



17th ANNUAL REPORT 2006-07

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KRITI INDUSTRIES (INDIA) LIMITED



VISION STATEMENT

KRITI shall stand out in whatever it undertakes by achieving excellence in transforming basic needs into a new experience. On the road to realize this vision, we surrender ourselves to....

- ✧ Cherish mutually satisfying relationship
- ✧ Encourage learning and creativity
- ✧ Use technology appropriately
- ✧ Lend a helping hand to society's developmental needs
- ✧ Be honest and forthright in our approaches
- ✧ Be in harmony with natural order

FINANCIAL HIGHLIGHTS

SALES AND EARNINGS

	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01	(Rs. in Lacs)
	1999-00							
Sales & other Income	34592.00	26655.96	26985.12	26389.10	17416.34	20071.96	17656.29	15306.34
Expenditure	33281.00	25453.48	25901.55	25377.13	16610.79	19014.50	16649.65	14515.27
Operating Profit (PBITD)	1811.00	1202.48	1083.57	1011.97	805.55	1057.46	1006.64	791.07
Interest	573.96	744.50	624.62	475.80	486.41	589.53	523.73	425.39
Gross Profit (PBDT)	737.84	457.98	458.95	536.16	319.14	467.93	482.91	365.68
Depreciation	315.53	290.34	275.06	234.14	259.12	255.75	228.96	200.83
Profit before Tax (PBT)	421.51	167.64	183.89	302.02	60.02	212.18	253.95	164.85
Net Profit (PAT)	262.43	114.39	167.89	212.02	55.02	181.18	232.45	144.85
Gross Fixed Assets	6631.56	6205.74	5858.98	4785.70	4562.92	4466.19	4370.02	3509.26
Net Fixed Assets	3382.93	3872.84	3814.01	3015.78	3025.70	3182.92	3340.17	2708.11
Investments	16.43	13.43	13.40	13.40	21.90	21.90	23.86	23.86
Net Current Assets	4634.60	3866.71	2466.11	3488.04	2009.25	2226.49	2608.44	1388.23
Miscellaneous Expenditure	-	-	-	-	5.33	10.65	16.11	22.94

SHAREHOLDERS FUNDS & OTHERS

Equity Share Capital	620.04	487.54	487.54	487.54	487.54	487.54	487.54	487.54
Reserves & Surplus	2688.16	1700.62	1601.99	1557.73	1406.06	1389.21	1843.42	1633.19
Dividend	62.00	48.75	48.75	48.75	-	24.38	24.38	24.38
Dividend per Equity Shares (Rs.)	1.00	1.00	1.00	1.00	-	0.50	0.50	0.50
Earning Per Equity Share (Rs.)	4.62	2.35	3.44	4.35	0.35	2.18	4.77	2.97
Book Value per Equity Share (Rs.)	43.68	44.88	42.86	41.95	38.73	38.28	47.48	43.03

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 Soy
MIXWELL : Lecithin

BOARD OF DIRECTORS AS ON 29th August, 2007	(1) Mr. Sajjan Singh Mehta - Director (2) Dr. S. S. Kothari - Director (3) Mr. Rakesh Kalra - Director (4) Mr. R. Venkatachalam - Nominee Director (IDBI) (5) CA. Manoj Fadnis - Director (6) Mr. Pravin Kasliwal - Director (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 - 452001
COMPANY SECRETARY	Mrs. Nitisha Kasera
BANKERS	(1) State Bank of India (2) State Bank of Indore (3) State Bank of Travancore
SHARES LISTED	The Bombay Stock Exchange, Mumbai The Madhya Pradesh Stock Exchange, Indore
DEMAT ISIN NUMBER	ISIN : INE 479D1012 IN NSDL & CDSL
REGISTERED OFFICE	"Mehta Chambers" 34, Siyaganj Indore - 452007.
CORPORATE SUPPORT CENTRE	"Chetak Chambers" 4th Floor, 14, R.N.T. Marg, Indore - 452001.
SHARE TRANSFER AGENT	M/s Ankit Consultancy Pvt. Ltd. 2nd Floor, Alankar Point, 4-A, Rajgarh Kothi Geeta Bhawan Chouraha, A.B.Road, Indore - 452001 (M.P)
WORKS :	
TELECOM NETWORKING	: Plot No. 75-86 & 13/1, Tarpura, Sector II, Industrial Area,
EQUIPMENT COMPONENTS DIVISION	: Pithampur, Dist. Dhar (M.P.)
SOLVENT DIVISION	: Industrial Area No. 3, Dewas (M.P.)
MOULDING DIVISION	: Plot No. C-9, C-10, MIDC, Ranjangaon Near Sirpur, Pune-10 (MS)

17TH ANNUAL GENERAL MEETING

Date : 29th September, 2007
Day : Saturday
Time : 4.00 P.M.
Venue : Hotel President Planet
3, R.N.T. Marg,
Indore - 452 001

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NOTICE

NOTICE is hereby given that the 17th Annual General Meeting of the Members of KRITI INDUSTRIES (INDIA) LIMITED will be held on Saturday the 29th September, 2007 at 4.00 P.M. at Hotel President Planet, 3, R.N.T. Marg, Indore - 452 001 (M.P.) to transact the following businesses:

ORDINARY BUSINESS

1. To receive, consider and adopt Audited Balance Sheet as at 31st March, 2007 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, 2007.
3. To appoint a Director in place of Mr. Rakesh Kalra, who is liable to retire by rotation and being eligible offers himself for reappointment.
4. To appoint a Director in place of Mr. Praveen Kasliwal, who is liable to retire 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, if any, the following resolution as **Special 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 members of the Company hereby accord their approval to the re-appointment of Mr. Shiv Singh Mehta as the Managing Director of the Company for a further period of three years with effect from 1st October, 2007 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 Mr. 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."

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

"**RESOLVED THAT** pursuant to sections 391 to 394A and other applicable provisions, if any, of the Companies Act, 1956 and subject to requisite approval of the High Court, Stock Exchange(s), RBI, banks, financial institutions and any other necessary approval required in the matter, and subject to any change or modification required by them and is accepted by the Board of Directors, the "**Solvent Division**" of the Company be demerged into **Kriti Nutrients Limited**."

RESOLVED FURTHER THAT pursuant to the provisions of Section 391 to 394 and other applicable provisions, if any, of the Companies Act, 1956 and subject to approval as required by High Court, Stock Exchange(s), banks, financial institutions and any other approvals, as may be necessary, and subject to any change or modification required by them and is accepted by the Board of Directors, '**Engineering Moulding Division**' of the Company be hived off into **Kriti Auto and Engineering Plastics Private Limited**, a wholly owned subsidiary of the company."

RESOLVED FURTHER the Draft Scheme of Arrangement as placed before the meeting and initialled by the Chairman for the purpose of identification be and is hereby approved and the Board of Directors of the Company be and are hereby authorised to make such

alterations and changes therein as may be expedient and necessary for satisfying the requirement or conditions imposed by the Central Government and/or the Hon'ble High Court, Stock exchange and/or such other authorities as the Board of Directors of the Company consider appropriate in the interest of the Company from time to time.

RESOLVED FURTHER THAT the Board of Directors of the Company be and hereby authorised to take all necessary steps as may be required to implement the above said resolution.

8. To consider and if thought fit, to pass with or without modifications, if any the following resolution as an **Ordinary Resolution**

"RESOLVED THAT pursuant to the provisions of Section 94 and all other applicable provisions, if any, of the Companies Act, 1956, read with Article No. 9 of the Articles of Association of the Company, each of the existing issued 62,00,440 (Sixty Two Lacs Four Hundred Forty) Equity Shares of Rs. 10 each in the issued, subscribed and paid-up capital of the company, be and are hereby sub-divided into 6,20,04,400 (Six Crores Twenty Lacs Four Thousand Four Hundred) Equity shares of the face value of Re. 1 each paid up.

RESOLVED FURTHER THAT the Board of Directors of the Company ("the Board", which expression shall also include a Committee thereof) be and they are hereby authorised to issue new share certificates representing the sub-divided equity shares with new distinctive numbers, consequent to the sub-division of shares as aforesaid and/or credit the shareholders' accounts maintained with the Depositories, subject to the rules as laid down in the Companies (Issue of Share Certificates) Rules, 1960, and to inform the Depositories and the Registrar and Transfer Agents of the Company and execute all such documents, instruments and writings as may be required in this connection and to delegate all or any of the powers herein vested in the Board, to any Committee thereof or to any Director(s) or Company Secretary, to give effect to the aforesaid resolution"

9. To consider and if thought fit, to pass with or

without modifications, if any, the following resolution as an **Ordinary Resolution**

"RESOLVED THAT approval of the shareholders of the Company in terms of provisions of section 94 and other applicable provisions, if any, of the Companies Act, 1956, be and is hereby accorded for re-classification of the existing Authorised Equity Share Capital of Rs. 10,00,00,000 (Ten Crores) divided into 8,00,00,000 (Eight Crores) Equity Shares of Re. 1/- each and Rs. 20,00,000 (Twenty Lacs) Optionally Convertible Preference Shares of Rs. 10/- each.

10. To consider and if thought fit, to pass with or without modifications, if any, the following resolution as an **Ordinary Resolution**

"RESOLVED THAT pursuant to the provisions of Section 16 and other applicable provisions, if any, of the Companies Act, 1956, the Memorandum of Association of the Company, be altered by substituting the following Clause in place of existing Clause No. V of Memorandum of Association of the Company:

V. The Authorised Share Capital of the Company is Rs 10,00,00,000/- (Rupees Ten Crore) divided into 8,00,00,000 (Eight Crores) Equity Shares of Re. 1/- (Rupees One) each and 20,00,000 (Twenty Lacs) Optional Convertible Preference shares of Rs. 10/- each.

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

"RESOLVED THAT pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company, be and is hereby altered by substituting the following Clause in place of existing Clause No. 3 of Articles of Association of the Company:

3. The Authorised Share Capital of the Company is Rs 10,00,00,000/- (Rupees Ten Crore) divided into 8,00,00,000 (Eight Crores) Equity Shares of Re. 1/- (Rupees One) each and 20,00,000 (Twenty Lacs) Optional Convertible Preference shares of Rs. 10/- each, with a power of company to increase, reduce or modify the capital and to divide all or any of the shares in the capital of the company, for



the time being, and to classify and reclassify such shares from shares of one class into shares of other class or classes and to attach thereto respectively such preferential, deferred, qualified or other special rights, privileges, conditions or restrictions as may be determined by the company in accordance with the Articles of Association of the Company and to vary, modify or abrogate any such rights, privileges, conditions or restrictions, in such manner and by such persons as may, for the time being, be permitted under the provisions of the Articles of Association of the company or legislative provisions for the time being in force in that behalf."

12. To consider and if thought fit, to pass with or without modifications, if any, the following resolution as an **Ordinary Resolution**

"**RESOLVED THAT** pursuant to provisions of section 293(1)(d) of the Companies Act, 1956, the consent of the company be and is hereby accorded to the Board of Directors of the Company to borrow any sum or sums of money from time to time, on such terms and conditions and with or without security as the Board of Directors may in its discretion think fit notwithstanding that the money or monies to be borrowed together with monies already borrowed by the Company (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) may exceed the aggregate of the Paid-up Share Capital of the Company and its free reserves, that is to say, reserves not so set aside or any specific purposes, provided however, that the total amount so borrowed and remaining outstanding at any particular time shall not exceed 500.00 Crores (Rs. Five Hundred Crores Only).

Place : Indore

By order of the Board,

Date : 29th August, 2007

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 Register of Members and Share Transfer Books of the Company will be closed from Tuesday the 25th September, 2007 to 29th September, 2007 (both days inclusive) for payments of dividend on Equity Shares if declared by the members at the Annual General Meeting.
3. DIVIDENDS
 - A. The Dividend, if approved by members at the ensuing Annual General Meeting, will be paid to those members whose names stand registered on 25th September, 2007.
 - i. As members in the Register of Members; and
 - ii. 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, Name and address of the Bank and its Branch and the type of account and its number for the purpose of inclusion of particulars on the Dividend Warrant to minimise the risk of fraudulent encashment.

- B. Members who have not yet encashed their Dividend warrants for the year 1999-00 and subsequent years are advised to approach the Company in order to have their Dividend Warrants revalidated. Dividend which remain unclaimed for a period of 7years 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. Please note that unpaid Dividend for and upto the financial year ending 31st March, 1999 has been already transferred to Central Government Account /

Investor Education and Protection Fund.

4. 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 Registrar of the Company.
5. 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.
6. Members are requested to:
 - A. Notify immediately any change in their

address to the Company quoting their folio numbers.

- B. 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.
- C. 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 Directors:

Name of the Director	Mr. Shiv Sjingh Mehta	Mr. Rakesh Kalra	Mr. Praveen Kasliwal
Date of Birth	03.03.1954	11-09-1949	02.03.1953
Date of appointment	12.03.1990	24-06-2006	12.03.1990
Expertise in Specific areas	Finance, Marketing, technical, Business Administration	Business Management	Finance, Marketing & Administration
Qualification	B.E., M.B.A.	M.E.	B.E., M.B.A.
List of Outside Directorship held Limited	Rajratan Global Wires Limited	Mahindra International Limited	None
Chairman/ Member of the committees of the Board of Directors of the Company	Member : Investors' Grievance Committee	Chairman : Remuneration Committee	Member : Investors' Grievance Committee
Chairman / member of the Committees of Director of other companies in which he/she is a Director			None
(a) Audit Committee	Rajratan Global Wires Limited	None	
(b) Shareholder Committee			
(C) Remuneration Committee			
(d) Compensation committee			



ANNEXURE TO THE NOTICE

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

ITEM NO. 6

Mr. Shiv Singh Mehta, the Managing Director was re-appointed for a period of five years w.e.f. 1st October, 2002. Therefore his tenure will expire on 30th September, 2007. The Remuneration Committee of the Board of Directors has considered and recommended for his re-appointment as the Managing Director w.e.f. 1st October, 2007 for a further period of three years. The Board of considered that Mr. Shiv Singh Mehta is a founder and key promoter of the Company and under his dynamic leadership, initiatives and directions, the Company has benefited in its overall operations. He is the key factor behind the overall growth and success of the Company. His devotion, vision and experience are essential for the continuing growth of the Company. Hence the Board of Directors recommend the resolution for the re-appointment of Mr. Shiv Singh Mehta w.e.f. 1st October, 2007 for the approval of member in ensuing Annual General Meeting of the Company on the following terms and conditions.

- a) Basic Salary :- Rs. 2,00,000/- per month.
- b) House Rent Allowance : Equivalent to 25% of Salary.
- c) Leave Travel Concession: Reimbursement once in a year subject to a maximum of one month's Salary.
- d) Medical Allowance : Reimbursement during the year subject to a ceiling of one month's salary.
- e) Ex-gratia: Equivalent to one month's Salary for every financial year.
- f) Gratuity payment computed at half a month's Salary for each completed year of service.
- g) Payment of Club fees excluding life membership fees.
- h) Free telephone and mobile facility at residence for official use.
- i) Free use of one Car with driver for official use

Note: Sitting fees will not be paid for attending meetings of the Board of Directors or Committees thereof.

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

Memorandum of Interest

Except Mr. Shiv Singh Mehta himself, Mrs. Purnima Mehta, Mr. S.S. Mehta and Mr. S.S. Kothari being relatives of Mr. Shiv Singh Mehta who may be deemed to be interested, no other Directors are concerned or interested in the resolution.

Additional information relevant for the approval of the remuneration payable to Mr. Shiv Singh Mehta

1. General Information:

- a. Nature of Industry : The Company is engaged in manufacture, process, buy, sell, resell, export, import, in pipes and fitting of plastics goods, P.V.C. extrusions, Dry blend Polythene, LDPE, HDPE etc.
- b. Date or expected date of commencement of commercial production : The company was incorporated on 12th March, 1990.
- c. Financial performance as per Audited Financial Results for the year ended 31st March, 2006 and for the year ended 31st March, 2007:

Particular	31.03.2007 (Rs. in crores)	31.03.2006 (Rs. in crores)
Income from operation	331.55	260.21
Profit before depreciation	7.38	4.58
Profit Before Tax	4.22	1.68
Profit after tax	2.62	1.55

d. Export Performance:

- Foreign exchange earned for the financial year ended 31st March 2006: Rs. 2170.00 Lacs
- Foreign exchange earned for the financial year ended 31st March 2007: Rs. 9116.16 Lacs

2. Information about the appointee:

- a. Background Details: Mr. Shiv Singh Mehta is a B.E. and M.B.A.. He has over 15 years of diverse experience in the Corporate Sector.
- b. Past Remuneration drawn (during 2006-2007) : 18.01 Lacs
- c. Job Profile and suitability: Mr. Shiv Singh Mehta exercises substantial powers of management, subject to the superintendence, control and direction of the Board of Directors/Chairman of the Company. He is responsible for the operations and affairs of all Divisions of the Company. Taking into consideration his qualifications and expertise, Mr. Shiv Singh Mehta is best suited for the responsibilities assigned to him by the Board of Directors.
- d. Remuneration Proposed : as above
- e. Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person : The remuneration proposed is commensurate with the remuneration packages paid to similar senior level appointees in other Companies.

3. Other information:

- a. Steps taken or proposed to be taken for improvement of profitability:

The company has taken the following steps for improvement in performance during the past Two years.

- Sharp focus on big scale cost reduction.
- Improve market service and customer interaction.
- Dealer rationalization and emphasis on collection.
- Training programme for employees.

- b. Expected increase in productivity and profits in measurable terms: The above steps taken by the company have resulted in company's profit. The improvement is expected to continue in the current year and beyond.

ITEM NO. 7

The Board of the Company has recommended to consider the proposal of Demerger of '**Solvent Division**' of the Company into a separate Company- **Kriti Nutrients Limited** and hiving off '**Engineering Moulding Division**' of the Company into a separate Company- **Kriti Auto and Engineering Plastics Private Limited**, a wholly owned subsidiary of the Company according to scheme of arrangement. The proposed Demerger of the '**Solvent Division**' and Hiving off '**Engineering Moulding Division**' of the Company into **Kriti Nutrients Limited** and **Kriti Auto and Engineering Plastics Private Limited** respectively will be largely in the interest of the Company and shareholders. In terms of Section 391 to 394A of the Companies Act, 1956, the Demerger/ hiving off requires the consent of the members at the General Meeting.

Your Board proposes resolution, as set out in Item No 7 as a Special Resolution.

Memorandum of Interest

Except Mr. Shiv Singh Mehta and Mrs. Purnima Mehta (Promoters of Kriti Auto and Engineering Plastics Private Limited) and Mr. S.S. Mehta and Mr. S.S. Kothari being relative of Mr. Shiv Singh Mehta and Mrs. Purnima Mehta who may be deemed to be interested, no other Directors are concerned or interested in the resolution.

ITEM NO. 8

The Equity Share capital of the company is listed on the Bombay Stock Exchange(BSE) and Madhya Pradesh Stock Exchange. The shares are actively traded on the BSE.

In order to improve the liquidity of the Company's Share in the stock market and to make it also affordable to the small investors, the Board of Directors of the company at their meeting held on 29th August, 2007, considered it desirable to sub divide the Equity Shares from Rs. 10/- to Re. 1/-each. In terms of Section 94 of the Companies Act, 1956, the Share capital of the Company may be Sub-divided in smaller amount with the consent of the members at the General Meeting.

Your Board proposes resolution, as set out in Item No 8 as an Ordinary Resolution.

The Directors of the Company may be deemed to be

interested being members to the extent of sub-division of their existing shares in the Company.

ITEM NO. 9

The present Authorised Share capital of the Company is Rs. 10 Crores divided into 1 Crore Equity Shares of Rs. 10/- each. The Board of the Directors have recommended that the authorized capital be reclassified into 8,00,00,000 Equity Shares of Re. 1/- each and 20,00,000 Optional Convertible Preference Shares of Rs. 10/- each. In terms of Section 94 of the Companies Act, 1956, reclassification of the Authorised Share Capital of the company, requires the approval of the members at the General Meeting.

Your Board proposes resolution, as set out in Item No 9 as an Ordinary Resolution.

None of the Directors of the Company are interested in the Resolution, except as a member to the extent of the share as may be issued to them subject to the SEBI Guidelines and Companies Act, 1956.

ITEM NO. 10 & 11

In view of the reclassification of Authorised Share Capital and Sub Division of Equity Shares in smaller amount, Capital Clause "V" of Memorandum of Association is required to be altered in terms of Section 16 of the Companies Act, 1956. Article '3' of the Articles of Association of the Company is also required to be altered in terms of Section 31 of the Companies act, 1956 with the consent of the members.

Your Board proposes resolution, as set out in Item No 10 as an Ordinary Resolution and Item No. 11 as Special Resolution.

None of the Directors of the Company are interested in the Resolution.

ITEM NO. 12

Looking into growth of the business activities carried by the Company, it requires additional funds. Hence, the Board of directors of the Company may be authorized to borrow moneys from time to time, from Banks, Financial Institutions and any other sources. The money to be borrowed by the Company may exceed the aggregate of paid-up capital and its free reserves, provided however, the total amount of such borrowings shall not exceed the sum of Rs. 500.00 Crores (Five Hundred Crores) at any time. This authority can only be exercised by the Board in accordance with the provisions of section 293(1)(d) of the Companies Act, 1956.

Your Board proposes resolution, as set out in Item No 12 for approval as an Ordinary Resolution.

None of the directors is concerned or interested in the resolutions.

Place : Indore

By order of the Board,

Date : 29th August, 2007

SHIV SINGH MEHTA
MANAGING DIRECTOR



DIRECTORS' REPORT

The Members,

Your Directors have pleasure in presenting the 17th Annual Report together with Audited Accounts of the Company for the year ended on 31st March, 2007.

PERFORMANCE OF THE COMPANY

Company achieved sales of Rs. 34781.72 lacs during the year with operating profit at Rs. 1611.80 lacs. After providing for financial charges, depreciation and tax, both current and deferred, the net profit was Rs.269.82 lacs.

The performance of the Company for the financial year ended 31st March, 2007 is summarised below:

(Rs. in Lacs)

PARTICULARS	CURRENT YEAR (2006-07)	PREVIOUS YEAR 2005-06
Total Income	34892.80	26655.96
Profit before Interest,	1611.80	1202.48
Depreciation & Taxes		
Less : Interest	873.96	744.50
Gross Profit	737.84	457.98
Less : Depreciation	315.93	290.34
Taxation	152.09	53.25
Net Profit	269.82	114.39
Less : Deferred Tax	7.39	41.23
Less: Prior year Income/Expenditure	2.99	1.39
Add : Balance Brought Forward	93.17	49.54
Profit available for Appropriation	352.61	203.76
Proposed Dividend	62.00	48.75
Corporate Dividend Tax	8.70	6.84
Transferred to General Reserve	60.00	50.00
Transferred to Contingency Reserve	6.00	5.00
Balance Carried over to	215.91	93.17
Balance Sheet		
Total	352.61	203.76

CAPITAL STRUCTURE

During the year, Company has increased the Authorised Share capital from Rs. 5.00 Crores to Rs. 10.00 Crores divided into 1,00,00,000 Equity Shares of Rs. 10/- each. Out of the above, 13,25,000 Equity Shares of Rs. 10/- each at a premium of Rs. 15/- per share were allotted through Preferential issue by private placement to the "promoters" of the company in accordance

with the SEBI (Disclosure and Investor protection) Guideline, 2000

CORPORATE RESTRUCTURING

The Board of Directors of the Company at its meeting held on August 29, 2007 has considered and recommended the scheme of demerger. Accordingly the Company is proposed to be demerged into three separate entities. The assets and liabilities of the "Solvent division" will be transferred to the 'Kriti Nutrients Limited' and that of the 'Engineering Moulding Division' will be transferred to 'Kriti Auto and Engineering Plastics Private Limited'. Kriti Auto and Engineering Plastics Private Limited will be a wholly owned subsidiary of Kriti Industries (India) Limited. The 'Plastic Division' engaged in the production of rigid PVC Pipes with the manufacturing facility at Pithampur shall remain with the parent Company, i.e. Kriti Industries (India) Limited. Your Director recommend to pass necessary resolution as set out in the item No. 7 of the notice of the Annual General Meeting.

DIVIDEND

Your Directors are pleased to recommend for your consideration payment of dividend on equity shares at 10% (Rs. 1.00 per share) for the year ended March 31, 2007 aggregating to Rs. 62.00 lacs.

CORPORATE GOVERNANCE:

The Company has complied with the mandatory provisions on Corporate Governance as prescribed in the Listing Agreement with the Stock Exchanges. A 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 judgement and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company