

11th ANNUAL REPORT

2000-2001



KRITI INDUSTRIES (INDIA) LTD.



KRITI'S VISION

KRITI stand out in whatever it undertakes by achieving excellence in transforming a basic need into a new experience. To realize this vision, we at **KRITI** 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)

	2000-2001	1999-2000	1998-99	1997-98	1996-97	1995-96
SALES AND EARNINGS :						
Sales & other Income	17656.29	15306.34	16131.56	13890.87	11964.85	12440.09
Expenditure	16649.65	14515.27	15170.98	13028.49	11263.54	11860.80
Operating Profit (PBITD)	1006.64	791.07	960.58	862.38	701.31	579.29
Interest	523.73	425.39	441.62	387.60	285.31	260.49
Gross Profit (PBDT)	482.91	365.68	518.96	474.78	416.00	318.80
Depreciation	228.96	200.83	182.20	148.55	117.72	76.58
Profit before Tax (PBT)	253.95	164.85	336.76	326.23	298.28	242.21
Net Profit (PAT)	232.45	144.85	287.72	304.23	258.28	236.21
CAPITAL EMPLOYED IN :						
Gross Fixed Assets	4370.02	3509.26	3292.94	2683.54	2445.40	1933.99
Net Fixed Assets	3340.17	2708.11	2691.76	2264.55	2174.96	1757.62
Investments	23.86	23.86	24.11	24.11	13.65	14.32
Net Current Assets	2608.44	1388.23	1175.02	1775.14	1552.72	1787.61
Miscellaneous Expenditure	16.11	22.94	29.77	36.60	43.44	50.27
SHAREHOLDERS FUNDS & OTHERS :						
Equity Share Capital	487.54	487.54	487.54	487.54	487.54	487.54
Reserves & Surplus	1843.42	1633.19	1517.59	1294.22	1054.35	860.42
Dividend	24.38	24.38	58.51	58.51	58.51	58.51
Dividend per Equity Share (Rs.)	0.50	0.50	1.20	1.20	1.20	1.20
Earning per Equity Share (Rs.)	4.77	2.97	5.90	6.24	5.30	4.84
Book Value per Equity Share (Rs.)	47.48	43.03	40.52	35.80	30.73	27.65

COMPANY'S BRANDS

KASTA	:	Rigid PVC Pipes & Fittings, HDPE Pipes, SWR Pipes & Fittings.
KORESIL	:	Permanently Lubricated & Plain HDPE Duct.
KRITI	:	Refined Oil & Soya Meal.
MIXWELL	:	Lecithin.

BOARD OF DIRECTORS AS ON 15th JUNE, 2001	:	(1) Shri Bhanubhai Patel	- Chairman
		(2) Shri Sajjan Singh Mehta	- Director
		(3) Dr. Swatantra Singh Kothari	- Director
		(4) Shri Pravin Kasliwal	- Director
		(5) Smt. Purnima Mehta	- Director
		(6) Shri Sreenivasan Ramji	- Director
		(7) Shri Shiv Singh Mehta	- Managing Director
AUDITORS	:	M/s. Subhash Deshpande & Company	
		Chartered Accountants,	
		403, Alankar Point, Geeta Bhawan Square,	
		A.B. Road, Indore - 452 001	
BANKERS	:	(1) State Bank of India	
		(2) State Bank of Indore	
		(3) State Bank of Travancore	
SHARES LISTED	:	(1) M.P. Stock Exchange, Indore	
		(2) The Stock Exchange, Mumbai	
		(3) Ahmedabad Stock Exchange, Ahmedabad	
DEMAT ISIN NUMBER IN NSDL & CDSL	:	ISIN:INE 479D1012	
REGISTERED OFFICE	:	"Mehta Chambers"	
		34, Siyaganj	
		Indore - 452007.	
ADMINISTRATIVE OFFICE & SHARE DEPARTMENT	:	"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.)	
TELECOM NETWORKING EQUIPMENT COMPONENTS DIVISION	:	13/1, Tarpura, 75-86,	
		Sector II, Pithampur	
		Dist. Dhar (M.P.)	
SOLVENT DIVISION	:	Industrial Area No. 3	
		Dewas (M.P.)	

11TH ANNUAL GENERAL MEETING

Date : 27th September, 2001
Day : Thursday
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 11th Annual General Meeting of the Members of **KRITI INDUSTRIES (INDIA) LIMITED** will be held on Thursday the 27th, September, 2001 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, 2001 and the Profit and Loss Account for the year ended on that date along with the reports of Directors and Auditors thereon.
2. To declare Dividend for the Financial Year ended on 31st March, 2001.
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 a Director in place of Shri Pravin Kasliwal, who retires by rotation and, being eligible offers himself for reappointment.
5. 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

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

"RESOLVED THAT pursuant to Section 31 and other applicable provisions of the Companies Act, 1956, (including any statutory modification or reenactment thereof for the time being in force) the Articles of Association of the Company be and are hereby amended, altered and / or substituted in the manner and to the extent as is set out herein below.

 - I. Article 2 of the Articles of Association shall include the following definitions in alphabetical order with the marginal headlines thereof:

"Beneficial Owner"
"Beneficial Owner" means a person or persons whose name is recorded in the Register maintained by a depository under the Depositories Act, 1996.
"Depositories Act"
"Depositories Act" means the Depositories Act, 1996 including any statutory modification or reenactment thereof for the time being in force.
"Depository"
"Depository" shall mean a Depository as defined under clause (e) of sub-section (1) of Section 2 of

the Depositories Act, 1996.

"Security"

"Security" means such security as may be specified by SEBI from time to time and includes all kinds of shares or debentures which may be issued from time to time by the company and which are entitled to be dematerialised.

- II. Definition of "Member" and "Register of Members" in Article 2 of the Articles of Association, be deleted and the following be substituted in its place.

"Member"

"Member" means the duly registered holder from time to time of the shares of the Company and includes the subscribers to the Memorandum of Association of the Company and the beneficial owner(s) as defined in Clause (a) of sub-section 2 of the Depositories Act, 1996."

"Register of Members"

"Register of Members" means the "Register of Members and Register of Beneficial Owners" to be kept pursuant to the provisions of the Section 150 and 152A of the Act.

- III. Article 11 of the Articles of Association be substituted with the following :

"Register and Index of Members"

11. The Company shall cause to be kept a Register and Index of Members in accordance with all applicable provisions of the Companies Act, 1956 and the Depositories Act, 1996 with details of shares held in material and dematerialised forms in any media as may be permitted by law including in any form of electronic media."

- IV. Article 12 of the Articles of Association be substituted with the following :

"Shares to be numbered progressively and no shares to be subdivided."

12. The shares in the capital shall be numbered progressively provided however, that the provision relating to progressive numbering shall not apply to the shares of the Company which are dematerialised or may be dematerialised in future or issued in future in dematerialised form. Except in the manner hereinbefore mentioned, no share shall be sub-divided. Every forfeited or surrendered share held in material form shall continue to bear the number by which the same was originally distinguished."

- V. After existing Article 19 the following new Article 19A be inserted:

"Dematerialisation of securities"

19A (1) Notwithstanding anything contained in

these Articles, the Company shall be entitled to dematerialise its existing securities and / or to offer its fresh securities in a dematerialised form pursuant to the provisions of the Depositories Act, 1996, and the rules framed thereunder, if any."

"Issue of securities and option for investors":

- 2.(a) Notwithstanding anything contained in these Articles, every issue of securities by the Company may be in the dematerialised form and the Company shall intimate the details of allotments to the depository immediately on allotment of such securities.

- (b) Investors in a new issue and the beneficial owners shall have the option to rematerialise the shares subsequent to the allotment or dematerialisation, as the case may be, in which event the Company shall issue to the investor/beneficiary the required certificates of securities subject to the provisions of applicable laws, rules, regulations or guidelines."

"Securities in the depositories to be in fungible form."

3. All securities held in the depository mode with a depository shall be dematerialised and be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372 of the Act shall apply to a Depository in respect of the shares held by it on behalf of "The Beneficial Owners".

"Right of Depositories and Beneficial Owners"

- 4.(a) Notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the Beneficial Owner.

- (b) Save as otherwise provided in (a) above, the Depository as a registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.

- (c) Every person holding securities of the Company and whose name is entered as Beneficial Owner in the records of the Depository shall be deemed to be a member of the Company. The Beneficial Owner of securities shall alone be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by a depository.

"Service of Documents on Company"

- (5) Notwithstanding anything in the Act or these Articles to the contrary, where securities are held in a depository mode, the records of the Beneficial Owner may be served by a Depository on the Company by means of electronic mode or by delivery of floppies or discs.

"Transfer of Securities"

6. Nothing contained in Section 108 of the Act or these Articles shall apply to transfer of securities effected by a transferee and transferee both of whom are entered as Beneficial Owners in the records of the Depository".

"Allotment of shares dealt with a Depository"

7. Notwithstanding anything in the Act or these Articles, where shares are dealt with by a depository, the Company shall intimate the details thereof to the Depository, immediately on allotment of such shares."

- V. Article 22 of the Articles of Association be substituted with the following articles:

"Company not bound to recognise any interest in shares other than that of registered holder".

22. Except as ordered by a court of competent jurisdiction or as by law required, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share or whose name appears as the beneficial owner of shares in the records of the depository, as the absolute owner thereof and accordingly shall not be bound to recognise any benami, trust or equity or equitable, contingent or other claim to or interest in such share on the part of any other person whether or not he shall have express or implied notice thereof. The Board shall be entitled at their sole discretion to register any shares in the joint names of any two or more persons or the survivor or survivors of them."

- VI. After existing Article 66 the following new Article 66 be inserted :

"Transfer and Transmissions held in electronic form

66 A. In the case of transfer and transmission of shares where the Company has not issued any certificate and where such shares are being held in an electronic and fungible form in a Depository, the provisions of the Depositories Act, 1996 shall apply."

- VII. After existing Articles 95 the following new Article 95A be inserted :

"No voting right to a Depository"

95A. a Depository as a registered owner shall not have any voting rights in respect of shares and securities held by it in dematerialised form. However, the beneficial owner as per the Register of Beneficial Owner maintained by a Depository shall be entitled to such rights in respect of shares held by him in the Depository. Any reference to the member or joint members shall include a reference to Beneficial owner or Joint Beneficial Owners in respect of "the shares held in a Depository".



VIII. After existing Article 5 the following New Article 5A be inserted"

"Shares with Differential Rights"

12. "the Company may issue equity share capital with differential rights as to dividend, voting or offering in accordance with rule and conditioned as may be prescribed by the Central Government">

IX) After the existing Article 24 the following new Article 24A shall be inserted

"Buy Back of Shares"

24. A) pursuant to Sections 77A, 77AA, and 77B of the Act, a Company may purchase its own shares or other specified securities from out of its free reserves or out of its securities premium account or out of the proceeds of an earlier issue other than fresh issue of shares made specifically for buy back purposes by passing a special resolution in the General Meeting of the Company subject to the provisions of sub-section (2) of Section 77A and Section 77B of the Act, and other applicable provisions, if any, as notified from time to time."

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

"RESOLVED THAT pursuant to the provisions of Sections 269, 309, 314 and other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII thereof (including any statutory modification or re-enactment thereof, for the time being in force) the Company hereby accords its approval to the appointment of Smt. Purnima Mehta as the Whole Time Director of the Company for a period of 5 years with effect from 1st July, 2001 on the remuneration and terms and conditions mentioned in the explanatory statement annexed hereto.

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 pursuant to Section 198 and all other applicable provisions of the Company Act, 1956, the remuneration as set out in the enclosed explanatory statement be paid as minimum remuneration to Smt. Purnima Mehta notwithstanding that in any financial year of the Company during her tenure as whole time director, the Company has made no profit or profits are inadequate"

By order of the Board,

Place : Indore
Date : 15th June, 2001

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. Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 relating to the Special Business under item No. 6 & 7 is annexed hereto.

3. The Register of Members and Share Transfer Books of the Company will be closed from Monday the 10th September, 2001 to Thursday the 27th September, 2001 (both days inclusive) for payment of dividend of equity shares.

4. DIVIDENDS

A) The Dividend, if approved by members at the meeting, will be paid from the next day of AGM to those members whose names stand registered on 27th September, 2001.

- a) as members in the Register of Members; and
- b) as beneficial owners as per details furnished by the Depositories for this purpose.

Members are requested to inform the Company immediately, if not already informed, particulars of Bank account, i.e. Bank a/c no., account type, name and address of the Bank and its Branch for the purpose of inclusion on the Dividend Warrant to minimise the risk of fraudulent encashment.

(B) members who have not yet encashed their Dividend warrants for the year 1994-95 are advised to approach the Company in order to have their Dividend Warrants revalidated. Dividend which remains unclaimed for a period of 7 years from the date of their declaration will be transferred to the Investor Education and Protection Fund of the Central Government under Section 205A of the Companies Act 1956 on the expiry of the period of 7 years indicated. Further, once the unclaimed dividend is transferred to the aforesaid account as above, no claim shall lie in respect of such amounts.

5. As per the provisions of Section 109 of the Companies Act, 1956, facility for making nomination is now available to the shareholders in respect of the shares held by them. Nomination forms can be obtained from the Registered Office of the Company.

6. members attending the meeting are requested to bring with them the attendance slip duly filled in to be handed at the entrance of the meeting hall; they are also requested to bring their copy of the Annual Report to the meeting.

7. Members are requested to :

- (a) to notify immediately any change in their address to the Company quoting their folio numbers.

- (b) inform their client ID and DP ID numbers if they hold shares in dematerialised form.
- (c) to inform the company their Income Tax Permanent Account Number (PAN), if any, if not informed earlier.
- (d) to send to the Company, details of all folios, if holding shares in identical order of names in more than one folio, 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.
- (e) to write to the Company at least 7 days before the date of the meeting, if any information with regard to accounts are required, so as to enable the management to keep the information ready.
8. Information regarding retiring Directors :
- At the ensuing Annual General Meeting, Shri Bhanubhai Patel, Shri Pravin Kasliwal and Smt. Purnima Mehta will be appointed as Directors. Their bio-data are given below :

Name of the Director	Shri Bhanubhai Patel	Shri Pravin Kasliwal	Smt. Purnima Mehta
Date of Birth	17.03.1928	02.03.1953	25.05.1960
Date of appointment	28.05.1992	12.03.1990	01.10.1999
Expertise in Specific areas	Business Management	Finance, Marketing & Administration	IT and Purchase
Qualification	B.A.	B.E., M.B.A.	B.A. (Hons., Economics)
List of Outside Directorship held	Elecon Engineering Co. Limited Eimco Elecon (India) Limited Narmada Travels Limited Power Build Limited Elecon Singapore pte Limited Ringspann Elecon (India) Limited Power Build Elecon Gears Limited Sir Shadi Lata Enterprises Limited	None	None
Chairman/ Member of the committees of the Board of Directors of the Company	None	None	None
Chairman / Member of the Committees of Director of other companies in which he is a Director		None	None
(a) Audit Committee			
(b) Shareholder committee	Chairman - Elecon Engineering Co. Ltd.		
(c) Remuneration committee	Member- Eimco Elecon (India) Limited		
(d) Compensation committee			

EXPLANATORY STATEMENTS PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**Item No. 6****(a) Dematerialisation of Shares :**

The Depositories Act, 1996 has introduced the new automated system of holding and trading in shares of Companies in dematerialised form side by side in physical form. Shareholders are given the option either to have the shares dematerialised or to keep them in physical form. Documentation requirements to be met and procedures to be followed in the cases of shares held in a depository mode, like maintenance of Register of Members, transfer forms, etc., are also distinct. The dematerialised shares will have a unique identification for each unit of security, i.e. they will not carry distinctive numbers unlike shares held in physical form.

The Company has received a letter dated 31st March, 2001 from the Bombay Stock Exchange for compulsory dematerialisation of the equity shares of the Company. In pursuance thereof, the Company has already entered into Tripartite agreements with NSDL and CDSL and the

Registrar M/s Ankit Consultancy Pvt. Ltd., Indore for the purpose.

(b) Buyback of Shares :

Section 77 of the Companies Act, 1956 prohibits a Company buying its own shares other than in the process of reducing the share capital. The Companies (Amendment) Act, 1999 has introduced vide Section 77A the concept of Buyback of shares, allowing Companies to buyback their shares under certain circumstances and subject to certain conditions.

(c) Issue of Shares with Differential Rights :

Section 88 of the Act, prohibiting Companies from issuing shares with disproportionate rights has been deleted. A new Section 86 introduced in the Companies (Amendment) Act, 2000, which came into effect from 14th December 2000 permits issue of equity shares with differential rights as to dividend, voting or otherwise in accordance with such rules and subject to such conditions as may be prescribed.



The Articles of Association of the Company need alterations to provide for the above matters, which are relevant from the point of view of dematerialisation of securities, Corporate Governance and shareholders' rights. The draft special resolution placed before the meeting incorporating the proposed amendments forming item No. 6 to the notice, is commended for the approval of members.

None of the Directors is interested in or concerned with the above resolution. A copy of the tripartite agreement entered as above is available in the Registered Office of the Company for the perusal of the members on any working day from 11.00 a.m. to 1.00 p.m. upto the date of the Annual General Meeting.

Item No. 7

The Board of Directors of the Company at their Meeting held on 15th June, 2001 decided to place the following proposal for the approval of the shareholders regarding appointment of Smt. Purnima Mehta as Wholtime Director of the Company for a period of 5 years with effect from 1st July, 2001 on the following terms and conditions:

Salary : Rs. 30000/- (Rs. Thirty Thousand only) per month.

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

Category "A" :

(1) Medical Reimbursement :

Medical expenses incurred by her and her family shall be reimbursed to her 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 Wholtime Director and her 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. 3000/- per annum.

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

The Wholtime Director so long as she 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 her appointment.

Mrs. Purnima Mehta has been a Director of the Company since September 2000 and that she has been looking after the Purchase and the EDP functions of the Company on day to day basis for last eight years. Even before her appointment on the Board Mrs. Mehta was attending to the above functions and that she was not drawing any remuneration. The Board of Directors of the Company feel that her devotion, vision, management skills and experience are essential for the growth of the Company. Hence the Board of Directors recommend the resolution for the appointment, 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 Smt. Purnima Mehta, as required under Section 302 of the Companies Act, 1956.

Memorandum of Interest

Except Smt. Purnima Mehta herself, Shri Shiv Singh Mehta, Shri S.S. Mehta, and Dr. S.S. Kothari being relative of Smt. Purnima Mehta who may be deemed to be interested, no other Directors are concerned or interested in the resolution.

By order of the Board,

Place : Indore
Date : 15th June, 2001

Shiv Singh Mehta
Managing Director