



KRITI INDUSTRIES (INDIA) LIMITED

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17th November, 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 BSE Scrip ID: KRITIIND Scrip Code - 526423
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Subject: Transcript of conference call held on 15th November, 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 Tuesday, November 15, 2022 along with the list of participants.

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

Please take note of the same in your records.

Thanking You

Yours faithfully

For **Kriti Industries (India) Limited**

Pankaj Baheti
Company Secretary & Compliance Officer

Encl: As above



“Q2 FY2023 Earnings Conference Call”

November 15, 2022



ANALYST: MR. KARAN BHATELIA – ASIAN MARKETS SECURITIES LIMITED

**MANAGEMENT: MR. SHIV SINGH MEHTA – CHAIRMAN & MANAGING DIRECTOR – KRITI INDUSTRIES LIMITED
MRS. VINITA PUNTAMBEKAR – GROUP CHIEF FINANCIAL OFFICER – KRITI INDUSTRIES LIMITED**



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Moderator: Ladies and gentlemen, good day and welcome to Kriti Industries Q2 FY2023 Earnings Conference Call hosted by Asian Markets Securities Limited. This conference call may contain forward-looking statements about the company which are based on beliefs, opinions and expectations of the company as on date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict. The actual results may differ from the expectations, projections, etc., whether expressed or implied participants are requested to exercise caution while referring to such statements and remarks. As a reminder all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing “*” then “0” on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Karan Bhatelia from Asian Markets Securities Limited. Thank you and over to you Sir!

Karan Bhatelia: Thank you Seema. A very good morning and welcome all to the Kriti Industries Limited 2Q and first half FY2023 earnings conference call hosted by Asian Markets Securities. From the management side we have with us Mr. Shiv Singh Mehta, Chairman and Managing Director and Ms. Vinita Puntambekar, Group CFO. I now hand over the call to Vinita Madam for the opening remarks. Thank you and over to you!

Shiv Singh Mehta: Good morning everyone and welcome to the earning conference call of Kriti Industries Limited for the first half and Q2 of the FY2023. Let me first discuss the operational highlights of the Q2 after which our CFO will provide you with the financial highlights.

The company registered an overall volume growth of 6% in Q2 of year-on-year basis with total sales volume of 8451 metric tonnes as against sales volume of 7995 metric tonnes in the same period in the previous financial year. However there was a decline of 7% in terms of value due to sharp decline in polymer prices. The business profits of polymer industry have been severely affected in the first half FY2023 due to continued fall in PVC resin prices and other polymer prices. This started with effect from April itself. On April 1, 2022 PVC prices were Rs.141 per kg which came down to Rs.88 as on September 30, 2022. Additionally the fire incidents at the company’s Pithampur plant in the Q1 during peak season led to inventory gain carried forward to the Q2, which could not be liquidated as this is a lean season and the monsoon affects the immediate sales. In the first half sales volume grew by 12% year-on-year while building product segment grew by 50% year-on-year. The company has finished development of broad range of SKUs for building products and column pipe segments where it intends to focus aggressively because of their noncyclical



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nature and higher value addition. The company has robust plans to expand market geographically in the states where the company has already made successful entry. Additionally the business has also made an investment of approximately Rs.30 Crores in the new capacities. The sharp fall in polymer prices has resulted in inventory losses but has also made products more affordable and further with good monsoon overall business sentiments for farmers have improved therefore we foresee an increase in overall demand during the second half of the year. The company is fully geared up to absorb this opportunity with existing and expanded capacities across all business segments where it is present. Now I hand over the call to our CFO Mrs. Vinita Puntambekar to give you financial highlights.

Vinita Puntambekar: Thank you very much. Sorry for the interruption and disturbance. So good morning all of you. Let me take you through the financial performance of our company on a consolidated basis. The revenue for Q2 of FY2023 was Rs.104 Crores down around 7% year-on-year. EBITDA reported a loss of Rs.28 Crores for the quarter and we recorded a net loss of Rs.34 Crores. The quarterly segmental performance for agriculture product observed a decline of about 19% year-on-year due to reason provided by CMD; however, there is a growth in terms of volume while the industry solution and building segment saw a growth of 15% and 28% respectively on a year-on-year basis. For the first half of FY2023 the revenue stood at Rs.288 Crores an increase of 8% year-on-year. EBITDA reported a loss of Rs.34 Crores and we recorded a net loss of Rs.44 Crores for the first half. Now we can open up the floor for questions.

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

Rahul Jain: Thanks for the opportunity. So Sir you have mentioned in your opening remarks as well as in the presentation about second half being much better than the first half and with good monsoons and better crops the demand should be good so typically in terms of as we speak today we are almost about the next quarter 45 days are almost done so what kind of demand increase are you seeing in all the three segments in which we operate, if you can give some quantification in terms of percentage rise or some quantitative details?

Shiv Singh Mehta: First I will respond to the sales side and then on the inventory side. Our growth during last one-and-a-half months is over 40% in comparison to year-on-year basis and we anticipate the growth rates should be continuously better in the coming months because as we had mentioned that more affordable prices and good monsoon definitely will generate more demand. We are also ready with higher production capacity that is why we will be able to



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offer to market the increase in volume market demands. Number two with less inventory at the end of September 30, 2022 and there has been a decline thereafter so there will be almost if I look at the numbers from Rs.88 which was around September 30, 2022 prices have come down to about Rs.75 about 14% drop, but when the market is on a continuous sale basis because in monsoon you get stuck up because sales come down a halt here it is a continuous sales cycle so there will be an impact on the overall margins but there will be a positive margin going forward.

Rahul Jain: Sure and Sir with regards to building products our capacities are done in the previous quarter you had mentioned that the product activities also we were done with so typically now what kind of sales do we expect in this current year or the second half, you had earlier guided in the previous two calls for Rs.100 Crores sales in building products for the current year so for the next half what kind of volumes do we project compared to the 1750 tonnes which you have done in the first half and the sales value?

Shiv Singh Mehta: We are seeing substantial growth month in month out and the growth in BP segment will be much more than agri segment. Overall growth as we had projected we are targeting closer to I would say 100% growth that what we had done earlier.

Rahul Jain: So that means are we talking about around 3000 tonnes to 3500 tonnes of sales volume in the second half in building?

Shiv Singh Mehta: This is what we are looking at in terms of total volume.

Rahul Jain: What gives you that confidence like what changes or what things which we have done which seem to be giving you fruits and this confidence that we can actually have 100% growth over half on volumes?

Shiv Singh Mehta: Because what we are seeing the trend in sales with our dealership already in place in many new places and in the existing market, our product range is complete and our distribution and marketing efforts are yielding results.

Rahul Jain: Sure. Sir just one last thing now for the last two to three years we have been trying to get into the newer states so MP and Rajasthan have been almost about 60% to 65% or 70% of our sales and then we have entered Maharashtra where we have almost 10% market share in the districts where we have entered so what is the success in the other states apart from these three states which we have seen in the last six months to 12 months and more so in the



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agri as well as the building product side can you share some details about the states where you feel a lot of traction now?

Shiv Singh Mehta: If I look at other states we have definitely grown better in building products in other states as compared to agri because we are focusing more on building products and now if I see the Northern India is where we are getting a reasonably good response. In a few states we have got good entry and we are stabilizing. Because of the fire as you all know we had slowed down our new dealer appointment because there was a constraint on manufacturing side at our end but since the end of September from October once again we have started our initiatives aggressively and we are on track.

Rahul Jain: Sure one last thing Sir if you allow me. With regards to building products so this quarter we have not shared the segmental EBITDA margins for agri, industrial and the building side which we were doing for the last few quarters in our presentation so just a suggestion please continue to share those margins and the question is at 3500 tonnes assuming we do around Rs.65 Crores of sales or I would put for a year at Rs.100 Crores of sales for building product segment what kind of EBITDA margins do you envisage in the building products segment?

Shiv Singh Mehta: Building products should offer better EBITDA margins close to 20%.

Rahul Jain: 20% on EBITDA?

Shiv Singh Mehta: No a little more I have been trying to be little careful in making numbers here. Building products generally offer a higher EBITDA margin but our initial cost may be higher because of promotion and other efforts so normally it is about 25% to 30% that we can certainly expect in building products.

Rahul Jain: Sure Sir. Thank you so much for your patient reply. I will come back in queue for further questions.

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

Dhwanil Desai: Good morning Sir. Sir the first data point if you can quantify the inventory losses I know it is on **(audio cut) 14:46** and the average price at the end of quarter for the PVC so that we can have some sense on the inventory loss that we may have for the current quarter?



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Shiv Singh Mehta: Normally the inventory of two months if you carry and particularly when you have a debacle like fire the inventory exceeds the normal limits because raw material keeps in as per the contract so when the prices came down from Rs.141 to Rs.88 Crores obviously there was more than that it is almost like 28% to 30% fall so we would have lost over Rs.40 Crores to Rs.45 Crores in Q2 and we had lost almost like Rs.18 Crores to Rs.20 Crores in Q1, so put together it is more than Rs.60 Crores around or something I cannot give you exact numbers but close to that we must have lost on the inventory.

Dhwanil Desai: Okay and what was the average price of the inventory we carry forward on October 1, 2022 will be around the same price as market price around Rs.88 or will be higher than that?

Shiv Singh Mehta: Around that because we always price it on whichever is lower market price or our carry forward cost.

Dhwanil Desai: Okay so going forward in this quarter also Rs.88 to Rs.74 that means there will be at least 14% to 15% loss on the inventory is that the right assumption or as you said that since it is moving inventory the loss will be less than the percentage fall in the PVC prices?

Shiv Singh Mehta: Absolutely because there is a 14% to 15% fall but if you are liquidating your inventory the fall is gradual over a period so the net impact will be much lower than this and there will be a margin on which you sell so we feel that we should turn positive in the quarter.

Dhwanil Desai: Okay so in pre-COVID if we look at the PVC prices they were ranging anywhere between Rs.70 to Rs.80 in that range and we are already now in this range so do you think that we are at a stage where further fall may be 5% to 10% and then it will stabilize around this price?

Shiv Singh Mehta: When we talk to our suppliers worldwide we also are struggling at these prices and they also estimate that there is certainly cost of goods which is forcing them to ensure that the prices recover a bit or do not go down further, so looking to the petroleum prices when I say crude petroleum these prices looks to be on end of the downward trend and from here the prices should stabilize.

Dhwanil Desai: Okay thank you Sir. Sir the second question is on the building product side so I think you alluded in the earlier question I wanted a clarification on that so in the first half we did around Rs.30 Crores to Rs.33 Crores on the building product side and in terms of volumetric tonne around Rs.1750 Crores so full year are you looking at Rs.3500 Crores or are you saying that incrementally H2 will be significantly better than what we did in H1?



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- Shiv Singh Mehta:** Certainly H2 will be significantly better than H1.
- Dhwanil Desai:** Okay so I think in the last call we talked about Rs.100 Crores number on building products and we are currently standing at around Rs.30 Crores to Rs.33 Crores so do you think that number looks a tall task because then we have to go to that Rs.25 Crores to Rs.30 Crores run rate in each quarter do you think that it is feasible?
- Shiv Singh Mehta:** We are trying let us see because the prices of the material has come down so metric tonne wise what we had projected we look to be on track but the realization per kg basis as the material prices have come down may be little lower but we should still target somewhere what best we can do in terms of our annual operating plan and we are proceeding well on that so far.
- Dhwanil Desai:** Okay Sir this 1000 metric tonne in a quarter so H2 will see on run rate basis improvement from that right so 1000 metric tonne can go to a higher number in Q3 and may be slightly higher in Q4 is that the right way to look at it?
- Shiv Singh Mehta:** That is right.
- Dhwanil Desai:** Okay got it Sir and Sir you talked about 20% EBITDA margin on the building product side but if we look at the margins of other companies who are doing CPVC based building products their margin also is not 20% so how are we looking at that 20% margin should it not be lower than that around 15% to 17% margin?
- Shiv Singh Mehta:** No I was taking EBITDA total margin after interest and depreciation would be lower certainly but EBITDA margin up to 20% in building products is doable.
- Dhwanil Desai:** Okay got it Sir and Sir lastly on our volume declined on the agri side and then this is a lean quarter I understand but even on a half yearly basis your volumes have declined or remained almost flat so we have entered into so many new states and we are trying to gain market share so has it not actually fructified and how do we see our market share gain in states like Maharashtra and Karnataka?
- Shiv Singh Mehta:** You see normally rain stops towards September first or second week so second half of September is quite aggressive sales but this time rains continued till October 10 or October 15 in most of the states so that is why this is a little marginal decline in agri side because when it is raining the pipes would not be put on the ground, otherwise post September once again the volumes have picked up significantly so it is only because of the rains that when



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the rains stop then only the sales starts, so if you see year-on-year basis last year the sales had started in September this year it has started towards only middle of October.

Dhwanil Desai: Last question from my side so Sir last year Q3 was a very weak quarter for us compared to Q3 of FY2021 and even FY2020 so we are growing 40% on that basis but are we planning to reach close to where we were in FY2021 or even FY2020?

Shiv Singh Mehta: Yes we should do better than those years this year.

Dhwanil Desai: In terms of metric tonnes right?

Shiv Singh Mehta: In terms of metric tonnes.

Dhwanil Desai: Okay got it. Thanks Sir. That was very helpful.

Moderator: Thank you very much. We take the next question is from the line of Ankur Kumar from Alpha Capital. Please go ahead Sir.

Ankur Kumar: Thank you for taking my questions. Sir while most of my questions have been answered I am just trying to understand a bit more on the inventory so we are carrying an inventory of Rs.155 Crores as per the balance sheet of September and you are saying the price has fallen around 13% to 14% so that means we will have another say Rs.15 Crores to Rs.20 Crores of inventory loss even in Q3 or is that wrong understanding?

Shiv Singh Mehta: That is a wrong understanding because you see now our inventory will be close to about 40 days cycle and obviously the fall in prices is a gradual phenomena so what we foresee that during this quarter the prices have fallen by 14% but the net impact will not be more than 4% to 5% but the margin in business will more than offset the inventory loss.

Ankur Kumar: Sure so we expect to be profitable for this quarter and in the coming quarters and in terms of demand how are we seeing Sir because prices have fallen lot so how is the demand shaping up?

Shiv Singh Mehta: The demand is quite good it is better than earlier years and there is a positive growth in terms of both volume in metric tonnes and we are seeing week-on-week improvement.

Ankur Kumar: Sure Sir. Thank you and all the best.



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Moderator: Thank you. We take the next question from the line of Viraj Mehta from Equirus PMS. Please go ahead Sir.

Viraj Mehta: Sir this first point I wanted to understand was if we look at what has happened to our company in the last six months the amount of money that we have lost in terms of inventory losses is more than the profits we have made in the last three years combined so how do we make sure that this does not happen again?

Shiv Singh Mehta: This kind of a price fall is something very, very unusual and not which was seen before but for us it was a very difficult situation. We had a major fire just before on slot of main season because April and May are the most aggressive months for sales for the agriculture PVC pipes and fittings but because of fire we could not sell so we had a piled up inventory. There was a slowing in inventory as for the requirements for the processing so we build up inventory in April and May because we could not convert raw material into finished goods and that is why we had to carry forward this inventory into the next quarter which is immediately after May which is a very dull rainy season when you are not able to sell much because during rains pipe will not be put on ground that is why this was a very typical situation where we had a major inventory loss.

Viraj Mehta: Sir second thing I wanted to understand was if we look at our December 2019 numbers which was Rs.150 Crores of sales even if I assume 40% growth over December 2021 that you are talking about we are looking at a Rs.170 Crores sale number for 2022 December which means over a three year period we have grown roughly 10% combined over a three year period that is significantly lower than actually most of listed competitors and this is in spite of us entering three more states starting building products from scratch why is this happening Sir?

Shiv Singh Mehta: As we have seen last two years were difficult years for industry when raw material prices had peaked at very exorbitant levels of almost Rs.160 against average of Rs.70 to Rs.80 range which is generally for the raw material prices so it had impacted the market demand in agriculture business. Building products continue to grow in India very fast but agriculture did not grow as much and this is where once we established our building products segment we see a robust growth in the coming year because building products as such should be growing well in India looking to whatever government push is on urban and rural infrastructure of housing and other areas, so agriculture will continue to grow as we go to the new states and new areas building products will also grow this is what is our estimation.



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- Viraj Mehta:** Over the last three years annual report we have mentioned multiple times Rs.1000 Crores, Rs.1200 Crores and now with the PVC and that is before the PVC prices were also Rs.70 and Rs.80 do we still stick by those numbers that PVC prices currently at Rs.70 and Rs.75?
- Shiv Singh Mehta:** For the last two quarters you must have seen that I have said that I am not making any assumption on numbers in terms of topline towards Rs.1000 Crores because what we have gone through in six months, first we are consolidating our positions very clearly and we will be able to forecast numbers after this financial year once we are through with all the internal realignments and everything. This year also first half we had a challenging time because of the inability to process material for a significantly important season time.
- Viraj Mehta:** Right Sir my last question is on balance sheet to Madam. If we look at the deterioration in our balance sheet because our equity is now only Rs.108 Crores and our debt is now North of Rs.100 Crores, our debt is actually more than our equity now which is the first time it has happened to us in a very, very long time do you see increase in the rates that the banks are offering us because of the deterioration in the balance sheet?
- Vinita Puntambekar:** Actually if you will see that debts are not from bank we are having only Rs.12 Crores loan from banks, whatever is the debt that is from promoters.
- Shiv Singh Mehta:** Yes it is from Kriti Nutrients.
- Vinita Puntambekar:** No, Kriti Nutrients only Rs.10 Crores this is long term **(inaudible) 29:41** but this time this is from CMD and this is debt from promoter not from other group companies.
- Viraj Mehta:** Madam what will be cost of that debt please?
- Vinita Puntambekar:** That is around 7% to 7.5%.
- Viraj Mehta:** Thank you so much Madam and thank you so much Mr. Mehta for your candid answers and wish you best of luck for the future.
- Moderator:** Thank you. We take the next question from the line of Deepak Poddar from Sapphire Capital. Please go ahead Sir.
- Deepak Poddar:** Thank you very much Sir for the opportunity. Sir first of all just wanted to understand you mentioned this Q3 we should turn positive and inventory loss should be much lower so one



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can envisage Rs.5 Crores to Rs.10 Crores inventory loss this quarter considering only 14% to 15% in PVC?

Shiv Singh Mehta: Yes anything plus or minus something of Rs.5 Crores.

Deepak Poddar: Plus or minus something of Rs.5 Crores and you have in the past have always spoken about our normalized EBITDA margin in the range of 10% and 11% or going up to 12% to 13% right so by when do you expect that level we can achieve basically a normalized level kind of EBITDA margin?

Shiv Singh Mehta: Once the price is stabilized for PVC which we hope that it should now, we should start getting that EBITDA margins straightaway without any reason of any delay.

Deepak Poddar: So it has stabilized and assuming that we turn positive in Q3 so from Q4 onwards once can expect that kind of an EBITDA margin 10% to 12%?

Shiv Singh Mehta: Surely we are hopeful.

Deepak Poddar: We are hopeful of that okay and in terms of even on the revenue front you mentioned that we will be able to forecast numbers post after this financial year but any kind of growth assumptions also that you would like to share will give us some kind of understanding where as a company we are heading towards in terms of topline?

Shiv Singh Mehta: In the initial question I had mentioned that during current year even H2 the second half of the year I am expecting a growth rate of over 30% to 40%.

Deepak Poddar: A growth rate of 30% to 40% in second half?

Shiv Singh Mehta: Only for H2.

Deepak Poddar: H2 of FY2022 right?

Shiv Singh Mehta: Yes.

Deepak Poddar: Okay and what about FY2024?

Shiv Singh Mehta: FY2024 I will like to forecast after we conclude this year after we have realigned everything.



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- Deepak Poddar:** How is the channel inventory situation are we seeing any kind of a destocking activities that because of the PVC resin prices going down and that the destocking activity would have stopped because now the pricing has stabilized so what understanding we have out there?
- Shiv Singh Mehta:** Now dealers are more comfortable buying at these prices but since they have seen a continuous decline over the last eight or nine months they still would like to see one uptick to gain more confidence but still they are stocking because there is a demand and since there is a demand they are buying and regularly stocking but as you asked me what is their level of comfort there is a positive sentiment but there is skepticism also.
- Deepak Poddar:** Okay but do we expect that this will be Rs.74 per kg is that the bottom since it is kind of fallen by about..
- Shiv Singh Mehta:** It is very difficult to predict in today's world dynamics of sociopolitical reality but still looking to the cost structure and what we get to know from our suppliers of raw material who are major manufacturers worldwide that they themselves find these prices little uncomfortable.
- Deepak Poddar:** Okay but is there any kind of dumping also happening in the Indian market?
- Shiv Singh Mehta:** There is no question of dumping because as most of the other European and US markets and China are down obviously major material will flow to those markets who are still accepting material, so India is one of the destinations which is still looks to be on positive on inclining curve in terms of growth.
- Deepak Poddar:** Okay then and then what is the seasonality we see in our revenue?
- Shiv Singh Mehta:** This monsoon is a lowest time of sales because during monsoon pipes are not put on the floor but thereafter from this now to say April there is a positive cycle of sales so certainly Q3 and Q1 are the most voluminous months as compared to others but Q4 is also reasonable.
- Deepak Poddar:** Understood fair enough. That is it from my side Sir. Thank you very much.
- Moderator:** Thank you Sir. We take the next question from the line of Dhwani Desai from Turtle Capital. Please go ahead Sir.
- Dhwani Desai:** Thank you. My questions have been answered.



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Moderator: Thank you Sir. We take the next question from the line of Anant Jain an Individual Investor. Please go ahead Sir.

Anant Jain: Thanks for the opportunity Sir. One question how much inventory are we carrying in tonnage today PVC inventory?

Shiv Singh Mehta: Today we would have a normal cycle of about one month to 35 days in total I am talking raw material plus finished goods cycle.

Anant Jain: Roughly in terms of tonnage if you can give me an idea?

Shiv Singh Mehta: Since we are in the season the finished good cycle stock depletes but says about 400 tonnes around.

Anant Jain: Thanks for that Sir. My next question is what I have observed in terms of agri pipes is that agri pipes tend to do much better when the monsoon is weak because then the farmers would need pipes to kind of get water from a different source but when the monsoons are strong the agri pipes actually tend to do a little not that well as they would do in the monsoons a little weak not like we normally do, but what you are saying today it seems to be a total different from what my understanding so if you can help clarify?

Shiv Singh Mehta: Unless there are water bodies carrying water there cannot be irrigation through pipes so you need monsoon and water to carry water. Number two if you have a good monsoon the season lasts right through April, May and June because a farmer will take two or three crops based on the availability of water so normally we have seen that with a good monsoon the sales grow and sales grow well. Maybe some diameter of pipes may change in terms of areas and requirements because if there is a good water body the longer lines of higher diameters are also in demand along with the distribution lines of pipes so with a good monsoon you see growth both in large diameter and small diameter pipes.

Anant Jain: Sir my last question is you said that we will be making 20% EBITDA on building material when I see the margins of our larger competitors like Finolex or even Astral the margins for Astral which are probably the highest in the industry stands at around 15% to 16% and for other players they are around 10% to 12% what gives you the confidence we can do 20% at a much subscale when compared to a larger peer?



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- Shiv Singh Mehta:** No if you look at Astral and others their margins are higher. Normally you will see that fittings offer better margins and CPVC offers better margins so I think the industry average is above 18% just look at the numbers.
- Anant Jain:** No I have looked at the numbers.
- Shiv Singh Mehta:** This year is different. This year typically is a difficult year.
- Anant Jain:** Overall so if I were to look at a normalized year also like the margins has mostly remained below 15% in pipes and fittings.
- Shiv Singh Mehta:** Then I will have to recalibrate my numbers if it is so because we cannot anticipate that our margins will be much better than these industries established brands so I will have to recalibrate the strategy. I appreciate that one.
- Anant Jain:** Finolex's margins were even at the peak were 18% and they have been on an average around 12% to 13% that is the reason I wanted to ask that question.
- Shiv Singh Mehta:** I will have to stand corrected if that is so.
- Anant Jain:** Okay thank you.
- Moderator:** Thank you. As there are no further questions I would now like to hand the conference over to the management for closing comments.
- Shiv Singh Mehta:** I must thank all the participants for being here with us. These have been very difficult times and we all look forward to your good wishes for emerging out of the difficult situations what we have faced in the last six months. Thank you for your support.
- Moderator:** Thank you. On behalf of Asian Markets Securities Limited that concludes this conference. Thank you for joining us. You may now disconnect your lines.