

# Quality Business





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### 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, contain forward-looking statements that set out anticipated results based on the management's plans 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.







# Kriti Nutrients. Quality business

A few years ago, Kriti Nutrients made a decisive change in its business model.

The Company selected to transform from a bulk soyabean processing commodity player into a premium products manufacturer across two businesses.

The Company engaged in a number of transformation initiatives.

*Trained employees. Prioritised research. Invested in its brand. Benchmarked around global standards. Serviced customers with speed.*

The result is that the reinvented Kriti Nutrients reported revenues of ₹486.22cr, cash profit of ₹19.63 crore and RoCE of 38.04% in 2018-19.

Validating its positioning as a Company engaged in building a quality business.

# The exciting world of Kriti Nutrients Limited



## **Vision**

An energetic organisation on a long haul charting a distinct course for customer admiration, led by a disciplined team of vibrant people.



## **Mission**

Kriti undertakes to dedicate itself and all its resources to achieving global excellence in the present sectors of operations and seeking growth via diversification.



## **Promoters**

The Company was promoted by Mr. Shiv Singh Mehta in 1993, who is now Chairman & Managing Director. His leadership role is complemented by senior executives and 231 employees.



## **Kriti Group**

The Kriti Group comprises three companies called Kriti Industries (India) Limited, Kriti Nutrients Limited and Kriti Auto Engineering & Plastics Pvt. Limited.



## **Businesses**

The Company is engaged in soya bean processing, with the objective of producing and branding refined soya bean oil, and the manufacture of value-added products addressing specialised applications in the food and pharmaceutical sectors.



## **Location**

The Company's soya bean processing plant is located in Dewas (Madhya Pradesh) comprising modern infrastructure and equipment. The state-of-the-art manufacturing complex comprises solvent extraction plants, vegetable oil refinery, lecithin plant, effluent treatment plant, fluidised bed boilers and an in-house tin and jar packaging facility.





### Financial performance

In 2018-19, the Company generated revenue of ₹486.22 crore and profit after tax of ₹16.95 crore. Cash profit was ₹19.63 crore while EBITDA margin was 6.55%.



### Portfolio

The Company's product portfolio comprises refined soya bean oil and value-added soya bean derivatives.



### Brand

The Company's cooking media is marketed under the 'Kriti' brand, respected for trust, dependability and a superior cooking outcome. The brand generated a large portion of the Company's revenue during the year under review.

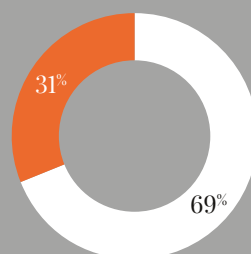


### Listing

The Company is listed on the Bombay Stock Exchange. Its market capitalisation was ₹157.33 crore as on 31 March 2019. The promoters accounted for 66.09% stake in the Company's equity.

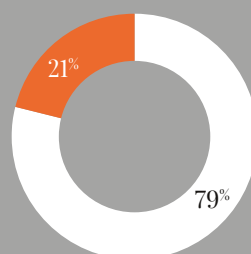
## Kriti Nutrients revenues by region

2017-18



■ Domestic ■ Export

2018-19



■ Domestic ■ Export

# Quality Business

How Kriti Nutrients has been building a sustainable business



## Balance Sheet

The Company has been debt-free since 2017-18

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RoCE strengthened from 34.24% to 38.04% in the three years ending 2018-19



## Knowledge capital

Increased employees from 223 to 231 in the three years ending 2018-19

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Average employee age was 41 years in the three years ending 2018-19

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Manufactured B2B products addressing mission-critical customer applications





### **Long-term**

Invested in growing and repeat customer relationships for value-added products

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Invested in one of the most sophisticated soya processing complexes in India



### **Moat**

Invested in a B2C edible oil brand addressing the premium end of the market

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Generated multi-year relationships with customers in the B2B business





### Brand experience

## How the ‘Pyar sa pure’ positioning has created a consumer pull

The story is the same in *kirana* shops across Central India.

Ratlam. Neemuch. Indore. Bhopal. Ujjain. Mandwa.

When a home maker walks in to buy edible oil trusted by thousands and seeks the *kirana* shop owner's advice, the latter usually turns to the same spot on the shelf where the most trusted edible oil brand is positioned.

An increasing number of such *kirana* shop owners in Central India are turning to Kriti for good reasons. No product recalls on account of quality. No consumer complaining about product integrity. No issues related to terms of trade.

And, on top of it all more buyers walking in to ask for Kriti by name, resulting in a distinctive consumer pull.

Generating a larger proportion of income for dealers and retailers from the Kriti brand.

Validating that Kriti is not just good for homemakers and chefs but also for a growing family of trade partners - and the Company's shareholders.





## What makes the Kriti brand the first choice for thousands

### Origin

- Extracted from soya bean, increasingly respected as a source of protein
- Consistently high product quality

### Brand

- Trusted and validated presence across 26 years
- Respected for being a brand that delivers what it promises – no hype
- Brand recall around ‘trust’ and ‘bharosa’

### Background

- Manufactured by an industrial house respected for its ethical commitment
- Leverages the longstanding presence of the Kasta pipes brand from the same Group

### Presence

- Available and accessible across 20,000 retail outlets
- Widening focus across Central India

### Quality

- Premium product positioning addressing discerning consumers
- Generates superior outcome as an efficient and safe cooking media
- Product superiority reflected in low smokiness, lower oil consumption, fatty acid below ISI norms and high oil purity/clarity

## How has a preference for the Kriti brand strengthened financials

High market share at the premium end

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Priced at a premium over national edible oil brands

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Velocity of sale increased working capital efficiency

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Strong word-of-mouth; high brand spending efficiency

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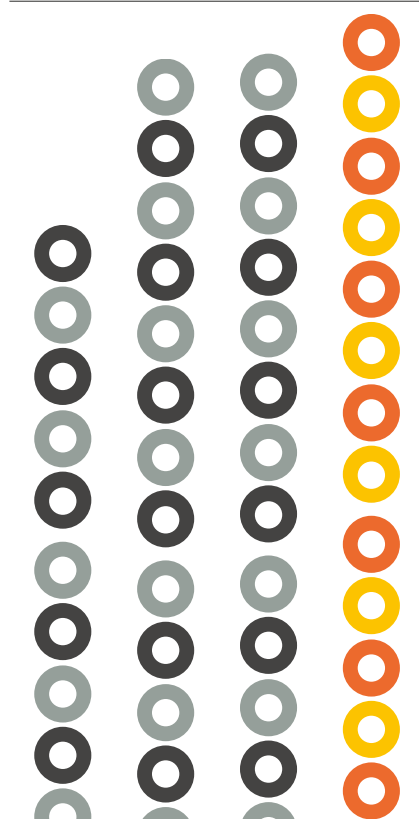
Short receivables cycle; enhanced liquidity



# How we have grown over the years

## Revenues (₹ crore)

359.13	459.21	462.66	486.22
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### Definition

Growth in sales net of taxes.

### Why this is measured

It is an index that provides a basis against which the Company's success can be compared with sectoral peers.

### What this means

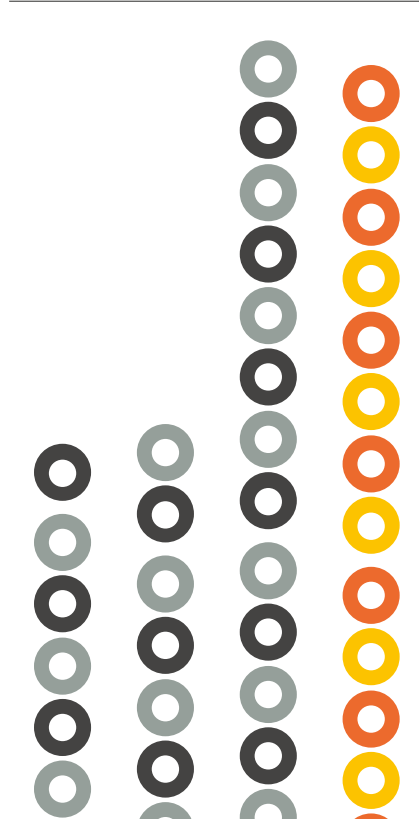
Aggregate sales increased 5.25% to ₹485.23 crore in FY2018-19 due to increased production and offtake.

### Value impact

Improved product off take enhanced the Company's ability to cover fixed costs.

## EBITDA (₹ crore)

16.03	16.76	32.95	31.87
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### Definition

Earning before the deduction of fixed expenses (interest, depreciation, extraordinary items and tax).

### Why this is measured

It is a measure that showcases the Company's ability to generate a surplus after operating costs, a base for comparison with other companies.

### What this means

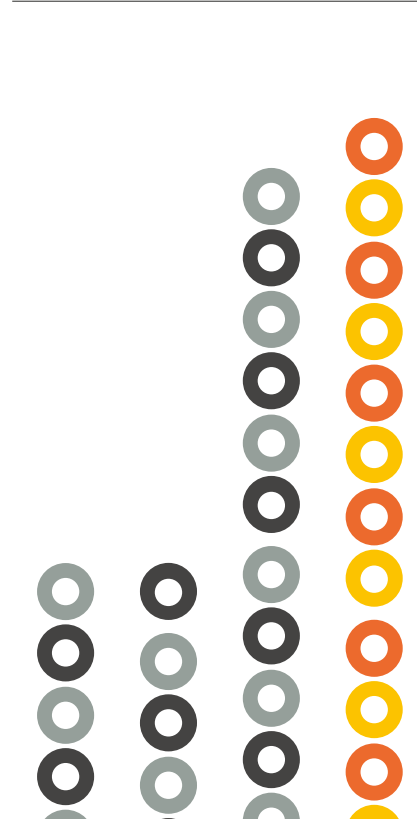
Helps create a robust growth surplus-generating engine that enhances reinvestment.

### Value impact

The Company reported a marginal decline in EBITDA in FY2018-19.

## Net profit (₹ crore)

6.29	6.28	15.79	16.95
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### Definition

Profit after deducting all expenses and provisions.

### Why this is measured

It highlights the strength of the business model in enhancing value for shareholders.

### What this means

Ensures that adequate cash is available for reinvestment, strengthening sustainability.

### Value impact

The Company reported an improvement in net profit in FY2018-19, validating the attractiveness of the business model.