



# KRITI INDUSTRIES (INDIA) LIMITED

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Online filing at: [www.listing.bseindia.com](http://www.listing.bseindia.com) and  
<https://neaps.nseindia.com/NEWLISTINGCORP/login.jsp>

To,  
BSE Limited  
Phiroze Jeejeebhoy Towers,  
Dalal Street  
Mumbai – 400001(M.H.)  
BSE Script ID: KRITIIND, BSE CODE: 526423

To,  
National Stock Exchange of India Limited  
Exchange Plaza, C-1, Block G  
Bandra Kurla Complex, Bandra (E)  
Mumbai – 400 051(M.H.)  
Symbol: KRITI

**Subject: Transcript of Earning Conference Call held on 09<sup>th</sup> November, 2023.**

Dear Sir / Madam,

We enclose herewith transcript of Earning Conference Call of Kriti Industries (India) Limited with the Investors and Analysts held on Thursday, November 9, 2023.

The aforesaid information is also being hosted on the website of the Company [www.kritiindustries.com](http://www.kritiindustries.com).

Please take note of the same in your records.

Thanking You

Yours faithfully,

For, **Kriti Industries (India) Limited**

**Tanuj Sethi**  
Company Secretary & Compliance Officer

Encl: As above

**Kriti Industries (India) Limited**  
**FYQ224 Earnings Conference Call**  
**November 9<sup>th</sup>, 2023**

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**Moderator:** Ladies and gentlemen, good day and welcome to the FYQ224 Earnings Conference Call of Kriti Industries (India) Limited. 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 the operator by pressing \*, then 0 on your touch tone phone. Please note that this conference is being recorded.

I would now like to hand the conference over to Ms. Purvangi Jain from Valorem Advisors. Thank you and over to you ma'am.

**Purvangi Jain** Good afternoon, everyone and a warm welcome to you all. My name is Purvangi Jain from Valorem Advisor. We represent the investor relations of Kriti Industries (India) Limited. On behalf of the company, I would like to thank you all for participating in the company's earnings call for the second quarter of the financial year 2024.

Before we begin, let me mention a short cautionary statement. Some of the statements made in today's con call may be forward-looking in nature. Such forward-looking statements are subject to risk and uncertainties, which could cause actual results to differ from those anticipated. Such statements are based on management's beliefs as well as assumptions made by and information currently available to the management. Audiences are cautioned not to place any undue reliance on these forward-looking statements in making any investment decisions. The purpose of today's earnings call is purely to educate and bring awareness about the company's fundamental business and financial quarter under review.

Now let me introduce you to the management participating with us in today's conference call. And I will hand it over to them for their opening remarks. We have with us Mr. Shiv Singh Mehta, chairman and managing director and Mr. Rajesh Sisodia, Chief Financial Officer. Without any further delay, I request Mr. Shiv Singh Mehta to start with his opening remarks. Thank you and over to you, sir.

**Shiv Singh Mehta:** Thank you, Purvangi. Good afternoon, everyone, and welcome to this earnings conference call of Kriti Industries (India) Limited for the second quarter for the financial year 2024. I'm pleased to announce that FYQ224, the company has registered an overall growth of 32% and 43% in terms of volume and value respectively on year-on-year basis. With total sales volume at 11,150 metric tons at against volume of 8451 metric tons, this growth in volumes was supported by increased efforts of market penetration and network development of building materials.

For the first half of FY24, the company registered an overall growth of 70% and 49% in terms of volume and value respectively on year-on-year basis. However, comparison with last year is not appropriate as we faced difficulties after the fire we had faced.

Now I hand over the call to our CFO, Mr. Rajesh Sisodia to give you financial highlights.

**Rajesh Sisodia:**

Thank you very much, Sir. Good afternoon, everyone. Let me take you through the financial performance of our company on a consolidated basis. The revenue for the second quarter financial year 2024 was around Rs. 150 crores, which was 43% higher on a year-on-year basis. Our EBITDA stood at Rs. 10 crores with EBITDA margins of approx. 6.95% and net profit was reported at Rs. 2.5 crore. The revenue for the first half of FY24 was around Rs. 429 crores, registering a growth of 49% on YoY basis. EBITDA profit was around Rs. 28 crores with EBITDA margins reported at around 6.48% and net profit was around Rs. 10 crores.

Talking about the segment wise revenue contribution for the first half financial year 2024, our agricultural segment contributed around 61% and industrial solutions contributed 26% with building products contributing 11%.

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

**Moderator:**

Thank you very much. We will now begin the question and answer session. The first question is from the line of Vani Desai from Total Capital. Please go ahead.

**Vani Desai:**

Hi. Good afternoon, sir. My first question is that Q3 is generally a strong quarter for us given that the rains have subsided. How do you see demand on the ground and is there any impact of erratic monsoon that you see for the demand for our products in the coming quarter?

**Shiv Singh Mehta:**

As far as demand scenario is concerned, as you said, there have been some erratic nature of monsoon, but at the same time the prices of current material, that is PVC and polyethylene are at the lower level, more comfortable level for the buyers. So, we expect good volume growth.

**Vani Desai:**

Okay. Second question on the building product side, in the first half, we have already done around Rs. 50 crores and that's a very good growth in Q2, in spite of being a slower quarter we have done a very decent volume there. So, you know what your expectation for the current year is and since now our product portfolio is complete and we said that we'll now start adding dealers also since we have stabilized. So, how do you look at you know growth in the building product side, you know for the next year?

**Shiv Singh Mehta:**

We are seeing a month-on-month increase in our volumes and market is, I mean efforts are on. As I've been telling you that we will be putting in these two three quarters extensively for

improving our market penetration and width of our distribution. And we continue to do that. So, we expect that we will be able to generate better volumes in second-half over first half.

**Vani Desai:** Okay. Essentially, you know, we should be able to cross Rs. 100 crore this year and then grow from there next year, right? That's the right way to there.

**Shiv Singh Mehta:** Exactly, how we feel.

**Vani Desai:** Okay. And sir, in spite of increased contribution from building products, I think our EBITDA margins are still, you know 6.5% - 7% and I understand this is a lean quarter, but even if I look at the raw material to the total sales, I think it's currently around 25% which is I think historically we have around 22% to 23%, we are above that number. So, you know, shall we be able to maintain and improve this number going forward as building product contribution rises in the coming quarter?

**Shiv Singh Mehta:** We are sure that we should be able to do that. I have been maintaining that. I mean coming for two – three quarters, this critical volume our efforts to grow market and expenditure towards development will continue to be pushing our EBITDA margins to some extent. But I'm quite hopeful going forward, we should be in a much better position.

**Vani Desai:** But any color on what kind of investment that we are doing to grow the building products both on manpower side, on promotion side, any quantitative number around that or at least you know impact of that on EBITDA margin? And is this investment going to continue for the rest of the year and next year, how should we look at that?

**Shiv Singh Mehta:** You see, normally development of a new product in markets entails about 4% or 5% of extra expenses to make a beginning. So, I mean it's very difficult to define in numbers because it will be you know month to month efforts go on changing and number of volumes come after you make initial effort, so I would say we will maintain better margins than what we have seen in Q2 and going forward we will continue improving quarter on quarter thereafter.

**Vani Desai:** Okay, and last question from my side. So, I think PVC prices had dipped and then again slightly bounced back. So, was there any impact of the same on our numbers in terms of any inventory losses or that number was inconsequential?

**Shiv Singh Mehta:** You see what kind of volatility in polymer prices have shown in last two – two and half years, now this Rs. 4 - Rs. 5 drip either side we have to take it in stride. So, this time also there was a price fall in the last quarter of Rs. 3 to Rs. 4 over beginning to end of the quarter. But thereafter in this month of October now market prices of material have stabilized or improved a bit.

**Vani Desai:** Okay. So, essentially there is no major impact in terms of trade losses for our numbers?

**Shiv Singh Mehta:** Right.

**Vani Desai:** I may have more questions. I'll come back, thank you.

**Shiv Singh Mehta:** Sure.

**Moderator:** Thank you. The next question is from the line of Sahil Jain. Please go ahead.

**Sahil Jain:** Hi. Thank you for the opportunity. So, a couple of questions from my side. So, the first one is, are we getting any benefits from the government schemes?

**Shiv Singh Mehta:** As we are still in the process of getting our registrations through at many places where we are still to make a beginning in a meaningful way.

**Sahil Jain:** Okay. And my other question is why the company is not able to achieve similar margins to its peer companies? So, especially when those peers are able to attain better margins?

**Shiv Singh Mehta:** You see, initially we have a lot of efforts to develop markets. So, our expenses are far more than industry average, and our volumes are low. So, on a lower base, if your expenses are high, your margins will suffer. It takes time to build it up.

**Sahil Jain:** Okay I understood. So, the last question from my side. So, what led to expansion in the margins in FYQ224 compared to FYQ223?

**Shiv Singh Mehta:** No, last year was a different year for us. So, any comparison with last year will not be meaningful because we went through a very difficult phase when we had a major fire. And then there were trading losses because we could not convert our current asset into sales. So, I mean there are no comparable numbers. So, if we can claim to have boasted much better margins than last year, but that's not relevant if you ask me.

**Sahil Jain:** Okay, all the best thank you.

**Shiv Singh Mehta:** Thank you.

**Moderator:** Thank you. The next question is from the line of Sonali Majumdar from Investor. Please go ahead.

**Sonali Majumdar:** Thanks for the opportunity. So, my first question was, can you provide some information about our major clients or top clients in the industry segment and in the percentage break up more detailed way?

**Shiv Singh Mehta:** No, see, as I have been maintaining, we are trying to develop our building material and that's where our major efforts are today. Our agriculture segment is growing as such on a regular

basis because we are pretty strong brand in the areas where we focus and we have a major market share in the areas. So, we will continue to grow with the industry and whatever little extra effort we make and extra additional growth comes to us. As far as institutional sales are concerned, we are quite circumscribed in the sense that we don't want to get aggressive there. We will continue to maintain a reasonable presence within the limits and boundaries which this kind of industry offers, maintaining our total exposure to that in a limited budget what we have internally, we keep deciding upon. The reason is that most of the EPC contractors generally run into payment problems once government payments don't come through in time. So, that's where we are there. Volumes are possible, but we are quite circumscribed and careful. Do I answer your questions?

**Sonali Majumdar:** Yeah, pretty much. Also another question was what is the overall demand for our products in central India and are we experiencing significant sales in region beyond central India and also in other companies, we just heard about some issues in the pipeline which are coming up in supply chain. So, could you throw some light on this regard?

**Shiv Singh Mehta:** No, I'm not very clear about the question. Can you repeat what you really want to know?

**Sonali Majumdar:** Yeah. Mainly I want to know overall demand for our products in central India and are you experiencing any significant pipe sales?

**Shiv Singh Mehta:** Yes, the demand is good and we still maintain that going forward, the prospects are good and we are maintaining fairly good supply side for the central portions of India where we are well known brand.

**Sonali Majumdar:** Okay. And basis on the supply chain issues for the pipe this quarter?

**Shiv Singh Mehta:** No supply chain issues are not much to be experienced, so I think that is fairly comfortable, from the raw material side to finish goods side, things are okay.

**Sonali Majumdar:** Okay. And just have a last question. Why did your financing costs and depreciation increase in H1 compared to H1 FY23?

**Shiv Singh Mehta:** Financial costs have gone up a bit in terms of new investments we have made. So, that is what is reflected in our numbers.

**Sonali Majumdar:** Okay. Thank you so much.

**Moderator:** The next question is from the line of Dhwanil Desai from Total Capital. Please go ahead.

**Dhwani Desai:** Sir, we have seen a very sharp jump on the industrial side and I think in the last call also had indicated that the demand is good, but we will actually shuffle in that. But at least this

quantum of volume you know can be maintained without taking a new credit risk. How do you see that demand for next two – three quarters?

**Shiv Singh Mehta:** Demand is certainly good. We will be very careful in committing anything beyond this based on our experiences on payment side of EPC contractors. So, far payments are coming well and within our disciplined working parameters. So, till that time we are working and we will not go beyond that.

**Dhwani Desai:** Okay. And also, on the agri and building product, both the sides, if you can give us some sense as to how the non-MP, Rajasthan states are scaling up? And any new states that we have entered into or the entire growth is coming from the existing states, but slightly newer than the MP and Rajasthan. Some color on that?

**Shiv Singh Mehta:** You see, as you have said, the demand side for agriculture is good. Building material we are seeing that from the states we had entered, we are improving month in month out and we will continue to operate in these states till we mature them. We will not try to go to newer unchartered territories on immediate basis.

**Dhwani Desai:** So, that will be largely MP, Rajasthan and Maharashtra, right, these three states.

**Shiv Singh Mehta:** Building material we have some extended territories as I've been telling you, we have gone to some states in South. We are working on some of the northern states like UP and others which we will continue. And as our market experience improves and matures, we will further steer our business plan.

**Dhwani Desai:** Okay. Sir, wherever we are present currently and whatever current dealership that we have kind of appointed for building products and the marketing people that we have employed, all put together, can we scale this business from let's say Rs. 100 crore to Rs. 250 crores without making any new entry into new states or kind of adding more dealers or increasing marketing strength? What is the current setup? What is the optimal revenue that you can get?

**Shiv Singh Mehta:** Absolutely what you have said is on spot because our market shares are fairly small. So, even if we improve our market share by a few points, say we become a reasonable player in these areas. We will get these numbers from the same market without unnecessarily going into new territories or geographies.

**Dhwani Desai:** Okay. And last question, sir, on the building product side, I think almost everybody is entering in this space or anybody who is in the pipe segment and I think we have kind of discussed it before, you said that the market is very large and hence there is room for everybody but at the end of the day, we have to compete with the smaller and larger both kind of players. How is it that everybody is entering in this market and still are able to make good margins?

Generally, when any industry, space gets crowded, the margin will come under pressure. So, aren't we seeing that kind of a possibility or scenario playing out?

**Shiv Singh Mehta:** You see presently Indian market is growing fairly fast and on a continuous basis. So, going forward for coming 5-6 years, I don't see a challenge there because the industry capacity addition and the total demand will more or less keep industry comfortable.

**Dhwani Desai:** Okay. That's it from my side.

**Moderator:** Thank you. The next question is from the line of Rahul Jain from Credence Wealth. Please go ahead.

**Rahul Jain:** Thank you, sir. I'm so sorry if I can be repetitive, sir, I missed some initial parts of the commentary, With regards to demand overall on the agri and the building product side, given the rains thereby till first week of September the rains were deficient but somewhere in third and fourth week the rainfall was quite high, heavy in some of the major markets where we are operating including MP and Rajasthan. So, typically now how do you see the scenario in terms of the overall demand going ahead? And since third quarter is generally a very good quarter for us compared to the second quarter and also going ahead for the next year season, somewhere the stocking will happen by the retailers from the fourth quarter onwards. So, how do we see the scenario going ahead?

**Shiv Singh Mehta:** You see what you said is right, that there were challenges due to erratic monsoon this time, while up to July it was very good, August was totally wiped out in terms of rains and September there were heavy rains once again. But overall, the crop situation has not been very poor. It's been fair. #2 the prices at which raw material is today is very comfortable for a customer to make a buy decision because he has seen much higher prices in the past. So, it's comfortable. So, we are seeing good growth.

**Rahul Jain:** Okay. And this is for both agri and for building products.

**Shiv Singh Mehta:** Yes, both sides.

**Rahul Jain:** And, sir with regards to margins, typically since our industrial has been much better for last two three quarters, if you can quantify typically what is the difference between the margins of agri, building products and the industrial side, because I understand industrial is the lowest margin business. So, is that somewhere the industrial proportion as a total has been higher whereby the margins are lower? And how would it go high?

**Shiv Singh Mehta:** Our efforts of developing market entail much more expenses because our base is smaller on building material. So, till the building material volume gets ramped up, our margins will automatically improve.



**Rahul Jain:** And in what time do we estimate those margins? Typically, this development expenditure and promotional, which we have been doing for last three four quarters, somewhere are we at the peak of that or now will that start reducing? How do we look at it? Because even in last quarter when our sales were really very good, somehow the margins were a bit disappointing.

**Shiv Singh Mehta:** I appreciate your point, but as I said even last time in the call that at least for two quarters, I see little stretch on the margins because of promotional efforts will continue to make.

**Rahul Jain:** So, probably you are trying to hint that from third quarter onwards somewhere the margin should be improving now?

**Shiv Singh Mehta:** They should start showing improvement, but real improvement will only come next year.

**Rahul Jain:** Next year.

**Shiv Singh Mehta:** Yeah, because another two quarters, they will continuously show improvement because our investments will continue, but our volumes are since improving, the base is larger for absorbing those promotional costs.

**Rahul Jain:** And with regards to building products, since you mentioned that we have been putting in a lot of promotional as well as development expenditure for building products, we are done with the SKUs also now and I understand that the overall building products is doing well this year. And so going ahead in the next year, what kind of growth we can see on the building product side?

**Shiv Singh Mehta:** We will be certainly closing this year, I mean second-half at a higher numbers than the first half. So, going forward next year, we should see a fairly good quantum jump in building material with all the basic requirements in place.

**Rahul Jain:** Sure, thank you, sir, and best wishes and wish you and the entire team at Kriti, a very happy Diwali.

**Shiv Singh Mehta:** Thank you so much. We need your good wishes.

**Moderator:** Thank you. The next question is from the line of Aditya Singh from Robo Capital. Please go ahead.

**Aditya Singh:** Hi, thank you for the opportunity. So, can you please share how much PVC prices are as of now, one in Q2 and at present for our company?

**Shiv Singh Mehta:** I have a division of totally agri sales. I don't have specific information on my table about PVC or any specific product, so I can ask our accounts, finance and you can connect. They will share the information.

**Aditya Singh:** Alright and again we understand that the capacity utilization depends on the demand ultimately, but any inspirational target as to where are we looking this demand next year and ultimately where should we reach in terms of capacity utilization in the following two years?

**Shiv Singh Mehta:** You see, we clearly see good demand from customers at these raw material prices. So, we should see a significant jump. Industry should be growing at an average of 7% to 8% because overall growth is clearly visible. So, we must be targeting little beyond that number.

**Aditya Singh:** Okay. Little beyond 8% to 9%. Alright, thank you. That was my question.

**Moderator:** Thank you. The next question is from the line of Dhwanil Desai from Total Capital. Please go ahead.

**Dhwanil Desai:** Sir, thanks for the opportunity again, Sir, for building products, do we need to do any further CAPEX in the coming year to grow the business substantially from Rs. 100 crore onwards and if so, what would be the quantum?

**Shiv Singh Mehta:** You see, building product is a business where you have to continuously increase your range, better designs and developments. So, CAPEX will be a continuous process but it will all depend how far and how quickly we are able to ramp up to the numbers because at every level of growth you will be looking at next level of products and business offers opportunities. So, it will all depend what time we strike, the critical number for a particular Stage-1, Stage-2, Stage-3. So, we will definitely need CAPEX cycles, but it will all depend where we are by next year and then we'll decide on the kind of CAPEX we will be doing.

**Dhwanil Desai:** So, whatever Rs. 30crores - Rs. 35 crore of CAPEX that we have done that would hold us good for what Rs. 140 crores - Rs. 150 crores kind of a number.

**Shiv Singh Mehta:** All depends on the - no for Rs. 100 crores business cycle we have nothing to say. We are there, we'll do it and already proceeding to that line. But if we become little ambitious next year, say we want to grow by another Rs. 50 crores or Rs. 100 crores, then we'll have to go for more CAPEX and then we'll plan that.

**Dhwanil Desai:** Okay. And that would be incremental in nature like say Rs. 15 - Rs. 20 crore kind of a number, right? So, it will be a Brownfield CAPEX?

**Shiv Singh Mehta:** We are able to ramp up because ultimately capacity limitation will come through the line throughput. So, if you have to increase your line capacities then you will need, if you want, to

raise the basic range you already have. So, it's a question which would depend on the actual business scenario we are able to create for ourselves.

**Dhwanil Desai:** Okay. And I think in the last call and even previously you had indicated that for the further CAPEX from the agreed side or get entering a new state in terms of putting up a new facility, we'll take a call after we look through two or three quarters. So, have we made any decisions around that or we're still kind of contemplating?

**Shiv Singh Mehta:** We are studying the subject. We are seriously evaluating when we should really get into that kind of action. I mean we have said that after two or three quarters, we'll definitely look at it. So, we are definitely considering the options and evaluating them.

**Dhwanil Desai:** Okay, thank you.

**Moderator:** Thank you. As there are no further questions, I'll now hand the conference over to Mr. Shiv Singh Mehta from Kriti Industries (India) Limited for closing comments.

**Shiv Singh Mehta:** Thank you, all the participants. You have been very kind to find time even in this festive season to be with us. And thank you for your encouragement. We look forward to more positive and constructive dialogue. I wish all of you a very happy Diwali and happy New Year. All the best. Thank you.

**Moderator:** On behalf of Kriti Industries (India) Limited that concludes this conference today. Thank you for joining us and you may now disconnect your lines.