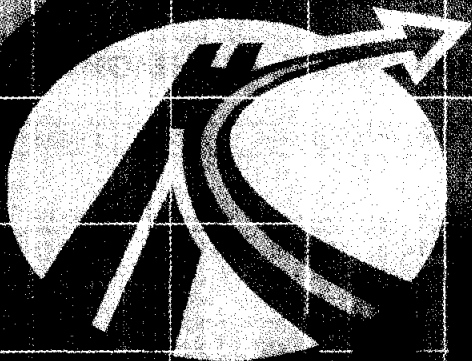


12th ANNUAL REPORT

2001-2002



Report Junction



Kasta

KORESIL™



Kriti



KRITI INDUSTRIES (INDIA) LIMITED

AN ISO 9002 COMPANY



KRITI'S VISION

KRITI stands 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)

	2001-02	2000-01	1999-00	1998-99	1997-98	1996-97	1995-96
SALES AND EARNINGS :							
Sales & Other Income	20071.96	17656.29	15306.34	16131.56	13890.87	11964.85	12440.09
Expenditure	19014.50	16649.65	14515.27	15170.98	13028.49	11263.54	11860.80
Operating Profit (PBITD)	1057.47	1006.64	791.07	960.58	862.38	701.31	579.29
Interest	589.53	523.73	425.39	441.62	387.60	285.31	260.49
Gross Profit (PBDT)	467.94	482.91	365.68	518.96	474.78	416.00	318.80
Depreciation	255.75	228.96	200.83	182.20	148.55	117.72	76.58
Profit before Tax (PBT)	212.18	253.95	164.85	336.76	326.23	298.28	242.21
Net Profit (PAT)	181.18	232.45	144.85	287.72	304.23	258.28	236.21
CAPITAL EMPLOYED IN :							
Gross Fixed Assets	4466.19	4370.02	3509.26	3292.94	2683.54	2445.40	1933.99
Net Fixed Assets	3182.92	3340.17	2708.11	2691.76	2264.55	2174.96	1757.62
Investments	21.90	23.86	23.86	24.11	24.11	13.65	14.32
Net Current Assets	2226.49	2608.44	1388.23	1175.02	1775.14	1552.72	1787.61
Miscellaneous Expenditure	10.65	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	487.54
Reserves & Surplus	* 1389.21	1843.42	1633.19	1517.59	1294.22	1054.35	860.42
Dividend	24.38	24.38	24.38	58.51	58.51	58.51	58.51
Dividend per Equity Share (Rs.)	0.50	0.50	0.50	1.20	1.20	1.20	1.20
Earning per Equity Share (Rs.)	2.18	4.77	2.97	5.90	6.24	5.30	4.84
Book Value per Equity Share (Rs.)	38.28	47.48	43.03	40.52	35.80	30.73	27.65

* During the year, the Company has accounted for deferred tax in accordance with Accounting Standard AS-22 "Accounting for Taxes on Income". Consequently, the Company has recognised in these financial statements the deferred tax assets/ liabilities accumulated prior to April 01, 2001 and charged the net deferred tax liabilities of Rs.536.15 lacs to the General Reserve as as on April 01, 2001.

COMPANY'S BRANDS

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

BOARD OF DIRECTORS AS ON 23rd JUNE, 2002	:	(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 B.D. Save	-	Director
			-	Nominee (IDBI)
		(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.)		

12TH ANNUAL GENERAL MEETING

Date : 27th September, 2002
Day : Friday
Time : 4.00 P.M.
Venue : Hotel Shreemaya,
12, R.N.T. Marg,
Indore - 452 001

CONTENTS**PAGE NO.**

Notice	02
Directors' Report	05
Auditors' Report	08
Balance Sheet	10
Profit & Loss Account	11
Notes on Account	18
Cash Flow Statement	24



NOTICE

NOTICE is hereby given that 12th Annual General Meeting of the Members of **KRITI INDUSTRIES (INDIA) LIMITED** will be held on Friday the 27th, September, 2002 at 4.00 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, 2002 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, 2002.
3. To appoint a Director in place of Dr. Swatantra Singh Kothari, who retires by rotation and, being eligible offers himself for reappointment.
4. To appoint a Director in place of Shri Sajjan Singh Mehta, 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 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 reappointment of Shri Shiv Singh Mehta as the Managing Director of the Company for a period of 5 years with effect from 1st October, 2002 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 authorized 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 Companies Act, 1956, the remuneration as set out in the enclosed explanatory statement be paid as minimum remuneration to Shri Shiv Singh Mehta notwithstanding that in any financial year of the Company during his tenure as Managing Director, the Company has made no profit or profits are inadequate."

By Order of the Board,

Place : Indore

Date : 27th July, 2002

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 VALUED 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 of the Companies Act, 1956, relating to the Special Business under item No. 6 is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will be closed from Thursday 12th September 2002 to Friday the 27th September, 2002 (both days inclusive) for payment of dividend on 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, 2002.
 - (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 and onwards are advised to approach the Company in order to have their Dividend Warrants revalidated. Dividend which remain 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 205 A of the Companies Act, 1956. 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) 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) inform the Company their Income Tax Permanent Account Number (PAN), if any, if not informed earlier.
- (d) 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) 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, Dr. Swatantra Singh Kothari and Shri Sajjan Singh Mehta will be reappointed as Directors. Their bio-data are given below :

Name of the Director	Dr. Swatantra Singh Kothari	Shri Sajjan Singh Mehta
Date of Birth	15.05.1930	26.07.1927
Date of appointment	24.04.1992	16.03.1990
Expertise in Specific areas	Company Law, Taxation & Accounting and Economics.	Marketing & Administration
Qualification	Ph.D. (Econ.), F.C.A.	B.Sc.
List of Outside Directorship held	Jay Shree Tea & Industrial Ltd. Bharat Aluminium Company Ltd. Nicco Uco Alliance Credit Ltd. The Pratappur Sugar & Industries Ltd. Shree Capital Services Ltd. Uniworth Biotech Ltd. Kothari Management & Industrial Consultants Ltd.	Chetak Builders Pvt. Ltd. Sakam Investment Pvt. Ltd.
Chairman/ Member of the Committees of the Board of Directors of the Company	None	None
Chairman / Member of the Committees of Director of other Companies in which he is a Director		None
(a) Audit Committee - Chairman	Jayshree Tee & Industries Ltd., Nicco Uco Financial Services Ltd.,	
(b) Remuneration Committee-Member	Jayshree Tee & Industries Ltd.	



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

Item No. 6

The Board of Directors of the Company at their meeting held on 27th July, 2002 decided to place the following proposal for the approval of the shareholders regarding reappointment of Shri Shiv Singh Mehta as Managing Director of the Company for a period of 5 years with effect from 1st October, 2002 on the following terms and conditions.

Salary :- Rs. 1,00,000/- (Rs. One Lac) 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 :

Reimbursement of medical expenses (including insurance premium for medical and hospitalisation policy, if any) for self and family, at actuals.

(2) Leave Travel Concession :

Reimbursement of Leave Travel expenses for self and family (which shall include spouse, dependent children and parents) in accordance with the rules of 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 :

Personal accident Insurance Cover as per the rules of the Company.

(5) Leave and Encashment of Leave :

Leave and Encashment of leave as per the rules of the Company.

CATEGORY "B" :

(1) Provident Fund etc. :

Contribution to Provident Fund and Superannuation Fund or Annuity Fund as per the rules of the Company, to the extent these,

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

(2) Gratuity :

Gratuity as per the Rules of the Company.

CATEGORY "C" :

Provision of car for use on Company's business and telephone at residence. These will not be considered as perquisites.

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.

The terms of appointment of Shri Shiv Singh Mehta is going to expire on 30th September, 2002. The Board of Directors of the Company feel that under the initiative and directions of Shri Shiv Singh Mehta, the Company has attained its present position in the Industry. His devotion, skill, vision and managements are essential for the growth of the Company. Hence, the Board of Directors of the Company in their meeting held on 27th July, 2002 have reappointed Shri Shiv Singh Mehta as Managing Director of the Company for a further period of 5 years with effect from 1st October, 2002 on the terms and conditions as set out above, subject to approval of the shareholders of the Company.

Your Board of Directors recommend the resolution for the reappointment, 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, as required under Section 302 of the Companies Act, 1956.

Memorandum of Interest

Except Shri Shiv Singh Mehta himself, Smt. Purnima Mehta and Shri Sajjan Singh Mehta is being relative of Shri Shiv Singh 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 : 27th July, 2002

Shiv Singh Mehta
Managing Director

DIRECTORS' REPORT

The Members,

Your Directors are presenting the 12th Annual Report together with Audited Accounts of the Company for the year ended 31st March, 2002.

PERFORMANCE OF THE COMPANY

The last year saw considerable pressure on gross margins, primarily due to reduced demand in rural areas, because of poor monsoon in our major markets.

With extra sales efforts we were able to increase our sales volumes which should help in improving company's working further in a year with good monsoon. Turnover during this year increased by over 13.68%.

(Rs. In Lacs)

Particulars	Current Year (31.03.2002)	Previous Year (31.03.2001)
Total Income	20071.96	17656.29
Profit before Interest		
Depreciation & Taxes	1057.47	1006.64
Less : Interest	589.53	523.73
Gross Profit	467.94	482.91
Less : Depreciation	255.75	228.96
Taxation	31.00	21.50
Profit After Tax	181.19	232.45
Less : Deferred Tax	42.50	-
Less : Prior year Income/Expenditure	32.36	-
Add : Balance Brought Forward	74.82	99.23
Profit available for Appropriation	181.15	331.68
Proposed Dividend	24.38	24.38
Dividend Tax	-	2.49
Transferred to General Reserve	100.00	225.00
Transferred to Contingency Reserve	5.00	5.00
Balance Carried over to Balance Sheet	51.77	74.82
	181.15	331.68

DIVIDEND

Your Directors are please to recommend Dividend at Rs.0.50 per Share for the year ended March 31, 2002 (previous year Rs. 0.50 per share) amounting to Rs. 24.38 Lacs.

PROSPECTS

Monsoon has revived after initial delay and this gives us fresh hopes for the current year. The Company has also made sufficient efforts to make its business less dependent on agriculture by developing new markets and products and their applications. The benefit of these efforts will be seen in the coming years.

CORPORATE GOVERNANCE :

The provisions of Clause 49 of the Listing Agreement are required to be implemented by the Company before March 31, 2003. The new Section 217(2AA) is a step towards making Boards accountable to the shareholders in regard to presentation of accounts. Your Directors have, however, decided to implement the provisions progressively from the current year itself.

Directors' Responsibility Statement

Your Directors hereby confirm that :

1. In the preparation of Annual Accounts, the applicable accounting standards have been followed along with the proper explanation relating to material departures.
2. The Directors have selected such accounting policies and applied them consistently and have made judgements and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company as at end of the Financial year ended 31st March, 2002 and of the Profit and Loss Account of the Company for that period.
3. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. The Directors have prepared the Annual Accounts for the year ended 31st March, 2002 on a going concern basis.

DIRECTORS :

Dr. Swatantra Singh Kothari and Shri Sajjan Singh Mehta, Directors retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. Particulars of the retiring Directors are given in the notes forming part of the notice for the ensuing Annual General Meeting.

DEMATERIALISATION OF EQUITY SHARES :

The Company's Equity Shares have been inducted into compulsory depository system of Central Depository Services Limited and National Securities Depository Limited with effect from 21st May, 2001. As such facilities for dematerialisation of the Company's equity shares have already



become fully operational vide ISIN:INE 479D01012 at both the Depositories.

**STATUTORY INFORMATION :
PUBLIC DEPOSIT :**

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

PARTICULARS OF EMPLOYEES :

The Company does not have on its roll any employee drawing remuneration attracting the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

**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 :

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.

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 : 23rd June, 2002

Sajjan Singh Mehta
(Director)

Shiv Singh Mehta
(Managing Director)

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