

DO RIGHT

OUR LONG-TERM APPROACH
TO BUSINESS SUSTAINABILITY



Kriti Industries (India) Limited
Annual Report 2019-20

Forward looking statement

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements – written and oral – that we periodically, ‘projects’, ‘intends’, ‘plans’, ‘believes’ and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we make, certain forward-looking statements that set out anticipated results based on the management’s plan and assumptions. We have tried wherever possible to identify such statements by using words such as ‘anticipates’, ‘estimates’, ‘expects’ believe we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

Contents

| | | | |
|--|--|--|---|
| 02 ‘Do Right’ and Kriti Industries (India) Limited | 04 The first word | 06 How ‘Do Right’ resides at the core of our governance commitment | 10 This is how our ‘Do Right’ focus translated into superior numbers in 2019-20 |
| 12 Corporate snapshot | 14 Our growth over the years | 16 How ‘Kriti’s dealer’ is more than a description... it is a status symbol | 17 Kriti’s Maharashtra success |
| 18 Chairman’s strategic overview | 22 The Managing Director’s operational review | 24 Kriti. Entering new markets. Building a new company | 28 Our business model |
| 31 Financial outcomes of our business model | 32 Employee testimonials | 34 Management discussion and analysis | 38 Notice |
| 45 Director’s Report | 67 Corporate Governance Report | 80 Financial section | |

DO RIGHT

At Kriti Industries (India) Limited,
'Do Right' is not just a tactical
response to challenging markets.

*It is also a commitment to grow
the business in a profitable and
sustainable way across the long-
term.*

At Kriti Industries (India)
Limited, 'Do Right' is not just a
fashionable motto framed on
our walls.

*It is an ethical philosophy practiced
across every initiative.*



‘Do Right’ and Kriti Industries (India) Limited



Respecting human dignity

Core of our existence



Governance

Focus on doing the right things and doing things right



Compliance

Respect for statutes, regulations and laws of the land



Value-addition

Focus on superior products, quality and realisations



Relationships

Face-to-face relationships with primary and secondary customers



Solvency

Credible Balance Sheet with liquidity and credibility



Building for the long-term

Influences our thought and actions



Conduct

To work and think with the highest ethical conduct



Process-driven

Focus on the 'how' over the 'what'



Brand promise

Deepen recall around 'Trust' and 'Quality'



Value

Commitment to enhance value for all stakeholders

The first word



Dear shareholders,

The world is passing through uncertain times. It would be incorrect to begin a review of the last financial year without a mention of it at the outset.

The Novel Corona virus has created the largest pandemic in the recent history of the world, affecting most countries and people.

The abruptness of the virus incidence, the speed of its spread and the extent of its impact represent a watershed in the modern history of humankind.

At Kriti Industries, we were not affected as much by the virus impact during the financial year under review as much as we were during the first quarter of the current financial year. As a business that is a part of the national eco-system, the spread of this virus and the lockdown that transpired thereafter only reinforced our conviction for distinctive strategic clarity.

An unpredictable environment as the one that we are passing through puts a premium on strategic de-risking and the need for managed growth. This is a time when we believe that the truly sustainable companies will remain agile enough to resist a sharp downside in revenues, profits and margins and be even quicker once conditions revive.

So what companies are expected to endure?

At Kriti Industries, we believe that companies that are in existence to address a specific purpose – in our case, transmission solutions - will find it

easier to protect their brand during such challenging periods.

We believe that companies that have extended beyond a generic positioning and address specific market segments – like Kriti Industries is positioned - stand a better chance to compete across market cycles.

We believe that companies that are faithfully aligned between overarching strategy at one end and organisational structure at the other (in terms of size, speed and austerity like we have attempted) will be equipped to survive the downtrend and recover fastest when sentiment revives.

We believe that there is a greater priority in being low on long-term debt than ever before. We have been funding growth from our annual surplus and the cash sitting on our books while drawing down debt, which we believe is sustainable from a long term perspective.

And lastly, we believe that companies like Kriti Industries, who have been able to retain their stakeholders, will be better equipped to provide effective solutions for their customers.

The principal message then that I wish to convey to our shareholders is that Kriti Industries is securely positioned to protect its eco-system on the one hand and outperform sectoral growth when conditions improve.

Shiv Singh Mehta

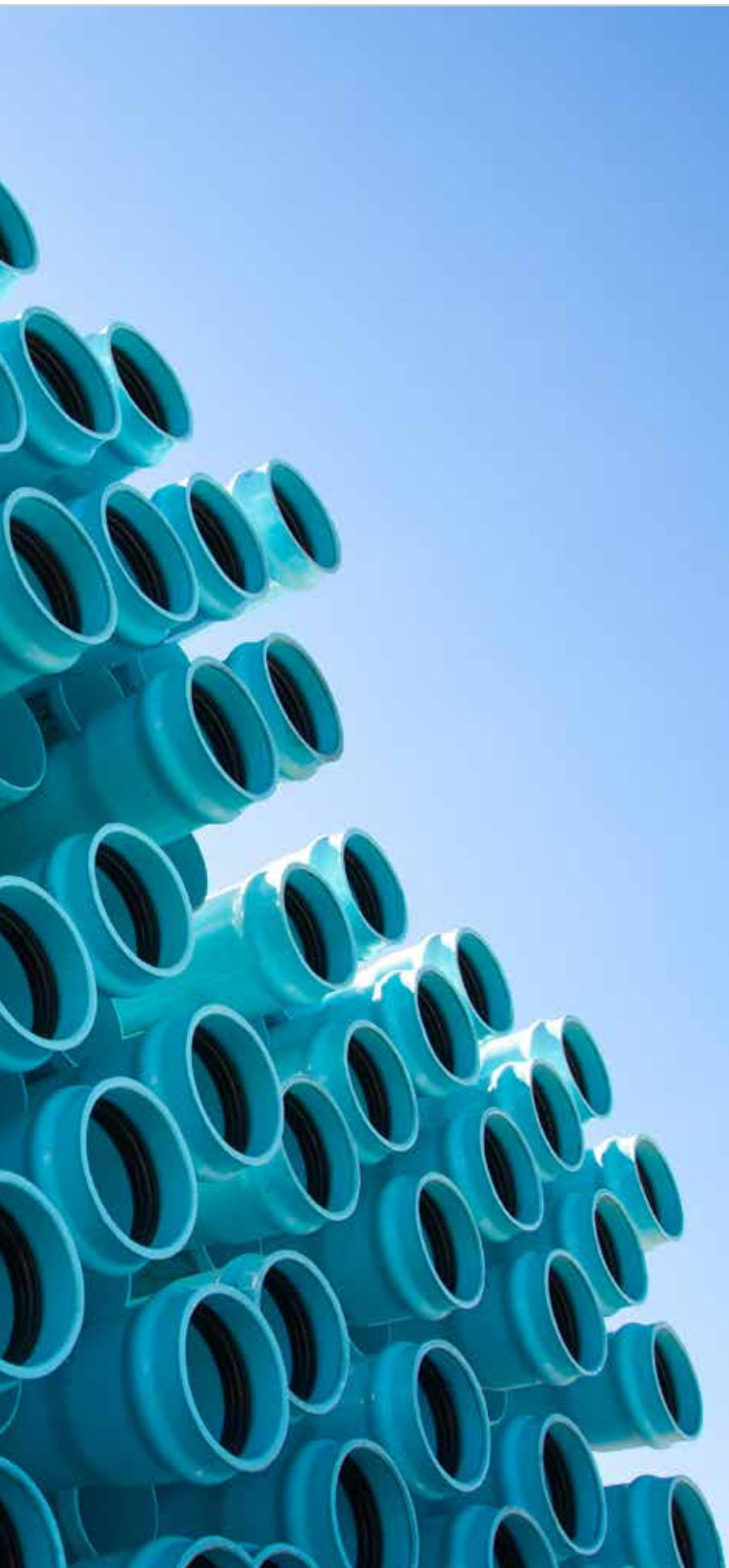
Chairman and Managing Director



We believe that there is a greater priority in being low on long-term debt than ever before. We have been managing our growth from our annual surplus generation and the cash sitting on our books while drawing down debt.

The background of the slide is a close-up, high-angle shot of numerous blue plastic bottle caps. The caps are arranged in a somewhat chaotic but dense pattern, with many of them showing their inner black rubber gaskets. The lighting is bright, creating strong highlights and shadows that emphasize the texture and shape of the caps. The overall color palette is dominated by various shades of blue, from a deep navy to a lighter, almost white blue at the top right.

**How 'Do Right'
resides at the
core of our
governance
commitment**



At Kriti Industries, we believe that governance is core to our business.

Our principal product is marketed around trust; our product integrity is tested across the long-term; the cost of product replacement can be high in the case of quality under-delivery.

This governance framework comprises a number of priorities.



Singular focus

At Kriti, we believe that core competence represents the biggest insurance against cyclical downturns. In view of this, we have selected to position ourselves not as much as a polymer pipes and fittings company as much as a fluid transmission products company (that also manufactures PVC/HDPE pipes and fittings). We believe that our extrusion competence has been leveraged to manufacture pipes of larger diameters across a range of applications (water transmission/telecom / gas / building products). This holistic positioning has helped enhance our strategic clarity, open us to emerging opportunities, attract knowledge professionals and strengthen product / process research.



Data-driven

At Kriti, we are an analytics-driven organisation that generates data-driven ground realities resulting in informed decision-making. In turn, the management provides this data and information to executives and distribution partners. This has helped mature the organisation to one driven largely by technology-aided information sharing.



Controlled growth

At Kriti, we believe that business sustainability is best derived from controlled growth as opposed to one-off profitability spikes. In line with this conviction, the Company has allocated accruals into incremental investments without stretching the Balance Sheet. The result is that the Company has grown revenues every single year across the last number of years.



Distinctiveness

At Kriti, we recognise we are in business to provide a distinctive value to our customers and consumers – through a differentiated product, engagement or experience. Over time, this distinctiveness has helped the Company being recognised as a sectoral disruptor.



Trust

At Kriti, we believe that there is one word that encapsulates all that we are and all that we do – 'trust'. We believe that trust is the underlying element why customers buy from us, why employees engage with us, why vendors sell to us, why investors provide us risk capital, why bankers lend debt and why communities support us. Over the years, we have invested in enhancing this trust quotient through various initiatives that have been described in this document.



Balanced approach

At Kriti, we have selected to balance caution and aggression (strategic aggression and tactical conservatism), resulting in a relatively de-risked approach. As a part of this approach we focus on capital investments generating an attractively short-term payback, maximising cash flows over mere paper profits and reinvestment into the business. The measure of our strategic balance is an attractively low gearing and our ability to largely fund our expansions through accruals.



Culture of excellence

At Kriti, we have created an organisation where the 'good' is not good enough; we have invested in a culture of overarching excellence directed towards emerging as the sectoral benchmark in terms of quality (product and process) as well as resource productivity leading to continuous cost management and sustainability across market cycles. We made prudent investments to enhance manufacturing efficiency (optimal input-output ratios) while seeking to invest in processes that conserve time and material use.