



KRITI INDUSTRIES (INDIA) LIMITED

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CIN : L25206MP1990PLC005732

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3rd June, 2022

To,
National Stock Exchange of India Limited
Exchange Plaza, C-1, Block G
Bandra Kurla Complex, Bandra (E)
Mumbai – 400051
Symbol – KRITI

To,
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street
Mumbai 400001
Scrip Code - 526423

Subject: Transcript of conference call held on 1st June, 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 Wednesday, June 01, 2022.

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

Please take note of the same in your records.

Thanking You

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

Pankaj Baheti

Pankaj Baheti
Company Secretary & Compliance Officer



Encl: As above



**“Kriti Industries India Limited
Q4 FY2022 Earnings Conference Call”**

June 01, 2022



**ANALYST: MR. KARAN BHATELIA - ASIAN MARKET
SECURITIES LIMITED**

**MANAGEMENT: MR. SHIV SINGH MEHTA - CHAIRMAN &
MANAGING DIRECTOR - KRITI INDUSTRIES INDIA
LIMITED
MR. SHASHANK BELKHEDE – GROUP CHIEF
FINANCIAL OFFICER - KRITI INDUSTRIES INDIA
LIMITED**



Kriti Industries India Limited
June 01, 2022

Moderator: Ladies and gentlemen, good day, and welcome to Kriti Industries India Limited Q4 FY2022 Earnings Conference Call hosted by Asian Market Securities Limited. This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions, and expectations of the company as on the date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict. Actual results may differ from such expectations, projections, etc., were expressed or implied. Participants are requested to exercise caution for 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 - Asian Markets Securities Limited. Thank you and over to you, Sir!

Karan Bhatelia: Very good morning and welcome all to the Kriti Industries India Limited Q4 and FY2022 Earnings Conference Call hosted by Asian Market Securities Private Limited. From the management side, we have with us Mr. Shiv Singh Mehta - Chairman and Managing Director and Mr. Shashank Belkhede – Group CFO. I now hand over the call to Mr. Shiv Singh for his opening remarks post which we shall begin the Q&A. Over to you Sir! Thank you.

Shiv Singh Mehta: Good morning everyone. I would like to thank you for joining our earning call for the fourth quarter and the financial year ending 2021-2022. Before I begin talking about company I extend my greetings and good wishes to all family members and wish all of you a very good health. As you must have noticed from the performance last year, was a challenging time. For company challenges continued during Q1 of the current year. On April 28, 2022, a major fire broke down at our Pithampur plant impacting company's operations. Fire was confined to finished goods and raw materials stocks with outstanding effort and commitment of company personnel aided by exemplary effects of fire department, it was contained in time and manufacturing plant area was safe from any damages.

Companies manufacturing was restored the very same day; however, to make it fully functional it is taking little time. Company plants and stocks are adequately insured and process of insurance claim and its settlement are in process. During Q4 company improved its sales, all businesses segment registered growth on a year-on-year basis and quarter-on-quarter basis. Total volume for Q4 was 11120 metric tons against 9464 metric tons in the



Kriti Industries India Limited
June 01, 2022

Q4 financial year 2021. In the last financial year, the management has put up strong focus on quality and efficiency improvements, which will have positive impact in coming quarters.

The company undertook capex of approximately 30 Crores in the past financial year for enhancing its capacity and product range. This range will get introduced in coming quarters with better range and SKU for BP and column pipe and our plants to aggressively focus in these business segments, we should reduce impact of agri business cycle and anticipate better value addition going forward. Now, I hand over to Mr. Shashank Belkhede our CFO to give you financial highlights.

Shashank Belkhede:

Thank you very much Chairman Sir for updating everyone on the performance of the company during the last quarter and during the financial year 2021-2022. I once again welcome everyone to this conference call of Kriti Industries India Limited.

Let me take you through the key financial performance of our company on a consolidated basis. The operational income for the fourth quarter was Rs.159 Crores, which increased by 27% year-on-year and 34% quarter-on-quarter. EBITDA for the quarter was Rs.3.2 Crores, which decreased by about 77% year-on-year and 67% quarter-on-quarter with EBITDA margins of 2.01%.

The company during this period reported a net loss of about Rs. 2 Crores. For the financial year ended 2022, the operational income stood at Rs.545, which decreased by 7.6% year-on-year. EBITDA stood approximately at Rs.39 Crores, which decreased by around 43% year-on-year and the margins were reported at 7.14%. Net profit for the financial year was about Rs.20 Crores while the PAT margins stood at 3.65%.

Thank you very much once again and I would now like to open the floor for questions. Thank you so much.

Moderator:

Thank you very much. We will now begin the question and answer session. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question is from the line of Rahul Jain with Credence Wealth. Please go ahead.

Rahul Jain:

Thanks for the opportunity. Sir, a couple of questions, one is with the initial commentary probably there were some disconnection or the voice we lost, so pardon me if I am asking the question where the initial commentary you have already mentioned about it, so one on the existing results, which was reported on the gross margin side you have reported from



Kriti Industries India Limited
June 01, 2022

the lowest gross margin for the 15, 16 quarters, so if you could explain typically, is that from inventory loss, to what extent of inventory loss is and how do we look forward and what is the best way to look at the gross margins going ahead considering the volatility in the PVC prices that is number one?

Shiv Singh Mehta: Okay, should I answer or you are asking another question before that?

Rahul Jain: So, as you wish, Sir. Can I ask another question?

Shiv Singh Mehta: I answer this question. You see, if you look at last quarter Q4, the company was able to increase its sales in all the business segments and product segments including each state where we operate; however, our carried forward inventory and import material, which was arriving, which was booked earlier was at much higher price as compared to what was the operating prices in India for raw materials because of sudden fall in prices post end November till February and this has impacted the erosion of value of stock, which has impacted our performance during the quarter. If I look at the operating bases on day to day material prices basis for us the gross margins were very well intact and we were able to operate at higher level of sales with better value addition than what was done last year, but for this trading loss, we would have been in a healthier position.

Rahul Jain: What could that loss be, if you could just quantify?

Shiv Singh Mehta: Losses, it was continuous material coming in selling, so overall you cannot just give a figure to it, but I would say we would have shown on an average at least about 4% or 5% minimum extra value addition if we were not losing this kind of trading negative stock value erosion.

Rahul Jain: Secondly in the previous conference, which we had, you had spoken about the rural pickup and you had mentioned in the conference about probably this year and of course the quarter one of the current year 2023, given the situation at that point of time you had mentioned that if it possible that we may touch the Q1 of FY2020 revenues that is June 2019 revenues, which were around 225 Crores, so as we speak today, how is the situation with regards to the rural pickup, Sir?

Shiv Singh Mehta: You see the problem this time we had a fire in our Pithampur plant on April 28, 2022, as I was telling you in my opening welcome statement and that had disrupted our operations for some time where we have restarted our production the very same day, but to get it fully operational after a certain major fire was difficult, so it has impacted certainly our



Kriti Industries India Limited
June 01, 2022

performance during month of April onwards in May, which is the main season month, but now fortunately since whole plant was kept intact, our people were fight on fire well and they were able to contain it away from the main manufacturing area, we are hopeful that everything should be streamlined now onwards.

Rahul Jain: So, you will make some kind of topline in this quarter one, right?

Shiv Singh Mehta: Yes, sure, we will definitely, we are hopeful that we should be able I mean do our best even in the month of June, we are able to do our maximum possible revenue generation, in April everything was good, did not happen and again we are hopeful of improving our numbers.

Rahul Jain: Sir, last question on the building product side, so our 30 Crores capex is done and you had mentioned in the previous concall that should be through with all the major SKUs in the building product segment and we should be able to see a book moment in this particular vertical, so typically, how do we see at this vertical as we speak today and for the current year, what kind of incremental revenues are possible given this 30 Crores of capex and also the aggressive theme addition and distribution network, which you have been working upon in the last six months, specifically for the building product segment?

Shiv Singh Mehta: We have already got most of the moulds as I was telling in our earlier concall and we have already showing significant growth on the building materials month on month out and we are on track, so as we had projected, we should be able to do the numbers what we had indicated earlier in terms of our plans for the current financial year, but for a one month setback we had because the fire, we are absolutely on track in terms of dealer, product range and product offering. We need your good wishes particularly in these challenging times after what we have faced in April.

Rahul Jain: Thank you.

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

Viraj Mehta: Sir, my first question is regarding, if I look at our performance vis-à-vis some of our peers at least the kind of inventory loss that we have seen, our gross margin erosion that we have seen it significantly higher than even let us say somebody like a Finolex, who is majorly in agri pipes and most of the other guys have not seen such gross margin erosion, can you elaborate like what did we get sore on that none of our peers say such gross margin erosion, but we did?



Kriti Industries India Limited
June 01, 2022

- Shiv Singh Mehta:** See, if you remember in one of the discussions I had explained that this quarters four up to February 15, 2022, the market was quite sluggish and all the materials, which was coming and arriving or we had procured was with us till almost February middle, thereafter the sales really picked up very fast not only to offset deficit, but improve sales for the quarter, so when we have the delayed sales that the margins in a declining market we would have a created trading loss generally, so for agriculture particularly in the areas of our operation that is where we are strong, we have seen there is erosion in overall sales during that peak period of crisis and thereafter we only picked up towards the lower side of the prices, so there is overall greater trading loss, which we have to face.
- Viraj Mehta:** Sir, let us say if we are able to meet our target on whatever 750 Crores, 800 Crores this year, what is the kind of gross margin in a steady state environment that you think we can do?
- Shiv Singh Mehta:** You see, what we have been seeing that our gross margins per se on a day to day raw material price, which is improving because of our ability to fetch right kind of a price positioning in the market, so if we see steady state, we certainly are hopeful that we will be inching from earlier levels of 10% to 11% to 12% to 13% in agricultural segment and BP should offer us better gross margins as we add on more of BP portfolio along with agriculture sale.
- Viraj Mehta:** Sir, you said 10% to 11% you are mentioning EBITDA margin, right not gross margin?
- Shiv Singh Mehta:** EBITDA margin, I stand corrected there.
- Viraj Mehta:** Because gross margin was 15% this quarter, which is the lowest you have done?
- Shiv Singh Mehta:** Yes, I appreciate and I stand corrected.
- Viraj Mehta:** Sure, Sir and last question is in terms of capex this year, last year you have done 30 Crores, what is the capex guidance for this year?
- Shiv Singh Mehta:** You see, after this fire episode we have skill out in detail what are our priorities, so we will have to face that everything based on our assessment and actual price rising our needs, which will take another fortnight for us to get to right numbers and right priorities.
- Viraj Mehta:** Sir, all the hiring for BT segment is completed?



Kriti Industries India Limited
June 01, 2022

Shiv Singh Mehta: Yes, hiring is completed, dealership development is on track and our numbers are also speaking in terms of better performance month-on-month it is growing well.

Viraj Mehta: Sir, if you can highlight what is the kind of target you have for BT segment this year?

Shiv Singh Mehta: We still maintain what we have told in the earlier year projections that he would be certainly looking at about 150 Crores plus around that number and this year from BT segment.

Viraj Mehta: Sir, best of luck and good luck to the team.

Shiv Singh Mehta: Thank you so much and we look forward to your good wishes.

Viraj Mehta: Thank you.

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

Dhwanil Desai: Good morning, Sir. Sir, the first question is so in one of the interactions that we had in end March, I think we were very buoyant about Q1 and we were thinking that even on FY2019 basis we can have a significant growth, now with all this fire thing, which has happened and I also understand from industry sources that the PVC prices have been on a declining mode, so given that change in circumstances, shall we be kind of lowering our expectation in terms of growth for the current quarter Q1?

Shiv Singh Mehta: For Q1 certainly it will go down for two reasons, one we had a major setback in terms of fire devastation, which happened and also in addition to that the price cycle is not very supportive for a very encouraging robust demand growth, so we have lost some time and we have also a pressure there and we are doing our best that was I am explaining that we are looking forward to June with all aggression because we are all set for all dispatches and operations.

Dhwanil Desai: I mean is it that we are intending to do at least FY2019 kind of a number so that would be challenging?

Shiv Singh Mehta: I said that we feel that first quarter there will a little challenging in our opening remarks also I had shared that the challenges were continued in Q1 of the current year because of disruptions at our end and at the market as well.



Kriti Industries India Limited
June 01, 2022

Dhwanil Desai: Sir, second question is, this PVC prices have been very volatile in last 12 to 18 months and it keeps on fluctuating and giving rise to trading losses, so I mean are there any ways to manage the trading losses better and how do we kind of ensure that our margins would not get impacted because of that?

Shiv Singh Mehta: You see, there are no easy solutions to this challenge, but what we can only do become prudent out of your experience and you try to work out your supply chains better in terms of diversified procurement portfolio and try to develop more of market understanding and projections and be a little on conservative side rather than being very optimistically aggressive side of raw material build up.

Dhwanil Desai: Sir, last question, if I read our notes, I think the total loss on an account of fire is around 18 Crores of inventory all put together so that on overall scheme of things is not a very large number, so the disruption that we are talking about is about restarting of the operations and bringing that production back or something else?

Shiv Singh Mehta: You see when you have major area where you operate including your power lines or your stocks area from where movements take place they all get disrupted, the working becomes very difficult. We have to re-engineer the whole area for operation and smooth working.

Dhwanil Desai: So, that is what has taken time to kind of realign?

Shiv Singh Mehta: Yes, everything into operating mode.

Dhwanil Desai: All the best, Sir. I have more questions. I will come back in the queue.

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, on the agriculture side in FY2021 we reached almost 42000 metric tons of sales volume, so given the way things are shaping out especially the impact of fire more especially in the month of June, do you think we will be able to touch those kind of volume levels in FY2023 because in Q1 we have seen a setback?

Shiv Singh Mehta: You see, all very positive mode in the Q1 or the year ahead, but first quarter we had a setback because of our constraints within our system because of the fire, even market wise if you look at it, market did not open up as we had anticipated, so we are constrained, but in general market was also little sluggish during Q1, we are trying our best to make up and



Kriti Industries India Limited
June 01, 2022

now since raw material prices are coming down, we can only anticipate and see how a farmer will respond to a reduction in overall price point and every other study, which is there is say that economic activity at farm end should be quite encouraging going forward, so our estimation based on these kind of understanding of market and we are keeping optimistic view as far as current situation is concerned.

Ankit Gupta:

Sir, this has been a third year where the farmers would not be buying PVC pipes because they only have and despite your impulse being pretty decent across India during the past few years?

Shiv Singh Mehta:

What you are saying it is absolutely right and this is what is keeping everyone on a guided mode because anticipation were always of a very positive outlook, but what we have seen in Q1 is not that aggression or positive outlook of a buyer at a farm gate, so that is where it is something what we must observe and we oblivious of this reality; however, all the indicators in terms of what you read in terms of or when you talk to people or dealers they have a certainly under current or feeling of a strong conviction that markets should be very positive going forward, but let us see how it evolves.

Ankit Gupta:

Secondly, on building products side we did almost 50 Crores kind of revenues in FY2022, and you are guiding for 150 Crores kind of revenue for 2023, so if you can talk about in terms of ready with the products in terms of distribution, how has that increased on the BP side and before that we will be targeting impacted you can throw some light on our strategy that we revenue going to 150 Crores sale in FY2023 in BP side?

Shiv Singh Mehta:

You see as I explained just now that our plants moving out to different states is on as per our initial plan again as I said our strength lies in our dealership, which is strong in rural areas and those areas also consume quite a substantial portion of building material where the normal requirements up to 2.5 inches, which is a product range at the moment, so we are encouraging all our rural agri dealers also start picking up BT, if not that we are giving to each and every person, we are looking at their capabilities, their willingness and their ability to take on this product because it needs little extra efforts in terms of sales in organizing themselves to be successful in selling these products, so we are finding normally about 35% to 40% dealers are able to migrate who is selling BP along with agriculture, so that is an hedge we have in terms of distribution strength we have and that is where we are focusing in our already established states and in new areas were already appointed distribution in newer territories and they have already started becoming active.

Ankit Gupta:

Sure, thank you and wish you all the best.



Kriti Industries India Limited
June 01, 2022

Moderator: Thank you. The next question is from the line of Priya Shah from SR investment. Please go ahead.

Priya Shah: Sir, my first question is on building products, so building products company has multiple products, but if you could details about different products, how is the demand in the industry, what are their margins and how is the product acceptability in the markets and also going ahead what are the plans and target for different products?

Shiv Singh Mehta: Building products normally have UPVC and CPVC as major product range because UPVC is used for cold water and CPVC is used for hot water, so we normally find that in building products, the fitting component is much larger as compared to agriculture pipes because anywhere you put a building product, you have a lot of twists and turns when you lay a pipeline, so generally fitting component offers you better margin as compared to extruded pipe products and this is where when we go for building products your EBITDA margin or gross margins go up as compared to what you do in agriculture product, today we have a complete range in terms of fittings as well as size up to 2.5 inches diameter, which is generally used up to 3 inches three story building or four story building along with that we have developed column size, which are useful for bore wells, which is generally part of a household and where we have developed a complete range, also you put water tanks, which are part of a building product, which is part of our product range, I have been able to answer your question?

Priya Shah: Yes, Sir, understood and my second question is on industrial solution, there have been a decrease in the industrial solution segment over the years, so what is the key reason for this decline in the revenue and how are we planning to tackle those issues to overcome?

Shiv Singh Mehta: We had consciously decided not to focus on industrial solutions because post-COVID we were not sure about the general payment cycles because most of the industrial solution products are going for infrastructure, which are in turn dependent government payments, so as a conscious decision, which I had even shared in earlier earning calls that we as an organization will be very watchful and carefully in supplying to the EPC contractors products where we are only sure that payment cycles are robust and reliable.

Priya Shah: Currently, our business is very cyclical and dependent on agri business, so what are the steps that we are taking to decrease the cyclicity of the business and by when can we see more stable our business across four quarters?



Kriti Industries India Limited
June 01, 2022

Shiv Singh Mehta: You see, as a strategy company is conscious of the fact that agriculture is cyclic and you have troughs and peaks during the year that is why we migrated and developed new territories because in India the rain presence offers in different cycles in different territories, so when you enlarge your base in terms of geographical expansion, the cyclic nature is to some extent compensated and peaks and troughs are reduced, similarly along with that as a part of strategy we went into building materials, which is our focus area now because building material is a business for most of the months at least eleven out of twelve months you have the consistent business cycle, it is not directly impacted by monsoon or pattern of irrigation and cropping, so this is how we wanted to mitigate the seasonality of our business.

Priya Shah: Got it, Sir. Lastly, how much total capex have we done in these last five to seven years of capacity expansion and maintenance and on that capex, how much revenue are we expected?

Shiv Singh Mehta: You see, I would not be able to give you exact figures for last five to seven years, but certainly last year we have done 30 Crores of capex from internal accruals to ensure that our building product range is complete and we are able to aggressively pursue our strategy of minimizing seasonal impact.

Priya Shah: Thank you so much, Sir.

Moderator: Thank you. The next question is from the line of Somesh Kalani from State Street. Please go ahead.

Somesh Kalani: Thank you for taking my question. My first question is, can you give a break up of distributor across different states and what is the average business done by our distributors?

Shiv Singh Mehta: You see, we have shown that earlier our ranking wise after Madhya Pradesh, Rajasthan used to be the number two states in total value of business, but when I look at Q4 our Maharashtra has become second largest state after which is Rajasthan, so what I am trying to bring it to you that our business distribution guys new states are coming up well even in north and south and the Maharashtra, Rajasthan are very much on cards and overall business growth is as per our plants. Have I been able to answer?

Somesh Kalani: Yes. My second question is any new clients added in an industrial product side and who are the key competitors of industrial solution side?



Kriti Industries India Limited
June 01, 2022

- Shiv Singh Mehta:** Can you repeat it?
- Somesh Kalani:** Sir, any new client added in industrial products size?
- Shiv Singh Mehta:** Yes, industrial product side, as we had a range of pipes for gas, water, and baths that for optical fibre cables, which are for telecoms, we are very much there in that range and we are also built a few products for smart city projects, which is still in infancy, which is not really a build up market or ready market, we are working on that.
- Somesh Kalani:** Understood, thank you.
- Moderator:** Thank you. The next question is from the line of Dhwanil Desai from Turtle Capital. Please go ahead.
- Dhwanil Desai:** Thanks for the opportunity again. Sir, you indicated about our ambition of doing 150 Crores in building products this year, so will it largely come from the three major states that we are operating Maharashtra, Madhya Pradesh and Rajasthan or a significant part of that will come from new territory?
- Shiv Singh Mehta:** Majority will come from our states where we are strong because as I had said our strategy is to first focus on our distribution network, which is strong in rural area, where our brand recognition is also quite encouraging plus we are adding new states and areas, which will also contribute to the sales, but certainly more sales will come from the states where we are already present and are strong.
- Dhwanil Desai:** Sir, on the building product side after this 30 Crores capex and the kind of sales target that we have for this year, I am sure that we would be needing more capacity to cater for the next year, so are we drawing up plans for that or are we going to watch out for the market and how it respond and then move on and will it also mean that if we wait then maybe next year we may not be able to get the full potential of the work that we have done so far?
- Shiv Singh Mehta:** As I said we are going to drawing board to rework certain areas for our immediate priorities in terms of meeting prioritizing capex more importantly after this fire episode we have had, so we are on drawing board and we shall be taking certain views in about fortnight or a month from now, but yes, we have already planned the entire capex requirements for the current financial year and the required range for products, which we want to offer to the markets, but yes, regular capex is a regular process, but the things are on the drawing board at the moment.



Kriti Industries India Limited
June 01, 2022

- Dhwanil Desai:** Got it, Sir. Thanks a lot.
- Moderator:** Thank you. The next question is from the line of Milan Patel an Investor. Please go ahead.
- Milan Patel:** Thank you. My first question is, how is the availability of raw materials in India and abroad and how much are we procuring from India and abroad and how is the payment cycle?
- Shiv Singh Mehta:** You see, mostly this raw material or polymers is sold and transacted on cash basis, availability for the time being is quite comfortable both nationally and internationally.
- Milan Patel:** And payment cycle?
- Shiv Singh Mehta:** Payments as I said mostly transacted against cash payment, immediate payment basis.
- Milan Patel:** Sure and if you could give a breakup of revenues from different states and margins on the same?
- Shiv Singh Mehta:** As I had explained our maximum revenues come from Madhya Pradesh followed by now Rajasthan and now Maharashtra and then Rajasthan.
- Milan Patel:** My last question is, how is the expansion plan in Karnataka going on and when are we entering Karnataka?
- Shiv Singh Mehta:** The entrance and maturity takes a lot of time, even major beginning, but if you ask me that are we into Karnataka I would say we have just at a beginning.
- Milan Patel:** Thank you and best of luck.
- Moderator:** Thank you. The next question is from the line of Ankit Gupta with Bamboo Capital. Please go ahead.
- Ankit Gupta:** Thanks for the followup. Sir, on the building product pipe, we have developed product on the CPVC side as well and if yes, have we tied up for the raw material there because what we have been hearing is that there has been a significant shortage of CPVC in India?
- Shiv Singh Mehta:** We are quite clearly focused on CPVC because that constitutes a reasonably important segment of the total building material market and as far as raw material is concerned we are comfortable as I had explained earlier also that most of the raw material suppliers we have



Kriti Industries India Limited
June 01, 2022

long-term relationships, but we have not zeroed down on any specific company at the moment from which we will have tie-up, we have some very good manufacturer, A class manufacturers to whom we source our material.

Ankit Gupta: Sure and Sir, distribution, how many distributors do you plan to add in agriculture as well as building product side during FY2022?

Shiv Singh Mehta: As I had explained in one of the calls I do not remember, we had added almost about 90 plus dealers in last quarter.

Ankit Gupta: What are our plans to add more dealers during the current year FY2023?

Shiv Singh Mehta: Today this dealership, let them stabilize and we will move forward, we have certain plans, but yes, we must consolidate our dealership first and then expand further.

Ankit Gupta: Thanks and wish you all the best.

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

Rahul Jain: Thanks for the followup. Sir, with regards to the industrial pipeline what is the scenario over there and any pickup over there, any new orders in that or any change on that segment side?

Shiv Singh Mehta: Can you repeat this one, not very clear, please repeat the question?

Rahul Jain: Sir, with regards to our industrial segments side, are we seeing some changes over there, how do we look at that segment, is there any change happening for better over there?

Shiv Singh Mehta: Certainly, as far as water projects are concerned, we are seeing a significant amount of demand coming in and probably the government priorities are also helping EPC contractors to realize their payments and settle down with the changes in terms of some commercial conditions they have with the government, so we are hopeful that water segment will do better, but as far as telecom is concerned, we are not looking any immediate major changes in terms of demand pattern.

Rahul Jain: Given that scenario for the full year, do we expect some growth of that segment?



Kriti Industries India Limited
June 01, 2022

- Shiv Singh Mehta:** If we look at today we certainly see a good possibility of growth, but how far we will like to realize it will all depend on the payment cycles as we clearly see and at beginning it makes a little start, we will see payments and money flow is as per the plan, we will keep doing it and increasing our business there.
- Rahul Jain:** Sure and any specific other expenses have gone up, so any specific reasons for the same?
- Shiv Singh Mehta:** I will have to check and I will come back to you, I am not having the data straight away.
- Rahul Jain:** Sure. Thank you.
- Moderator:** Thank you. The next question is from the line of Rupesh Tatia with IntelSense Capital. Please go ahead.
- Rupesh Tatia:** Sir, thank you for the opportunity. I know we are going through tough time, but in FY2023 can we see some ATL spend on sales and marketing?
- Shiv Singh Mehta:** Increase in sales and marketing, am I right, that is what you want to know?
- Rupesh Tatia:** We have talked about BTL activities in the past, so can we see some ATL branding activities, sales and marketing?
- Shiv Singh Mehta:** Yes, we are starting little ATL along with BTL, but it will be in a very controlled fashion that we are starting, we are not going very aggressive, but yes, we have started looking at ATL along with BTL.
- Rupesh Tatia:** Sir, this fire what kind of inventory loss we had with 18 Crores of loss can you roughly break it down?
- Shiv Singh Mehta:** The loss will be about 18 Crores to 19 Crores, exact number is difficult to give you, but it is in between this range.
- Rupesh Tatia:** All of the losses are inventory loss?
- Shiv Singh Mehta:** Yes, only it is inventory loss and marginal, little assets have been like some electrical systems and some payment systems and some other things have been also lost in the process, but it is very insignificant, minor loss as compared to the other loss and we have been able to restore that by now.



Kriti Industries India Limited
June 01, 2022

Rupesh Tatia: Then, Sir, we have seen predictions of normal monsoon, reservoir levels are high in Uttar Pradesh, which is our key market, so through FY2023 I know we are expecting a good demand, but can it really happen?

Shiv Singh Mehta: You see, the question is that we all very hopeful and looking forward to a robust Q1, for us it is little unfortunate because of fire, but industry as a whole has seen a little decline in overall demand less than the anticipated demand what they have thought of so that way Q1 financial year 2022-2023 for industry has been difficult one overall.

Rupesh Tatia: Has there been any downtrading with these kinds of PVC prices and do you see that normalizing with now decline in PVC prices because our brand is premium in our home markets?

Shiv Singh Mehta: No, prices have come down in last one-and-a-half months, there has been reduction in PVC prices across Southeast Asia and India, so prices have come down more importantly because of the China lockdown it has a huge impact in terms of what we have seen because China had made a major impact on commodity prices.

Rupesh Tatia: Do you see uptrading, was that downtrading and it is going to stop now?

Shiv Singh Mehta: See, if you look at petroleum, petroleum is still very high and it is all cost push, it should immediately reflect in the polymer prices, but if China opens up, market returns things will change again.

Rupesh Tatia: Thank you for answering my questions.

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

Dhwanil Desai: Sir, from your commentary we did around 544 Crores topline in FY2022 and building products of around 50 Crores and we have a plan to do 150 Crores this year, so are we kind of seeing at least 680 Crores to 700 Crores kind of a topline this year, is it doable given what all is situation on the ground and our challenges?

Shiv Singh Mehta: You see, what we have projected was certainly this, we have lost one month of important month, but still we are hopeful that if suppose market behaves as it is anticipated there is a very good reason for us to achieve those numbers.



Kriti Industries India Limited
June 01, 2022

Dhwanil Desai:

Great, Sir. Thank you.

Moderator:

Thank you. Ladies and gentlemen, as there are no further questions from the participants, I now hand the conference over to the management for closing comments.

Shiv Singh Mehta:

Friends, I must thank you. This is a little challenging time for us and your support has been of enormous importance and care which we value and which we respect. I can only assure you we are making a very good effort to ensure that this setback we faced in April is overcome and we are back on these as quickly as we could and we do go ahead with full might and determination to achieve whatever best we can for your company. Thank you so much.

Moderator:

Thank you. On behalf of Asian Market Securities Limited that concludes this conference. Thank you for joining us. You may now disconnect your lines.