



KRITI NUTRIENTS LIMITED ANNUAL REPORT 2011-2012



**सर्जना, सर्जक एवं सृष्टि की त्रिवेणी में उद्भूत
वह परम अभिलाषा 'कृति' आत्मानंद नहीं, आत्मसमर्पण है।**

"Kriti is that supreme desire which flames out of the divine convergence of the creation, creator and the universe. Kriti is not for self indulgence of the creator but is his total surrender towards the cause."

MANAGING DIRECTOR'S MESSAGE

Dear Shareholders,

We, at Kriti Group are conscious about maintaining our values and standing by our beliefs. Our commitment to them has helped us gain leadership in products and businesses across regions where we are present. The foundation we have laid gives us a strong platform to aspire for newer heights.

We have embarked upon a major initiative to restructure the organization, its management and administrative structures. We are infusing new energy through younger talent. With faster data flow and team based leadership we aspire to improve our growth rates and profitability in the coming years.

You will see more action in the market place, new product offerings, fresh branding initiatives and a younger, vibrant leadership. The Indian economy is facing challenges, however there is more room for focused, energetic and clear thinking organizations. We are serving products which form the basic needs of our society and thus foresee growth and improved working in the coming years.

With Best Regards

Shiv Singh Mehta

Directors

- | | |
|--|-----------------------|
| 1. Shri Shiv Singh Mehta - Managing Director | 4. Dr. Somnath Ghosh |
| 2. Shri Saurabh Singh Mehta - Executive Director | 5. Shri Manoj Fadnis |
| 3. Smt. Purnima Mehta | 6. Shri Prakash Pethe |
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Auditor

R. S. Bansal & Co.
Chartered Accountants
Urvashi 1st Floor, 3 Jaora Compound,
Indore - 452001

Registered Office

Mehta Chambers, 34, Siyaganj, Indore - 452007

Corporate Support Center

Chetak Chambers, 4th Floor, 14 RNT Marg,
Indore-452001

Bankers

State Bank of India
State Bank of Travancore
IDBI Ltd.
The Cosmos-Co-operative Bank Limited

Share Transfer Agent

M/s Ankit Consultancy Pvt Ltd.
60, Electronics Complex,
Pardehsipura,
Indore - 452010





NOTICE

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Members of KRITI NUTRIENTS LIMITED will be held on Saturday the 22nd of September, 2012 at 4:30 P.M. at Corporate Support Center situated at 4th Floor Chetak Chambers, 14 R. N. T. Marg, Indore (M.P.)-452001 to transact the following businesses:

ORDINARY BUSINESS

1. To receive, consider and adopt Audited Balance Sheet as at 31st March, 2012 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, 2012.
3. To appoint a Director in place of Smt. Purnima Mehta, who is liable to retire by rotation, and being eligible offers herself for re-appointment.
4. To appoint M/s R.S. Bansal & Co., Chartered Accountants, Indore, as Auditors of the Company from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting and to fix their remuneration.

Place: Indore
Date: 28th July, 2012

By order of the Board,

Sumit Jaitely
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. PROXY IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The Company has already notified closure of Register of Members and Share Transfer Books from Friday 14th September, 2012 to Friday 21st September, 2012 (both days inclusive) for the determining the names of members eligible for dividend on equity shares, if declared at the meeting.
- (a) The Dividend on equity shares if declared at the meeting will be credited/dispatched between 24th September, 2012 to 30th September, 2012. To those members whose names shall appear on the Company's Register of Members on 14th September, 2012 in respect of the shares held in dematerialised form, the dividend will be paid to members, those names are furnished by NSDL/CDSL as beneficial owners as on that date.
3. Members holding shares in electronic form may note that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend, the Company or its Registrar and Transfer Agent cannot act on any request received directly from the members holding shares in electronic form for any change of bank particulars or bank mandates, such changes are to be advised only to the depository participant of the members.
4. Relevant documents referred into the accompanying notice are open for inspection by the members at the Registered office or Corporate Support Center of the Company on all working days between 11.00 A.M. to 1.00 P.M. upto the date of meeting.
5. Members who are holding shares in identical order of names in more than one folio are requested to send to the Company the details of such folios together with the share certificates for consolidating their holdings in one folio. The share certificates will be returned to the members after making requisite changes thereon.
6. Members desiring of obtaining any information concerning Accounts and Operations of the Company are requested to address their questions in writing to the Company at least 7 days before the date of the Meeting so that the information required may be made available at the Meeting.
7. The Company has connectivity with the CDSL & NSDL and equity shares of the Company may also be held in the Electronic form with any Depository Participant (DP) with whom the members/ investors having their depository account. The ISIN No. For the Equity Shares



of the Company is INE798K01010. In case of any query/difficulty in any matter relating thereto may be addressed to the Share Transfer Agents Ankit Consultancy Pvt. Ltd., 60 Electronic Complex, Pardeshi Pura, Indore (M.P.) 452 010.

8. As per the provisions of the Companies Act, 1956, facility for making nominations is now available to INDIVIDUALS holding shares in the Company. The Nomination Form-2B prescribed by the Government can be obtained from the Share Transfer Agent or may be down load from the website of the Ministry of Company affairs.
9. The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliance by the Companies and has issued circulars stating that service of notice/documents including annual report can be sent by email to its members. To support these green initiative of the government in full measures, members who have not registered their email address, so far are requested to register their email address, in respect of electronic holdings with the CDSL/NSDL. Members holding shares in physical form then also please update your e-mail id at <http://www.ankitonline.com>.
10. All the shareholder are requested to take interested in opting for ECS facility, he/she may please send to our Registrar and Transfer Agent "Ankit Consultancy Private Limited" the ECS MANDATE FORM contained in the last page of the Annual report by enclosing a blank cheque leaf or a cancelled cheque for the purpose of noting the MICR details. The ECS mandate details provided by an investor will be used for payments in respect of shares held by such investor.

In case the investor is holding the shares in demat form, such investor may please contact his/her Depository Participant for recording the ECS mandate.

11. Brief resume of directors those proposed to be appointed, nature of their expertise in specific functional areas, names of companies, in which they hold directorship, shareholding and relationship between directors inter-se stipulated under Clause No.49 of the Listing Agreement with the stock exchanges, or provided here under:

Details of the directors seeking appointment / reappointment at the Annual General Meeting

Name of the Director	Smt. Purnima Mehta
Date of Birth	25.05.1960
Date of appointment	26.12.2009
Expertise in Specific areas	Accounts & Finance, Purchases, IT, HR & Administration
Qualification	B.A. (Hons), PGDBM
List of Outside	Kriti Industries (India) Limited
Directorship held	Chetak Builders Pvt. Ltd. Sakam Trading Pvt. Ltd.
Chairman/ Member of the committees of the Board of Directors of the Company	Member: Audit Committee
Chairman/ member of the Committees of Director of other companies in which he/she is a Director	
(a) Audit Committee	Nil
(b) Investors' Grievance Committee	Nil
(C) Remuneration Committee	Nil
(d) Compensation committee	Nil
No & Percentage of Shares held	No. of Shares: 120692 Percentage of shares: 0.24



DIRECTORS' REPORT

Your Directors have pleasure in presenting the Annual Report together with Audited Accounts of the Company for the period ended on 31st March, 2012.

FINANCIAL RESULTS

The performance of the Company for the Year 2011-12 is summarized below:

(Rs. in Lacs)

PARTICULARS	Year 2011-12	Year 2010-11 (15 Months)
Total Income	45784.66	45122.67
Profit/(Loss) before Interest, Depreciation & Taxes	1760.62	2479.28
Less: Interest	952.04	1053.37
Profit before depreciation	808.58	1425.91
Less: Depreciation	230.32	270.65
Profit/ (Loss) before tax	578.26	1155.26
Provision for Taxation	181.68	405.84
Net Profit/(loss)	396.58	749.42
Less: Prior year Income/Expenditure	0.00	0.00
Add: Transfer from reserves	0.00	0.00
Add: Balance Brought Forward	435.49	(1.58)
Profit available for Appropriation	832.07	747.84
Proposed Dividend	75.16	75.16
Corporate Dividend Tax	12.19	12.19
Transferred to General Reserve	200.00	200.00
Transferred to Contingency Reserve	0.00	25.00
Balance Carried over to Balance Sheet	544.72	435.49

YEAR IN RETROSPECT

The Company has achieved total Turnover of Rs. 45784.66 lacs including exports of Rs. 20907.05 lacs and Profit before Tax Rs. 578.26 and Profit after Tax Rs. 396.58 lacs.

DIVIDEND:

Your directors are pleased to recommend a dividend of 15% for the financial year 2011-2012 on 50103520 Equity Shares of Rs. 1/- each aggregating to Rs. 75.16 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 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 year ended 31st March, 2012 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 period ended 31st March, 2012 on a going concern basis.

HOLDING COMPANY:

Pursuant to High court order at Indore Bench dated 01.11.2011 and Certificate of Registration of Order with Registrar of Companies for above order on the Scheme of Amalgamation of Companies dated 27.02.2012 being effective date of the scheme, Sakam Trading Private Limited became holding company of your company as Shareholding in the company of Kriti Corporate Services Private Limited, Kriti Auto Accessories Private Limited, Kasta Pipes Private Limited and Shipra Pipes Private Limited (Transferor Companies) are Merged with Sakam Trading Private Limited (Transferee Company).

All the above companies belong to the same promoter group.

DIRECTORS:

Smt. Purnima Mehta retires by rotation and being eligible offers herself for re-appointment at the ensuing Annual General Meeting.

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 is annexed hereto and forms part of this report.

AUDITORS AND AUDITOR REPORT

M/s. R. S. Bansal & Co., Chartered Accountant, Indore the
Auditors of the Company retire at the conclusion of the ensuing
Annual General Meeting and being eligible offers 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

We thank our banks, investors, clients, distributors, vendors and
other business associates for their continued support towards
conduct of efficient operations of the company throughout the
year.

We take this opportunity to appreciate the contribution made by
our employees at all levels for their dedicated service made towards
the growth of the Company. Our consistent growth was made
possible by their hard work, solidarity, cooperation and support.

FOR & ON BEHALF OF THE BOARD,

Place: Indore
Date: 28th July, 2012

Managing Director



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, 2012

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 on continuous Basis.

(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

	12 Months period ended March, 2012	15 Months period ended March, 2011
1. Electricity		
a) Purchased Units	8419744	9323484
Total Amount (Rs.)	48198611	50059446
Rate/Unit (Average Rs.)	5.72	5.37
b) Own Generation		
i) Units	96280	65349
Units per ltr. of Diesel Oil (Rs.)	3.25	3.18
Cost per unit (Rs.)	12.70	13.83
ii) Through Steam Turbine / Generator Unit/ Unit per ltr. of Diesel oil Cost/Unit	-	-
2. Coal (specify quality & where used) RDM/Steam B Grade used in Boiler		
Quantity (Tones)	13435	14829
Total Cost (Rs.)	77681780	63294704
Average Rate (Rs.)	5782	4268
3. Furnace Oil		
Quantity (K.Ltr.)	-	-
Total Amount	-	-
Average Rate	-	-
4. Others/internal Generation		
Total Cost	-	-
Quantity	-	-
Rate/Unit	-	-



(B) CONSUMPTION PER UNIT OF PRODUCTION

	EXTRACTION		REFINERY		LECITHIN	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
Electricity (Units per ton)	42.00	42.26	70.66	66.71	109.14	109.86
Coal (Specify quality) (Kg. per ton)	55.00	69.06	134.97	101.5	320.13	318.60

(B) TECHNOLOGY ABSORPTION

(a) Research and Development (R & D)

1. Specific areas in which R & D carried out: Company has carried out R & D in process development and improvement in existing processes to improve the quality of products, reduction in energy and effluents.
2. Benefits derived as result of R & D: Improvements in processes has helped company in reducing the energy consumptions of some products. This has helped in giving good and consistent quality products in market.
3. Future plan of action: Company will continue to pursue R & D in developments of new processes and new value added products.
4. Expenditure on R & D: Expenditure incurred on R & D are charged under primary heads of accounts and not separately allocated.

(b) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. Efforts in brief made towards technology absorption, adaptation and innovation:
The company has through R & D developed processes adopted which helped in reducing the energy consumption.
2. Benefits derived as result of the above efforts: Improvement in processes, reduction of cost and product development

(C) FOREIGN EXCHANGE EARNING & OUTGO

(Rs. In Lacs)

	12 Months period ended March, 2012	15 Months period ended March, 2011
1. Earning		
FOB value of Exports	15934.21	20133.10
2. Outgoing		
a) CIF Value of Imports	89.25	108.64
b) Expenditure in Foreign Currency	30.07	61.50



CORPORATE GOVERNANCE REPORT

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Kriti group is committed to the adoption of best governance practices and is instill in company's vision, processes and structures to make decisions that ensure longer-term sustainability and thus creating value for all its stakeholders continuously. On the same lines the Company has always followed fair business and corporate practices while dealing with the shareholders, employees, customers, creditors, lenders and the society at large.

In line with this philosophy, the Company continuously strives for excellence through adoption of best governance. Your company is compliant with all the provisions of Clause 49 of the Listing Agreement of the Stock Exchange. The details of compliance are as follows:

BOARD OF DIRECTORS

The Board of Directors of the Kriti Nutrients Limited consists of an optimum combination of executive, non-executive and independent directors, to ensure the independent functioning of the board. The Board consists of six Directors. Out of which four are non-executive directors. Three out of the four non-executive directors are independent.

Directors retiring by rotation and seeking for appointment / re-appointment

Smt. Purnima Mehta retires by rotation and being eligible offers himself 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	Smt. Purnima Mehta
Date of Birth	25.05.1960
Date of Appointment	26.12.2009
Expertise in specific area	Accounts & Finance, Purchases, IT, HR & Administration
Qualification	B.A. (Hons), PGDBM
List of Outside Directorship held	Kriti Industries (India) Limited Chetak Builders Pvt. Ltd. Sakam Trading Pvt. Ltd.
Chairman/ Member of the committees of the Board of Directors of the Company	Member: Audit Committee
Chairman / member of the Committees of Director of other companies in which he/she is a Director	
(a) Audit Committee	Nil
(b) Investors' Grievance Committee	Nil
(c) Remuneration Committee	Nil
No & Percentage of Shares held	No. of Shares : 120692 Percentage of shares: 0.24

The composition of the Board of Directors and the number of board committee in which they are chairman/ member are as under:

Name	Category	No. of Directorship in other Public Limited Companies	No. of Committee position held in other Public Limited Companies	
			Chairman	Member
Shri Shiv Singh Mehta	Promoter & Managing Director	Two	Nil	Four
Smt. Purnima Mehta	Promoter & Non-Executive Director	One	Nil	Nil
Shri Manoj Fadnis	Independent & Non-Executive Director	Three	One	Two
Shri Saurabh Singh Mehta	Executive Director	Nil	Nil	Nil
Shri Prakash Pethe	Independent & Non-Executive Director	Nil	Nil	Nil
Dr. Somnath Ghosh	Independent & Non-Executive Director	Two	Nil	Two



Board Procedure

During the year under review, four meetings of the Board of Directors were held. The dates of the meetings were decided in advance and key information was placed before the Board. The Board of Directors meetings were held on 21st May 2011; 25th July 2011; 07th November 2011; and 27th January 2012

Attendance record of Directors

The names and categories of the Directors on the Board, their record of attendance at Board Meetings held during the year and at the last Annual General Meeting, as also the number of Directorship and membership of Committees held by them in other public limited companies as on 31st March, 2012 are:

	No. of Board Meetings held during the year	No. of Board Meetings Attended	Attendance at the last AGM held on 30th June, 2010
Smt. Purnima Mehta	4	4	Yes
Shri Shiv Singh Mehta	4	4	Yes
Shri Manoj Fadnis	4	4	No
Shri Somnath Gosh	4	1	No
Shri Saurabh Singh Mehta	4	4	Yes
Shri Prakash M. Pethe	4	4	No

AUDIT COMMITTEE

(A) Terms of reference

The Audit Committee has adequate powers and detailed terms of reference to play effective role as required under the provisions of the Companies Act, 1956 and Clause 49 of the Listing Agreement entered into with the Stock Exchanges.

(B) Constitution and Composition

The terms of reference of the audit committee are extensive and include all that is mandated in clause 49 of the Listing Agreement with the Stock Exchange and Section 292 A of the Companies Act, 1956. The Company has complied with the requirements of clause 49(II)(A) of the Listing Agreements as regards composition of the Audit Committee.

The Audit Committee of the Company as on 31st March, 2012 comprises of the following Directors of the Company.

Name of the Director	Designation
Shri Manoj Fadnis	Chairman
Shri Prakash Pethe	Member
Smt. Purnima Mehta	Member

All the three members of the audit committee are non-executive directors and two of them are independent.

(c) Meeting and attendance during the year

Four meetings were held during the financial year 2011-12 on 21st May 2011, 25th July 2011, 07th November 2011, and 27th January 2012. The attendance of each member of the committee is as under:

Name of the Director	No. of Meeting attended
Shri Manoj Fadnis	4
Shri Prakash Pethe	4
Smt. Purnima Mehta	4

REMUNERATION OF DIRECTORS

(A) Terms of reference

The Remuneration Committee recommends remuneration, promotions, increments etc. for the whole time directors and relative of the directors to the Board for approval.

(B) Constitution and Composition

The Remuneration Committee of the Company as on 31st March, 2012 comprises of the following Directors of the Company.