



# KRITI INDUSTRIES (INDIA) LIMITED

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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 13<sup>th</sup> November, 2024.**

Dear Sir / Madam,

We enclose herewith transcript of Earning Conference Call of Kriti Industries (India) Limited with the Investors and Analysts held on Wednesday, November 13, 2024.

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) LTD.**

**“Kriti Industries Limited  
Q2 FY '25 Earnings Conference Call”**

**November 13, 2024**



**KRITI INDUSTRIES (INDIA) LTD.**



**MANAGEMENT: MR. SHIV SINGH MEHTA – CHAIRMAN AND  
MANAGING DIRECTOR – KRITI INDUSTRIES LIMITED  
MR. RAJESH SISODIA – CHIEF FINANCIAL OFFICER –  
KRITI INDUSTRIES LIMITED**

**MODERATOR: MR. MIRAJ SHAH – ARIHANT CAPITAL**

**Moderator:** Ladies and gentlemen, good day, and welcome to Kriti Industries Limited Q2 FY '25 Earnings Conference Call. 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 star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Miraj Shah from Arihant Capital. Thank you, and over to you, sir.

**Miraj Shah:** Thank you, Tanmaya. Good afternoon, everyone, and welcome to the Q2 FY '25 Earnings Conference Call of Kriti Industries. Today from the management, we have Mr. Shiv Singh Mehta, Chairman and Managing Director; and Mr. Rajesh Sisodia, our CFO.

Without further ado, I'll hand over the call to Mr. Shiv Singh Mehta for his opening remarks. Thank you, and over to you, sir.

**Shiv Singh Mehta:** Thank you. Good afternoon, everyone, and welcome to the earnings conference call of Kriti Industries India Limited for the second quarter of the financial year 2025. This quarter was challenging for the company. Raw material prices saw a sharp decline, affecting both profitability as well as sales. Supply chain was struggling with falling prices. In Q2 financial year '25, total sales volume was 10,055 metric tons as against 11,150 metric tons in Q2 financial year '24.

On the segmental front, in Q2 financial year '25, the company registered a growth of 25% in volume in building products business compared to Q2 financial year '24 and an 18% increase in volume in Agri business. Here, I want to state that in this quarter, company's institutional business was down to near 33% as company strategically restrained itself from any aggression.

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

**Rajesh Sisodia:** Yes. Thank you, Chairman, sir. Good afternoon, everyone, on the call. Let me take you through the financial performance of our company on a consolidated basis. The Q2 financial year '25 revenue stood at INR117 crores, which segmentally reflects INR82 crores in Agri business, INR26 crores in BP business and INR9-odd crores in Institutional business.

The volumes in Agri grew 18% and Building Products business grew 25%. But correspondingly, the prices were down 13% and 20%, respectively, resulting in overall growth of 1%. Institutional business has degrown during this period by 67%. EBITDA of your company stood about INR5 crores. There is a dip by 186 basis points on Y-o-Y basis. Now during ending of this quarter, I am also presenting the half yearly position of our company.

The revenue for half year '24-'25 is around INR375 crores. The volume during the half year in Agri grew 11% and Building Products business grew 50%, but correspondingly, prices were down by 5%. Institutional business has degrown by 75% during this period. Half yearly EBITDA of your company stood at about INR29 crores. On overall basis, the EBITDA rose by 138 basis points on Y-o-Y basis.

Thank you. I would like to open the floor for questions, if any.

**Moderator:** Thank you very much sir. We will now begin the question-and-answer session. The first question is from the line of Vaidik from Monarch Network Capital Limited. Please go ahead.

**Vaidik:** So sir, I have a couple of questions, mainly on the Agricultural side and the Building Products side. So firstly, on the Building Products side, I would like to know that in the first half, we have done close to INR56 crores, INR57 crores in terms of revenue. And for the last year, in FY '24, we had done INR103 crores in revenue. So going forward, will we surpass the FY '24 numbers? And if we do so, then what would be our growth drivers and how much would be the volume growth?

Also on the realization front, we can see that our realization is going down drastically each quarter. So any view over it as to where will the realization be? And what is your outlook for next couple of years as well? This is on the Building Products side.

**Shiv Singh Mehta:** Building Products side is growing as a category. And we certainly look forward to it with a lot of positive expectations. During the last quarter, there were two challenges. One, the prices were continuously falling. As you must be aware, the PVC prices from INR92.50 which we were on 1st July came down to INR76.50 on 30th of September, which is a sharp decline in a short period. This has affected both companies' operations in being able to push product in market, because the entire supply chain was first offloading its stocks and were apprehensive about further price fall.

However, in spite of this situation, company was able to register growth in Building Products segment over last year, which is equal to 25% for this period. So we are quite hopeful that we will not only exceed last year numbers, but we will also grow overall going forward in the period to come.

**Vaidik:** But sir, for this quarter, our revenues have actually declined by 1% and not grown. So the 25% growth number, is it for H1?

**Shiv Singh Mehta:** No, Q2 to Q2, last year to this year, there is a 25% growth. But if you look Q1 to Q2, it has not been able to maintain growth, because, a, the entire supply chain was -- I mean, offloading it's stocks. So once the prices are stabilizing, we will again see a positive growth.

**Vaidik:** I think we reported a decline in -- okay sir. And sir, the same question would be on the Agriculture front as well. So what is our view?

**Shiv Singh Mehta:** Normally, Q2 is always a very sluggish period during monsoon. But if you look at agriculture also from Q2 to Q2, our company has shown a positive growth in this Q2 as against last year, the company has grown its business approximately 18% in volume metric tons.

**Vaidik:** Sir, so volume growth was there of 17%, 18% this quarter, I understand. So sir, going forward, what is our view for Q3 and Q4?

- Shiv Singh Mehta:** Q3 and Q4, we are certainly looking with more -- I mean, surety because, one, prices are now towards the lower end of the curve. And they are stabilizing. And again, the market will be certainly looking forward to more possibilities at these prices. And when supply chain itself is offloading its stock, they will be again rebuilding stocks to some level.
- Moderator:** The next question is from KD Mishra from NJ Advisory. Please go ahead.
- KD Mishra:** Just wanted to have a few questions regarding that in the column pipe section, I wanted to know what is being added here? And will the column pipes help for Industrial sector, for Agri? Industrial or the Agri sector?
- Shiv Singh Mehta:** Column pipes is for Agri and it's also used in Building material. But in building side, it's a very competitive, very low volume. Major volumes come in Agri side.
- KD Mishra:** Okay. Okay. And sir, I also wanted to clarify if the Q2 Agri volumes were 8,000 tons versus 28,000 tons in H1?
- Shiv Singh Mehta:** Can you repeat it again? It's a little not clear what you spoke. In Q2, the metric tonne volume for Agri, am I right? This is what you are asking?
- KD Mishra:** Yes, yes.
- Shiv Singh Mehta:** In the metric tons, the Q2 volume in Agri business -- what is the total volume? 7,200 metric tons.
- KD Mishra:** Okay. And for the H1, any difference?
- Shiv Singh Mehta:** H1, the total volume for -- will be 28,000 metric tons, approximately 28,000 metric tons. It is a little short 28,879 metric tons.
- KD Mishra:** Any particular reason for this to come down during Q2?
- Shiv Singh Mehta:** Q2 is always down, because during rains, no one puts pipeline in the ground. So Q2 is always very sluggish.
- KD Mishra:** Okay. Understood. And sir, the PVC price movement was very extreme in the previous quarters. So I wanted to understand how much has been the impact due to the prices crashing down during the quarter for your company?
- Shiv Singh Mehta:** Same. Fall from INR92.50, which was the price on July 1, the prices came down to INR76.50 on 30th of September. So you can see it's almost 17% to 18% fall during this quarter. So I don't have an exact number, because every day you are buying, processing, selling, but there will be a substantial loss on account of this price fall on the current asset, which company normally maintains during this period.
- KD Mishra:** Okay. Understood, sir. And sir, you have raised INR150 crores. So I wanted to understand, I mean, how much of that is being utilized and in which parts you have utilized?

- Shiv Singh Mehta:** No, about -- you are talking about the money company is raising through QIP?
- KD Mishra:** Yes, sir.
- Shiv Singh Mehta:** No. We have only taken, first 25% of money has come in, which is amounting to about INR37 crores. And most of it is getting utilized either in working capital or capex. So some capex money has been already spent.
- KD Mishra:** Okay. Understood, sir. And sir, I wanted some color from you on the company with just one plant, how are you seeing this to become a pan-India supplier? How are you meeting up with the challenges? And what initiatives are you taking with one plant?
- Shiv Singh Mehta:** I think that your voice is getting a little distorted. If I understood you correct, you want to know what kind of challenges we see going forward. Am I right?
- KD Mishra:** Yes, sir.
- Shiv Singh Mehta:** You see this business of Building Material will continue to grow. The prices in raw material side were suddenly coming down. As you must have been aware, Government of India has already issued a notification towards additional dumping duty, because a lot of material was getting dumped in India at very low prices during this period.
- And that final draft has already been published by government. So prices are towards the lower end. They may stabilize here, or government may impose certain additional import, ADD on the material. If these things come through, prices will stabilize, and businesses will continue to grow.
- Moderator:** The next question is from the line of Sunny Gosar from MK Ventures. Please go ahead.
- Sunny Gosar:** Basically, I would like to get some perspective on the Industrial business. So in the last year, we did about 17,000 tons, 18,000 tons. However, in the first half, we have been able to clock only 2,000 tons. While it's a good call to be very conscious with working capital and basically not stretch the balance sheet. But how should we look at this business in the second half? And what are the thoughts on this business, say, over the next 18 to 24 months?
- Shiv Singh Mehta:** You see, I have always maintained that we will be circumscribing ourselves within limits of a limited INR100 crores to INR150 crores game play in Institutional business. Because the very - - DNA of this business, where you are not sure about payment cycles and many times, the margin pressures are too high.
- As you are all aware that during first quarter, most of the payments from government to the EPC contractors, because the buyers are EPC contractors were not as regular as they would have been expected. So even EPC contractors were not placing orders and there were limited business available, which was being transacted at very competitive rates. And as a company, we are very clear. We don't want to get areas, which we are not very comfortable.
- And that's why we will be very cautious and careful in Institutional business. Going forward, we see there is an improvement in overall sentiment towards government payment cycle towards EPC. But how far that will fructify is something we have to see. So we'll be very careful. We

will definitely see second half better than first half, but we are not looking to numbers what we had hit last year in terms of Institutional business.

**Sunny Gosar:**

Got it. That's very helpful. My second question is with regards to our capital allocation framework, say, over the next 12 to 24 months. So once the warrant money -- the residual warrant money also comes in and the company will generate -- also start generating higher EBITDA. So we'll have sufficient cash flows for reinvestment.

So how should we look at -- so in one of the earlier calls, you had also mentioned about setting up a greenfield plant at some point in time in the future. So how should we look at the overall capex assuming a greenfield project? And what would be the, say, the routine capex in the existing plant where you will keep adding capacities? And how much further capacity can be added, say, in the existing plant in Madhya Pradesh?

**Shiv Singh Mehta:**

You see, as far as the extrusion side is concerned, company has the ability, and company has been regularly increasing its capacity as well the market needs and requirements. But the Building Products, we are very clear that this is the area of our focus. And all major investments going forward will be in this space. Because you have to cater to a large range of products in terms of fittings and CPVC pipes and similar other sizes and types of products.

So company is already actively considering certain business plans. Once they get finalized, we will be able to give you exact allocation of investments planned, but majority of this money will go towards capex in the current plant or the greenfield plant.

**Sunny Gosar:**

Got it. And what would be a good assumption in terms of like, what would be the timeline by which you will have better visibility on the capex?

**Shiv Singh Mehta:**

January-February, we'll have a very clear road map of our business plan for the going forward.

**Sunny Gosar:**

Got it. Got it. And maybe if I can push in one last question, is on the column pipes. So can you give some perspective on what is the opportunity with column pipes? And what are our capacities, is it like, I believe we have expanded some capacities in this segment. And who would be our major competitors in this segment?

**Shiv Singh Mehta:**

You see column pipe is a little technical product. And its performance on ground makes all the difference in terms of getting right business and more business going forward. So the company has rolled out this plan with a totally integrated automated facility to ensure that product is of superior quality to most of the existing available products in market.

And since in India, large area is through borewells, and irrigation is through borewell. We see a good opportunity for a quality product, not only gain volumes, but also premiums in the marketplace. So we want to play on the premium side of the business, not only on the volume side of the business.

**Sunny Gosar:**

Got it. And what is the potential revenue from PCV's perspective, which we can achieve with the current capacity or the peak volume that we may be able to achieve, from our current capacity?



- Shiv Singh Mehta:** Once we are able to convince customers that there is a value in the quality product we are offering, we clearly see going forward, we can definitely build up volumes in excess to 600 to 700 tons a month. So current going basis, it would be more than INR10 crores to INR12 crores a month possibility. But it will take time, because it doesn't happen overnight. Proving your quality, product performance is a process.
- Moderator:** The next question is from the line of Arman from Blue Sky Capital. Please go ahead.
- Arman:** I'm pretty new to the company. Just I want to understand that PVC for us is a raw material, right? So if PVC prices are falling, how is that affecting our end product sales? Is it because of the inventory we have bought it at the high price and that is getting declined? And if that is the case, then if we are saying the prices will remain at this level or may rise from that level, so coming quarters, we might get inventory gain also? My first question is this.
- Shiv Singh Mehta:** So if prices go up, we will have an inventory gain. But if they remain stable, then doesn't happen that way that you have an inventory gain. So you have an inventory in pipeline always, which is affected by price increase or price decline. However, entire supply chain also carries inventory, like dealers, retailers. And all of them are also affected by the price movements. So there is an intensity towards higher purchases when prices are going up. But when prices decline, they would like to liquidate their existing inventory before they consider buying a fresh.
- Arman:** Okay. Got it. And my second question is, like for the 25% of the funding, which have already we have told about, we have done some capex also for the coming 2, 3 years. In January, you already told that you will have a road map. But for coming 2, 3 years, if I see this company, what kind of target you have for yourself or internally for the company that where you want to reach?
- Shiv Singh Mehta:** You see, we would certainly like to grow in double digits and towards -- more towards 20% game play for sure in coming 1 or 2 years. But once our capex and all these things becomes productive, which may take a little time, we may see a much higher growth rate for the company.
- Arman:** Okay. Sir, in our industry, in which we are present, how much time does it take to start a capex and then complete the project and start production out of it? How much time does it take for a plant to get operational?
- Shiv Singh Mehta:** Yes, about a year's time that from greenfield for a greenfield projects to get into full output status.
- Arman:** Okay. So basically, what we are saying is in FY '27, we'll have complete fruit of whatever capex we do will start from January, right?
- Shiv Singh Mehta:** Yes, sure.
- Moderator:** The next question is from the line of Miraj Shah from Arihant Capital. Please go ahead.
- Miraj Shah:** So sir, just a few clarifications and questions. So you said that by January, you'll have a proper roadmap for where do you want to put up another plant, because the current plant is only in MP. Just wanted to understand your checkpoints that you would be looking for this? Is it something



like you would be looking for some -- a plant closer to the port so that your imports and exports -- sorry, imports for raw material would be cheaper? Or are you looking somewhere towards the northern region, somewhere closer to UP, where the demand is much, much higher over there? What would be your checking points over here?

**Shiv Singh Mehta:** Plant will be closer to customers. We are going to reach out to customers, because transportation of pipes is a voluminous product and entails a lot of -- I mean, logistics costs. So the whole effort will be -- we are looking at 2, 3 markets, and we'll have to set our priorities in terms of priority 1, priority 2.

So wherever our first priority goes, we will be going to a plant -- location, where we cannot -- we find it difficult to supply from existing plant. So it has to be away, because that plant should be able to cater to a region and geography, which is difficult to service from existing plant, because of the logistics cost.

**Miraj Shah:** Okay. In that case, sir, which region are we currently heavy for sales?

**Shiv Singh Mehta:** We are working on two, three options. And that's what I said that by January, we hope to conclude, I mean, in the first half of -- first quarter of the coming year, we should be able to be clear in our business plan and roadmap ahead.

**Miraj Shah:** Understood. Sir, for the capex that we did in FY '24, roughly INR40 crores, I believe we did that. For FY '25, we had planned INR50 crores. In Q1, we did INR10 crores. So how much have we done in Q2?

**Shiv Singh Mehta:** Q2-- And going forward, we are just finalizing our plans. Once we are ready, the whole capex rollout will be clear.

**Miraj Shah:** I missed it. I think there was a volume voice drop. You said Q2 is...

**Shiv Singh Mehta:** We have done a capex of about INR10 crores, including Q1 and Q2. Going forward, whatever capex will depend on our plants, which we'll be freezing as quickly as we do that, we will decide and go ahead with that.

**Miraj Shah:** Understood. Okay. And sir, the ADD part that you mentioned, we saw the document. But I believe in the last pages of the document, it was mentioned that they are still inviting comments for the next 30 days from all the interested parties. So has the ADD been levied or there will be -- the final document will come out after 30 days after considering all the comments?

**Shiv Singh Mehta:** Government has already notified in press, and they have a procedure. They have to go through that procedure before they take a final view and decide and announce.

**Miraj Shah:** Okay. So these are the current provisional figures, right? These are the...

**Shiv Singh Mehta:** That's already in their notification, they have said that this is the country, these are the places where we are intending for ADD and got any kind of views you have, you can share with government in this period of time.

- Miraj Shah:** Okay. And just one last thing, sir. In the presentation, we've given the Industrial volumes that have come down significantly. That's only because of the EPC demand not being there, right?
- Shiv Singh Mehta:** See, demand was low. And obviously, when the larger suppliers are chasing same business, they have a tendency to have a very competitive place, by positioning. And as a company, we are very strategically clear that we will not go aggressive in this area, rather we'll restrain ourselves. So we have been maintaining that we will never think it as a main business driver looking due to the complexities and realities of this business.
- Miraj Shah:** Understood. Okay. Yes. So most of my questions are answered. I just had one clarification. I was looking at this document that was uploaded, which was for the utilization of funds. Roughly INR150 crores that we have raised through PEF and only INR40 crores we've -- the warrants that we've converted only INR40 crores we've received. But sir, in that we've reserved roughly INR30 crores for other general purposes. What do these constitute? I wanted to understand that. What purposes -- I mean, are these going to be using working capital again or any other usage?
- Shiv Singh Mehta:** There are three, four options, which we will be considering. That's why I said going forward, as soon as our clarity on business plan is fully crystallized, we will be able to take a call.
- Moderator:** The next question is from the line of Arman from Blue Sky Capital. Please go ahead.
- Arman:** Yes, sir. Just a follow-up from a question, is that we have already raised money means we have done that for some time. And yet we are saying that on January, we'll decide on most of the part of 75% of the portion what we are going to do. So my question is why was at that time a certain decision or taken that we should do at that time or why not later? So what was the thesis behind raising -- taking a decision at that time and not later or sooner or after?
- Shiv Singh Mehta:** The decision was taken that we have to go within certain kind of a business plan. We had to see the locations and placement and the product ranges for that particular business development. So this is a market study. And unless you are sure that you are ready with the backing of finances, one cannot rule out the plan. So it is very clear that this is the plan we have to execute. Location, placement, sizes, product depends on the region where you go and place the market. So once we are through, the overall plan is clear, direction is clear, specifics are being filled into the whole scheme.
- Arman:** Okay. And what could be the most adverse effect of delay in execution of what we are planning? Is there any risk that carry behind it?
- Shiv Singh Mehta:** I'm not very clear about. Can you please repeat?
- Arman:** No. Like we said that in January, we are having -- we will have a plan of how we are executing it or how we'll use that fund. Is there any risk that could take place that might delay our decision from January to more forward?
- Shiv Singh Mehta:** No, there is a team within organization, which is working on the whole detailed execution plan with the specifics in terms of objectives and opportunities and comparative benefits advantages, SWOT analysis, what you call. So this is where it takes a little time to study in depth where you

have to see the market trends, opportunities our advantages, our strengths, our strategic initiatives, versus the best. There are five options. You have to choose one which is better of four or five. Our prioritization has to be very clear.

**Moderator:** The next question is from the line of Yash Choudhary from Unicorn Strategic Capital. Please go ahead.

**Yash Choudhary:** Sir, I would like to understand the broader vision of the company that where the company would be heading in next 5 years? And what are our strategic places and the areas where you want to see the company in the next 5 years to do?

**Shiv Singh Mehta:** See, company wants to have its fairly significant presence in Building Materials segment as we see this is an area which is growing and will continue to grow as India moves forward. We also clearly see that from commoditization to quality is a journey where the entire market is taking. And that gives us more confidence, because right from beginning, Kasta has been on a quality play side. So this is where we are looking as business plan going forward.

**Moderator:** As there are no further questions, I would now like to hand the conference over to Mr. Miraj Shah for closing comments.

**Miraj Shah:** Thanks, everyone, for coming on the call, and thank you to Shiv sir and Rajesh sir. So just one thing before we conclude, I wanted to understand how prices have reacted after Q2 for PVC?

**Shiv Singh Mehta:** You see prices are still under stress in general because worldwide markets are not -- I mean, in a very happy situation, whether it is Europe, whether it is China, whether it's Europe. US is a little better, but generally, the markets are depressed. And that's why government is considering additional dumping duty as a way to reduce or minimize injury to Indian industry through dumping. So it all depends how the world market plays out in terms of the two, three wars we are having or the economic sluggishness we see in Europe and China. It all depends how they roll up.

**Miraj Shah:** Understood. Okay. Sir, any closing remarks from your end?

**Shiv Singh Mehta:** I must thank all of you for being so generous and regular in participating. And we really need your good wishes and support going forward. Thank you so much.

**Moderator:** Thank you very much, sir. On behalf of Arihant Capital and Kriti Industries Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.