

**Channel Restocking Drives Volume Surge**

**CMP: INR 68.4**

**Rating: BUY**

**Target Price: INR 120**

**Stock Info**

BSE	526423
NSE	KRITI
Bloomberg	KAP:IN
Reuters	KRTI.NS
Sector	Plastic Products – Industrial
Face Value (INR)	1
Mkt Cap (INR Mn)	3,610
52w H/L (INR)	179/51
Avg yearly Vol (in 000')	41.92

**Shareholding Pattern %**

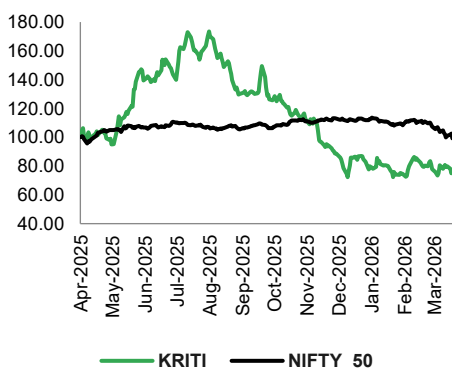
(As on Dec, 2025)

Promoters	68.72%
Public & Others	31.28%

**Stock Performance (%)**

	1m	6m	12m
Kriti	-13.3	-48.9	-34.3
Nifty 50	-8.8	-8.7	-2.1

**KRITI Vs Nifty 50**



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Kriti Industries (India) Limited (KIL), incorporated in 1990 is among Central India's largest single-location integrated polymer pipe and fluid transmission products manufacturers. Headquartered and operating out of Indore (Madhya Pradesh), with its manufacturing facility at Pithampur (MP), the company commands an installed capacity of 1,49,400 MTPA across its state-of-the-art plant housing 25 PVC extrusion lines, 16 HDPE & Drip extrusion lines, and 30 injection moulding machines. KIL markets its comprehensive range of RPVC, HDPE, CPVC and UPVC pipes, fittings, telecom ducts, gas pipes, and irrigation systems under the well-established "Kasta" brand, which enjoys dominant market share in Madhya Pradesh and a strong foothold in Rajasthan and Maharashtra. The company operates through four segments - Agriculture (79% of revenues), Building Products (13%), Industrial Solutions (7%), and Micro-Irrigation (1%) and distributes its products across 16 high-growth Indian states through a robust network of 490+ dealers, with retail sales constituting over 85% of total revenues.

**PVC Resin Price Inflation Should Aid Restocking and Margin Reset:** The recent move-up in PVC resin prices is constructive for the operating cycle. PVC prices have reportedly risen from around INR 60/kg to INR 109/kg, and that kind of sharp upward adjustment typically triggers faster channel restocking as distributors and dealers move to replenish inventory ahead of further price hikes. For a pipe manufacturer, such a reset is usually supportive of realizations and can improve gross margin spreads if the pass-through is timely. More importantly, it also suggests that the deflationary pressure seen earlier in the cycle may be behind the business, reducing the risk of inventory-led margin compression. This should be a key lever for earnings recovery from the low base.

**Operating Leverage Can Flow Through as Volumes Normalize:** The recent quarter appears to represent a trough-type period for both demand and profitability, which leaves room for operating leverage as volumes recover. With the company already operating a fairly established manufacturing and distribution footprint, incremental recovery in volumes should translate into better plant utilization and improved fixed-cost absorption. The presentation also shows that despite weak revenue trends, EBITDA remained positive in 9M FY26, indicating that cost discipline is helping protect earnings at the bottom of the cycle. As agricultural volumes revive and resin pricing turns more supportive, margin normalization can occur relatively quickly from the current depressed base.

**Demand Recovery After a Weather-Disrupted Period:** The near-term operating thesis on Kriti Industries is anchored in a recovery in agri-led demand after an unusually weak monsoon-related phase. The company has already flagged that heavy and extended rains impacted Q2 and Q3 performance, with agri sales declining meaningfully during the period. Importantly, management commentary suggests that sales are now recovering, which should support a sequential improvement in volumes into Q4 and beyond. Given the company's high exposure to agriculture, even a partial normalization in demand can have a disproportionate impact on revenue recovery and capacity utilization.

**Building Products - A Structural Growth Engine Gaining Momentum:**

Company's Building Products segment (CPVC, UPVC, SWR/Drainage, Water Tanks) contributes 13% of revenues today and represents the company's most compelling medium-term growth story. While this segment was also impacted in H1-FY26 due to overlapping dealer networks being disrupted by rains, management has pivoted strategy and is now reporting visible green shoots with sequential volume recovery underway. The global CPVC pipe market is projected to grow at a CAGR of 10.8% through 2030, driven by urbanization, HVAC penetration, and construction sector demand. KILL's strategic push into dedicated Building Products dealerships, combined with its competitive cost structure and the Kasta brand's growing recall in urban and peri-urban markets, positions it to capture a disproportionate share of this growing pie. Given the company's capacity headroom (Building Products capacity: 6,645 MTPA), revenue contribution from this segment is poised to scale materially without significant capital outlay, driving accretive margin mix.

**Outlook:** After six quarters of headwinds spanning raw material deflation-led inventory losses, unseasonal rainfall severely depressing agri demand across MP, Rajasthan and Maharashtra, and a deliberate pullback from low-quality industrial business, company's operating environment has decisively shifted. The PVC resin price reversal from ~INR 60/kg to ~INR 109/kg in under three months is the sharpest near-term catalyst it has simultaneously triggered a structural margin tailwind as low-cost inventory is liquidated at higher realizations, and an aggressive channel re-stocking cycle as distributors who had been running lean inventories now rush to build positions ahead of further price appreciation. Our ground-level channel checks validate that this re-filling is already well underway. Q4-FY26 is, in our assessment, poised to be a material earnings inflection quarter. The Building Products segment (currently 13% of revenues) is the structural re-rating driver CPVC and UPVC penetration in Tier-2/3 India remains in early innings, and company's competitive positioning, Kasta brand recall, and dedicated dealer expansion strategy make it a credible share-gainer. We have a Buy Rating on the stock with a Target Price of INR 120 based on 15x PE ratio of FY28.

**Valuation Summary:**

Year-end March (INR Mn)	FY23	FY24	FY25	FY26E	FY27E	FY28E
Net Sales	7,325	8,666	7,219	6,573	8,644	9,985
EBITDA	-77	595	283	297	578	768
PAT	-228	219	-40	12	251	408
EPS (INR)	-4.6	4.4	-0.8	0.2	4.9	8.0
EBITDA Margin (%)	-1.1%	6.9%	3.9%	4.5%	6.7%	7.7%
EV/EBITDA	-57.2	7.5	14.4	14.0	7.1	5.1
P/E (x)	-14.9	15.5	-86.5	280.4	13.9	8.6
ROE %	-17.52	14.41	-2.00	0.62	11.12	15.34
Debt/Equity (x)	0.90	0.83	0.49	0.44	0.36	0.28

## Consolidated Financials

## Income statement (INR Mn)

Year End-March	FY23	FY24	FY25	FY26E	FY27E	FY28E
Gross Sales	7,325	8,666	7,219	6,573	8,644	9,985
<b>Net Sales</b>	<b>7,325</b>	<b>8,666</b>	<b>7,219</b>	<b>6,573</b>	<b>8,644</b>	<b>9,985</b>
YoY (%)	34.46%	18.31%	-16.70%	-8.95%	31.52%	15.51%
<b>Adjusted COGS</b>	<b>6,486</b>	<b>6,892</b>	<b>5,589</b>	<b>5,140</b>	<b>6,690</b>	<b>7,698</b>
YoY (%)	47.59%	6.25%	-18.91%	-8.04%	30.17%	15.06%
Personnel/ Employee benefit expenses	293	353	381	417	498	546
YoY (%)	26.14%	20.33%	8.09%	9.41%	19.46%	9.56%
Manufacturing & Other Expenses	623	827	966	720	877	974
YoY (%)	44.50%	32.77%	16.78%	-25.49%	21.94%	11.02%
<b>Total Expenditure</b>	<b>7,402</b>	<b>8,072</b>	<b>6,936</b>	<b>6,276</b>	<b>8,066</b>	<b>9,218</b>
YoY (%)	-119.91%	-867.69%	-52.38%	4.73%	95.05%	32.74%
<b>EBITDA</b>	<b>-77</b>	<b>595</b>	<b>283</b>	<b>297</b>	<b>578</b>	<b>768</b>
YoY (%)	-119.91%	-867.69%	-52.38%	4.73%	95.05%	32.74%
<b>EBITDA Margin (%)</b>	<b>-1.06%</b>	<b>6.86%</b>	<b>3.92%</b>	<b>4.51%</b>	<b>6.69%</b>	<b>7.69%</b>
Depreciation	91	120	145	177	184	191
% of Gross Block	5.34%	5.58%	6.06%	6.80%	6.45%	6.16%
<b>EBIT</b>	<b>-169</b>	<b>475</b>	<b>139</b>	<b>120</b>	<b>395</b>	<b>577</b>
<b>EBIT Margin (%)</b>	<b>-2.30%</b>	<b>5.48%</b>	<b>1.92%</b>	<b>1.82%</b>	<b>4.57%</b>	<b>5.78%</b>
Interest Expenses	167	204	233	144	148	135
Non-operating/ Other income	35	34	36	24	88	102
<b>PBT</b>	<b>-301</b>	<b>305</b>	<b>-58</b>	<b>-8</b>	<b>335</b>	<b>543</b>
Tax-Total	-73	86	-17	-20	84	136
<b>Adj. Net Profit</b>	<b>-228</b>	<b>219</b>	<b>-40</b>	<b>12</b>	<b>251</b>	<b>408</b>
Share of profit of joint ventures accounted for using the equity method	0	0	0	0	0	0
<b>Reported Profit</b>	<b>-228</b>	<b>219</b>	<b>-40</b>	<b>12</b>	<b>251</b>	<b>408</b>
<b>PAT Margin</b>	<b>-3.11%</b>	<b>2.52%</b>	<b>-0.56%</b>	<b>0.19%</b>	<b>2.91%</b>	<b>4.08%</b>
Shares o/s/ paid up equity sh capital	50	50	51	51	51	51
Adj EPS	-4.59	4.41	-0.79	0.24	4.92	7.97
Dividend payment	10	0	10	10	10	10
<b>Dividend payout (%)</b>	<b>-4.35%</b>	<b>0.00%</b>	<b>-24.56%</b>	<b>81.97%</b>	<b>4.07%</b>	<b>2.51%</b>
<b>Retained earnings</b>	<b>-238</b>	<b>219</b>	<b>-50</b>	<b>2</b>	<b>241</b>	<b>397</b>

Balance sheet						
Year-end March ( INR Mn)	FY23	FY24	FY25	FY26E	FY27E	FY28E
<b>Sources of Funds</b>						
Equity Share Capital	50	50	51	51	51	51
Reserves & Surplus/ Other Equity	1,252	1,467	1,965	1,968	2,209	2,606
<b>Networth</b>	<b>1,301</b>	<b>1,517</b>	<b>2,016</b>	<b>2,019</b>	<b>2,260</b>	<b>2,657</b>
Unsecured Loans/ Borrowings/ Lease Liabilities						
	1,174	1,263	987	902	825	755
Other Liabilities	24	21	17	19	21	23
<b>Total Liabilities</b>	<b>4,114</b>	<b>4,537</b>	<b>4,720</b>	<b>4,579</b>	<b>4,916</b>	<b>5,637</b>
<b>Total Funds Employed</b>						
	<b>7,874</b>	<b>8,391</b>	<b>9,002</b>	<b>8,733</b>	<b>9,417</b>	<b>10,868</b>
<b>Application of Funds</b>						
<b>Net Fixed Assets</b>	<b>1,235</b>	<b>1,553</b>	<b>1,647</b>	<b>1,690</b>	<b>1,753</b>	<b>1,825</b>
Capital WIP	169	132	206	206	206	206
Investments/ Notes/ Fair value measurement	0	0	0	0	0	0
<b>Current assets</b>	<b>2,660</b>	<b>2,775</b>	<b>2,788</b>	<b>2,580</b>	<b>2,819</b>	<b>3,418</b>
Inventory	1,594	1,557	1,590	1,519	1,666	2,026
<b>Days</b>	<b>103</b>	<b>83</b>	<b>103</b>	<b>103</b>	<b>103</b>	<b>103</b>
Debtors	534	667	486	496	665	768
<b>Days</b>	<b>21</b>	<b>25</b>	<b>29</b>	<b>28</b>	<b>28</b>	<b>28</b>
Other Current Assets	380	340	392	385	377	369
Cash and Cash equivalent	131	206	287	148	78	221
<b>Current Liabilities/Provisions</b>	<b>2,459</b>	<b>2,338</b>	<b>2,266</b>	<b>2,135</b>	<b>2,241</b>	<b>2,574</b>
Creditors / Trade Payables	1,292	1,334	1,294	1,211	1,332	1,663
<b>Days</b>	<b>68</b>	<b>60</b>	<b>69</b>	<b>66</b>	<b>68</b>	<b>68</b>
Liabilities	225	211	222	245	294	353
<b>Net Current Assets</b>	<b>201</b>	<b>438</b>	<b>522</b>	<b>446</b>	<b>579</b>	<b>844</b>
<b>Total Asset</b>	<b>4,114</b>	<b>4,537</b>	<b>4,720</b>	<b>4,579</b>	<b>4,916</b>	<b>5,637</b>
<b>Total Capital Employed</b>	<b>3,913</b>	<b>4,100</b>	<b>4,198</b>	<b>4,134</b>	<b>4,338</b>	<b>4,793</b>

## Cash Flow Statement

Year End-March ( INR Mn)	FY23	FY24	FY25	FY26E	FY27E	FY28E
<b>Profit before tax</b>	<b>(227.92)</b>	<b>218.61</b>	<b>(40.39)</b>	<b>12.47</b>	<b>251.29</b>	<b>407.51</b>
<b>Adjustments: Add</b>						
Depreciation and amortisation	91.34	119.95	144.55	177.03	183.55	191.10
Interest adjustment	132.08	169.81	196.31	119.85	59.86	33.41
<b>Change in assets and liabilities</b>	<b>5.42</b>	<b>508.37</b>	<b>310.38</b>	<b>319.57</b>	<b>504.92</b>	<b>642.25</b>
Inventories	471.27	36.97	(32.49)	71.05	(147.33)	(360.26)
Trade receivables	(210.80)	(133.10)	181.26	(9.72)	(169.06)	(103.16)
Trade payables	19.75	41.70	(39.38)	(83.09)	120.39	331.00
Other Liabilities and provisions	240.23	(168.63)	(38.82)	(47.97)	(13.93)	2.62
Other Assets	(69.11)	27.22	(57.81)	3.95	3.40	2.82
Taxes	0.00	(19.70)	(82.11)	101.42	(47.91)	0.00
<b>Net cash from operating activities</b>	<b>377.12</b>	<b>413.93</b>	<b>275.24</b>	<b>253.80</b>	<b>298.38</b>	<b>515.28</b>
Net Sale/(Purchase) of tangible and intangible assets, Capital work in progress	(299.46)	(401.17)	(311.27)	(220.26)	(246.48)	(262.93)
Net Sale/(Purchase) of investments	35.31	33.94	36.46	23.62	87.89	101.69
Others	0.00	0.00	0.00	0.00	0.00	0.00
<b>Net cash (used) in investing activities</b>	<b>(264.15)</b>	<b>(367.22)</b>	<b>(274.81)</b>	<b>(196.64)</b>	<b>(158.59)</b>	<b>(161.25)</b>
Interest expense	(98.39)	31.70	(450.41)	(175.48)	(188.88)	(190.70)
Dividend paid	9.92	9.92	9.92	10.22	10.22	10.22
Other financing activities	(12.21)	(3.15)	540.08	(10.22)	(10.22)	(10.22)
<b>Net cash (used) in financing activities</b>	<b>(120.52)</b>	<b>28.54</b>	<b>79.75</b>	<b>(195.92)</b>	<b>(209.33)</b>	<b>(211.14)</b>
<b>Closing Balance</b>	<b>131.21</b>	<b>206.47</b>	<b>286.66</b>	<b>147.90</b>	<b>78.37</b>	<b>221.26</b>
<b>FCF</b>	<b>108.95</b>	<b>(23.97)</b>	<b>37.20</b>	<b>33.30</b>	<b>51.90</b>	<b>251.35</b>
Capex ( % of sales )	268.17	437.90	238.04	216.91	302.56	369.46

Key Ratios						
Year-end March	FY23	FY24	FY25	FY26E	FY27E	FY28E
<b>Solvency Ratios</b>						
Debt / Equity	0.90	0.83	0.49	0.44	0.36	0.28
Net Debt / Equity	0.80	0.69	0.35	0.37	0.33	0.20
Debt / EBITDA	-15.13	2.12	3.47	3.03	1.42	0.98
Current Ratio	-13.43	1.77	2.46	2.53	1.28	0.69
<b>DuPont Analysis</b>						
Sales/Assets	1.78	1.91	1.53	1.44	1.76	1.77
Assets/Equity	3.16	2.99	2.34	2.27	2.18	2.12
RoE (%)	-17.52	14.41	-2.00	0.62	11.12	15.34
<b>Per share ratios</b>						
Reported EPS	-4.59	4.41	-0.79	0.24	4.92	7.97
Dividend per share	0.20	0.00	0.19	0.20	0.20	0.20
BV per share	26.23	30.58	39.46	39.50	44.22	51.99
Cash per Share	0.01	0.06	0.02	0.01	0.00	0.01
Revenue per Share	147.66	174.71	141.26	128.62	169.15	195.39
<b>Profitability ratios (%)</b>						
Net Profit Margin (PAT/Net sales)	-3.11	2.52	-0.56	0.19	2.91	4.08
Gross Profit / Net Sales	11.45	20.47	22.58	21.81	22.61	22.91
EBITDA / Net Sales	-1.06	6.86	3.92	4.51	6.69	7.69
EBIT / Net Sales	-2.30	5.48	1.92	1.82	4.57	5.78
ROCE	-10.20	21.58	5.65	4.89	14.76	18.83
<b>Activity ratios</b>						
Inventory Days	102.98	83.46	102.77	102.82	102.82	102.82
Debtor Days	21.37	25.31	29.16	28.08	28.08	28.08
Creditor Days	67.53	59.65	68.83	66.36	68.22	68.22
<b>Leverage ratios</b>						
Interest coverage	-1.01	2.33	0.60	0.83	2.67	4.27
Debt / Asset	0.28	0.28	0.21	0.20	0.17	0.13
<b>Valuation ratios</b>						
EV / EBITDA	-57.23	7.48	14.44	13.97	7.15	5.11
PE (x)	-14.89	15.52	-86.53	280.35	13.91	8.58

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**Stock Rating Scale**

BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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