what everyone is hopeful on.

Karan Bhatelia: I am sorry because I had that and correct to assume that the channel partners are sitting at a very low level inventory.

Shiv Singh Mehta: Will you repeat your question please.



Kriti Industries India Limited
August 12, 2022

- Karan Bhatelia:** Is it correct to assume that the channel partners are sitting at a very low inventory levels.
- Shiv Singh Mehta:** Generally in a falling market the channel partners will keep their inventory towards the lower side. So we feel that channel partners would have inventories which are towards lower end of the normal average inventory levels.
- Karan Bhatelia:** Operator you can take the next participant. Thank you.
- Moderator:** Thank you Sir. The next question is from the line of Viraj from Equirus PMS. Please go ahead.
- Viraj:** Thank you once again. So as per by what time do we expect our insurance claim to be settled, sorry, I was not part of initial four or five minutes, so I might have missed that.
- Shiv Singh Mehta:** Actually all service and everything has been done, assessments have been done and final including forensic audit and everything has been cleared. Now the papers are being given to the insurance company by the valuers of the laws which they are likely to dip to it in the coming week for sure.
- Viraj:** And what will be our inventory because you said that Q2 is actually were lean season. So what will be our inventory, so that if there is any further fall how much inventory are we carrying at this point.
- Shiv Singh Mehta:** On the material side we will be carrying raw material close to about 1800 to 3000 tons approximately that much on PVC side.
- Viraj:** Okay thank you so much.
- Moderator:** Thank you. The next question is from the line of Karan Bhatelia from Asian Market Securities. Please go ahead.
- Karan Bhatelia:** Sir just wanted to understand from your side how is the government spending on the infra project like Nal Se Jal and other schemes. So are we seeing real pickup also or still it is time to go.
- Shiv Singh Mehta:** We have seen in last one or two months the EPC contractors who are holding these contracts are getting aggressive in terms of buying, they are actually inquiry levels have gone up, they are talking regularly. So we feel that government is spending now.



Kriti Industries India Limited
August 12, 2022

- Karan Bhatelia:** And how is our exposure to the government projects.
- Shiv Singh Mehta:** We are not directly involved in government projects, but we do in contact with EPC contractors who in turn buy pipe from companies like us.
- Karan Bhatelia:** Thank you that is it from my end.
- Moderator:** Thank you. The next question is from the line of Ankit Gupta from Bamboo Capital. Please go ahead.
- Ankit Gupta:** Thanks for the opportunity. Sir, any broad idea on can we expect the same quantum of inventory loss that we had in Q1 to be lower in Q2 as well or do you think it will go down now.
- Shiv Singh Mehta:** No, Q1 was a higher loss, Q2 we will have loss, but we will have to see it at the end of period that what was that quantum because we have definitely see a loss in Q2 as I have said but I think it should be much lower than the Q1.
- Ankit Gupta:** Sure thank you.
- Moderator:** Thank you. The next question is from the line of Rupesh Tatiya from IntelSense Capital. Please go ahead.
- Rupesh Tatiya:** Sir this agricultural product revenue 156 Crores can you give a split between Madhya Pradesh, Rajasthan, Maharashtra and rest of the markets.
- Shiv Singh Mehta:** You see I cannot give you exact numbers but overall MP is our largest market, Maharashtra and Rajasthan our second, then would be maybe like UP, AP whichever our traditional markets, but now we have expanded in agriculture to Karnataka which we have made a beginning. So there is not much quantities at the moment, but we have begun our presence there so the exact bifurcation wise I would not have exact numbers right away but generally speaking MP still constitutes I would say percentage wise about 40% around 35%-40% Rajasthan maybe about 20%-25%, 10% to 15% will be in-between Maharashtra 20% Maharashtra and rest I would say within 7%, 8%, 9% around.
- Rupesh Tatiya:** So let us say by FY2023 end this year what kind of revenue contribution do you expect from non-MP, non-Rajasthan and then also for FY2024 also.



Kriti Industries India Limited
August 12, 2022

- Shiv Singh Mehta:** Now the significant growth will come only from newer states because MP, Rajasthan we already command a market share which is difficult to increase beyond a point. So that newer growth will come from the new territories like Maharashtra, Gujarat, maybe UP, Karnataka, or AP these are the major markets where our growth will be witnessed.
- Rupesh Tatiya:** 40%-50% kind of number we can expect next year from non-MP, non-Rajasthan.
- Shiv Singh Mehta:** Yes, 40% to plus something what we are targeting and trying to work towards we would have seen substantial growth in last quarter itself had we not got into this.
- Rupesh Tatiya:** And with this 30 Crores Capex in building products what is our new capacity previously we were writing around 6500 metric tons something like that.
- Shiv Singh Mehta:** It has gone up almost by 40% in terms of capacity.
- Rupesh Tatiya:** So it is roughly now 9000 to 10000 metric tons.
- Shiv Singh Mehta:** Yes.
- Rupesh Tatiya:** And we did roughly I think 750 metric tons in Q1. So we can maybe do 3000, 3500 metric ton in building products in FY2023.
- Shiv Singh Mehta:** We are expecting that we should achieve those numbers now.
- Rupesh Tatiya:** Actually it should be even more right because this 15 Crores of 750 and you are saying 100 Crores so roughly six times right. So six times is 4500. So roughly 4500 to 5000 metric ton in building products we can expect by FY2023 exit.
- Shiv Singh Mehta:** Yes we should be around those numbers because we have projected about 130, 140 Crores of sales. So that would be almost close to that number you should see that.
- Rupesh Tatiya:** And this building product capacity is all PVC or there is some part CPVC, some other SDP, other and what is the broad capacity.
- Shiv Singh Mehta:** We have PVC both for extrusion as well as molding.
- Rupesh Tatiya:** Well I did not follow that sir, sorry.



Kriti Industries India Limited
August 12, 2022

- Shiv Singh Mehta:** Both for PVC and CPVC we have both extrusion and molding both the capacities we have installed both the capacities form molding because you have to make fittings as well as extruded pipes. So CPVC were making fittings as well as pipes. So see in this new PVC.
- Rupesh Tatiya:** Okay Sir, those were my questions. Thank you.
- Moderator:** Thank you. The next question is from the line of Rajesh Kumar Ravi from HDFC Securities. Please go ahead.
- Rajesh Kumar Ravi:** Hi! Sir, if I have missed out, if you have made any comments on what sort of inventory losses we have seen in Q1 and even in Q4 numbers have been impacted are quite subdued. So was it all about inventory gain losses in Q4 also.
- Moderator:** Yes, we had shared last time in Q4 results also and this Q1 we had a major fire. So that is why we could not convert our material into finished goods to sell and the prices fell. So we have indicated that inventory loss between 70 to 20 Crores in Q1 because of this fire.
- Rajesh Kumar Ravi:** 70 to 20 Crores is a huge one. But what sort of basis current prices Rs.90, Rs.92 odd levels what sort of inventory losses are you for just looking at in Q2
- Shiv Singh Mehta:** Q2 we will have inventory loss, but I cannot give you exact numbers at the moment but it will be lower than the Q1.
- Rajesh Kumar Ravi:** So when you say lower than Q1 so how should one look at the margin EBITDA per kg is a negative Rs.5.
- Shiv Singh Mehta:** See if you by day-to-day pricing at which raw material is available our EBITDA margin generally we are seeing that margins are improving it was percentage but overall because of the trading position we have today because of the not being able to consume our material in time there is a erosion in value of stocks.
- Rajesh Kumar Ravi:** Okay because if I exclude that inventory loss the EBITDA margin appears close to Rs.10, Rs.11 a kg 8% EBITDA margin. I am just trying to understand that in September quarter is there positive EBITDA margin of percentage.
- Shiv Singh Mehta:** See the margins will improve and improve better than what we have been projecting earlier years because our fitting ratios the DP coming in and DP volume going overall EBITDA margins should look better and healthier.



Kriti Industries India Limited
August 12, 2022

Rajesh Kumar Ravi: Any guidance what sort of margins you are looking for FY2023-2024. I am asking for the FY2023-2024 do you have any EBITDA margin guidance.

Shiv Singh Mehta: As we are seeing our building material business growing and our column business growing earlier our EBITDA margins used to be about 10%, 11%. Now we are targeting that they should grow towards 13%, 14% here on because fitting ratio changes with building product and building product has better margin than agri and our cyclical condition of business is also that way evened out more with DP being at 11, 12 months business. So we certainly see EBITDA margins improving going H2 onwards.

Rajesh Kumar Ravi: So H2 onwards you are looking at EBITDA margins of 13% plus is that understanding right. So what I am asking is that historically if I look at your margins pre-COVID they have hovered around 7% currently also your agri exposure remains high 70% plus which we are working on the building material segment to improve that and despite that with a high agri exposure we are still confident that you can deliver even in a medium-term maybe second half of this financial 13% EBITDA margin is that understanding right.

Shiv Singh Mehta: The second half onwards our EBITDA margin should improve and we had said that it will be above what we use to do is 10%, 11% earlier should go up to 11%, 12%, 13% upwards.

Rajesh Kumar Ravi: And what revenue guidance you are projecting for FY2023-2024 on a consol basis total basis.

Shiv Singh Mehta: Total year end I mean it is difficult to project with what kind of the first quarter we have lost.

Rajesh Kumar Ravi: No, even in FY2023-2024 do you have any...

Shiv Singh Mehta: FY2024 onwards we are certainly looking at least about 18% to 20% growth over this year with the kind of business network we have expanded into new geographies and with the product portfolio now we offer.

Rajesh Kumar Ravi: And two three year down the line what sort of revenue mix you looking at agri, non-agri.

Shiv Singh Mehta: Agri and non-agri, the agri percentage will come down significantly to say about 65% of total business and non-agri should be about 30% to 35% of total business.



Kriti Industries India Limited
August 12, 2022

- Rajesh Kumar Ravi:** But despite having such high exposure in the agri you are still confident of having 13% EBITDA margin right.
- Shiv Singh Mehta:** Yes because fitting percentages and agri we are now focusing more on building along with building products we are personally on column pipes and which are higher value added products and where we are getting good traction in the market.
- Rajesh Kumar Ravi:** And fittings what sort of revenue mix you are looking at percentage of total revenues.
- Shiv Singh Mehta:** Again building product the fitting portfolio is about 35% of total sales while in agri it is about 7%, 6%, 8% depending on the sizes and type of markets we are in.
- Rajesh Kumar Ravi:** Great Sir, thank you all the best.
- Moderator:** Thank you. The next question is from the line of Keshav Garg from CCIPL. Please go ahead.
- Keshav Garg:** Sir, I wanted to understand that since we have been facing inventory gain in FY2021 and inventory loss ever since and which is far more than with what other industry players have been experiencing. So have we made any modifications in our inventory policy and going ahead since volatility now these days in all commodities is a way of life. So are you confident that we will be able to withstand our margins going forward.
- Shiv Singh Mehta:** You see in the Q1 we have had anticipated more sales and we would have achieved those numbers had we not had this fire which hampered our capability to offer products in time. So going forward we are very cautiously ensuring that our material balance is right one, number two we are able to ensure that we are able to put our plants fully into production mode which we have almost done after this fire and episode. So we are confident that we should be able to service our market and if market is continuously served there is no reason of inventory losses as such the prices in the international market have gone down significantly and we are seeing as we have been told by most of our suppliers that they are towards lower comfort side of the prices with this already petroleum so high rather basis prices are, it is difficult that they will go down any further.
- Keshav Garg:** And also wanted to understand that, are we seeing any traction in our tank segment overhead water tank.



Kriti Industries India Limited
August 12, 2022

- Shiv Singh Mehta:** Yes we are seeing growth in tanks as well our sales numbers are showing significant improvement in terms of total water tank sales, but still is constitute as a smaller portion of our total turnover.
- Keshav Garg:** So can you quantify exactly what kind of revenue we are doing on a quarterly basis.
- Shiv Singh Mehta:** What we are saying total revenue on quarterly basis would be a small say 5% of the total turnover as of today only with over a period of time it should grow further, but our growth rate has been fairly aggressive there.
- Keshav Garg:** And like this product mix breakup that you gave 30% to 35% building products and rest agri. So with this you are hopeful of achieving by when.
- Shiv Singh Mehta:** This will be till 2023-2024 end.
- Keshav Garg:** Okay by FY2024 end we will get to this product mix.
- Shiv Singh Mehta:** That is right.
- Keshav Garg:** Sir and you also mentioned that in second quarter also we are expecting inventory loss so will there be a loss on the net level also or it will just hit our margin.
- Shiv Singh Mehta:** No it will hit our margins you see if rains end early and we start liquidating our inventory fast which is generally happens in end of August end or first week of September then there should not be reason of a loss they should be a positive cash generation only because of some carry forward inventory from Q1 to Q2 we may see some inventory loss we should be liquid cleared within this period of sales because the margins we are seeing are improving on day-to-day operational basis.
- Keshav Garg:** And lastly just wanted to understand that since this our building product revenue is starting from a low base so maybe we can grow for a while but considering the competition in the market and so many players have entered this market in the past five, six years. So how is the competitive intensity and basically what is the unique proposition that we are offering in our products versus the competition.
- Shiv Singh Mehta:** You see as far as we are concerned our brand name is very well entrench in the areas of our dominance where we find it easy to introduce welding material products under our brand, number two general feedback what we have got so far that our product range and the quality



Kriti Industries India Limited
August 12, 2022

of product is what is well accepted by the market. So with a good distribution network what we have we are hopeful that we should be able to have better ability to manage our business in building material. Secondly our focus is not on the urban very large cities to begin with because we are strong in urban or rural areas where we are already selling agriculture pipes where our dealership distribution is also selling building material they will be able to distribute our product and encash our brand value much better.

Keshav Garg: Okay sir got that. Thank you very much.

Moderator: Thank you. The next question is from the line of Rajesh Kumar Ravi from HDFC Securities. Please go ahead.

Rajesh Kumar Ravi: Sir what is this large other income about 2.2 Crores.

Shiv Singh Mehta: There was one, we had one land which was taken for some expansion in the near Pune. So once we had liquidated that asset of Pune last year a small land was spending to which was cleared and sold that was about Rs.1 Crore income which we had received through that sale of land.

Rajesh Kumar Ravi: This is 1 Crore income in this quarter right Q1.

Shiv Singh Mehta: Yes.

Rajesh Kumar Ravi: And the remaining 2 Crores came in from.

Shiv Singh Mehta: Rest is from the interest income or some MEI some import licenses because of import of resin you have.

Rajesh Kumar Ravi: Why I am asking historically this number has been in single digit millions.

Shiv Singh Mehta: That is right this time because of that lands and something.

Rajesh Kumar Ravi: Land we have yes 1 Crore and incentive is such a huge number this time.

Shiv Singh Mehta: It is one point something I do not have exact number 1.4, 1.3 I do not have the exact number here it is towards 1 Crore plus that income from land has come.



Kriti Industries India Limited
August 12, 2022

- Rajesh Kumar Ravi:** No, I am just trying to understand this income which you are talking about export incentive has it come in a lumpy fashion after many quarters in this quarter or you would be booking that on an accrual basis.
- Shiv Singh Mehta:** No this is on accrual basis.
- Rajesh Kumar Ravi:** Accrual basis but you would be registering it every quarter know.
- Vinita Puntambekar:** Actually just repeat it is approximate 3 Crores right and the breakup of this figure is profit on sale of land that is 1.9 crore then interest on MBR that is approximate 0.6 Crores and purchase of MEIS license which we have for Q4 import that is approximate 0.5 Crores. So that is the breakup of total.
- Rajesh Kumar Ravi:** And this CWIP that was sitting on book March end is that totally capitalized.
- Vinita Puntambekar:** Which.
- Shiv Singh Mehta:** Will you repeat the question.
- Rajesh Kumar Ravi:** 14 Crores CWIP at end of March quarter which was there on books is that all been converted into capacity the current expansion is over and this 14 Crores is still sitting at CWIP or it is all into property of land and equipment in the end of this quarter.
- Shiv Singh Mehta:** Please repeat again the question.
- Rajesh Kumar Ravi:** End of March there was your ongoing Capex the CWIP was 13.7 Crores so is that totally that is a project under commissioning. So what is the status is the current expansion which your capacity increase which has happened.
- Shiv Singh Mehta:** That will be supplies in the month of August.
- Rajesh Kumar Ravi:** No the current increased capacity is it the CWIP is relating to that only or what is it.
- Shiv Singh Mehta:** No, that is part of current increase capacity and the expansion will be completed in the month of August and production will be commenced from the expanded capacity.
- Rajesh Kumar Ravi:** And what is the total cash out go estimated for this financial year you spend around 18 Crores last financial year how much Capex would be spent this financial year.



Kri Industries India Limited
August 12, 2022

- Shiv Singh Mehta:** This will be approximate 20 to 25 Crores.
- Rajesh Kumar Ravi:** So, there would be further increase in borrowing because earnings obviously first two quarters...
- Shiv Singh Mehta:** There will be some internal accrual.
- Rajesh Kumar Ravi:** No because cash balance is around 14 Crores on books March end and so you are looking at 20 Crores of Capex and you will have interest payments also. So I am given the first half we are looking at negative numbers.
- Shiv Singh Mehta:** No actually our inventory levels and our current asset levels are coming down and definitely this additional Capex will be from internal accrual because this will be throughout the year and definitely our expecting cash inflows in our coming periods.
- Rajesh Kumar Ravi:** So what I understand is the working capital is where you are looking to trim your working capital and that will help you release the internal accruals and that would largely help you from the ongoing Capex right.
- Shiv Singh Mehta:** Right.
- Rajesh Kumar Ravi:** Thank you, that is all from my end.
- Moderator:** Thank you. Ladies and gentlemen, that was the last question. I now have the conference over to Mr. Karan Bhatelia for his closing comments.
- Karan Bhatelia:** Shiv Singh Sir, any closing comments that you will make.
- Shiv Singh Mehta:** I only want to say that we had gone through a difficult time because of this fire, but now we are ready, we have come out of that negative cycle and we are looking forward to the coming second half with positive and optimistic view and we need all your good wishes. Thank you.
- Moderator:** Thank you. Ladies and gentlemen on behalf of Asian Market Securities Limited that concludes this conference call. We thank you for joining us and you may now disconnect your lines. Thank you.