



# DO RIGHT

Kriti Nutrients Limited | Annual Report 2019-20

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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.

# DO RIGHT

In a business where preferences evolve gradually, there is an over-riding priority to do everything right *all the time*.

At Kriti Nutrients, this priority translated into a willingness to grow the business through ethical uprightness, invest in world-class manufacturing facilities, produce the highest quality, Strengthen processes, invest in research and reinforce business sustainability.

The company's enduring business approach is captured in two over-arching words.

Do Right.

# How the **'Do Right'** philosophy helped us create 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

- Cherishing mutually satisfying relationships
- Encouraging innovation through creativity
- Constant technological upgradations to maintain superiority
- Inculcating team spirit amongst the workforce and ensuring their development through professional improvement in their capabilities and welfare for them and their families
- Contributing to the social and economic upliftment of the underprivileged in the society and in making the nation stronger
- Honesty in approach, transparency in work and dealings
- Adoption of green technology to conserve environment and reduction of our carbon footprint.



## Values

- Encouraging creativity and valuing new thoughts.
- Lending a helping hand to society's developmental needs.
- Being honest and forthright in our approach.
- Being in harmony with the natural order.
- Customer focus with world class quality and cost-effective products



## Personality

- Simple
- Humble
- Dignified, understated elegance
- Grounded
- Confident
- Approachable
- Leader

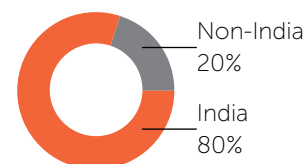


## The Kriti Group

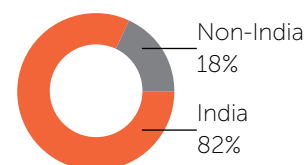
The Kriti Group comprises three companies called Kriti Industries (India) Limited, Kriti Nutrients Limited and Kriti Auto Engineering & Plastics Pvt. Limited.

## Revenues by region

### 2018-19

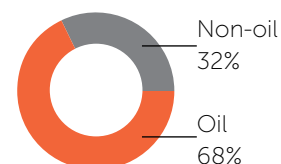


### 2019-20

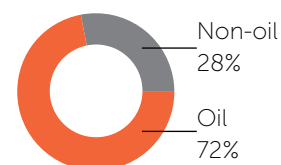


## Revenues by business segment

### 2018-19



### 2019-20







### Businesses

The Company is engaged in soybean processing, producing branded refined soybean oil and manufacturing value-added protein-based products that address specialised applications in the food and pharmaceutical sectors.



### Location

The Company's soybean processing plant is located in Dewas. This plant comprises modern infrastructure and equipment. The manufacturing complex comprises plants for solvent extraction, vegetable oil refining, lecithin manufacture and effluent treatment; it also comprises fluidised bed boilers coupled with a complementary tin and jar packaging facility.



### Portfolio

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



### Brand

The Company's cooking media is marketed under the 'Kriti' brand. This brand is respected for consistency, dependability and a superior cooking outcome. The brand accounted for a large portion of the company's revenues in 2019-20.



### Financial performance

In 2019-20, the Company generated revenues of ₹523.66 crore and profit after tax of ₹19.00 crore. Cash profit was ₹22.05 crore and EBITDA margin 5.15%. stake in the Company's equity share capital.



### Listing

The Company is listed on the Bombay Stock Exchange. The Company's market capitalisation was ₹75.66 crore as on 31st March 2020. The promoters accounted for 66.35% stake in the Company's equity share capital.



## The first word

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# Kriti Nutrients is securely positioned to protect its eco-system on the one hand and outperform sectoral growth as soon as conditions improve.

The world is passing through uncertain times and it would be unfaithful to begin a review of the last financial year without a mention of it.

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

At Kriti Nutrients, we were not affected as much by the virus impact during the financial year under review. As a business that is a part of the national and sectoral eco-system, the spread of this virus and the lockdown that transpired thereafter have only reinforced our conviction that for businesses that expect to endure there needs to be a distinct 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 effectively resist a sharp revenue, profits and margins downside while the going is difficult and be quicker off the blocks once conditions revive.

So what companies are expected to endure?

At Kriti Nutrients, we believe that companies that are in existence to address a specific purpose – in our case, soybean-based edible oil and value-added product solutions – will find it easier to protect their brand recall during such challenging periods.

We believe that companies that have extended beyond a generic positioning and address specific market segments – like Kriti Nutrients is positioned – stand a better chance of competitiveness across market cycles.

We believe that companies that are faithfully aligned between overarching strategy at one end and their organisational structure at the other in terms of size, speed and austerity – like we have attempted – will be better 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 managing our growth from the annual surplus generation 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 Nutrients, who are able to retain their stakeholders and generate superior productivity, will be better equipped to provide effective solutions that transform the business health of farmers.

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

**Shiv Singh Mehta, Chairman and Managing Director**



A close-up photograph of a wooden scoop filled with yellow lentils, resting on a wooden surface. The lentils are bright yellow and appear to be in focus. The background is blurred, showing more lentils and a hint of green foliage.

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





## At Kriti Nutrients, governance lies at the heart of our business.

Our principal product is marketed not around over-stated promises; it is marketed around the simple assurance of trust.

A homemaker or chef buys our 'Kriti' brand because she or he is convinced that the product will be good for the consumer's health and well-being. At our company, governance is the hundreds of things that we must do to protect that promise and assurance.

We believe that this commitment will be virtually impossible to sustain if we leave things to chance and hope that everything falls into the right place at the right time. We believe that such a commitment can only become a consistent reality if it is built around a framework that is secure, scalable and sustainable.

### Trust

At Kriti, we believe that there is one word that encapsulates all that we are 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 with risk capital, why bankers lend 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.



### Discipline

At the base of our governance pyramid lies the discipline to do things once and again in a consistent manner. We believe that governance is nothing but the commitment to keep doing things however challenging or inconvenient it may be at times, convinced that eventually the gains will be disproportionately higher than all the investments of time, effort and funds that have been made. This discipline has helped the company maintain a delta (margin in lieu of our raw material processing capability) through market cycles. During good markets when returns exceed our desired delta, we pass the upside to our trade partners, strengthening their loyalty.



### Doing things the right way

At Kriti, we believe governance is nothing more than the commitment to do the right things (in addition to doing the right things for enhance efficiency). This combination enhances organisational predictability and consistency, taking shocks out of the system and attracting stakeholders who believe in doing business this way. We are pleased to communicate that a large proportion of our dealers have remained with us for years, enhancing resource and revenue visibility, the basis of our long-term sustainability.



### Long-term

At Kriti, we have selected to build the business around long-term patience. This approach has influenced all the investments we have made in our assets, technologies, brands, people, locations, products and trade partners. For instance, we invested more in plant infrastructure and technologies with the perspective that this would not just provide us with a superior product quality but would be future-proofed from technology obsolescence and enhance our productivity across the years. We believe that this approach – expensive upfront but considerably low cost when seen from a long-term perspective – has translated into the highest standards of technology, integrity and competencies at our company. This commitment to 'Do Right' has translated into business robustness and stability.



### Singular focus

At Kriti, we believe that core competence is the biggest insurance against cyclical downturns. We have selected to position ourselves not as much as a soya bean oil processing company as much as a holistic protein products organisation (that processes soybean to generate oil and non-oil value-added products). We believe that our bean processing competence has been leveraged to manufacture a range of downstream protein products across two businesses. This protein-centric positioning has enhanced our strategic clarity, opened us to sectoral opportunities, attracted knowledge professionals and strengthened our product / process research, each a direct result of selecting to focus on protein-related opportunities. At Kriti, we balance the volume mix between our refined edible oil and value-added products business based on the downstream demand for edible oil products and institutional demand for our value-added products.



### Data-driven

At Kriti, we are an analytics-driven organisation. We have invested in digitalisation with the forward-looking objective to accelerate processes, generate rich data (consumers, customers, consumption, markets etc.) resulting in an accurate understanding of ground realities on the one hand and informed decision-making on the other. This approach has helped mature the organisation to one that is driven largely by technology-aided information sharing. We believe that, going ahead, our investment in SAP, data analytics and other digitalisation initiatives will strengthen our processes and fact-based decision-making.



### Distinctiveness

At Kriti, we recognise that 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 translated into the company being recognised as a sectorial outlier and respected player in the geographies of its presence.



### No positions

At Kriti, we do not take speculative positions on soybean irrespective of the nature of price swing or market price. This moderates periodic profit spikes on the one hand and limits downsides from sharp price declines, strengthening our business surpluses from competent resource processing only. The company will not seek short-term arbitrage opportunities around soybean processing.



### 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. This has helped the company grow its business in a sustainable way without stretching its Balance Sheet or managerial bandwidth. The result: the company strengthened revenues of soya oil and value-added products and emerged debt-free from 2018-19 onwards.

