

Company Name: KRITI INDUSTRIES LTD.

Quarter under review: Q4-FY24/FY24

KRITI INDUSTRIES LTD. Q4-FY24/FY24 Concall Highlights:

Financial Highlights:

Kriti Industries (Consolidated)								
INR In Mn	Q4-FY24	Q3-FY24	Q-o-Q	Q4-FY23	Y-o-Y	FY24	FY23	Y-o-Y
Operational Income	1,946	2,428	-19.9%	1,884	3.3%	8,666	7,325	18.3%
EBITDA	138	178	-22.5%	157	-12.1%	595	-78	-862.8%
EBITDA M (%)	7.09%	7.33%	-24 bps	8.33%	-124 bps	6.87%	-1.06%	793 bps
PAT	36	80	-55.0%	160	-77.5%	219	-230	-195.2%
PAT M (%)	1.85%	3.29%	-144 bps	8.49%	-664 bps	2.53%	-3.14%	567 bps
Diluted EPS	0.73	1.60	-54.4%	3.22	-77.3%	4.42	-4.64	-195.3%

Operational Highlights:

- The Company's total sales volume in Q4 FY24 reached 17,554 metric tons, showing a 16% year-on-year growth from Q4 FY23.
- The building product business saw an impressive 75% increase in volume compared to the same period last year.
- The company experienced a 28% growth in sales volume and an 18% growth in sales value in FY24.
- The company's sales volume for the agriculture segment grew by 16% year-on-year.
- Industrial solutions segment witnessed a substantial 59% growth in sales volume compared to the previous year.
- The Company's Agriculture segment contributed 62% to segment-wise revenue for FY24.
- The Company's Industrial solutions contributed 26% to segment-wise revenue for FY24.
- The Company's Building products contributed 12% to segment-wise revenue for FY24.
- The company highlighted a consistent EBITDA margin of 7% showcased over the last three quarters.
- Quantum growth of 28% and a price decrease of 7.5% led to an arbitrage tool effect of 0.5% of 14 crores.

Key Questions & Answers discussed during the Concall:

- How has the demand been from the agriculture segment and the other segments for upcoming year?**
 The demand scenario looks to be fairly good because prices are affordable and we are seeing good traction on the top line. Despite the appearance of a good quarter, agriculture demand is notably the weakest.
- What is the reason for the increase in other expenses by INR 8-9 crore compared to the past two years?**
 We are trying to expand in building material, initially our expenses will continue to be a little higher and as the volume ramps up, we will be able to distribute these expenses. So it's only then we may see that our expenses per unit of sales will be within a range and then our margins should look up.
- What kind of revenue can company generate from the peak capacity in the building product division?**
 This year, we have seen a total sales volume growth of 79%, an 80% increase. Consequently, our expenses have mainly been directed towards expanding our range, increasing product quantities, and making significant initial investments. This expansion includes developing capacities to meet the specific market demands for CPVC, UPVC, fittings, and pricing requirements. With our expanded range, we anticipate being able to tap into new market segments effectively.
- What kind of efforts was company making on the building product side last year, despite having low base sales?**
 So our building product sales in volume grown by 62% last year and if we look at the quarterly performance over the past two-three quarters or four quarters, building products could have saved around 10,000 tons per quarter and it has remained in that range for almost three quarters now.
- How does Kriti foresee the growth for next year, and what is their perspective on the scale of this growth?**
 So even on the base of let's say INR 100 crore, going forward, we will do better as our range is now available and our marketing abilities have improved. So we are quite confident that we should be able to maintain the growth rate.
- What is company's current market share in Maharashtra compared to two years ago when it was reported to be 10 percent and are we still at a similar level?**
 Expanding into multiple locations is essential to sustain volume growth within our current range. India's vast territory poses transportation cost challenges, but as our building materials business expands, we can access larger and distant markets, potentially driving increased traction.
- Has company finalized any locations or commenced operations in any new plants as part of its strategy to expand into multiple locations ?**
 We still have plants that are to be crystallized. We are looking at a critical mass which we are going towards. Actually we have planned but because of disruptions here we had to be revisited, which we are in the process.
- What is the current order book status for Kriti in the agriculture segment ?**
 In agriculture, every day there is a continuous order inflow because we are dealers. So there is always continuous order inflow and supply. There may be shortage in some sizes, some available stocks, but overall in few days everything gets up.

- **What is company's guidance for the next 3 to 4 years regarding geographical expansion, revenue targets, and expected margins in the building materials segment?** Once we reach more than INR 200 crores in building materials, our strengths will become very different and then we are looking at a very different capability. The growth rates could be very different. Our ability to serve various types of markets and customer profiles is much better. We can expect around 50% year-on-year growth for next 3-4 years in the building material.
- **What is company's approach to capital expenditure (CAPEX) and capacity expansion in the building products segment?** We had undertook a CAPEX of INR 20 crores in addition to a previous INR 30 crores, totaling INR 50 crores for capacity expansion in the building products segment. The current capacity, augmented by this expenditure, is estimated to yield sales between INR 160 to 170 crores. Future expansions will focus on machine and molding capacities to optimize efficiencies and meet market demands.

Key Participants:

- Rahul Jain - Credence Wealth
- Ankit Gupta - Bamboo capital
- Miraj Shah - Arihant capital
- Sampath Nayak - Tiger asset ltd.

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