

9TH ANNUAL REPORT

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KRITI INDUSTRIES (INDIA) LIMITED



KRITI'S VISION

KRITI shall stand out in whatever it undertakes by achieving excellence in transforming a basic need into a new experience. To realize this vision, we dedicate ourselves to ...

- ◆ Cherish mutually satisfying relationships
- ◆ Encourage creativity and value new thoughts
- ◆ Use appropriate technology
- ◆ Lend a helping hand to society's developmental needs
- ◆ Be honest and forthright in our approach
- ◆ Be in harmony with the natural order.

FINANCIAL HIGHLIGHTS

(Rs. in Lacs)

	1998-99	1997-98	1996-97	1995-96	1994-95
SALES AND EARNINGS :					
Sales & other Income	16131.56	13890.87	11964.85	12440.09	9098.66
Expenditure	15170.98	13028.49	11263.54	11860.80	8683.12
Operating Profit (PBITD)	960.58	862.38	701.31	579.29	415.54
Interest	441.62	387.60	285.31	260.49	200.00
Gross Profit (PBDT)	518.96	474.78	416.00	318.80	215.32
Depreciation	182.20	148.55	117.72	76.58	47.09
Profit before Tax (PBT)	336.76	326.23	298.28	242.21	168.23
Net Profit (PAT)	287.72	304.23	258.28	236.21	165.23
CAPITAL EMPLOYED IN :					
Gross Fixed Assets	3283.95	2683.54	2445.40	1933.99	1417.81
Net Fixed Assets	2682.77	2264.55	2174.96	1757.62	1318.02
Investments	24.11	24.11	13.65	14.32	8.15
Net Current Assets	1175.02	1775.14	1552.72	1787.61	1727.83
Miscellaneous Expenditure	29.77	36.60	43.44	50.27	57.10
Total	3920.66	4100.41	3784.76	3609.82	3111.10
SHAREHOLDERS FUNDS & OTHERS :					
Equity Share Capital	487.54	487.54	487.54	487.54	488.73
Reserves & Surplus	1517.59	1294.22	1054.35	860.42	681.17
Dividend	58.51	58.51	58.51	58.51	48.75
Dividend per Equity Share (Rs.)	1.20	1.20	1.20	1.20	1.00
Earning per Equity Share (Rs.)	5.90	6.24	5.30	4.84	3.38
Book Value per Equity Share (Rs.)	40.52	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 20th May, 1999	: Shri Bhanubhai Patel Shri Sajjan Singh Mehta Shri Swatantra Singh Kothari Shri Pravin Kasliwal Shri Sreenivasan Ramji Shri Shiv Singh Mehta	- Chairman - Director - Director - Director - Director - Nominee (IDBI) - Managing Director
AUDITORS	: M/s Subhash Deshpande & Company Chartered Accountants, City Plaza, M.G. Road, Indore - 452 001	
BANKERS	: State Bank of India State Bank of Indore State Bank of Travancore	
SHARES LISTED	: M.P. Stock Exchange, Indore Mumbai Stock Exchange, Mumbai Ahmedabad Stock Exchange, Ahmedabad	
REGISTERED OFFICE & SHARE DEPARTMENT	: "Mehta Chambers" 34, Siyaganj, Indore - 452 007	
ADMINISTRATIVE OFFICE	: "Chetak Chambers" 4th Floor, 14, R.N.T. Marg, Indore - 452 001	
E-MAIL	: kriti@bom4.vsnl.net.in	
WEB SITE	: http://www.kritiindia.com	
WORKS AUTO AGRI ACCESSORIES DIVISION	: Plot No. 75-86, Sector II Industrial Area, Pithampur Dist. Dhar (M.P.)	
SOLVENT DIVISON	: Industrial Area No. 3 Dewas (M.P.)	

9TH ANNUAL GENERAL MEETING

Date	: 29th September, 1999
Day	: Wednesday
Time	: 3.00 P.M.
Venue	: Hotel Shreemaya, 12, R.N.T. Marg, Indore - 452 001

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NOTICE

NOTICE is hereby given that 9th Annual General Meeting of the Members of **KRITI INDUSTRIES (INDIA) LIMITED** will be held on Wednesday the 29th September, 1999 at 3.00 P.M. at Hotel Shreemaya, 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, 1999 and the Profit and Loss Account for the year ended on that date alongwith the reports of Directors and Auditors thereon.
2. To declare Dividend for the Financial Year ended on 31st March, 1999.
3. To appoint a Director in place of Shri Pravin Kasiwal, 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 section 31 and other applicable provisions, if any, of the Companies Act, 1956 the Articles of Association of the Company be and are hereby amended, as set out herein below :

The present Article 24 be substituted with the following Article :

"The Company is hereby permitted to purchase its own shares or other specified securities in accordance with the provisions of Section 77A, 77AA and 77B of the Act, and such other Regulations or Guidelines framed by the Securities and Exchange Board of India or any other appropriate authority."

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

"RESOLVED THAT pursuant to Section 309 and other applicable provisions, if any, of the

Companies Act, 1956, the consent of the Company be and is hereby accorded to the payment of a fee of Rs. 3.00 lacs to Shri Pravin Kasiwal a non-working Director of the Company as remuneration for professional services, help and advice rendered by him to the Company."

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

"RESOLVED THAT pursuant to Section 198, 269, 309, 310 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force) and in supersession of the resolution passed by members relating to remuneration of Shri Shiv Singh Mehta, Managing Director at the Annual General Meeting of the Company held on 27th September, 1997, consent be and is hereby accorded for increase in the remuneration payable to Shri Shiv Singh Mehta with effect from 1st October, 1999, in the best interest of the Company within the limits specified in Schedule XIII of the Companies Act, 1956.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to increase, reduce, alter or vary the terms of remuneration in such manner from time to time as the Board may deem fit within the limits specified in Schedule XIII of the said Act, as existing or as amended, modified or re-enacted from time to time.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution the Board of Directors be and is hereby authorised to do all such acts, deeds, matters and things as they may in their absolute discretion deem necessary, expedient, usual and proper."

By order of the Board,

Place : Indore
Date : 20th May, 1999

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 VALID 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 Nos. 5 to 7 as set out above are annexed hereto.
3. The Register of Members and Share Transfer Book of the Company will remain closed from Monday the 13th September, 1999 to Wednesday the 29th September, 1999 (both days inclusive). The Dividend as recommended by the Directors for the year ended 31st March, 1999, if approved at the meeting will be paid on or after 31st October 1999, to those members whose name appear on the Register of Members of the Company on 29th September, 1999.
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 may 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. Members who have not yet encashed their Dividend Warrants for the year 1994-95, 1995-96, 1996-97 & 1997-98 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. As members may be aware, amendments have been made to the Companies Act, 1956 through the Companies (Amendment) Act, 1999 to permit a Company to purchase its own shares and other securities in accordance with the relevant provisions set out in the said Act. However, the Articles of Association of a Company must authorise (as per the said Act) the Company to purchase its own shares and other securities. The Articles of Association as at present does not permit such buy back of shares. Hence it is proposed to delete the present Article 24 of the Articles of Association of the Company and substitute it with the Article set out in this Resolution to enable the Company to buy its own shares or other securities.

Your Directors recommend the resolution for your approval.

Memorandum of Interest

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

6. During the year the Company obtained services from Shri Pravin Kasliwal who is also a member on Board of the Company. Shri Pravin Kasliwal helped the Company in arranging finance for working capital from Banks. For this he had to engage himself substantially this year. Your Directors are of the opinion that Shri Pravin Kasliwal who is a non-working Director be paid a sum of Rs. 3.00 lacs as professional charges towards the above, which the Company would have been obliged to pay if they had engaged any other professional for this purpose.

Shri Pravin Kasliwal has done M.B.A. in Finance & has adequate experience in this area. Shri Pravin Kasliwal does not involve himself in any direct or day to day management of the Company. He is only authorised to sign cheques and Bank papers, this is to facilitate working in case of need or any urgent circumstances.

Your Directors recommend the resolution for your approval.



Memorandum of Interest

None of the Directors of the Company except *Shri Pravin Kasliwal* is concerned or interested in this resolution.

7. The Board of Directors of the Company at their Meeting held on 20th May, 1999 decided to place the following proposal for the approval of the shareholders regarding payment of increased remuneration to *Shri Shiv Singh Mehta*, Managing Director of the Company with effect from 1st October, 1999 for the rest of his tenure as Managing Director of the Company as mentioned below.

Salary : Rs 50,000/- (Rs. Fifty Thousand Only) per month.

Commission on Net Profit:- 1% of the Net Profit of the Company subject to a ceiling of 50% of the Annual Salary.

Perquisites:- Perquisites shall be restricted to an amount equal to the Annual Salary.

CATEGORY "A" :

(1) Medical Reimbursement :

Medical expenses incurred by him and his family shall be reimbursed to him subject to a ceiling of one month's salary in a year or three month's salary over a period of three years.

(2) Leave Travel Concession :

For Managing Director and his family, once in a year, incurred in accordance with the Rules prescribed by the Company.

(3) Club Fees :

Fees of clubs subject to a maximum of two clubs. This will not include admission and life membership fees.

(4) Personal Accident Insurance :

The reimbursement of premium not exceeding Rs. 5000/- per annum.

Explanation : For the purpose of Category "A" above family means the spouse, dependent children and dependent parents of the Managing Director.

CATEGORY "B" :

(1) Provident Fund etc. :

Contribution to Provident Fund and Superannuation Fund or Annuity Fund in accordance with the practice, Rules and Regulations in force, from time to time. The contribution to these funds will not be included in the computation of the ceiling for the perquisites to the extent these, either singly or

put together, are not taxable under the Income Tax Act, 1961.

(2) Gratuity :

Not exceeding half a Month's salary for every completed year of service.

CATEGORY "C" :

Provision of Car for use on Company's business and telephone at residence. These will not be considered as perquisites. However, *personal long distance calls and use of the Car* for private purposes shall be billed by the Company to the Managing Director.

The Managing Director so long as he functions as such, shall not be paid any sitting fees for attending the Meetings of the Board of Directors or Committee thereof from the date of his appointment.

Shri Shiv Singh Mehta was reappointed as Managing Director for a period of five years from 1st October, 1997. *Shri Shiv Singh Mehta* is an Engineer based profession : he has also done his MBA. He has an in-depth experience of 20 years in trade and industry including Corporate Planning, Finance, Marketing and Administration. The Board of Directors of the Company feel that under the initiative and direction of *Shri Shiv Singh Mehta*, the Company has attained its present position in the industry. His devotion, vision, management skills and experience are essential for the growth of the Company. Hence the Board of Directors recommend the resolution for the revision of his remuneration, placed before the meeting for your approval.

The notice and explanatory statement may be treated as an abstract of the terms and conditions of appointment and remuneration payable to *Shri Shiv Singh Mehta* for the rest of his tenure, as required under Section 302 of the Companies Act, 1956.

Memorandum of Interest

Except *Shri Shiv Singh Mehta* himself and *Shri Sajjan Singh Mehta* being relative of *Shri Shiv Singh Mehta* who may be deemed to be interested, no other Director are concerned or interested in this resolution.

By order of the Board,

Place : Indore
Date : 20th May, 1999

Shiv Singh Mehta
Managing Director

DIRECTORS' REPORT*The Members,*

Your Directors have pleasure in presenting the 9th Annual Report together with Audited Accounts of the Company for the year ended 31st March, 1999.

PERFORMANCE OF THE COMPANY

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

Particulars	(Rs. in Lacs)	
	Current Year (31.03.1999)	Previous Year (31.03.1998)
Total Income	16131.56	13890.87
Profit before Interest		
Depreciation & Taxes	960.58	862.38
Less : Interest	441.62	387.60
Gross Profit	518.96	474.78
Less : Depreciation	182.20	148.55
Taxation	49.04	22.00
Net Profit	287.72	304.23
Add : Balance Brought Forward	70.26	80.39
Profit available for Appropriation	357.98	384.62
Proposed Dividend	58.51	58.51
Dividend Tax	5.85	5.85
Transferred to General Reserve	200.00	250.00
Transferred to	5.00	-
Contingency Reserve		
Balance Carried over to Balance Sheet	88.62	70.26
	357.98	384.62

PERFORMANCE REVIEW

During the Year under review, the total income of the Company increased to Rs.16131.56 lacs from Rs.13890.87 lacs in the previous year registering growth of 16.13%. Profit before Depreciation and Taxation has improved by 9.30%. Profit after Depreciation and Taxation is marginally lower by 5.43% because of higher provision for Depreciation and Taxation. The higher operational profit earned has been possible through high capacity utilisation, material

efficiency and cost control. The Company is regularly taking steps to increase the production capacities by modernisation, upgradation of systems and automation wherever possible.

The General Market situation during the year was not favourable. International protein market witnessed historically low prices which effected exports in value as well as profitability of oil division. Your Company efficiently organised its operations. We are pleased to inform that we could make all efforts to consolidate base in face of such market adversities.

DIVIDEND

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

EXPORTS

Your Company was able to increase exports in quantitatively by 35.26% over the previous year. The export realisation however is lower due to depressed international market conditions. Total Exports during the year under review amounts to Rs.4097.48 lacs.

FINANCE

Installments of loans which fell due during the year were paid on time by your Company. Debt Equity Ratio at 0.71:1 is fairly comfortable to borrow the money for its requirements.

INSURANCE

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

Y2K COMPLIANCE

The Company has taken appropriate and effective steps to be Y2K Compliant. The expenditure to be incurred to ensure Y2K compliance is not expected to have any material, financial impact.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company Shri Pravin Kasliwal, Director retires by rotation at the ensuing Annual General Meeting and being eligible offer himself for re-appointment.

**STATUTORY INFORMATION****PUBLIC DEPOSIT**

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

PARTICULARS OF EMPLOYEES

None of the employees of the Company is drawing an aggregate remuneration in excess of Rs.6.00 lacs per annum or Rs.50,000/- per month. As such the information required under section 217(2A) of the Companies Act, 1956 be treated as NIL.

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 the Report.

AUDITORS

M/s. Subhash Deshpande & Co., Chartered Accountants, 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 of the Company during the year is a testimony to the cordial and harmonious relations at all levels of the organisation. Your Directors wish to place on record their appreciation for the contribution made by the Company's workforce at all levels of operations for the success and progress of the Company.

ACKNOWLEDGMENT

Your Director place on record their appreciation of the co-operation and assistance extended by the Central / State Governments, 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 throughout the year.

For & on Behalf of the Board,

Place : Indore

Date : 20th May, 1999

Bhanubhai Patel
(Chairman)

ANNEXURE

Information as per Section 217(1)(e) read with the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31st March, 1999.

(A) Conservation of Energy

(a) Energy Conservation Measures taken :

- (1) Energy conservation devices have been installed and the equipment are maintained properly to reduce energy consumption.
- (2) The new system are being devised to reduce electric power, fuel and water consumption.

(b) Additional investment and proposals for reduction of consumption of energy :

By relocating / modifying the available equipment, energy, conservation measure are being implemented and major investment have not been made for equipments so far.

(c) Impact of above measures :

The above measures have resulted in energy saving and subsequent decrease in the cost of production.

(d) Total energy consumption and energy consumption per unit of production :

As per Form "A" annexed.

A. POWER AND FUEL CONSUMPTION

	1998-99	1997-98
1. Electricity		
(a) Purchased Units	4189188	3881912
Total Amount	15656961	14539169
Rate/Unit (Average Rs.)	3.74	3.45
(b) Own Generation		
(i) Units	584120	320496
Units per ltr. of Diesel Oil	1.73	1.65
Cost per unit (Rs.)	4.79	5.43
(ii) Through Steam Turbine/ Generator Unit/Unit per ltr. of Diesel Oil Cost/Unit	NIL	NIL