

13th Annual Report 2002-2003



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KORESIL



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 natural order

FINANCIAL HIGHLIGHTS

(Rs. in Lacs)

	2002-03	2001-02	2000-01	1999-00	1998-99	1997-98	1996-97	1995-96
SALES AND EARNINGS								
Sales & Other Income	17410.74	20071.96	17656.29	15306.34	16131.56	13890.87	11964.85	12440.09
Expenditure	16605.19	19014.50	16649.65	14515.27	15170.98	13028.49	11263.54	11860.80
Operating Profit (PBITD)	805.55	1057.46	1006.64	791.07	960.58	862.38	701.31	579.29
Interest	486.41	589.53	523.73	425.39	441.62	387.60	285.31	260.49
Gross Profit (PBDT)	319.14	467.94	482.91	365.68	518.96	474.78	416.00	318.80
Depreciation	259.12	255.75	228.96	200.83	182.20	148.55	117.72	76.58
Profit before Tax (PBT)	60.02	212.18	253.95	164.85	336.76	326.23	298.28	242.21
Net Profit (PAT)	55.02	181.18	232.45	144.85	287.72	304.23	258.28	236.21
CAPITAL EMPLOYED IN								
Gross Fixed Assets	4562.92	4466.19	4370.02	3509.26	3292.94	2683.54	2445.40	1933.99
Net Fixed Assets	3025.70	3182.92	3340.17	2708.11	2691.76	2264.55	2174.96	1757.62
Investments	21.90	21.90	23.86	23.86	24.11	24.11	13.65	14.32
Net Current Assets	1393.30	2226.49	2608.44	1388.23	1175.02	1775.14	1552.72	1787.61
Miscellaneous Expenditure	5.33	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	487.54
Reserves & Surplus	1406.06	*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)	0.35	2.18	4.77	2.97	5.90	6.24	5.30	4.84
Book Value per Equity Share (Rs.)	38.73	38.28	47.48	43.03	40.52	35.80	30.73	27.65

* The Company has for the first time accounted for Deferred Tax in accordance with Accounting Standard AS-22 "Accounting for Taxes on Income". The Company has recognized 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 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 28th MAY, 2003	: (1) Shri Bhanubhai Patel	- Chairman
	(2) Shri Sajjan Singh Mehta	- Director
	(3) Dr. Swatantra Singh Kothari	- Director
	(4) Shri Pravin Kasliwal	- Director
	(5) Shri T.R. Anand Rao	- Director
	(6) Smt. C. Krishnan	- Nominee Director (IDBI)
	(7) Smt. Purnima Mehta	- Executive Director
	(8) Shri Shiv Singh Mehta	- Managing Director
AUDITORS	: M/s. Subhash Deshpande & Company	
	Chartered Accountants,	
	403, Alankar Point, Geeta Bhawan Square, A.B.Road, Indore - 1	
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, Mumbai	
	(3) Ahmedabad Stock Exchange, Ahmedabad	
DEMAT ISIN NUMBER	: ISIN:INE 479D1012 IN NSDL & CDSL	
REGISTERED OFFICE	: "Mehta Chambers", 34, Siyaganj, Indore - 452 007.	
CORPORATE SUPPORT CENTRE	: "Chetak Chambers", 4th Floor, 14, R.N.T. Marg, Indore - 452 001.	
REGISTRAR AND SHARE TRANSFER AGENT	: M/s Ankit Consultancy Pvt. Ltd.	
	2nd Floor, Alankar Point, 4-A, Rajgarh Kothi	
	Geeta Bhawan Chouraha,	
	A.B.Road, Indore - 452 001 (M.P)	
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.)	

13TH ANNUAL GENERAL MEETING

Date : 30th September, 2003
 Day : Tuesday
 Time : 4.00 P.M.
 Venue : Hotel Crown Palace,
 12-A, Kanchan Bagh,
 Indore - 452 001

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NOTICE

NOTICE is hereby given that 13th Annual General Meeting of the Members of KRITI INDUSTRIES (INDIA) LIMITED will be held on Tuesday the 30th September, 2003 at 4.00 P.M. at Hotel Crown Palace, 12-A, Kanchan Bagh, 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, 2003 and the Profit and Loss Account for the year ended on that date along with the reports of Directors and Auditors thereon.
2. To appoint a Director in place of Shri Bhanubhai Patel, who retires by rotation and, being eligible offers himself for reappointment.
3. To appoint a Director in place of Shri Pravin Kasliwal, 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 an Ordinary Resolution.

"RESOLVED THAT Shri T.R. Anand Rao, who was appointed as an Additional Director of the Company with effect from 20.03.2003 and who, in terms of Section 260 of the Companies Act, 1956 holds office upto the date of this meeting and in respect of whom, a notice has been received under Section 257 of the Companies Act 1956, proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company subject to retirement by rotation."

By Order of the Board,

Place : Indore
Date : 28th May, 2003

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 of the Companies Act, 1956, relating to the Special Business under item No. 5 is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will be closed from Monday the 15th September, 2003 to Tuesday the 30th September, 2003 (both days inclusive).

4. DIVIDENDS

Members who have not yet encashed their Dividend warrants for the year 1995-96 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 205A 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 Share Transfer Agent 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 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.

Information regarding retiring Directors :

At the ensuing Annual General Meeting, Shri Bhanubhai Patel, Shri Pravin Kasliwal & Shri T.R. Anand Rao will be reappointed / appointed as Directors. Their bio-data are given below :

Name of the Director	Shri Bhanubhai Patel	Shri Pravin Kasliwal	Shri T.R. Anand Rao
Date of Birth	17-03-1928	02-03-1953	17-01-1933
Date of appointment	28-05-1992	12-03-1990	20-03-2003
Expertise in Specific areas	Finance, Marketing & Administration	Finance, Marketing & Administration	Corporate Laws, Legal Affairs and Finance
Qualification	B.A. (Hons.)	B.E., M.B.A	FCS, MIMA, Diploma in Corporate Laws and Corporate Finance,
List of Outside Directorship held	Elecon Engineering Company Ltd. Eimco Elecon (India) Limited Narmada Travels Limited Power Build Limited Ringspann Elecon (India) Limited PWH Materials Handling Limited Power Build Elecon Gears Limited Sir Shadilal Enterprises Limited Elecon Singapore ptc. Limited Elecon Australia pty. Limited Elecon Africa pty. Limited	None	M.G. Automotives Pvt. Ltd. Apex Engineering Pvt. Ltd. Perigrine Engineering Pvt Ltd. Eness Finlease Pvt. Ltd. Rao & Associates Finserv Pvt. Ltd.
Chairman/ Member of the committees of the Board of Directors of the Company	None	Member : Investor's Grievance Committee	Chairman : Audit Committee
Chairman / Member of the Committees of Director of other Companies in which he/she is a Director	None	None	None
(a) Audit Committee			
(b) Shareholder committee			
(a) Remuneration committee			
(b) Compensation committee			



ANNEXURE TO THE NOTICE

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

5. Shri T.R. Anand Rao was appointed as an Additional Director of the Company on the 20th March, 2003 to hold office till the date of ensuing Annual General Meeting of the Company. Notice has been received from one of the member of Company pursuant to Section 257 of the Companies Act, 1956 along with the deposits of Rs. 500/-, proposing the name of Shri T.R. Anand Rao to be appointed as Director of the Company subject to the retirement by rotation. Mr. Rao is a Fellow member of the Institute of Company Secretaries of India with more than 30 years post-qualification experience. He also holds a Diploma in Corporate Laws and Corporate Finance.

Mr. Rao has held senior positions in the Corporate Sector as Company Secretary and General Manager, Corporate and Legal Affairs and Finance for more than 20 years before setting up practice as a Company Secretary in whole time practice in July, 1986.

Your Directors feel that his appointment as Director will be of benefit to the Company and therefore recommend the resolution for your approval.

Memorandum of Interest

None of the Directors except for Shri T. R. Anand Rao, is concerned and / or interested in the resolution proposed at item no. 5 of the Notice since the aforesaid resolution relates to his appointment.

By Order of the Board,

Place : Indore
Date : 28th May, 2003

Shiv Singh Mehta
Managing Director

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DIRECTORS' REPORT

The Members,

Your Directors are presenting the 13th Annual Report together with Audited Accounts of the Company for the year ended 31st March, 2003.

PERFORMANCE OF THE COMPANY

The Company's performance during the year has not been encouraging due to depressed product prices and difficult conditions prevailing in this industry.

Particulars	(Rs. In Lacs)	
	Current Year (31.03.2003)	Previous Year (31.03.2002)
Total Income	17410.74	20071.96
Profit before Interest		
Depreciation & Taxes	805.55	1057.47
Less : Interest	<u>486.41</u>	<u>589.53</u>
Gross Profit	319.14	467.94
Less : Depreciation	259.12	255.76
Taxation	<u>5.00</u>	<u>31.00</u>
Net Profit	55.02	181.18
Less : Deferred Tax	37.33	42.50
Less : Prior year Income/ Expenditure	0.84	32.36
Add : Balance Brought Forward	<u>51.76</u>	<u>74.82</u>
Profit available for Appropriation	68.61	181.14
Proposed Dividend	-	24.38
Transferred to General Reserve	-	100.00
Transferred to Contingency Reserve	5.00	5.00
Balance Carried over to Balance Sheet	63.61	51.76
	<u><u>68.61</u></u>	<u><u>181.14</u></u>

DIVIDEND

In order to conserve resources, your Directors have not recommended any dividend for the year ended 31st March, 2003.

CORPORATE GOVERNANCE

The Company has complied with the mandatory provisions of Corporate Governance as prescribed in the Listing Agreement with the Stock Exchanges and separate report on Corporate Governance is included as a part of the Annual Report along with the Auditors' certificate on its compliance.

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, 2003 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, 2003 on a going concern basis.

DIRECTORS

Shri Bhanubhai Patel and Shri Pravin Kasliwal, Directors retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

Shri T.R. Anand Rao was appointed as an additional Director w.e.f. 20/03/03. He holds office upto the date of the ensuing Annual General Meeting. The Company has received notice under Section 257 of the Companies Act, 1956, proposing his appointment as a Director, subject to retirement by rotation. Particulars of the retiring directors and appointed director 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 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,

Bhanubhai I. Patel
(Chairman)

Place : Indore
Date : 28th May, 2003

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, 2003.

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) New systems 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

	2002-03	2001-02
1. Electricity		
(a) Purchased Units	1883090	2920976
Total Amount	9355874	13188907
Rate/Unit	4.97	4.51
(Average Rs.)		
(b) Own Generation		
(i) Units	207622	172956
Units per ltr. of Diesel Oil	3.22	3.13
Cost per unit (Rs.)	3.49	4.91
(ii) Through Steam Turbine/ Generator Unit/Unit per ltr. of Diesel oil Cost/Unit	NIL	NIL

2. Coal (specify quality & where used)		
RDM / Steam B Grade used in Boiler		
Quantity (Tones)	3192.304	5005.069
Total Cost	6031378	9675124
Average Rate	1889.34	1930.07
3. Furnace Oil	NIL	NIL
Quantity (K.Ltr.)		
Total Amount		
Average Rate		
4. Others/Internal Generation	NIL	NIL
Quantity		
Total Cost		
Rate/Unit		

CONSUMPTION PER UNIT OF PRODUCTION

	Extraction	Refinery	Lecithin
Electricity (Units per Ton)	34.15	49.98	170.17
Coal (Specify quality) (Kg. per Ton)	55.33	75.56	275.33

Note : Information in respect of Pipes & Fittings has not been provided as Form "A" under Section 217(1)(e) of the Companies Act, 1956, is not applicable to these units.

FORM - B**(A) (I) Research and Development (R & D)**

Specific areas in which R & D carried out by the Company.

The Company undertakes upgradation of its products as a continuous process. New products and process equipments have been developed resulting in improved efficiency of operations.

(II) Benefits derived

With the installation of various additional equipment it was possible to achieve consistency in production and quality of products.

(B) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

The Company does not have any imported technology and hence the details required to be given for imported technology is not applicable

(C) FOREIGN EXCHANGE EARNING & OUTGO

	(Rs.in Lacs)	
	2002-03	2001-02
1. Earning		
FOB rate of Export	260.00	3406.93
2. Outgo		
a) CIF Value of Imports	68.68	391.50
b) Expenditure in Foreign Currency	-	-



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRY STRUCTURE AND DEVELOPMENT

Your Company is engaged in the business of processing of oil seeds, marketing of edible oils, fats, soya food and manufacturing and marketing of PCV/HDPE Pipe and Fittings for agriculture and construction application. Your Company has diversified into production of Permanently Lubricated Telecom Ducts for laying Optical Fibre Cables.

Your Company's current focus is to migrate into higher value products. It has recently introduced large diameter HDPE and PVC Pipes. It has entered into blow moulding and is now developing value added products of Soyabean.

OPPORTUNITES AND THREATS

Good monsoon in the month of June and July is expected which improve hopes for good crop of Soyabean. Availability of water should help in pipe sales. We are hopeful of better performance.

Ability to carve own niche and successfully identifying key needs of customer and satisfying them is only way to succeed in the competitive fields. With the vast markets available proper focus on manpower with right attitude, training and capabilities to develop required systems is most important. Our success will depend upon our ability to really make it happen.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has adequate internal control systems which specifically focus towards :

- Efficiency of operations
- Conservation of resources
- Accuracy and promptness of financial reporting
- Regular compliance with statutes and regulations

Your Company is working towards further strengthening of organisation structure, authority levels, documented policy guidelines/procedures and management reviews systems.

DEVELOPMENT IN HUMAN RESOURCES AND INDUSTRIAL RELATIONS

The Company's industrial relations continued to be harmonious and cordial with focus on improving productivity, quality and safety. The Company conducts in-house training programmes for employees at all levels. The focus is on maintaining a high level of motivation and on leadership development.

CAUTIONARY STATEMENT

Estimates and expectations stated in this Management Discussion and Analysis may be "forward-looking statement" within the meaning of applicable securities, laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to your Company's operations include economic conditions affecting demand / supply and price conditions in the domestic and international markets, changes in the Government regulations, tax laws, other statutes and other incidental factors.