

8TH ANNUAL REPORT

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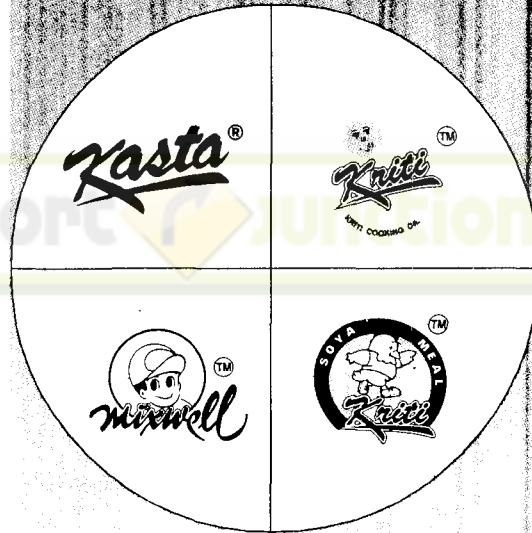
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KRITI INDUSTRIES (INDIA) LIMITED



KRITI INDUSTRIES (INDIA) LIMITED FINANCIAL HIGHLIGHTS

(Rs. in Lacs)

	1997-98	1996-97	1995-96	1994-95
SALES AND EARNINGS				
Sales and other Income	13890.87	11964.85	12440.09	9098.66
Expenditure	13028.49	11263.54	11860.80	8683.12
Operating Profit (PBITD)	862.38	701.31	579.29	415.54
Interest	387.60	285.31	260.49	200.00
Gross Profit (PBDT)	474.78	416.00	318.80	215.32
Depreciation	148.55	117.72	76.58	47.09
Profit before Tax (PBT)	326.23	298.28	242.21	168.23
Net Profit (PAT)	304.23	258.28	236.21	165.23

CAPITAL EMPLOYED IN

Gross Fixed Assets	2683.54	2445.40	1933.99	1417.81
Net Fixed Assets	2264.55	2174.96	1757.62	1318.02
Investments	24.11	13.65	14.32	8.15
Net Current Assets	1775.14	1552.72	1787.61	1727.83
Miscellaneous Expenditure	36.60	43.44	50.27	57.10
Total	4100.41	3784.76	3609.82	3111.10

SHAREHOLDERS FUNDS & OTHERS

Equity Share Capital	487.54	487.54	487.54	488.73
Reserves & Surplus	1294.22	1054.35	860.42	681.17
Dividend	58.51	58.51	58.51	48.75
Dividend per Equity Share (Rs.)	1.20	1.20	1.20	1.00
Earning per Equity Share (Rs.)	6.24	5.30	4.84	3.38
Book Value per Equity Share (Rs.)	35.80	30.73	27.65	23.93

COMPANY'S BRANDS

KASTA	:	Rigid PVC Pipes & Fittings, HDPE Pipes, SWR Pipes & Fittings.
KRITI	:	Refined Oil & Soya Meal.
MIXWELL	:	Lecithin

BOARD OF DIRECTORS :

AS ON 30TH JUNE 1998

Shri Bhanubhai Patel	-	Chairman
Shri Sajjan Singh Mehta	-	Director
Shri Swatantra Singh Kothari	-	Director
Shri Shreenivasan Ramji	-	Nominee Director (IDBI)
Shri Pravin Kasliwal	-	Director
Shri Shiv Singh Mehta	-	Managing Director

AUDITORS :

M/s. Subhash Deshpande & Company
 Chartered Accountants,
 City Plaza, M.G.Road,
 Indore - 452001

BANKERS:

State Bank of India
 State Bank of Indore
 State Bank of Travancore

REGISTERED OFFICE :

"Mehta Chambers"

&

34, Siyaganj

SHARE DEPARTMENT :

Indore - 452007.

ADMINISTRATIVE OFFICE :

"Chetak Chambers"
 4th Floor, 14, R.N.T. Marg
 Indore - 452001.

WORKS :**AUTO AGRI ACCESSORIES****DIVISION :**

Plot No. 75-86, Sector II
 Industrial Area, Pithampur
 Dist. Dhar (M.P.)

SOLVENT PLANT DIVISION :

Industrial Area No. 3
 Dewas (M.P.)

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8TH ANNUAL GENERAL MEETING

Date :	30th September, 1998
Day :	Wednesday
Time :	3.00 P.M.
Venue :	Hotel Shreemaya, 12, R.N.T. Marg, Indore - 452 001



NOTICE

NOTICE is hereby given that 8th Annual General Meeting of the Members of **KRITI INDUSTRIES (INDIA) LIMITED**. Will be held on Wednesday the 30th September, 1998 at 3.00 P.M. at Hotel Shree Maya, 12, Ravindra Nath Tagore Marg, Indore - 452 001 (M.P.) to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt Audited Balance Sheet as at 31st March, 1998 and the Profit and Loss Account for the year ended on that date and to receive and consider the reports of Directors and Auditors thereon.
2. To declare Dividend for the Financial Year ended on 31st March, 1998.
3. To appoint a Director in place of Shri Bhanubhai I. Patel, who retires by rotation and being eligible offers himself for reappointment.
4. To appoint Auditors to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

5. To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution.

"RESOLVED THAT pursuant to the provisions to Section 31 and other applicable provisions, if any, of the Companies, Act, 1956, (including statutory modifications or re-enactments thereof, for the time being in force and as may be enacted from time to time) the Articles of Association of the company shall be amended by inserting new clause 4(C) after the existing Clause 4(B) of the Articles of Association of the Company."

CLAUSE 4(C) POWER OF COMPANY TO PURCHASE ITS OWN SECURITIES.

Subject to the provisions of the Companies Act as in force, the Board of Directors are authorised to purchase from time to time such quantity or quantities of the Shares or other specified securities of the Company at such rate(s) and on such terms as the Board may deem proper and make payment(s) for such purchases and to keep them alive/cancel them and/or resell from time to time such number(s) of the Shares so purchased at such rate(s) and on such terms as the Board may deem proper, in accordance with the provisions of the Companies Act and any other law/rules and regulations as may be applicable from time to time.

6. To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution.

"RESOLVED THAT subject to all applicable provisions of the Companies, Act, 1956 (including statutory modifications or re-enactments thereof, for the time being in force and as may be enacted from time to time) and subject to such other approvals, permissions, sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by the appropriate authorities while granting such approvals, permissions and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board") the consent of the Company be and is hereby accorded to the Board of Directors to acquire/purchase from time to time any of the Company's own fully paid equity shares on such terms and conditions as the Board may deem proper and upto such limits as may be prescribed by law from time to time and make payment(s) for such purchases out of the funds from free reserves and share premium account or out of such funds as may be allowed under the law/rules & regulations and to keep them alive, cancel and/or resell from time to time such number(s) of the shares so purchased, at such rate(s) and on such terms as the Board may deem fit and proper provided further that the number of such equity shares bought back shall not exceed 25% (Twenty Five Percent) of the number of paid up equity share capital of the Company.

RESOLVED FURTHER THAT the board be and is hereby authorised to or cause to be done all such acts, deeds, matters, things and all such powers mentioned herein above as may be necessary expedient, usual or proper to implement this resolution.

RESOLVED FURTHER THAT the Board of Directors of the Company shall exercise the powers conferred by this resolution only after necessary provision for the purpose is incorporated in the Companies Act, 1956 or any statutory modification or re-enactment thereof and in such manner and after complying with the conditions prescribed in such provisions or any other law or regulations and not otherwise."

7. To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution.

"RESOLVED THAT pursuant to the provisions to Section 31 and all other applicable provision, if any, of the Companies Act, 1956, (including statutory modifications or re-enactments thereof, for the time being in force and as may be enacted from time to time the Article 118 (3) of the Articles of Association of the Company be substituted by the following Article 118 (3).

ARTICLE 118 (3)

"The fee payable to a Director for attending a Meeting of the Board or Committee thereof shall be such amount subject to the limit prescribed under the Companies Act, 1956, as the Board may determine from time to time."

By order of the Board,

Place : Indore

Date : 30th June, 1998.

SHIV SINGH MEHTA

Managing Director

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY FORM IN ORDER TO BE VALIED AND EFFECTIVE, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME OF HOLDING THE AFORESAID MEETING.
2. The Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956 in respect of Item No. from 5 to 7 as set out above is annexed here to.
3. The Register of Members and Share Transfer Book of the Company will remain closed from Monday the 14th September, 1998 to Wednesday the 30th September, 1998 (both days inclusive). The Dividend as recommended by the Directors for the year ended 31st March, 1998, if approved at the meeting will be made payable on or after 31st October 1998, to those members whose name appear on the Register of Members of the Company on 30th September, 1998.
4. Members desiring any information as regards accounts are requested to write to the Company at least 7 days in advance of the Annual General Meeting so as to enable the management to keep the information ready.
5. Members are requested to notify immediately any change in their address to the Company quoting their Folio Numbers.
6. The Members are requested to inform, if not informed earlier, to Company their Bank A/c No. with the name of the Bank and its Branch so that details will be printed on the warrant to minimise risk of fraudulent encashment. This information will however not be treated as Dividend mandate & the warrant will continue to be mailed to you directly at the address Registered with the Company.



7. Members holding Shares of the Company under more than one ledger folio are requested to send to the Company, details of all such folios together with the Share Certificates for consolidating the folios into one. The Share Certificates will be returned to members after making the requisite Endorsement thereon.
8. The Unclaimed/Unpaid Dividend for the year ended 31st March, 1995 is required to be transferred to the General Reserve Account of the Central Government pursuant to Section 205A(5) of the Companies Act, 1956 in the month of November, 1998. Members who have not yet encashed their Dividend Warrants are advised to approach the Company in order to have their Dividend Warrants revalidated.

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

5. Your directors propose to make change in the Articles of Association of the Company in order to bring these in line with the draft Companies Bill, 1997 under consideration of the Government. It is proposed to amend by inserting new clause in the Articles of Association of the Company which are contrary to the proposed change being suggested in the draft Companies Bill, 1997. These would provide enabling authorisation to the members/ the Board to implement the change as and when act comes into force. This change would require your approval by way of Special Resolution set out at Item No. 5 of the Notice.

The above change would become effective only from date of enactment and enforcement of the changed provisions in law.

Your Directors recommend the resolution for your approval.

None of the Directors of the Company is concerned or interested in the resolution.

6. The draft Companies Bill, 1997 allows buy back of Shares by a company from out of its free reserves, securities premium account or the proceeds of prior issue made specifically for the purpose of buy back. The Company has the option to buy back securities from the existing holders, from the open market. The Company can either cancel the securities so bought back or may re-issue the securities after the expiry of 24 months period.

In view of above provisions expected to come into force very shortly, it is proposed to take authorisation in the forthcoming Annual General Meeting of members in respect of said proposal.

The said proposal would become effective only from the date of enactment of the changed provision in law.

Your directors recommend the resolution for your approval.

None of the Directors of the company is concerned or interested in this resolution.

7. The Board of Directors are of the opinion that the sitting fee payable to the Directors to attend a Meeting of the Board or Committee thereof is not in line with the present trend in the Corporate World. Hence, the relevant articles 118 (3) of the Article of Association of the Company is proposed to be amended suitable to enable the Board to enhance the sitting fee to an amount not exceeding Rs.2000/- for each Meeting of the Board or Committee thereof attended by a Director.

The Board recommends the Members to pass the resolution as a special resolution.

All the Directors except Shri Shiv Singh Mehta, Managing Director are concerned or interested in this resolution.

By order of the Board,

Place : Indore
Date : 30th June, 1998.

SHIV SINGH MEHTA
Managing Director

DIRECTORS' REPORT

The Members,

KRITI INDUSTRIES (INDIA) LIMITED

Your Directors have pleasure in presenting the 8th Annual Report together with Audited Accounts of the Company for the year ended 31st March, 1998.

PERFORMANCE OF THE COMPANY

Your Company's performance during the year as compared with that of during the previous year is summarised below.

(Rs. In Lacs)

Particulars	Current Year (31.03.1998)	Previous Year (31.03.1997)
Total Income	13890.87	11964.85
Profit before Interest		
Depreciation & Taxes	862.38	701.31
Less : Interest	387.60	285.31
Gross Profit	474.78	416.00
Less : Depreciation	148.55	117.72
Taxation	22.00	40.00
Net Profit	304.23	258.28
Add : Balance Brought Forward	80.39	61.46
Profit available for Appropriation	384.62	319.74
Proposed Dividend	58.51	58.51
Dividend Tax	5.85	5.85
Transferred to General Reserve	250.00	175.00
Balance Carried over to Balance sheet	70.26	80.38
	384.62	319.74
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KEY RATIOS

The following Ratio's appropriately reflect your Company's performance.

	1997-98	1996-97
Book Value per Shares (Rs.)	35.80	30.74
Earning Per Share (Rs.)	6.24	5.30
Dividend Per Share (Rs.)	1.20	1.20
Return on Net Worth (%)	17.43	17.24
Current Ratio	1.66	1.75

PERFORMANCE REVIEW.

Your Company has maintained another year of satisfactory performance inspite of adverse conditions witnessed by the Industry, recording a turnover of Rs13890.87 lacs as against Rs. 11964.85 lacs during the preceding year. The operating profit before depreciation and Financial Charges amount to Rs. 862.38 lacs during the year under review as against Rs 701.31 lacs during the previous year, registering an increase of 22.97%. The Net Profit after tax has also increased to Rs.304.23 lacs as compared to Rs. 258.28 lacs during the last year, registering a growth of 17.79%. Despite all round increase in input costs, sluggish market conditions, Intermittent rains during peak season, the margins were maintained through high capacity utilisation, material efficiency and cost control. We feel confident that the Company will be able to present much better results in the years to come.

DIVIDEND

Your Directors are pleased to recommend for your approval a Dividend of 12% on Equity Shares. The proposed Dividend will absorb Rs.58.51 lacs. There will be no tax deduction at source on Dividend payments but your Company will absorb Rs. 5.85 lacs towards tax on Dividend.

EXPORTS

Company was able to do well on Export front. Total exports during the year amounted to Rs. 5015.88 lacs registering a 42.47% growth over last year.

FUTURE OUTLOOK/PROSPECTUS

SOLVENT DIVISION :

"KRITI" brand refined Soya Oil is well accepted in the market and has good demand. Company has undertaken technological upgrading of plant at a total cost of Rs.175.00 lacs, which is under full swing & expected to be completed by end of July. The Company has successfully commissioned "State of art" plant for manufacture of "Soya Lecithin". Lecithin is an emulsifier and finds large application in Food grade and Non-Food grade industry.

AUTO AGRI ACCESSORIES DIVISION :

Insipite of rains in the peak season Company was able to further consolidate its market position in agriculture and SWR market for "KASTA" brand PVC Pipes & Fittings.

Market response to PVC Pipe Fittings has been encouraging. Company has already acquired 150 different moulds and is planning to add 10 more moulds to the current range of Fittings.



Company has also started the production of SWR Pipes and Fittings which find large applications particularly in housing segment.

FINANCE

Instalments of loans which fell due during the year under review have been paid in time by your Company. Company had borrowed a Foreign Currency Loan of US \$ 4.00 million in the year 1995. Looking to the volatility in the forex market your Company prepaid this loan in the month of March, 1998. Rupee loan was availed from State Bank of India, Indore for this purpose. Debt Equity Ratio 0.79:1 is fairly comfortable to borrow the Money for its requirements.

PUBLIC DEPOSIT

The Company has not accepted any deposits from public during the year under review.

INSURANCE

All the properties and insurable interest of the Company including Building, Plant & Machinery and Stocks are adequately insured.

PARTICULARS OF EMPLOYEES

In compliance with the provisions of Section 217 (2-A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, a statement giving the requisite information is annexed hereto and forms a part of the report (Annexure I).

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS & OUTGO

Information as per section 217(1)(e) read with Companies (Disclosure of Particulars in the report

of the Board of Directors) Rules, 1988 are given in the annexure forming part of report. (Annexure II)

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company Shri Bhanubhai I. Patel, Director retire by rotation and being eligible offer himself for re-appointment.

AUDITORS

M/s. Subhash Deshpande & Co., Chartered Accountant, Indore the Auditors of the Company retire at the conclusion of the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

INDUSTRIAL RELATIONS

The improved performance is a testimony to the cordial and harmonious relations at all levels of the organisation and the Directors wish to put on record their appreciation of the contribution made by the Company's entire workforce at all levels of operations for the success and progress of the Company.

ACKNOWLEDGEMENT

Your Directors place on record their appreciation of the co-operation and assistance extended by the Central / State Government, Financial Institutions, Banks. The Directors also convey their sincere thanks for the continued support given to the Company by the esteemed shareholders, suppliers, dealers and valued customers

FOR & ON BEHALF OF THE BOARD,

Place : Indore
Date : 30th June, 1998

BHANUBHAI PATEL
(CHAIRMAN)

ANNEXURE - I

Information as per section 217(2-A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31st March, 1998.

Name	Designation	Qualification	Joining Date	Age (Yrs.)	Exp. (Yrs.)	Remuneration	Particulars of last Employment
Shri Shiv Singh Mehta	Managing Director	B.E.M.B.A.	12.03.1990	44	23	315000/-	Kasta Extrusion Pvt.Ltd.

NOTES:

- (1) The appointment is Contractual by an agreement between the Company and Director.
- (2) Remuneration as shown above includes Salary, Commission, Medical, Leave Travel Assistance, Gratuity Paid, Company's Contribution to Provident Fund, Superannuation Fund and other facilities and benefits wherever applicable monetary value of which have been evaluated on the basis of Income Tax Rules.
- (3) Shri Shiv Singh Mehta is relative of Shri Sajjan Singh Mehta, a director of the Company.