

Industry	LTP	Recommendation	Base Case Fair Value	Bull Case Fair Value	Time Horizon
Pipes	Rs. 216.9	Buy in Rs. 214-220 band and add on dips in Rs. 193-197	Rs. 240.5	Rs. 256	2-3 quarters

HDFC Scrip Code	KRIINDEQNR
BSE Code	526423
NSE Code	KRITI
Bloomberg	KAP:IN
CMP September 13, 2024	216.9
Equity Capital (Rs Cr)	4.96
Face Value (Rs)	1
Equity Share O/S (Cr)	4.96
Market Cap (Rs Cr)	1,076
Book Value (Rs)	30.6
Avg. 52 Wk Volumes	206,000
52 Week High	258.55
52 Week Low	87.95

Share holding Pattern % (June, 2024)	
Promoters	66.77
Institutions	0.46
Non Institutions	32.77
Total	100.00



* Refer at the end for explanation on Risk Ratings

Fundamental Research Analyst

Tanishk Khinvasra

tanishk.khinvasra@hdfcsec.com

Our Take:

Kriti Industries Limited is an Indian polymer pipes and plastic products company. The company manufactures plastic polymer piping systems, moulded plastic products, and accessories. Its products have wide range of application and are used in sectors, including water supply, irrigation, gas, telecom, and construction. The company's Kasta Pipes brand is well known in Central India for consistency, quality and service with a strong presence in Rajasthan and Maharashtra.

Agriculture segment constitute around 62% of the revenues followed by industrial solutions with 26% and building segment with 12%. The company has started to focus on the building material segment which is one of the fastest growing segment and accordingly expanded the product range and strengthen the distribution channel. Building material segment offers a better margin compared to other segments and will also strengthen the brand value.

The company has taken expansion initiatives in recent years and continue to increase the capacity in the coming years to take the benefit of the growing segment. Apart from this, agriculture segment is continuously growing at a steady rate and a cautious look in the industrial segment by the management will help to deliver a sustainable performance both in terms of volume growth and profitability growth.

Valuation & Recommendation:

The company has registered a strong sales volume and revenue growth of 41% and 27% CAGR from FY22-FY24 period respectively and we expect the company will continue to deliver a strong growth in the near term also. With an increase in infrastructure spend, management's focus on high margin segment (esp. building material) & better operational performance, increasing manufacturing capacity and supported by a well-diversified product range and growing distribution channel pan India, we expect the company to deliver a good performance.

We expect revenues/ EBITDA/ PAT to grow at a CAGR of 18.6%/ 45.4%/ 81% respectively over the next two years. We believe investors can buy the stock in Rs 214-220 band (17.8x FY26E EPS) and add on dips in Rs 193-197 (16.0x FY26E EPS) band for a base case fair value of Rs 240.5 (19.75x FY26E EPS) and bull case fair value of Rs 256 (21.0x FY26E EPS) over the next 2-3 quarters.