

KRITI INDUSTRIES (INDIA) LIMITED

Kriti

Strength & Flexibility
Consistency & Variety
Quality & Quantity
Stability & Dynamism
Resistance & Endurance
Leadership & Learning
Niche & Novelty
Creativity & Conformity
Success & Social
Responsibility
Growth & Ethics

18TH ANNUAL REPORT 2007-08

Dear Shareholders,

Kriti has come a long way since its inception (as Kasta), 25 years ago. Milestones have always been an important part of the journey. They reflect the distance traveled and show the road ahead. This year has been a momentous year for Kriti with a good performance and a significant y-o-y growth of 42.61%.

We have expanded the Soya plant and increased the capacity from 500 tonnes per day to 1200 tonnes per day. The Plastics division's capacity has been enhanced too and several new products have been added to the range of pipes and fittings. We aim at becoming a one-stop shop for all fluid conveying plastic products for the farmer, housing and infrastructure.

We have taken a major initiative to increase our marketing network for Soya, Plastics and Auto Engineering to reach out to newer territories both nationally and internationally. On one hand we have expanded our reach to 16 states in India and on the other we are exporting 100% of the DOC being produced and have also made significant headway in the marketing of lecithin in Western and Central Europe.

Our quality journey has been continuous and we still have a long distance to go on it. Quality at Kriti means continuous up-gradation of products, technology, services, systems, performance levels and attitudes to achieve excellence.

With the needs of the changing environment we have started a culture development program at Kriti where we are focusing on talent management and enhancing people's skills. Customer's delight in product and services has been a yardstick of quality at Kriti and can only be achieved by a significant focus on robust processes. We have implemented SAP and are working on process improvement. We are also concentrating on creating a right infrastructure that will result in a better environment and greater operational efficiencies. Our focus for the coming year is on building a strong supply chain management system.

The year ahead is a significant one and full of challenges. The demerger of the companies will create focused entities, which will help in creating a concentrated team effort to excel. It is a small step of the journey we have embarked upon. We wish to add many more milestones to it. We look forward to the continued support of all our stakeholders without whom we could not have reached where we are today.

Many thanks and best regards,



Shiv Singh Mehta
Managing Director

BOARD OF DIRECTORS

Mr Sajjan Singh Mehta - Director
Dr Swatantra Singh Kothari - Director
Mr Pravin Kasliwal - Director
Mr Manoj Phadnis - Director
Mr Rakesh Kalra - Director
Mr R. Venkatachalam - Nominee Director (IDBI Ltd.)
Mrs Purnima Mehta - Executive Director
Mr 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

Mr S.C. Jajoo

BANKERS

State Bank of India
State Bank of Indore
State Bank of Travancore
IDBI Ltd.

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



NOTICE

NOTICE is hereby given that the 18th Annual General Meeting of the Members of KRITI INDUSTRIES (INDIA) LIMITED will be held on Monday the 29th September 2008 at 4.00 P.M. at Crown Palace, 12-A, Kanchan Bagh, Indore-452001 (M.P.) to transact the following businesses :

ORDINARY BUSINESS

1. To receive, consider and adopt Audited Balance Sheet as at 31st March 2008 and the Profit and Loss Account for the year ended on that date together with the Directors' report and Auditors' report thereon.
2. To declare Dividend for the Financial Year ended on 31st March 2008.
3. To appoint a Director in place of Mr. Sajjan Singh Mehta, who liable to retire by rotation and being eligible offers himself for reappointment.
4. To appoint a Director in place of Dr. S.S. Kothari, who 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.

Place : Indore

By order of the Board,

Date : 28th July, 2008

S.C. Jajoo

Company Secretary

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 25th September, 2008 to 29th September, 2008 (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, 2008.

- 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 warrant for the year 2000-01 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 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. Please note that unpaid Dividend for and upto the financial year ending 31st March, 2001 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.

Kriti Industries (India) Ltd.**DIRECTORS' REPORT**

Your Directors have pleasure in presenting the 18th Annual Report together with Audited Accounts of the Company for the year ended on 31st March, 2008.

FINANCIAL RESULTS

The performance of the Company for the financial year ended 31st March 2008 is summarised below:

PARTICULARS	(Rs. In Lacs)	
	CURRENT YEAR 2007- 08	PREVIOUS YEAR 2006 - 07
Total Income	50290.14	34892.80
Profit before Interest,		
Depreciation & Taxes	2915.92	1611.80
Less: Interest	1419.27	873.96
Gross Profit	1496.65	737.84
Less: Depreciation	349.42	315.93
Taxation	270.10	152.09
Net Profit	877.13	269.82
Less: Deferred Tax	127.61	7.39
Less: Prior year Income/		
Expenditure	6.47	2.99
Add: Balance Brought Forward	215.90	93.17
Profit available for Appropriation	958.94	352.61
Proposed Dividend	74.41	62.00
Corporate Dividend Tax	12.65	8.70
Transferred to General Reserve	142.67	60.00
Transferred to Contingency Reserve	4.00	6.00
Balance Carried over to Balance Sheet	725.22	215.91
Total	958.94	352.61

PERFORMANCE OF THE COMPANY (Year in Retrospect)

The company recorded a top line growth of 42.61% with the turnover at Rs. 47399.77 Lacs as against Rs. 33237.40 lacs in the previous year. After providing for financial charges, depreciation and tax, both current and deferred the net profit was Rs. 749.52 lacs as against Rs. 262.45 lacs in the previous year recording an increase of 185.59%.

DIVIDEND

In view of the improved performance of the company, your directors are pleased to recommend a higher dividend of 12% for the year as compared to 10% in the previous year on the equity share capital of the company aggregating to Rs. 74.40 Lacs.

CAPITAL STRUCTURE

With effect from 20th December 2007, the Company's equity shares were splitted from Rs. 10/- per share (Rupees Ten each) to Re. 1/- per share (Rupee One Each). The new ISIN is INE 479D01020

EXPANSION

The Company has increased its extraction capacity in Solvent Division from 500 TPD to 1200 TPD and the commercial production started from 14th January 2008.

Further in pipe division, the company has also enhanced its

range for pipes and fittings.

CORPORATE RESTRUCTURING

As per decision in the last Annual General Meeting, the Company has filed an application to the Hon'ble High Court, Madhya Pradesh, Indore Bench on May 12, 2008 under section 391-394 of the Companies Act, 1956 for the scheme of arrangement. 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.

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 judgment 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, 2008 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 2008 on a going concern basis.

DIRECTORS :

The Board consists of executive and non-executive directors including independent directors who have wide and varied experience in different disciplines of corporate functioning. Mr. Sajjan Singh Mehta and Dr. S.S. Kothari, Directors retire by rotation at the ensuing Annual General Meeting and being eligible offers themselves for re-appointment.

STATUTORY INFORMATION :**PUBLIC DEPOSIT:**

The company has not received/accepted any deposits from



public during the year under review.

PARTICULARS OF EMPLOYEES

The Board of Directors wishes to express their appreciation to all the employees for their outstanding contribution in the operations of the company during the year. 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-A forming part of the report.

AUDITORS

M/s. Subhash Deshpande & Co., Chartered Accountant, 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,

S. S. Mehta
(Chairman)

Place : Indore

Date : 28th day of July, 2008

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 2008

A CONSERVATION OF ENERGY

(a) Energy Conservation measures taken:

- (1) Energy conservation devices have been installed and the equipments 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 measures are being implemented and major investments 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

	2007-08	2006-07
1. Electricity		
a) Purchased Units	18890789	6887237
Total Amount	84650272	29528097
Rate/Unit (Average Rs.)	4.48	4.29
b) Own Generation		
i) Units	59247	78359
Units per ltr. of Diesel Oil	3.38	3.13
Cost per unit (Rs.)	10.10	9.31
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)

11572

10455

Total Cost

46288480

35196896

Average Rate

4000.00

3366.50

3. Furnace Oil

Quantity (K.Ltr.)

-

-

Total Amount

-

-

Average Rate

-

-

4. Others/internal Generation

Total Cost

-

-

Quantity

-

-

Rate/Unit

-

-

CONSUMPTION PER UNIT OF PRODUCTION

	EXTRACTION	REFINERY	LECITHIN
Electricity			
(Units per ton)	36.83	77.73	105.08
Coal (Specify quality)			
(Kg. per ton)	67.64	84.94	315.25

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.

Kriti Industries (India) Ltd.**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 equipments 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 the imported technology is not applicable

(C) FOREIGN EXCHANGE EARNING & OUTGO

	(Rs. In Lacs)	
	2007-08	2006-07
1. Earning		
FOB rate of Export	11305.60	9116.16
2. Outgo		
a) CIF Value of Imports	1841.20	253.06
b) Expenditure in Foreign Currency	60.10	55.65

**AUDITORS' REPORT ON COMPLAINT OF CONDITIONS OF
CORPORATE GOVERNANCE**

To the Shareholders of Kriti Industries (India) Limited

We have examined the compliance of the conditions of Corporate Governance by Kriti Industries (India) Limited, Indore for the year ended 31st March, 2008 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges in India.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of an opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, the Company has complied with the conditions of Corporate Governance as stipulated in the above Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accounts of India we have to state that no investor grievances were pending for a period of one month against the Company as per the records maintained by the Investor / Shareholders Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Subhash Deshpande & Co.**
Chartered Accountants

Place : Indore
Date : 14th June, 2008

(R.D.Asawa)
Partner



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

1. INDUSTRY STRUCTURE AND DEVELOPMENT

The company is currently operating in three major business segments, which are: -

1. Solvent Division
2. Plastic Division
3. Engineering Moulding Division

The industry structure and development, opportunities and threats for each of the three divisions are discussed hereunder.

Solvent Division:

Kriti Super Hy-Pro Soya Bean Meal (SBM) is used as a source of high protein ingredient in all classes of aqua, poultry, swine and equine feed formulations. South East Asian countries are major consumers of SBM and are entirely dependent on imports from India, Brazil, USA and Argentina. These countries import roughly 18.8 million MT per annum and with demand growing at 10% per annum, India feeds between 4 - 4.5 million MT of the requirement.

With the cost of Raw Material at more than double of last year; the aqua, poultry industry is focusing on superior quality SBM. As a result Kriti has experienced good y-o-y growth over the past 2 years. The Indian SBM has an advantage of higher protein and lower logistics cost for the SEA countries.

India is world's third largest edible oil economy after China and USA. The demand for edible oils in India is about 12.00 million tonnes per annum. This demand is met through a combination of domestic production as well as import. Nearly 6.5 million tones of edible oil is imported from the other countries. Edible oil demand in the year 2015 is expected to be 21.3mn tons.

Approximately 3.50 million tonnes of Soya oil is consumed per annum representing 30% of the total consumption of edible oils. Of this 3.50 million tonnes, about 1.40 million tonnes is produced in India and balance is met through imports. The demand for Soya oil is growing at the rate of 10% per annum over the past few years.

Opportunities

Export business this year has shown good growth. With the demand of high quality SBM poised to further, modernization and expansion are key inputs. In line with the philosophy, the company has expanded its capacity and built a new modern plant.

Soyabean production has been the largest in central India, totalling to 4.91 million MT. The soya crop grown in India is non-GMO which is an opportunity for our company situated in central India.

The growing demand of SBM from India coupled with the right business model and product should see a good year for the company.

The improving prosperity and lifestyle of the people is also an opportunity for the edible oil industry.

Threats

Increased Capacity and High Raw Material prices: The soya industry already has idle capacity. Industry, is adding around 10% additional capacity. It will be a challenge to procure adequate raw material. With the prices of soya seed doubling in the past 9 months the working capital requirements of the industry have gone up significantly.

The company has taken initiatives by opening up new avenues for seed procurement and has increased its presence in the market place.

High freight costs and port logistics: Last year was an unhappy year for the export industry in India, with the ports clogged and exports getting delayed. To be able to send material to the port and then shipping it to final destination in time, will be a challenge again this year

The company has taken significant steps to develop parallel options for inland transport and exports.

Uncertainty of RM prices and futures: These are times of discontinuities and operative word is volatility. We will have to deal with preventive measures to hedge our positions. The quality of thought that is applied to problems and how to deal with them is crucial. De-risking, strategy will have to continuously evolved.

Business strategy

The focus of this year will be on stabilizing the expanded capacity and focus on product development. The changed business model of approaching the customers directly has been successful and resulted in better customer satisfaction and improved margins for the company. The effort this year will be strengthen these relationships into strategic relationships with long-term contract.

Plastic Division

The total contribution of pipe industry is expected to be US \$ 44 Billion by 2010. Global demand for plastic pipe will grow 4.4 percent annually through 2010, based on better prospects in developed nations coupled, with continued strong growth in many developing countries. Kriti's "Kasta" PVC and PE pipes are used for:

1. Irrigation in agri sector which is growing at faster rate due to State/Central Govt's subsidy scheme to the farmers
2. Water/Sewer/Gas transportation in Construction sector. Substantial growth is expected in this sector as these pipes are techno commercially much superior than conventional metallic pipes. With larger geographical coverage and wider range offerings, Kriti's brands are the first choice of the target customers.
3. OFC Duct in Telecom sector. With expansion of telecom

Kriti Industries (India) Ltd.

infrastructure, duct requirement is expected to grow substantially in coming years.

Opportunities

Agricultural Sector: Growing application of PVC/PE pipes for irrigation purposes has pushed the demand for "Kasta" in India and this market is further growing as most of the states are launching subsidy schemes for the farmers in case they use PVC/PE pipes for their Lift/Micro Irrigation projects.

Infrastructure Sector: Numbers of infrastructure development projects for drinking and wastewaters, Telecom ducts and Gas distribution are increasing every year resulting in huge demand for high value pipes.

Building Sector: Real sector boom has created a demand for plumbing, drainage and external water distribution systems.

Threats

In view of accelerated demand of resin, timely availability of resin in domestic as well as in international markets will be key concern, as we find no production capacity enhancement among key vendors.

Frequent price fluctuations of resin may have a negative impact on net profitability of the business

Erratic rains may affect the pipe consumption in agricultural market.

Reinforced Distribution Channel in all priority markets can compensate the business loss by targeting building and infrastructure sectors that are unaffected by rains.

Business Strategies

Acquisition of high strategic value customers will contribute in profit making with brand enhancement. We'll be adding values in our offering thru 'End to End solutions' to the customers.

Widening of Product range to reach out larger customer base in agricultural and building sectors through launching of Drip Irrigation Systems under Micro Irrigation Projects of various state governments' subsidy scheme and new Accessories for the piping system.

Thrust on deeper penetration of Distribution channel for better coverage of the market.

Engineering and Moulding Division

Emergence of India as a preferred global hub for auto component industry has provided a definite impetus to the industry. The auto industry is growing at a rate of 18%.

The GDP growth of 9.4% has benefited the auto sector with the domestic sales touching 10 million vehicle. The buoyancy in the Indian economy, growing consumer aspiration and a host of new products provided a strong foundation for growth of the Auto Industry.

Opportunities and threats

The factory is located at Ranjangaon near Pune in Maharashtra. It is strategically located near the major automobile industry players. This significantly reduces cost of

transportation. The company is supplying to tier one supplier to OEMs. The company is also developing own products and identifying strategic partners for manufacturing tools for the consumer durable articles.

With the shrinking margins in the automotive sector and the white goods industry reducing the volumes the capacity utilization is under stress. The company is addressing these threats by introducing products with better margins

Business strategy

Due to a combination of operational factors, including less than expected efficiency and production, the performance of the Engineering Moulding Division operations was less than planned. However, after many different initiatives it has finally opted for focused attention on few products. The result of these efforts is helping in improving over all working and performance.

2. FINANCIAL PERFORMANCE

The financial statements are prepared in compliance with the Companies Act, 1956 and as per the generally accepted accounting principles, policies and practices prevalent in India.

Results of operations

Income from operations:

The Turnover during 2007-08 has increased to Rs. 47399.77 lacs against Rs 33237.40 lacs in the previous year, which shows an increase of 42.61% in Turnover over the last year.

Export

During the year under review, export is increased to Rs. 12889.81 lacs from 9808.18 lacs in the previous year, recording an annual growth of 31.43%.

Other income

Other income during 2007-08 has increased to Rs. 33.92 lacs as against Rs. 29.03 lacs in the previous year.

Profit before interest depreciation and taxes:

On account of higher capacity utilization in oil division, the profit before interest depreciation and tax has grown by 102.84% to 1496.66 lacs as compared to Rs. 737.86 lacs in the previous year.

Depreciation:

Consequent to increased of fixed assets; depreciation for the year 2007-08 has increased to Rs. 349.42 lacs as compared to last year depreciation of Rs. 315.93 lacs.

Profit before taxes:

Profit before tax has grown by 171.90% to 1147.23 lacs as compared to Rs.421.93 lacs in the previous year. The company is trying its level best to increase this profit further to achieve new milestones.

Profit After Tax:

The Company has tried and put all its efforts to increase its bottom lines and the company has been successful in achieving



this milestone since the current year profit after tax has increased to Rs. 749.52 lacs in contrast to last year's profit of Rs. 262.45 lacs. The percentage increase in the profit amounts to 185.58%

Financial Position

Share Capital:

The share capital of the company consists of Equity Share Capital. The total paid-up share capital of the company consists of 62004400 equity shares of Re. 1/- each. The shares of the company have been split from the denomination of Rs. 10/- per share to Re. 1/- per share w.e.f. 20th December 2007.

Reserves & Surplus:

The Reserve & Surplus of the Company consists Share Premium of Rs. 466.14, profit & loss account and other reserves of Rs. 2277.95 lacs including profit of Rs. 655.99 lacs during the year 2007-08. The Company has total reserves and surplus of Rs. 2744.10 lacs as compared to Rs. 2088.10 lacs in the last year.

Loans:

The long term borrowings of the company have been Rs. 31.06 crore as on 31st March, 2008 in contrast to Rs. 19.41 crore as on 31st March, 2007, while short term borrowings of the company have been increased from Rs. 33.31 crore as on 31st March, 2007 to Rs. 76.13 crore as on 31st March, 2008, which is in the line of growth of operations of the company.

Fixed Assets:

2077 lacs was invested in creating capital assets during the year. Gross Fixed Assets increased from Rs. 6632 lacs as on 31st March, 2007 to Rs. 8709 lacs as on 31st March, 2008.

Current Assets:

Net Current Assets as on 31st March 2008 were Rs. 9136.54 Lacs as against Rs. 4634.60 lacs as on 31st March 2007. The increase in net current assets is mainly due to increase in

inventories; this is in line of operational growth of the company.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The company has an established a comprehensive internal controls commensurating with size and nature of its operations in places across its all business units, which ensure that all the assets of the company are duly recorded at fair value, and safeguards against all the losses from any unauthorized use or disposition. The system has been so designed so as to provide reasonable assurance in respect of recording and providing relevant and reliable financial and operational information.

The company has appointed a consultant for formally designating the organizational structure, defining the job responsibilities and ensuring proper reporting hierarchy.

DEVELOPMENT IN HUMAN RESOURCES AND INDUSTRIAL RELATIONS

The company enjoys cordial industrial relations. The company is conducting in house training programs for motivating and developing leadership qualities at all levels. The company has been successful this year to attract and retain some of the best talents of the country.

CAUTIONARY STATEMENT

Estimates and expectations stated in this Management Discussion and Analysis Report 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, and other statutes and other incidental factors.

Kriti Industries (India) Ltd.

Corporate Governance Report

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Corporate governance has always been a vital part in Kriti Industries (India) Limited (KIIL). Corporate Governance comprises of the systems and processes to ensure that company and its resources are being managed in the interest of Stakeholders. The Company has always believed in fair business and corporate practices while dealing with the shareholders, employees, customers, creditors, lenders and the society at large. The Company is prompt in discharging its statutory obligations and duties. Corporate Governance is crucial to the very existence of a company as it builds confidence and trust.

The Board of Directors has adequate representation by professional, qualified, Non-Executive and Independent Directors. Decisions at the Board and Committee meetings are taken unanimously.

BOARD OF DIRECTORS

Composition

The Board of Directors of the KIIL consists of an optimum combination of executive, non-executive and independent directors, to ensure the independent functioning of the board. The Board consists of eight Directors, of them six are non-executive. Three out of the six non-executive directors are independent. The Chairman of the Board is a non-executive director.

Directors retiring by rotation and seeking for re-appointment

Mr. Sajjan Singh Mehta and Dr. S.S. Kothari retire by rotation at the ensuing General Meeting and being eligible offers themselves for re-appointment. As required under Clause 49 of the Listing Agreement, information such as brief resume, nature of expertise and other directorships is given here below.

Name of the Director	Shri Sajjan Singh Mehta	Dr. S. S. Kothari
Date of Birth	26-07-1927	15-05-1930
Date of Appointment	16-03-1990	24-04-1992
Expertise in specific area	Marketing & Administration	Company Law, Taxation, Accounting & Economics
Qualification	B. Sc	Ph. D (Econ.), FCA
List of Outside Directorship held	Sakam Trading Private Ltd. Chetak Builders Private Ltd.	Jay Shree Tea & Industries Ltd. Maharaja Shree Umaid Mills Ltd. Bajaj Hindustan Sugar & Industries Ltd. Kothari Management & Industrial Consultants Pvt. Ltd.
Chairman/ Member of the committees of the Board of Directors of the Company	Chairman : Investors Grievances Committee	Member : Auditors Committee Member: Remuneration Committee
Chairman / member of the Committees of Director of other companies in which he/ she is a Director		
(a) Audit Committee	None	Jay Shree Tea & Industries Ltd. Maharaja Shree Umaid Mills Ltd. Bajaj Hindustan Sugar & Industries Ltd.
(b) Shareholder Committee	None	Jay Shree Tea & Industries Ltd Maharaja Shree Umaid Mills Ltd.
(C) Remuneration Committee	None	Jay Shree Tea & Industries Ltd
(d) Compensation committee	None	