



KRITI INDUSTRIES (INDIA) LIMITED  
23RD ANNUAL REPORT 2012-2013

**D**

WISDOM  
 FOCUS LOYALTY  
 DEDICATION FOCUS  
 DETERMINATION ALERTNESS  
 CREATIVITY HUMILITY  
 WISDOM ATTITUDE  
 HARD WORK PASSION ENDURANCE  
 FOCUS PERSUASIVE COURAGE  
 ATTITUDE PERSEVERANCE  
 SELF-CONFIDENCE FOCUS LOYALTY  
 ENDURANCE COMMITMENT  
 DEDICATION FOCUS LOYALTY  
 CREATIVITY FOCUS DILIGENCE  
 PERSEVERANCE HARD WORK  
 ENDURANCE WISDOM  
 LOYALTY FOCUS PASSION  
 DILIGENCE ATTITUDE  
 FOCUS

**RIGHT.**



## **Board of Directors**

1. Shri Shiv Singh Mehta - Managing Director
2. Smt. Purnima Mehta - Executive Director
3. Dr. Swatantra Singh Kothari
4. Shri Rakesh Kalra
5. Shri Manoj Fadnis
6. Dr. Somnath Ghosh

## **Auditors**

R.D. Asawa & Co.

Chartered Accountants

403 Alankar Point, Geeta Bhavan Square

A. B. Road, Indore - 452 001 (M.P.)

## **Bankers**

State Bank of India

State Bank of Travancore

IDBI Ltd.

Bank of India

State Bank of Hyderabad

## **Registered Office**

Mehta Chambers, 34, Siyaganj, Indore - 452007 (M.P.)

## **Corporate Support Center**

Chetak Chambers, 4th Floor, 14 RNT Marg,

Indore - 452001 (M.P.)

## **Share Transfer Agent**

M/s Ankit Consultancy Pvt. Ltd.

60, Electronics Complex,

Pardeshipura,

Indore - 452010 (M.P.)



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NOTICE

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**NOTICE IS HEREBY GIVEN** that the 23<sup>rd</sup> **Annual General Meeting** of the Members of **KRITI INDUSTRIES (INDIA) LIMITED** will be held on **Saturday the 14<sup>th</sup> day of September, 2013 at 4:00 P.M.** at Corporate Support Center of the company situated at 4<sup>th</sup> 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 **31<sup>st</sup> March, 2013** 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 **31<sup>st</sup> March, 2013.**
3. To appoint a Director in place of Dr. Somnath Ghosh, who is liable to retire by rotation, and being eligible offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of next Annual General Meeting and to fix their remuneration.

**SPECIAL BUSINESS**

5. To consider and if thought fit, to pass with or without modifications, if any, the following resolution as Special Resolution

**"RESOLVED THAT** pursuant to provisions of Sections 269, 309, 314, 316 read with schedule XIII thereof (including any statutory modification or re-enactment thereof, for the time being in force) and other applicable provisions, if any, of the Companies Act 1956, the members of the company hereby accord their approval for the re-appointment of Mr. Shiv Singh Mehta who is already the Managing Director of another company, namely Kriti Nutrients Limited, as the Managing Director of the company for a further period of three years with effect from 1<sup>st</sup> October, 2013 on the remuneration and terms and conditions mentioned in the explanatory statement annexed hereto.

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorized to increase, reduce, alter or vary the terms of remuneration in such manner from time to time as the Board may deem fit within the limits specified in schedule XIII of the said Act, as existing or as amended, modified or re-enacted from time to time.

**RESOLVED FURTHER THAT** pursuant to Section

198 and all other applicable provisions of the Companies Act, 1956, the remuneration as set out in the enclosed explanatory statement be paid as minimum remuneration to Mr. Shiv Singh Mehta notwithstanding that in any financial year of the company during his tenure as Managing Director, the company has made no profit or profits are inadequate."

**By order of the Board,**

**Place: Indore**  
**Date: 26<sup>th</sup> July, 2013**

**Shiv Singh Mehta**  
Managing Director

**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 06<sup>th</sup> September, 2013 to Saturday 14<sup>th</sup> September, 2013 (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 16<sup>th</sup> September, 2013 to 20<sup>th</sup> September, 2013, to those members whose names shall appear on the Company's Register of Members on 05<sup>th</sup> September, 2013 in respect of the shares held in demat 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. All the shareholder are requested to opt for ECS facility. For shares held in physical form he/ she may send the duly filled ECS MANDATE FORM annexed to the last page of the Annual report by enclosing a blank cancelled cheque for the purpose of noting the MICR details to Ankit Consultancy Private Ltd., 60 Electronic Complex, Pardeshipura, Indore-452010



- In case the investor is holding the shares in demat form, such investor may contact his/her Depository Participant for recording the ECS mandate.
- The ECS mandate details provided by an investor will be used for payments in respect of shares held by such investor.
5. Members holding shares in electronic form are requested to intimate immediately any change in their address or bank mandates to their Depository Participants with whom they are maintaining their Demat accounts. Members holding shares in physical form are requested to advise any change in their address or bank mandates immediately to the company.
  6. 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. up to the date of meeting.
  7. 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.
  8. Members desires 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.
  9. Members holding shares in single name and physical form are advised to make nomination in respect of their shareholding in the company. 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 downloaded from the website of the Ministry of Corporate affairs.
  10. 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 so that they can receive the Annual Report and other communications from the company electronically.

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:

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**

The following Explanatory Statement sets out all material facts relating to the Special Business mentioned at Item No. 5 of the accompanying Notice:

**Item No. 5**

The existing tenure of Mr. Shiv Singh Mehta as Managing Director of the company is expiring on 30th September, 2013. Upon the recommendation of the Remuneration Committee of the board, the Board of Directors at its meeting held on 26<sup>th</sup> July, 2013 has passed the resolution for his re-appointment as the Managing Director w.e.f. 1<sup>st</sup> October, 2013 for the approval of member in ensuing Annual General Meeting of the company on the following terms and conditions.

- a) Salary: Rs. 250000/- per months
- b) Perquisites and allowances: Rs. 50000/- per month.  
The perquisites and allowances shall include House Rent Allowances, Medical Allowances and Leave Travel Concession.
- c) Commission: Payable for each financial year subject to the overall maximum ceiling of 5% of the net profit as computed in accordance with the provisions of Section 349 & 350 of the Companies Act, 1956 inclusive of salary, perquisites and allowances as per (a) and (b) above.



- d) Reimbursement and other facilities not considered as perquisites
- Reimbursement of expenses incurred for traveling, boarding and lodging during business trips, expenses of telephone at residence and cell phone,
  - Provision of car with driver,
  - Payment of club fees.
- e) Minimum Remuneration: In the event of loss or inadequacy of profits in any financial year during the tenure, the company has no profit or its profits are inadequate, the remuneration as set above in (a) & (b) shall be the minimum remuneration payable.
- f) No sitting fees shall be payable for attending the Board meeting or committee meeting thereof. The notice and explanatory statement may be treated as an abstract of the terms and conditions of appointment and remuneration payable to Mr. Shiv Singh Mehta, as required under section 302 of the Companies Act, 1956. Mr. Shiv Singh Mehta, Mrs. Purnima Mehta and Mr. S.S. Kothari being relatives of Mr. Shiv Singh Mehta may be deemed to be interested in the resolution.

**Additional information relevant for the approval of the remuneration payable to Mr. Shiv Singh Mehta**

**1. General Information**

- Nature of Industry: The Company is primarily pipes and fittings made of plastics such as PVC, PE, etc.
- Date or expected date of commencement of commercial production: The company was incorporated on 12<sup>th</sup> March, 1990 and the commercial production is carried out since then.
- Financial Performance as per Audited Financial Results for the year ended 31<sup>st</sup> March, 2013 and for the year ended 31<sup>st</sup> March, 2012 are

Particular	(Rs. in Crores)	
	31.03.2013	31.03.2012
Income from operation	355.90	308.21
Profit before depreciation	11.96	11.85
Profit Before Tax	7.75	8.22
Profit After Tax	5.01	5.58

- d. Export performance:

\* Foreign exchange earned for the financial year ended 31<sup>st</sup> March, 2013 Rs. Nil.

\* Foreign exchange expenditure for the financial year ended 31<sup>st</sup> March 2013 Rs. 20.85 Lacs

**2. Information about the appointee:**

- Background Details: Mr. Shiv Singh Mehta is a B.E. and M.B.A. He has over 36 years of diverse experience in the Corporate Sector.
- Past Remuneration drawn (during 2012-13): Rs. 43.84 Lacs
- Job Profile and suitability: Mr. Shiv Singh Mehta exercises substantial powers of management, subject to the superintendence, control and direction of the Board of Directors/ Chairman of the Company. He is responsible for the operations and the affairs of the Company. Taking into consideration his qualifications and expertise, Mr. Shiv Singh Mehta is best suited for the responsibilities assigned to him by the Board of Directors.
- Remuneration Proposed: As above
- Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person. The remuneration proposed is commensurate with the remuneration packages paid to similar senior level appointees in other companies.

**3. Other Information**

- Steps taken or proposed to be taken for improvement of profitability. The company has taken the following steps for improvement in performance during the past Two years.
  - \* Expansion of Sales Network & Brand Promotion.
  - \* Focus on Automation to reduce cost.
  - \* Training program for employees.
  - \* Continuous product improvement
- Expected increase in productivity and profits in measurable terms. The above steps taken by the company have resulted in increase in company's profit. The improvement is expected to continue in current year and beyond. Your Board proposes resolutions, as set out in Item No. 5 as a Special resolution


**Details of the directors seeking reappointment at the Annual General Meeting**

<b>Name of the Director</b>	<b>Mr. Shiv Singh Mehta</b>	<b>Dr. Somnath Ghosh</b>
Date of Birth	03.03.1954	31.05.1953
Date of Appointment	12.03.1990	03.03.2009
Expertise in specific area	Finance, Marketing, Technical and Business Administration	Human Resource Management, Organizational Design and Institutional development
Qualification	B.E., M.B.A.	M.A., M.Phil, Ph.D.
List of Outside Directorship held	Kriti Nutrients Ltd. Kriti Auto and Engineering Plastics Private Limited Sakam Trading Private Limited Rajratan Global Wire Limited Chetak Builders Private Limited Organization of Plastics Processors of India	Kriti Nutrients Limited
Chairman/ Member of the committees of the Board of Directors of the Company	Chairman: Financial Committee Member: Investor Grievances Committee	Chairman : Investor Grievances 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	None
(b) Investors' Grievance Committee	Kriti Nutrients Limited	Kriti Nutrients Limited
(c) Remuneration Committee	None	Kriti Nutrients Limited
No. & Percentage of Shares held	No. of Shares: 2028799 Percentage of Shares held: 4.09%	Nil



## DIRECTORS' REPORT

Your Directors have the pleasure in presenting the 23rd Annual Report together with Audited Accounts of the Company for the year ended on 31st March, 2013.

### FINANCIAL RESULTS

The performance of the Company for the financial year ended 31st March, 2013 is summarized below:

(Rs. in Lacs)

PARTICULARS	Current Year 2012-13	Previous Year 2011-12
Total Income	35590.98	30821.78
Profit before Interest, Depreciation & Taxes	2557.20	2362.05
Less: Interest	1361.58	1176.96
Profit before depreciation & taxes	1195.62	1185.09
Less: Depreciation	421.04	362.16
<b>Profit/ (Loss) Before Tax</b>	<b>774.58</b>	<b>822.93</b>
Provision for Taxation	272.78	264.44
<b>Net Profit/(Loss)</b>	<b>501.80</b>	<b>558.49</b>
Add: Balance Brought Forward	651.60	679.58
Profit available for Appropriation	1153.40	1238.07
Proposed Dividend	74.41	74.41
Corporate Dividend Tax	12.07	12.07
Transferred to General Reserve	100	500
<b>Balance Carried over to Balance Sheet</b>	<b>966.92</b>	<b>651.60</b>

### YEAR IN RETROSPECT

The Company has achieved total Turnover of Rs. 35590.98 lacs and Profit before Tax Rs. 774.58 lacs and Profit after Tax Rs. 501.80 lacs.

During the year Company has focused on automation of manufacturing operations and movement of goods to reduce the operational cost.

Company has also expanded its marketing network for institutional sales, its expected that the same will further contribute substantial growth in current year.

### DIVIDEND:

Your directors are pleased to recommend a dividend of 15% for the year ended 31st March, 2013 on 49603520 equity shares of Rs. 1/- each aggregating to Rs. 74.41 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.

### SECRETARIAL COMPLIANCE CERTIFICATE:

In pursuance of Section 383A of the Companies Act, 1956, a certificate issued by Company Secretary in Whole time practice is enclosed herewith and forming part of this report.

### 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, 2013 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, 2013 on a going concern basis.

### SUBSIDIARY COMPANY:

Kriti Auto & Engineering Plastics Private Limited, wholly owned subsidiary of the company, achieved gross turnover of Rs. 1460.34 lacs. Due to recession in automobile sector, company has incurred a net loss of Rs. 127.90 lacs during the year. Efforts are being to explore value added products. It is expected that the situation will improve in current year.

The statement pursuant to Section 212 of the Companies Act, 1956 containing the details of the Company's subsidiary is attached. The copies of the Balance sheet, Profit & Loss account, Director's Report, Auditor's Report etc. are attached herewith.

### DIRECTORS:

Dr. Somnath Ghosh retires by rotation at the 23rd Annual General Meeting and being eligible offers himself for re-appointment.

### AUDITOR AND AUDITOR REPORT

M/s. R. D. Asawa & Co., Chartered Accountant, Indore the Auditor of the Company retire at the conclusion of the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

The notes on Financial Statements referred to in the Auditors Report are self explanatory and do not call for any further comments.

### COST AUDITOR:

Mr. S.P.S. Dangi proprietor of M/s S.P.S. Dangi, Cost Auditor was appointed as Cost Auditor for the Financial Year 2012-13. Mr. S.P.S. Dangi being eligible has expressed his willingness to be reappointed as Cost Auditor of the company for the Financial Year 2013-14.

### 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.

### TRANSFER OF AMOUNT TO INVESTOR EDUCATION & PROTECTION FUND

Pursuant to provisions of Section 205A(5) and 205C of the Companies Act, 1956 the company has transferred the unpaid or unclaimed dividends for the financial year 2004-05, to the Investor Education and Protection Fund (the IEPF) established by the Central Government. Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012 the company has uploaded the details of unpaid and unclaimed amounts lying with the company as on 22nd September, 2012 (date of last Annual General Meeting) on the Ministry of Corporate Affairs website.

### 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.

### INDUSTRIAL RELATION

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 and 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,**

**Place: Indore  
Date: 26<sup>th</sup> July, 2013**

**Shiv Singh Mehta  
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, 2013.

### 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) Information in respect of Pipes & Fittings is not applicable under Section 217(1)(e) of the Companies Act, 1956.

### FORM - B

#### (A) (I) Research and Development (R & D)

Specific areas in which R & D is being carried out by the Company.

The company undertakes up gradation 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)

	2012-13	2011-12
1. Earning		
FOB rate of Export	Nil	Nil
2. Outgoing		
a) CIF Value of Imports	4626.92	3237.36
b) Expenditure in Foreign Currency	20.85	28.89





## CORPORATE GOVERNANCE REPORT

### COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Kriti group is committed to the adoption of best governance practices. The company's vision document spells out a direction for the policies and procedures which ensure long term sustainability. Value creation for stakeholders is thus a continuous endeavor at 'Kriti'. 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 harmony with this philosophy, the Company relentlessly strives for excellence by benchmarking itself with esteemed companies with good corporate 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:

### I. BOARD OF DIRECTORS

#### Composition of Board

The Board of Directors of the Kriti Industries (India) 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.

The Board of Directors has an adequate representation of Professional, Qualified, Non-Executive and Independent Directors. Decisions at the Board and Committee meetings are taken unanimously.

#### Directors retiring by rotation and seeking for Re-appointment

Dr. Somnath Ghosh is the director liable to retire by rotation and being eligible offer 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:

<b>Name of the Director</b>	<b>Dr. Somnath Ghosh</b>
Date of Birth	31.05.1953
Date of Appointment	03.03.2009
Expertise in specific area	Human Resource Management, Organizational Design and Institutional Development
Qualification	M.A., M.Phil, Ph.D.,
List of Outside Directorship held	Kriti Nutrients Limited
Chairman/ Member of the committees of the Board of Directors of the Company	Chairman: Investor Grievances Committee
Chairman / member of the Committees of Director of other companies in which he/she is a Director	Member : Remuneration Committee
(a) Audit Committee	--
(b) Investors' Grievance Committee	Kriti Nutrients Limited
(c) Remuneration Committee	Kriti Nutrients Limited
No & Percentage of Shares held	Nil

The composition of the Board of Directors and the number of board committee in which they are chairman/ member as on 31.03.2013 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	Two	Two
Smt. Purnima Mehta	Promoter & Executive Director	One	Nil	Two
Dr. S. S. Kothari	Non-Executive Director	Three	Nil	Nil
Shri Manoj Fadnis	Independent & Non-Executive Director	Two	One	Three
Shri Rakesh Kalra	Independent & Non-Executive Director	One	Nil	Nil
Shri Somnath Ghosh	Independent & Non-Executive Director	One	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 26th May 2012, 28th July 2012, 27th October 2012 and 09th February 2013.

### **Attendance record of Directors**

The record of attendance of the directors at Board Meetings held during the year and at the last Annual General Meeting was:

<b>Name</b>	<b>No. of Board Meetings held during the year</b>	<b>No. of Board Meetings Attended</b>	<b>Attendance at the last AGM held on 22nd September, 2012</b>
Shri Shiv Singh Mehta	4	4	Yes
Smt. Purnima Mehta	4	4	Yes
Dr. S. S. Kothari	4	0	No
Shri Vinod Bhole	4	1*	No
Shri Manoj Fadnis	4	4	Yes
Shri Rakesh Kalra	4	2	Yes
Dr. Somnath Ghosh	4	1	No

\* Nomination withdrawn with effect from 28th May, 2012.

## **II. 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 292A 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, 2013 comprises of the following Directors of the Company.

<b>Name of the Director</b>	<b>Designation</b>
Shri Manoj Fadnis	Chairman
Shri Rakesh Kalra	Member
Smt. Purnima Mehta	Member

Two out of three members of the audit committee are Non-Executive Independent Directors.

(c) Meeting and attendance during the year

Four meetings were held during the financial year 2012-13 on 26th May 2012, 28th July 2012, 27th October 2012, and 09<sup>th</sup> February 2013. The attendance of each member of the committee is as under:

<b>Name of the Director</b>	<b>No. of Meeting attended</b>
Shri Manoj Fadnis	4
Shri V. Bhole	1
Shri Rakesh Kalra	1
Smt. Purnima Mehta	3

## **III. SUBSIDIARY COMPANY**

The Audit committee of the Company reviews the financial statements of the subsidiary company. The minutes of the Board meetings were placed before the Board of Directors of the Company for their review.



#### IV. REMUNERATION COMMITTEE

##### (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, 2013 comprises of the following Directors of the Company.

Name of the Director	Designation
Shri Rakesh Kalra	Chairman
Shri Manoj Fadnis	Member
Shri Somnath Ghosh	Member

All the three members of the remuneration committee are Non-Executive Independent Directors.

##### Remuneration to Managing Director and Executive Director

The terms of remuneration of Shri Shiv Singh Mehta, Managing Director has already been fixed by the Board of directors and approved by the shareholders at Annual General Meeting. During the financial year 2012-13, the particulars of remuneration paid to Managing Directors are as under: -

(Rs. in Lacs)

Name of the Director	Salary	Perquisites	Commission	Period of Contract
Shri Shiv Singh Mehta	33.60	6.00	4.24	3 years starting from 1st October, 2010
Smt. Purnima Mehta	20.16	4.50	7.66	5 years starting from 1st July, 2011
<b>Total</b>	<b>53.76</b>	<b>10.50</b>	<b>11.90</b>	

##### Remuneration of Non- Executive Directors.

The details of remuneration paid to the Non-Executive Directors during the financial year 2012-13 are given below. Non-Executive Directors are not entitled for any remuneration other than the sitting fees.

SNo.	Name of the Non-Executive Director	Sitting Fees (Rs.)
1	Dr. S.S. Kothari	Nil
2	Shri. V. M. Bhole	2000
3	Shri Manoj Fadnis	7000
4	Dr. Somnath Ghosh	1000
5	Shri Rakesh Kalra	3000

#### V. INVESTORS' GRIEVANCE COMMITTEE

The Board of Directors of the Company constituted the Investors' Grievance Committee consisting of:

Name of the Director	Designation
Dr. Somnath Ghosh	Chairman
Shri Shiv Singh Mehta	Member
Smt. Purnima Mehta	Member

#### VI. DISCLOSURES

##### A. Disclosure regarding materially significant related party transactions:

None of the transaction with any of the related parties were in conflict with the interest of the company. Attention of members is drawn to the disclosure of transactions with the related parties set out in Note No. 15 of Notes on Accounts, forming part of the Annual report.

All related party transactions are negotiated on arms length basis and are intended to further the interest of the company.



### INFORMATION ON GENERAL BODY MEETINGS

The details of the location and time for last three Annual General Meetings are given hereunder: -

Year	Location	Date	Time
2011-2012	" Chetak Chambers", 4th Floor, 14 R.N.T Marg, Indore - 452 001	22nd September, 2012	4:00 P. M.
2010-2011	" Chetak Chambers", 4th Floor, 14 R.N.T Marg, Indore - 452 001	24th September, 2011	3:00 P. M.
2009-2010	" Chetak Chambers", 4th Floor, 14 R.N.T. Marg, Indore - 452 001	27th September, 2010	4:00 P. M.

### GENERAL SHAREHOLDER INFORMATION

Annual General Meeting

The 23<sup>rd</sup> Annual General Meeting of the Company will be held on, the 14th September, 2013 At 4:00P.M. at 4<sup>th</sup> Floor Chetak Chambers, 14 R. N. T. Marg, Indore.

Financial Calendar for the year 2013-14 (Provisional)

a. Results for the first quarter ending 30th June, 2013	By end of July, 2013
b. Results for the second quarter ending 30th September, 2013	By end of October, 2013
c. Results for the third quarter ending 31st December, 2013	By end of January, 2014
d. Results (Audited) for the fourth quarter ending 31st March, 2014	By end of May, 2014
e. Annual General Meeting for the year ending March, 2014	By end of September, 2014

### Book Closure Dates

The Company's Share Transfer Book will remain closed from 06<sup>th</sup> September, 2013 to 14<sup>th</sup> September, 2013 (both days inclusive) for purpose of Annual General Meeting.

### Listing on Stock Exchanges

The Company's shares are traded on BSE, MPSE and NSE (through MPSE).

The Company's shares are presently listed on the Bombay Stock Exchange Limited & National Stock Exchange Mumbai and Madhya Pradesh Stock Exchange Limited, Madhya Pradesh. The Company has paid annual listing fee for the year 2013-14.

### Stock Code/Details of Scrip

BSE :- 526423  
NSDL & CDSL-ISIN :- INE 479D01038

### Market Price Data (Rs.)

The monthly high and low quotations of shares of the Company traded at the Bombay Stock Exchange and National Stock Exchange, Mumbai during the financial year 2012-13 are given below:

Month	BSE		NSE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April, 2012	9.38	7.01	8.20	6.85
May, 2012	8.05	5.95	9.35	6.35
June, 2012	9.50	6.56	8.95	6.55
July, 2012	7.59	6.51	9.27	5.97
August, 2012	7.10	5.46	6.60	5.50
September, 2012	6.37	5.55	6.40	5.60
October, 2012	7.45	5.80	7.00	6.00
November, 2012	7.20	5.80	6.55	5.95
December, 2012	6.29	5.51	6.15	5.60
January, 2013	6.89	5.55	6.70	5.50
February, 2013	6.14	5.06	6.00	5.15
March, 2013	6.36	4.66	5.55	4.65



### Share Transfer System

The Share Transfer-cum-Investors Grievance Committee attends to share transfer formalities once in a fortnight. Demat requests are normally confirmed within an average period of 15 days from the date of receipt. The Company has appointed following agency as Share Transfer Agent (Electronic + Physical). The shareholders may address their communication, suggestions, grievances and queries to:

#### Ankit Consultancy Pvt. Limited

Plot No. 60, Electronic Complex

Pardeshipura, Indore- 452010 (M.P)

Tel.: 0731-2551745, 0731-2251746

Fax: 0731-4065798

E-mail: ankit\_4321@yahoo.com

### Shareholding Pattern & Distribution of Shareholding

Shareholding Pattern as on 31.03.2013

Category	No. of Shares held	Percentage of Shareholding
A. Promoter's holding		
1. Promoters		
a. Indian Promoters	332617778	65.76
b. Foreign Promoters	-	-
2. Persons acting in concert	-	-
<b>Sub-Total</b>	<b>32617778</b>	<b>65.76</b>
B. Non-Promoter's holding		
3. Institutional Investors		
a. Financial Institution and Banks	1600	0.00
b. FIIs	-	-
<b>Sub-Total</b>	<b>1600</b>	<b>0.00</b>
4. Others		
a. Corporate Bodies	1492052	3.01
b. Indian Public	15394319	31.03
c. NRIs/OCBs	97393	0.20
d. Clearing Members	378	0.00
<b>Sub-Total</b>	<b>16984142</b>	<b>34.24</b>
<b>GRAND TOTAL</b>	<b>49603520</b>	<b>100.00</b>

### Distribution of Shareholding as on 31st March, 2013

No. of Shares	No. of Shareholders	Percentage of Shareholders
1-1000	3790	66.88
1001-2000	1004	17.72
2001-3000	274	4.84
3001-4000	312	5.51
4001-5000	40	0.71
5001-10000	127	2.24
10001 above	120	2.10
Total	5667	100.00



### **Dematerialisation of Shares & Liquidity**

The shares of the Company are under compulsory demat segment and are listed on Bombay Stock Exchange and National Stock Exchange, Mumbai and Madhya Pradesh Stock Exchange, Indore. The Company's shares are available for trading in the depository of both NSDL & CDSL.

#### **Details of Demat Shares as on 31st March, 2013**

	<b>No. of Shareholders/Beneficial Owners</b>	<b>No. of Shares</b>	<b>% of Capital</b>
NSDL	2042	41267925	83.19
CDSL	1100	5032315	10.14
Sub-Total	3142	46300240	93.33
Shares in physical form	2525	3303280	6.67
<b>Grand Total</b>	<b>5667</b>	<b>49603520</b>	<b>100%</b>

#### **Outstanding Convertible Instruments**

There are no outstanding warrants or any convertible instruments.

#### **Plant locations of the Company**

Kriti Industries (India) Limited  
Plot No. 75-86 & 13/1, Tarapura,  
Sector 2, Industrial Area,  
Pithampur, Dist. Dhar (M.P)

#### **Address for communication**

The shareholders may address their communication, suggestions, grievances and queries to:

#### **Ankit Consultancy Private Limited**

Plot No. 60, Electronic Complex  
Pardeshipura, Indore- 452010 (M.P)  
Tel: 0731-2551745, 0731-2251746  
Fax 0731-4065798  
E-mail: ankit\_4321@yahoo.com

#### **Auditors' Certificate on Corporate Governance**

The company has obtained a certificate from the auditors of the company regarding compliances with the provisions of the corporate governance laid down in Clause 49 (VII) of the Listing Agreement with Stock Exchanges.

### **AUDITORS' REPORT ON COMPLIANCE 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, 2013 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 R.D.Asawa & Company**  
**Chartered Accountants**

**Place: Indore**  
**Date: 26<sup>th</sup> July, 2013**

**(R.D.Asawa)**  
**Proprietor**  
**M.No.16562**



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## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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### **INDUSTRY STRUCTURE AND DEVELOPMENT**

The Indian economy went through a rough patch in 2012-13. The Gross Domestic Product (GDP) growth rate in 2012-13 was lowest in a decade.

There is increased volatility due to uncertainty in Global and National economic climate. The price trends of our raw material 'polymer', are linked to crude oil and rupee rate movements. Any volatility in these items directly impacts operating margins.

### **OPPORTUNITY**

India being developing economy and agriculture is growing, we anticipate increased demand for agriculture products.

Government thrust on Infrastructure & Telecommunication sector will further accelerate the volume growth. Under National Optical Fiber Network (NOFN) project of Government of India there is planning to lay country wide network which will stimulate demand for PLB HDPE Ducts.

### **THREAT**

The pipe industry is highly Raw Material (RM) intensive with the RM cost accounts for more than 70% of the total cost. The industry relies heavily on imports with associated forex fluctuation risk.

### **BUSINESS STRATEGY**

Company is expanding its sales network in agriculture, value added building products, and institutional sales. In Micro Irrigation our aim is to consolidate the growth by focusing on Receivables collection in states such as Maharashtra, Madhya Pradesh and Andhra Pradesh.

Company is focusing in new territories for expansion of business volume. Company is also conscious of its brand value and enhancing it by offering better quality products, advertising and promotion.

### **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. The Company's financial performance is discussed in details under the head "Financial Results" in Directors' Report to the Members.

### **INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

The internal control system of the company is in place and is commensurate with the size & scale of its operations. The Internal Audit department with the help of external agencies & based on risk assessment, regularly performs internal audits & ensure the effectiveness of internal control systems.

The company has implemented suitable controls on ongoing basis to assure that all resources are utilized optimally, financial transactions are reported with the accuracy and all applicable laws and regulations are strictly complied with. The audit findings are reviewed by the Audit Committee of the Board and corrective actions as deemed necessary are taken.

### **HUMAN RESOURCES AND INDUSTRIAL RELATIONS**

Your company's Industrial relations continued to be harmonious during the year under review. The company continue to invest in people through various initiatives which enable the work force to meet out the production requirements and challenges related thereto and to infuse positive enthusiasm towards the organization.

### **CAUTIONARY STATEMENT**

Estimates and expectations stated in this Management Discussion and Analysis Report may be "forward-looking statements" 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 incidental factors.



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## COMPLIANCE CERTIFICATE

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CIN: L25206MP1990PLC005732

To,  
The Members,  
**KRITI INDUSTRIES (INDIA) LIMITED**  
INDORE.

I have examined the registers, records, books and papers of **KRITI INDUSTRIES (INDIA) LIMITED** as required to be maintained under the Companies Act, 1956, and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended 31st March, 2013. In my opinion, and to the best of my information and according to the examinations carried out by me and explanations and certifications furnished to me by the Company and its officers, I certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure `A' to this certificate, as per the provisions of the Act and the rules made there under and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure `B' to this certificate, with the Registrar of Companies, as per due date of filing and the date of filing mentioned in the Annexure
3. The Company, being a Public Limited Company no comment is required on maximum number of members and invitation to public for subscription of shares and acceptance of deposits.
4. The Board of Directors duly met Four (4) times respectively on 26th May 2012, 28th July 2012, 27th October 2012, and 09th February 2013 in respect of which meetings proper notices were given and the proceedings were properly recorded in the Minutes Book maintained for the purpose.
5. The Company closed its Register of Members from 14th September 2012 to 21st September 2012 and complied with the necessary compliance of Section 154 of the Act.
6. The Annual General Meeting for the financial year ended on 31st March 2012 was held on 22nd September 2012 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No Extra Ordinary General Meeting was held during the financial year.
8. The Company has not advanced any loans to its Directors or persons or firms or companies referred to under Section 295 of the Act.
9. The Company has not entered into any contract attracting with the provision of Section 297 of the Act.
10. The Company has made necessary entries in the register maintained under Section 301 of the Act.
11. Since there were no instances attracting provisions of Section 314, the Company was not required to obtain approvals from the Board of directors, members or Central Government, as the case may be.
12. The Company has not issued any duplicate certificates during the financial year under consideration.
13. The Company :
  - a. has delivered all the Share Certificates on lodgement thereof for transfer/transmission of securities in accordance with the provisions of the Act. However there was no allotment during the under scrutiny.
  - b. has deposited Rs. 7515528 in a separate bank account as dividend was declared during the financial year.
  - c. Has posted warrants for dividends to the members as dividend was declared during the financial year.
  - d. has transferred the pending amount of unpaid dividend account for 2004-2005 amounting to Rs. 206,167 in Investor Education and Protection Fund.
  - e. Has duly complied with the requirements of Section 217 of the Act.
14. The Board of Directors of the Company is duly constituted. There was no appointment of additional directors, alternate directors and directors to fill casual vacancy during the financial year.
15. The Company has not appointed any Managing Director/Whole-Time Director/Manager during the financial year.
16. The Company has not appointed any sole selling agents during the financial year.





17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar of Companies and/or such authorities as may be prescribed under the various provisions of the Act.
18. The Directors have disclosed their interest in other firms/ companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
19. The Company has not issued any share, debentures or other securities during the financial year.
20. The Company has not bought back any shares during the financial year.
21. The Company has not issued Preference Shares and Debentures so there was no redemption of preference shares or debentures during the financial year.
22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. On the basis of information and explanation given to me the Company has not invited/accepted any deposits including any unsecured loans falling within the purview of Section 58A during the financial year.
24. The amount borrowed by the Company from Financial Institutions, Banks and others during the financial year ending is within the borrowing limits of the company.
25. The Company has made loans, advances, given guarantees and provided securities to other bodies corporate, and has made necessary entries in the register kept for the purpose.
26. The Company has not altered the provisions of the Memorandum with respect to the situation of the Company's registered office from one state to another during the year under scrutiny.
27. The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the year under scrutiny.
28. The Company has not altered the provisions of the Memorandum with respect to the name of the Company during the year under scrutiny.
29. The Company has not altered the provisions of the Memorandum with respect to the Share Capital of the Company during the year under scrutiny.
30. The Company has not altered its Articles of Association during the year under scrutiny.
31. There were no prosecution initiated against or show cause notices received by the company and no fines or penalties or any other punishment was imposed on the Company during the financial year for offences under the Act.
32. The Company has not received any moneys as security from its employees during the financial year.
33. The Company has deposited both employees and employers contribution to Provident Fund with prescribed authorities pursuant to the provisions of Section 418 of the Companies Act, 1956.

Place: Indore  
Date: 4<sup>th</sup> May, 2013

**ASHISH KARODIA**  
Company Secretary  
C.P. No. 6375



**SECRETARIAL COMPLIANCE CERTIFICATE - ANNEXURE - "A"**  
**Registers as maintained by the Company:**

S. No.	Section No.	Name of the Register
1.	209	Books of Accounts
2.	150	Register of Members
3.	303	Register of Directors
4.	307	Register of Director's Shareholding
5.	143(1)	Register of Charges
6.	108	Register of share transfer

**SECRETARIAL COMPLIANCE CERTIFICATE - ANNEXURE - "B"**

Forms and Returns as filed by the Company with Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ended 31st March 2013.

S. No.	Form No./ Return	Date of Filing	Receipt No.	Whether filed within prescribed time	Whether additional (if delay in filing) fees paid
1.	Secretarial Compliance Certificate	17/10/2012	P90736778	Yes	N.A.
2.	Annual Return as on 22.09.2012	20/11/2012	P97126288	Yes	N.A.
3.	Annual Accounts for 31.03.2011	12/12/2012	Q04221743	Yes	N.A.
4.	Form 11NV	26/11/2012	B62456678	Yes	N.A.
5.	Form 32	17/08/2012	B45592763	No	Yes
6.	Form 8	07/02/2013	B67336230	No	Yes
7.	Form 23C	29/08/2012	S13910948	No	Yes
8.	Form 5INV	28/12/2012	S19632843	N.A.	N.A.

Place: Indore  
Date: 4<sup>th</sup> May, 2013

**ASHISH KARODIA**  
Company Secretary  
C.P. No. 6375



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**INDEPENDENT AUDITOR'S REPORT**

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**To,  
The Members of  
Kriti Industries (India) Limited**

**Report on the Financial Statements**

We have audited the accompanying financial Statements of Kriti Industries (India) Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.

- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2013,
- (b) In the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date, and
- (c) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
  - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appear from our examination of those books.
  - (c) The Balance sheet, Statement of Profit and Loss and Cash Flow Statement, dealt with by this Report are in agreement with the books of accounts.
  - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting standards referred to in sub section (3C) of section 211 of the Act.
  - (e) On the basis of the written representations received from the directors as on 31st March, 2013, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2013 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act.

**Place : Indore  
Date: 4<sup>th</sup> May, 2013**

**For R. D. Asawa & Co.  
Chartered Accountants  
(FRN 001164C)**

**R. D. Asawa  
Proprietor**



**Annexure to the Independent Auditor's Report**

Referred to in Paragraph 1 under the Heading of "Report on other legal and regulatory requirements" of our report of even date

1. In respect of Company's fixed assets:
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) The Company has physically verified certain assets during the year in accordance with a programme of verification, which in our opinion provides for physical verification of the fixed assets at reasonable intervals. According to the information and explanations given to us no material discrepancies were noticed on such verification.
  - (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the company during the year.
2. In respect of Company's inventories:
  - (a) As explained to us, inventories were physically verified during the year by the management at reasonable intervals.
  - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management were reasonable and adequate in relation to the size of the company and the nature of its business.
  - (c) In our opinion and according to the information and explanations given to us, the company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
3. In respect of the loans, secured or unsecured, granted or taken by the company to / from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956:
  - (a) In respect Company has granted unsecured loans to 1 party, covered in the register maintained U/S 301 of the Act, and amount involved is Rs. 370.00 lacs.
  - (b) Rate of interest and other terms and conditions of loan given are not prima facie prejudicial to the interest of company.
  - (c) In our opinion receipt of principal and interest is regular as stipulated.
  - (d) In our opinion there is no overdue of interest or principal.
  - (e) Company has taken unsecured loan from 2 parties covered in the register maintained U/S 301 of the Act, and amount involved is Rs. 1302.63 lacs.
  - (f) Rate of Interest and other terms and conditions of loan taken are prima facie not prejudicial to the interest of the company.
  - (g) Company is regular in repaying principle amount and interest as stipulated.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. Further, the basis of our examination of the books and records of the company and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
5.
  - (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act that need to be entered into the register maintained under that Section, have been so entered.
  - (b) According to the information and explanations given to us, there are transaction for purchase of DEPB Licenses etc, in excess of Rs.5lacs in respect of each party covered u/s 301 of the Act. There is no similar transaction available for comparison and therefore reasonableness of price/value of transaction could not be ascertained. However there are no other transaction for sale/purchase of services etc.
6. The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under and therefore clause is not applicable to the company.
7. In our opinion, the Company has an adequate internal audit system commensurate with the size and the nature of its business.
8. We have broadly reviewed the cost records maintained by the company pursuant to the Companies (Cost Accounting Records) rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
9.
  - (a) According to the information and explanation given to us and the records of the Company examined by us, in our opinion, the Company has been generally regular in depositing undisputed statutory dues, including Provident Fund, Investor Education and Protection Fund, Employees State insurance, Income-tax, Sales-tax, Wealth Tax, Custom Duty, Excise Duty, Cess and any other statutory dues as applicable with the appropriate authorities during the year.
  - (b) The disputed statutory dues that have not been deposited on account of disputed matters pending before appropriate authorities are as under:



Nature of dues	Related Period	Forum where dispute is pending	Amount (Rs.)
Central Sales Tax	2004-05	High Court	1836995
Central Sales Tax	2005-06	High Court	7238189
Central Sales Tax	2006-07	High Court	1335795
Entry Tax	2007-08	Appellate Board BHOPAL	1808843
Central Excise Tax	2007-08	Deputy Commissioner	947051
Central Sales Tax	2008-09	Appellate Board BHOPAL	114553
Central Excise Tax	2010-11	Comm. Appeal(1), Indore	2662714
VAT	2011-12	Deputy Commissioner	118750
Entry Tax	2011-12	Deputy Commissioner	23750

10. The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses during the current and the immediately preceding financial year.
11. Based on our audit procedures and as per the information and explanation given by the management, we are of the opinion that the company has not defaulted in the repayment of dues to financial institutions, banks or debenture holders.
12. According to the information and explanations given to us and based on the documents and records produced before us, the Company has not given any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund / societies are not applicable to the Company.
14. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
15. Company has not given any guarantees for loans taken by others from banks or institutions, and therefore commenting over terms and conditions does not arise.
16. To the best of our knowledge and belief and according to the information and explanations given to us, term loans availed by the Company were, prima facie, applied by the Company for the purposes for which the loans were obtained.
17. According to the cash flow statement and other records examined by us and the information and explanations given to us, on an overall basis, funds raised on short term basis have, prima facie, not been used during the year for long term investment.
18. The Company has not made preferential allotment of shares to the parties and companies covered under section 301 of the Act.
19. The Company has not issued any debentures during the year.
20. The Company has not raised any money by public issue during the year, and therefore question of end use does not arise.
21. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the company was noticed or detected during the year.

**Place: Indore**  
**Date : 4<sup>th</sup> May, 2013**

**For R.D Asawa & Co.**  
**Chartered Accountants**  
**(FRN 001164C)**

**(R.D.Asawa)**  
**Proprietor**  
**M.No.16562**



**BALANCE SHEET AS AT 31.03.2013**

PARTICULARS	Note No.	(Rs. in Lacs)	
		As at 31.03.2013	As at 31.03.2012
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholder's Funds</b>			
Share Capital	2	496.04	496.04
Reserves and Surplus	3	4010.79	3595.47
<b>Non-Current Liabilities</b>			
Long-Term Borrowings	4	922.60	1065.23
Deferred Tax Liabilities (Net)	5	589.19	536.41
Other Long Term Liabilities	6	161.74	131.85
<b>Current Liabilities</b>			
Short-Term Borrowings	7	2558.36	2326.95
Trade Payables	8	9954.69	6771.33
Other Current Liabilities	9	1261.64	2029.38
Short-Term Provisions	10	351.65	322.51
<b>Total</b>		<b><u>20306.70</u></b>	<b><u>17275.17</u></b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Fixed Assets			
Tangible Assets	11	4398.13	4064.65
Intangible Assets	12	48.58	21.94
Capital Work-In-Progress		17.78	77.38
Non-Current Investments	13	777.15	777.15
Long Term Loans and Advances	14	106.39	81.16
Other Non-Current Assets	15	0.00	90.00
<b>Current Assets</b>			
Inventories	16	7301.45	7109.82
Trade Receivables	17	5209.20	3046.49
Cash and Bank Balances	18	650.89	595.90
Short-Term Loans and Advances	19	794.54	547.26
Other Current Assets	20	1002.59	863.42
<b>Total</b>		<b><u>20306.70</u></b>	<b><u>17275.17</u></b>

**Significant Accounting Policies & Notes to the Accounts 1**

As per our Report of even date attached  
For R.D.Asawa & Co.  
Chartered Accountants

For and on behalf of the Board of Directors

**R.D.Asawa**  
(Proprietor)  
M.No. 16562

**Shiv Singh Mehta**  
(Managing Director)

**Purnima Mehta**  
(Executive Director)

Place: Indore  
Date:- 4<sup>th</sup> May, 2013



**STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH 2013**

(Rs. in Lacs)			
PARTICULARS	Note No.	2012-13	2011-12
<b>Revenue from Operations</b>	21	35404.70	30656.30
Less: Excise Duty		<u>3468.96</u>	<u>2569.26</u>
		31935.74	28087.04
Other Income	22	186.28	165.48
	<b>Total Revenue</b>	<b><u>32122.02</u></b>	<b><u>28252.52</u></b>
<b>Expenses:</b>			
Cost of Materials Consumed		24348.57	22800.94
Changes In Inventories of Finished Goods, Work-In-Progress and Stock-In-Trade		609.16	(1315.45)
Employee Benefit Expense	23	1371.48	1219.74
Financial Costs	24	1361.58	1176.96
Depreciation and Amortization Expense	11-12	421.04	362.16
Other Expenses	25	3235.61	3185.24
	<b>Total Expenses</b>	<b><u>31347.44</u></b>	<b><u>27429.59</u></b>
<b>Profit Before Tax</b>		774.58	822.93
<b>Tax Expense:</b>			
Current Tax		220.00	200.00
Deferred Tax		<u>52.78</u>	<u>64.44</u>
<b>Profit/(Loss) For The Year</b>		<b><u>501.80</u></b>	<b><u>558.49</u></b>
<b>Earning Per Equity Share:</b>			
(1) Basic		1.01	1.13
(2) Diluted		1.01	1.13

**Significant Accounting Policies & Notes to the Accounts 1**

As per our Report of even date attached  
For R.D.Asawa & Co.  
Chartered Accountants

For and on behalf of the Board of Directors

**R.D.Asawa**  
(Proprietor)

**Shiv Singh Mehta**  
(Managing Director)

**Purnima Mehta**  
(Executive Director)

Place: Indore  
Date:- 4<sup>th</sup> May, 2013



**Notes Forming Part of the Balance Sheet and Statement of Profit & Loss Account**

(Rs. in Lacs)

NOTE	As at 31.03.2013	As at 31.03.2012
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**NOTE NO -2 SHARE CAPITAL**

**2.1 AUTHORIZED**

2.1.1	8000000 Equity Shares of Rs.1/- each	800.00	800.00
2.1.2	2000000 Optional Converible Preference Shares of Re. 10/- each	200.00	200.00
		<u>1000.00</u>	<u>1000.00</u>

**2.2 ISSUED, SUBSCRIBED AND PAID UP**

2.2.1 49603520 equity shares of Rs 1/- each fully paid up. Out of which 49603520 shares issued on 27.01.2010 as fully paid up on account of scheme of arrangement as approved by The Hon'ble High Court of M.P. Indore Bench  
The company has issued only one class of shares referred to as equity shares having a par value of Rs.1 each. Holder of the equity share as referred in the records of the company as of date of the shareholder's meeting is referred to one vote in respect of each share held for all matters submitted to vote in the shareholder's meeting.  
The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the Annual General Meeting. In the event of liquidation of the company the holders of equity shares will be entitled to receive any of the remaining assets of the company after distribution of all preferential amounts.

**2.2.2 Reconciliation of shares**

2.2.2.1	Opening Balance of 49603520 shares of Rs. 1/- each Total	496.04	496.04
2.2.2.2	Issued during the year	0.00	0.00
2.2.2.3	Closing Balance 49603520 shares of Rs. 1/- each	<u>496.04</u>	<u>496.04</u>

**2.3 SHAREHOLDER HOLDING MORE THAN 5 % OF SHARES OF THE COMPANY AND ITS PERCENTAGE**

**2.3.1 SAKAM TRADING PRIVATE LIMITED (HOLDING COMPANY)**

Current year :

No. of Shares: 25843673

% of Shares: 52.10%

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Previous year :

No. of Shares: 25843673

% of Shares: 52.10%

Pursuant to the Hon'ble High Court of M.P. order dated 1.11.2011 approving the scheme of amalgamation of promoter group companies viz Kriti Corporate Service Pvt.Ltd., Kriti Auto Accessories Private Ltd., Kasta Pipes Pvt.Ltd.and Shipra Pipe Pvt Ltd. with Sakam Trading Pvt.Ltd., the Shareholding of the above transferor companies are vested in Sakam Trading Pvt.Ltd. Thus Sakam Trading Pvt.Ltd. became holding company w.e.f.27.02.12 of Kriti Industries India Ltd.

**2.3.2 CHETAK BUILDERS PRIVATE LIMITED**

Current Year:

No. of Shares: 4469258

% of Shares: 9.01%

Previous year :

No. of Shares: 4469258

% of Shares: 9.01%




**Notes Forming Part of the Balance Sheet and Statement of Profit & Loss**

	(Rs. in Lacs)	
	As at	As at
NOTE	31.03.2013	31.03.2012
<b>NOTE -3 RESERVES &amp; SURPLUS</b>		
<b>3.1 GENERAL RESERVES</b>		
3.1.1 Opening Balance	2400.00	1900.00
3.1.2 Add: Transfer from P&L	100.00	500.00
3.1.3 Closing Balance	<u>2500.00</u>	<u>2400.00</u>
<b>3.2 SHARE PREMIUM ACCOUNT</b>		
3.2.1 Opening Balance	466.14	466.14
3.2.2 Add: Transfer from P&L	0.00	0.00
3.2.3 Closing Balance	<u>466.14</u>	<u>466.14</u>
<b>3.3 CONTINGENCY RESERVE</b>		
3.3.1 Opening Balance	75.00	75.00
3.3.2 Add: Transfer from P&L	0.00	0.00
3.3.3 Closing Balance	<u>75.00</u>	<u>75.00</u>
<b>3.4 SHARE FORFEITURE ACCOUNT</b>		
3.4.1 Opening Balance	2.73	2.73
3.4.2 Add: Transfer from P&L	0.00	0.00
3.4.3 Closing Balance	<u>2.73</u>	<u>2.73</u>
<b>3.5 SURPLUS</b>		
3.5.1 Statement of Profit & Loss		
3.5.1.1 Opening Balance	651.60	679.58
3.5.1.2 Add Profit & Loss during the period	<u>501.80</u>	<u>558.49</u>
	1153.40	1238.07
<b>Less:</b>		
3.5.2 Proposed Dividend	74.41	74.40
3.5.3 Corporate Dividend Tax	12.07	12.07
3.5.4 Transferred to General Reserve	100.00	500.00
Balance in Surplus	<u>966.92</u>	<u>651.60</u>
<b>Total</b>	<b><u>4010.79</u></b>	<b><u>3595.47</u></b>
<b>NOTE-4 LONG TERM BORROWINGS</b>		
<b>4.1 TERM LOAN</b>		
( Installment due within 12 months shown in Current Liabilities )		
<b>4.1.1 SECURED</b>		
4.1.1.1 From Banks		
a) IDBI Bank Ltd.		
(i) (Repayable in 19 Qtrly installments , Last installment due on 1st April, 2014 Rate of Interest 14.75% p.a. at year end)	19.00	135.00
(ii) (Repayable in 17 monthly installments, Last installment due on 1st September 2013 Rate of Interest 14.75% p.a. at year end)	0.00	57.00
(iii) (Repayable in 42 monthly installments, Last installment due on 1st March, 2016 Rate of Interest 14.25% p.a. at year end)	342.73	20.57
b) Sate Bank of Hyderabad 2.10 Crore (Repayable in 11 Qtrly installments, Last installment due on 31st December, 2014 Rate of Interest:15.45% p.a. at year end)	42.81	95.56
c) Bank of India (Repayable in 17 Qtrly installments , Last installment due on 30th June, 2016 Rate of Interest: 13.50% p.a. at year end) ( Above loans are secured by First charge/ Mortgage on fixed assets of the company and personal guarantee of Managing Director)	518.06	757.10
<b>Total</b>	<b><u>922.60</u></b>	<b><u>1065.23</u></b>


**Notes Forming Part of the Balance Sheet and Statement of Profit & Loss**
**(Rs. in Lacs)**

NOTE	As at 31.03.2013	As at 31.03.2012
<b>NOTE -5 DEFERRED TAX LIABILITY NET</b>		
5.1 Deferred Tax Liability Net	589.19	536.41
<b>Total</b>	<b>589.19</b>	<b>536.41</b>
<b>NOTE -6 OTHER LONG TERM LIABILITIES</b>		
6.1 UNSECURED		
6.1.1 Other Loans and advances	161.74	131.85
<b>Total</b>	<b>161.74</b>	<b>131.85</b>
<b>NOTE -7 SHORT TERM BORROWINGS</b>		
7.1 Loans repayable on Demand		
7.1.1 SECURED		
From banks (Secured by hypothecation of finished goods, Raw material, Stock in process, store and spares, sundry debtors, export bills, receivables and second charge on fixed assets of the company and personal guarantee of Managing Director )	2558.36	2326.95
<b>Total</b>	<b>2558.36</b>	<b>2326.95</b>
<b>NOTE-8 TRADE PAYABLES</b>		
8.1 Sundry Creditors	9954.69	6771.33
<b>Total</b>	<b>9954.69</b>	<b>6771.33</b>
<b>NOTE-9 OTHER CURRENT LIABILITIES</b>		
9.1 Outstanding Expenses	129.37	402.01
9.2 Statutory Liabilities	479.49	985.79
9.3 Current maturities of Long term debt ( Refer Point No. 5 of Note No.1)	636.36	625.68
9.4 Unpaid dividends	16.42	15.90
<b>Total</b>	<b>1261.64</b>	<b>2029.38</b>
<b>NOTE -10 SHORT TERM PROVISIONS</b>		
10.1 Provision for employees benefits (bonus)	45.17	36.05
10.2 Provision of Income Tax	220.00	200.00
10.3 Proposed dividend	74.41	74.40
10.4 Corporate Dividend Tax	12.07	12.07
<b>Total</b>	<b>351.65</b>	<b>322.51</b>

**NOTE 11-12 FIXED ASSETS**

NOTE	PARTICULARS	GROSS BLOCK				DEPRECIATION				Net Block	
		01.04.2012	Additons-	Deduction-	Total	01.04.12	For Year	Written back	TOTAL	31.03.13	31.03.12
11	TANGIBLE										
11.1	Land	116.88	0.00	0.00	116.88	0.00	0.00	0.00	0.00	116.88	116.88
11.2	Factory Building	859.59	91.73	0.00	951.33	268.66	30.52	0.00	299.18	652.15	590.93
11.3	Plant & Machinery	4302.98	564.80	0.00	4867.78	1563.60	227.59	0.00	1791.19	3076.60	2739.38
11.4	Dies & Moulds	1215.49	73.08	0.00	1288.57	702.04	123.80	0.00	825.83	462.74	513.46
11.5	Vehicles	45.12	0.00	0.00	45.12	23.60	3.57	0.00	27.17	17.95	21.52
11.6	Furniture & Fixture	80.09	5.79	0.00	85.88	39.34	4.87	0.00	44.21	41.67	40.75
11.7	Computer	133.85	2.99	0.00	136.84	92.13	14.57	0.00	106.71	30.13	41.72
	<b>TOTAL (A)</b>	<b>6754.01</b>	<b>738.40</b>	<b>0.00</b>	<b>7492.41</b>	<b>2689.36</b>	<b>404.92</b>	<b>0.00</b>	<b>3094.28</b>	<b>4398.13</b>	<b>4064.65</b>
12	INTANGIBLE										
12.1	Software	77.88	42.75	0.00	120.63	55.94	16.11	0.00	72.06	48.58	21.94
12.2	Goodwill	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	<b>TOTAL (B)</b>	<b>77.88</b>	<b>42.75</b>	<b>0.00</b>	<b>120.63</b>	<b>55.94</b>	<b>16.11</b>	<b>0.00</b>	<b>72.06</b>	<b>48.58</b>	<b>21.94</b>
	<b>TOTAL(A+B)</b>	<b>6832.00</b>	<b>781.15</b>	<b>0.00</b>	<b>7613.04</b>	<b>2748.30</b>	<b>421.04</b>	<b>0.00</b>	<b>3166.34</b>	<b>4446.71</b>	<b>4086.60</b>
	Previous Year	5733.64	1106.12	7.86	6831.89	2384.76	362.16	1.63	2745.30	4086.60	



## Notes Forming Part of the Balance Sheet and Statement of Profit &amp; Loss

		(Rs. in Lacs)	
NOTE		As at 31.03.2013	As at 31.03.2012
<b>NOTE-13 NON- CURRENT INVESTMENT</b>			
13.1	Unquoted		
13.1 .1	National Saving Certificate	0.14	0.14
	Trade Investment in equity instruments		
13.2	Unquoted		
13.2.1	Sahkari Audhyogik Vasahat Limited (1 Share of Rs.500/-)	0.01	0.01
13.2.2	Kriti Auto Engineering & Plastic Private Limited ( 100% Subsidiary ) (3875000 Shares of Rs.10/- each)	777.00	777.00
	<b>Total</b>	<b>777.15</b>	<b>777.15</b>
<b>NOTE-14 LONG TERM LOANS AND ADVANCES</b>			
14.1	Security Deposits	106.39	81.16
	<b>Total</b>	<b>106.39</b>	<b>81.16</b>
<b>NOTE-15 OTHER NON CURRENT ASSETS</b>			
15.1	Inter Corporate Deposit	0.00	90.00
		<u>0.00</u>	<u>90.00</u>
<b>NOTE-16 INVENTORIES</b>			
16.1	Raw Material	2845.29	2109.81
16.2	Finished Goods	3842.91	4452.07
16.3	Stores and Spares & others ( Mode of valuation of above stocks are as per Point No.2.6 of Note No 1 )	613.25	547.94
	<b>Total</b>	<b>7301.45</b>	<b>7109.82</b>
<b>NOTE-17 TRADE RECEIVABLES</b>			
17.1	Trade Receivables ( Unsecured considered good )		
	Over Six months	260.17	278.63
	Others	4949.03	2767.86
	<b>Total</b>	<b>5209.20</b>	<b>3046.49</b>
<b>NOTE-18 CASH AND BANK BALANCES</b>			
18.1	Cash & Bank Balance		
18.1.1	Balances with Banks	2.55	0.68
18.1.2	Cash on hand	4.58	2.89
18.2	Other Bank Balances		
18.2.1	Unpaid dividend	16.42	15.90
18.2.2	Fixed deposit with banks against margin money ( Above 12 months Rs.248.16 Lacs, previous year Rs,105.9 lacs )	627.34	576.43
	<b>Total</b>	<b>650.89</b>	<b>595.90</b>
<b>NOTE-19 SHORT-TERM LOANS AND ADVANCES</b>			
19.1	Unsecured, Considered goods		
	Advances recoverable in cash or kind or for value to be recieved	794.54	547.26
	<b>Total</b>	<b>794.54</b>	<b>547.26</b>
<b>NOTE-20 OTHER CURRENT ASSETS</b>			
20.1	Sundry Deposits	27.19	16.74
20.2	Advance Tax/ Tax Deducted at source	236.46	204.61
20.3	CENVAT	432.81	638.92
20.4	Accrued Interest/ Income	31.13	3.15
20.5	Insurance Claim Receivable	275.00	0.00
	<b>Total</b>	<b>1002.59</b>	<b>863.42</b>
<b>NOTE</b>		<b>2012-13</b>	<b>2011-12</b>
<b>NOTE-21 REVENUE FROM OPERATIONS</b>			
21.1	Sale of Products	35387.45	30645.27
21.2	Other operating revenues	17.25	11.03
		35404.70	30656.30
21.3	Less : Excise Duty	3468.96	2569.26
	<b>Total</b>	<b>31935.74</b>	<b>28087.04</b>



## Notes Forming Part of the Balance Sheet and Statement of Profit &amp; Loss

(Rs. in Lacs)

NOTE		2012-13	2011-12
<b>NOTE-22 OTHER INCOME</b>			
22.1	Interest Income	176.76	157.28
22.2	Dividend Income	0.00	0.10
22.3	Other Non-operating Income	9.52	8.10
	<b>Total</b>	<b><u>186.28</u></b>	<b><u>165.48</u></b>
<b>NOTE-23 EMPLOYEE BENEFITS EXPENSES</b>			
23.1	Salaries & Wages	1101.18	958.29
23.2	Contribution to provident and other fund	76.90	61.68
23.3	Staff Welfare Expenses	117.24	128.89
23.4	Director Remuneration	70.40	65.62
23.5	P.F on Director Remuneration	5.76	5.26
	<b>Total</b>	<b><u>1371.48</u></b>	<b><u>1219.74</u></b>
<b>NOTE-24 FINANCIAL COST</b>			
24.1	Interest Expenses	1164.93	934.54
24.2	Other Borrowing Cost	196.65	242.42
	<b>Total</b>	<b><u>1361.58</u></b>	<b><u>1176.96</u></b>
<b>NOTE-25 OTHER EXPENSES</b>			
<b>(I) Manufacturing Expenses</b>			
25.1	Stores and Spares Consumed	201.72	236.34
25.2	Power Charges	836.85	715.34
25.3	Hammali & Cartage	196.16	162.96
25.4	Freight Inward	10.35	20.89
25.5	Repairs & Maintenance	30.75	28.83
25.6	Insurance Charges	12.07	10.35
25.7	Water Charges	12.41	30.93
25.8	Miscellaneous Manufacturing Expenses	514.67	735.10
	<b>Sub Total (I)</b>	<b><u>1814.98</u></b>	<b><u>1940.74</u></b>
<b>(II) Administrative Expenses</b>			
25.8	Stationery & Printing	2.29	3.27
25.9	Computer Expense	6.18	7.20
25.10	Rent, Rates and Taxes	33.32	22.93
25.11	Postage, Telegram and Telephones	20.94	16.35
25.12	Auditor's Fees	1.50	1.50
25.13	Conveyance Expenses	14.61	3.38
25.14	Legal & Professional Charges	111.93	54.89
25.15	Miscellaneous Expenses	46.62	36.53
25.16	Director's Meeting Fee	0.13	0.19
25.17	Net gain/ loss on foreign currency transactions	130.86	169.70
	<b>Sub Total (II)</b>	<b><u>368.38</u></b>	<b><u>315.94</u></b>
<b>(III) Selling &amp; Distribution Expenses</b>			
25.18	Advertisement & Publicity	18.78	7.79
25.19	Sales Promotion Expenses	145.12	32.63
25.12	Brokerage & Commission	108.12	311.49
25.21	Freight Outward	520.08	375.51
25.22	Sales Tax & Octroi	0.00	14.08
25.23	Travelling Expenses	249.68	187.05
25.24	Bad debts	10.47	0.01
	<b>Sub Total (III)</b>	<b><u>1052.25</u></b>	<b><u>928.56</u></b>
	<b>TOTAL ( I+II+III )</b>	<b><u>3235.61</u></b>	<b><u>3185.24</u></b>

**NOTES - 1****SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS 31.03.2013****1. Corporate Information**

Kriti Industries (India) Ltd., a public limited company domiciled in India and incorporated under the provisions of the Companies Act, 1956 on 09/11/1995 and having its Registered office in Indore (MP). The companies shares are listed in the Bombay Stock Exchange (BSE) and Madhya Pradesh Stock Exchange (MPSE).

**2. Significant Accounting Policies****2.1 Basis of Preparation of Financial Statements**

The financial statements are prepared and presented under the historical cost convention, on the accrual basis of accounting in accordance with the accounting principles generally accepted in India ('Indian GAAP') and comply with the Accounting Standards issued by the Institute of Chartered Accountants of India ('ICAI'), The Companies Accounting Standard Rules, 2006 and relevant provisions of Companies Act, 1956 ("the Act") to the extent applicable.

**2.2 Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

**2.3 Fixed assets and depreciation**

Fixed assets are stated at acquisition cost less accumulated depreciation. The cost of fixed assets comprises its purchase price including import duties and other non-refundable taxes or levies and any directly, attributable cost of bringing the asset to the working condition for its intended use.

Depreciation is provided on the straight-line method ('SLM') as per the depreciation rates prescribed in Schedule XIV of the Act. Depreciation is calculated from the beginning of the next month from the date when the asset is first put to use.

Capital Work-In-Progress includes the cost of fixed assets that are not ready to use at the balance sheet date and advances paid to acquire capital assets before the balance sheet date.

**2.4 Impairment of Assets**

The Company assesses at each balance sheet date whether there is any indication that an asset or a group of assets (cash generating unit) may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset or a group of assets. If such recoverable amount of the asset or the recoverable amount of the cash-generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the profit & loss account. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost.

**2.5 Investments**

Investments classified as long term investment are carried at cost. Provision for diminution, if any, is made to recognize a decline other than temporary, in the value of the investment.

**2.6 Inventories**

**1. Stores and Spares parts, etc:** At Cost, with moving average price on FIFO basis

**2. Raw materials:** At cost, with moving average price on FIFO basis.

**3. Finished Goods:** At estimated cost or net realizable value (whichever is lower)

Cost comprises all cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

**2.7 Revenue Recognition**

- (a) Revenue from sale of products is recognized on transfer of all significant risk and rewards of ownership of products to the customers, which is generally on dispatch of goods. Sales are stated exclusive of Value Added Tax.
- (b) Dividend income is recognized when the right to receive the dividend is established.

**2.8 Employee Benefits**

- (a) Short Term Employee Benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages, and short term compensated absences, etc. are recognized in the period in which the employee renders the related services.



- (b) Post-Employment Benefits
- (i) Defined Contribution Plans: The Employee State Insurance Scheme and Contributory Provident Fund administered by Provident Fund Commissioner are defined contribution plans. The Company's contribution paid/payable under the schemes is recognized as expense in the profit and loss account during the period in which the employee renders the related service.
- (ii) Defined Benefit Plans: The Company has taken Group Gratuity and Cash Accumulation Policy issued by the Life Insurance Corporation of India (LIC). The present value of the obligation under such defined benefit plans is determined based on actuarial valuation as advised by LIC, using the Projected Unit Credit method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plans, are as advised by LIC.

Actuarial gains and losses are recognized immediately in the Profit & Loss Account.

## 2.9 Foreign Currency Transactions

Transactions denominated in foreign currency are recorded at the exchange rate prevailing on the date of transactions. Exchange differences arising on foreign exchange transactions settled during the year are recognized in the profit and loss account of the year.

Monetary assets and liabilities in foreign currency, which are outstanding as at the year-end, are translated at the closing exchange rate/ forward contract booked (if any) and the resultant exchange differences are recognized in the profit and loss account.

Realized gain or loss on cancellation of forward exchange contract is recognized in the Profit and Loss Account for the year.

## 2.10 Borrowing Costs

The borrowing costs that are directly attributable to the acquisition, construction or productions of a qualifying asset are capitalized as part of the cost of that asset. The amount of borrowing cost eligible for capitalization is determined in accordance with Accounting Standard (AS) 16- Borrowing Costs issued by the Institute of Chartered Accountants of India (ICAI) and notified under the Companies Accounting Standard Rules, 2006.

## 2.11 Taxation

Tax expenses for the current year comprises of current tax and deferred tax. Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of Income Tax Act, 1961. Deferred tax is recognized, on timing differences between the taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

## 2.12 Earning Per Share

Basic and diluted earnings per share is computed by dividing the net profit attributable to equity shareholders for the year, by the weighted average number of equity shares outstanding during the year.

## 2.13 Provisions for Contingencies

Provisions comprise liabilities of uncertain timing or amount. Provisions are recognized when the company recognizes it has a present obligation as a result of past events, it is more likely that an outflow of resources will be required to settle the obligation and the amount can be reasonably estimated.

Disclosures for contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources when there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Loss contingencies arising from claims, litigation, assessment, fines, penalties, etc. are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated.

Contingent assets are not recognized in the financial statements.

3. In the opinion of the Board of Directors of the Company, the Current Assets, Loans and Advances have a value realizable in the ordinary course of business at least equal to the amount at which they are stated and provisions for all known liabilities are adequate and not in excess of the amount reasonably necessary.
4. **Contingent Liabilities**
  - 4.1 Estimated amount of contracts remaining to be executed on Capital Account Rs. 4.24 lacs net of advance given (Previous Year Rs.19.04 lacs)
  - 4.2 Bank has given guarantee on behalf of the Company to various parties to the extent of Rs.418.56 lacs (Previous Year Rs. 364.88 lacs.)
5. Installments of term loans from financial institutions falling due within one year are Rs 636.36 lacs (Previous year Rs. 625.68 lacs).
6. Company's Income tax assessments have been completed up to Assessment year 2010-2011. In the opinion of Board of Director's provision made for Income Tax is adequate.



## 7. Remuneration Paid/Payable to Managing Director / Executive Director

Paid / Payable (Rs. In Lacs)	Current Year	Previous year
Remuneration	64.26	58.88
Commission	11.90	12.00

8. Unpaid overdue amount due on March 31, 2013 to Micro Small and Medium Enterprises and/or ancillary industrial suppliers on account of principal together with interest aggregate to Rs. Nil.

This disclosure is on the basis of the information available with the company regarding the status of the suppliers as defined under the Micro, Small and Medium Enterprises Development Act, 2006.

9. The amount of Foreign Exchange gain/(loss) included in the profit & loss account is Rs.(130.86) lacs (Previous Year gain/ (loss) Rs. (169.70) lacs).

10. A fire broke in the factory premises at Pithampur on 13th January 2013 midnight destroying finished goods inventory lying in the yard to the tune of Rs.280 Lacs for which company has filed claim with insurance company for Rs. 275 Lacs (Net of excess clause). As on date final settlement of claim is pending with insurance company, shown as receivable at Rs. 275.00 Lacs under the head Other Current Assets.

11. The disclosure required as per Accounting Standard (AS) 15 "Employees Benefit" issued by the Institute of Chartered Accountants of India (ICAI) and notified under the Companies Accounting Standards Rules, 2006 and based on the report generated by Life Insurance Corporation of India (LIC) is as under

- (a) The company has taken Group Gratuity and Cash Accumulation Policy issued by the LIC, which is a defined benefit plan.

- (b) Table showing changes in present value of obligations as on

	31/03/2013 (Rs in Lacs)	31/03/2012 (Rs in Lacs)
Present value of obligations as at beginning of the year	48.40	30.94
Interest Cost	3.87	2.48
Current Service Cost	16.30	8.14
Benefit Paid	(1.19)	(3.30)
Actuarial (gain)/loss on obligations	14.11	10.14
Present value of obligations as at end of the year	81.49	48.40

- (c) Table showing changes in the fair value of plan assets as on

	31/03/2013	31/03/2012
Present value of obligations as at beginning of the year	58.39	41.71
Expected return on plan assets	5.39	3.68
Contribution	17.59	16.30
Benefit Paid	(1.19)	(3.30)
Actuarial gain/ (loss) on plan assets	NIL	NIL
Fair value of the plan assets at the end of the year	80.19	58.39

- (d) Table showing fair value of plan assets as on

	31/03/2013	31/03/2012
Fair value of plan assets at beginning of the year	58.39	41.71
Actual return on plan assets	5.39	3.68
Contribution	17.59	16.30
Benefit Paid	(1.19)	(3.30)
Fair value of the plan assets at the end of the year	80.19	58.39
Funded status	(1.30)	9.99
Excess of actual over estimated return on plan assets	NIL	NIL

(Actual Rate of return= estimated rate of return as ARD falls on 31/03/2013)

- (e) Actuarial Gain/Loss recognized as on
- |  | 31/03/2013 | 31/03/2012 |
|--|------------|------------|
| Actuarial (Gain)/Loss for the year-obligation  | (14.11)    | (10.14)    |
| Actuarial (Gain)/Loss for the year-plan assets | NIL        | NIL        |
| Total (Gain)/Loss for the year                 | 14.11      | 10.14      |
| Actuarial (Gain)/Loss recognized for the year  | 14.11      | 10.14      |



	31/03/2013	31/03/2012
	(Rs in Lacs)	(Rs in Lacs)
(f) Expenses recognized in statement of profit and loss		
Current Service Cost	16.30	8.14
Interest cost	3.87	2.48
Expected return on Plan Asset	(5.39)	(3.68)
Net Actuarial (Gain)/Loss recognized in the year	14.11	10.14
Expenses recognized in the statement of profit & loss	28.89	17.07
(g) Assumption		
Discount rate	8%	8%
Salary Escalation	7%	7%

**12. DEFERRED TAX CALCULATIONS**

(Rs in Lacs)

Sr. No.	DEFFERED TAX LIABILITY/ (ASSETS)	Current Year	Previous Year
a.	DEFFERED TAX LIABILITY (NET) FOR THE YEAR	52.78	64.43
b.	OPENING BAL. OF DEFFERED TAX LIABILITY	536.41	471.98
c.	CLOSING BAL. OF DEFFERED TAX LIABILITY	589.19	536.41

13. The Company has entered into leasing agreement with Sakam Trading Pvt. Ltd. for the lease of Commercial Premises. The disclosure as per Para 25 of Accounting Standard - 19 "LEASES"

(Rs. in Lacs)

Sr. No.	Particulars	Current Year	Previous Year
a.	Not Later than One Year	11.10	10.09
b.	Later than One Year Not Later than Five Years	51.41	48.41
c.	Lease payment recognized in Profit & Loss a/c for the Period	10.09	9.61

Figures are exclusive of Service Tax.

**14. EARNING PER SHARE**

The Company's share capital consists of equity share. The basic and diluted earning per share is calculated as under:

Sr No.	Nature of Transaction	Current Year	Previous Year
1.	Number of Shares	49603520	49603520
2.	Profit contribution for Basic EPS (Rs in lacs)	501.80	558.49
3.	Extra Ordinary Items (Within the meaning of AS-5, Net Profit or loss for the period, Prior Period items and Changes in the Accounting Policies)	NIL	NIL
4.	Basic Earning Per Share	1.01	1.13
5.	Diluted Earning Per Share	1.01	1.13
6.	Nominal Value Per Share	1.00	1.00

15. In accordance with the Accounting Standard (AS) 18 "Related Party Disclosures" issued by The Institute of Chartered Accountants of India (ICAI) and notified under the Companies Accounting Standards Rules, 2006 the names of the related parties and the relevant disclosure is as under:-

**(a) Name of the related party and description of relationship:****i. Key Management Personnel:**

Shri Shiv Singh Mehta, Managing Director

Smt. Purnima Mehta, Executive Director



**ii. Relatives of Key Management Personnel**

Shri Saurabh Singh Mehta (Son of Managing Director/ Executive Director)

Smt. Devki Hirawat (Daughter of Managing Director/ Executive Director)

**iii. Subsidiary Company**

1) Kriti Auto &amp; Engineering Plastic Pvt. Ltd (Wholly owned Subsidiary Company)

**iv Companies/entities under the control of Key Management Personnel**

1) Sakam Trading Pvt. Ltd. (Holding Company)

2) Kriti Nutrients Ltd. (Subsidiary company of Sakam Trading Pvt. Ltd.)

3) Chetak Builders Pvt. Ltd. (Subsidiary company of Sakam Trading Pvt. Ltd.)

**The following transaction were carried out with the related parties in the ordinary course of business****(Rs. in Lacs)**

Sr. No.	Nature of Transaction	Subsidiary	Key Management Personnel	Relatives of Key Management Personnel	Companies/entities under the control of Management Personnel
1.	DEPB License purchased	NIL (NIL)	NIL (NIL)	NIL (NIL)	368.98 (567.41)
2	Sale of Consumable Items	NIL (NIL)	NIL (NIL)	NIL (NIL)	1.30 (NIL)
3	Remuneration	NIL (NIL)	76.16 (70.88)	9.65 (6.87)	NIL (NIL)
4	Rent	NIL (NIL)	NIL (NIL)	NIL (1.06)	11.34 (8.55)
5	Unsecured Loan Given	NIL (NIL)	NIL (NIL)	NIL (NIL)	286.67 (3718.95)
	Taken	NIL (NIL)	NIL (NIL)	NIL (NIL)	1318.63 (2011.85)
6	Interest Taken	NIL (NIL)	NIL (NIL)	NIL (NIL)	10.22 (13.45)
7	Interest Given	NIL (NIL)	NIL (NIL)	NIL (NIL)	79.06 (NIL)

\*The figures mentioned in the brackets are previous year figures.

**16. Additional information required under Para (viii) of Part II of Revised Schedule VI of the Companies Act, 1956, is follows****(Rs. in Lacs)**

Sr.No.	Particulars	31.03.2013	31.03.2012
<b>a.</b>	<b>Value of Import on C.I.F. basis</b>		
	i. Raw Material	4457.11	3237.36
	ii Capital Goods	169.81	NIL
<b>b.</b>	<b>Earning in Foreign Currency</b>	Nil	Nil
<b>c.</b>	<b>Expenditure in foreign currency</b>		
	i. Interest	17.04	21.26
	ii. Others	3.81	7.63

**17. Auditor's Remuneration**

(Rs in lacs)

Sr.No.	Auditor's Remuneration	31.03.2013	31.03.2012
a.	Statutory Audit Fees I	1.50	1.50
b.	Tax Audit Fees I	Nil	Nil
c.	Taxation & Other matters including Legal & Professional Expenses.	0.18	0.55

Figures are exclusive of Service Tax.

**18. Detail of Raw Material Consumption and sales**

(Rs in lacs)

PARTICULARS	CONSUMPTION
RAWMATERIAL	
PLASTIC POLYMERS	21440.49 (19765.71)
OTHERS	2908.08 (3035.23)
TOTAL	24348.57 (22800.94)

PARTICULARS	SALES
MANUFACTURED PRODUCT	
PVC/HDPE PIPE/DUCT	29317.89 (25723.85)
PVC FITTINGS	2066.76 (1992.64)
OTHERS	533.84 (359.52)
TOTAL	31918.49 (28076.01)

19. Previous year figures have been reclassified/regrouped wherever necessary.

Accounting policies & Notes on Accounts

As per our Report of even date attached

For R.D.Asawa & Co.

Chartered Accountants

For and on behalf of the Board of Directors

**R.D.Asawa**  
(Proprietor)  
M.No. 16562

**Shiv Singh Mehta**  
(Managing Director)

**Purnima Mehta**  
(Executive Director)

Place: Indore

Date:- 4<sup>th</sup> May, 2013

CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2013

(Rs. in Lacs)

Particulars	Year ended 31.03.2013		Year ended 31.03.2012	
	Amount	Amount	Amount	Amount
<b>Cash Flow From Operating Activities</b>				
Net Profit before Tax		774.58		822.93
Adjustments for :				
Depriciation	421.04		362.16	
Dividend Received	0.00		(0.10)	
(Profit)/ Loss on Sale of Fixed Assets	0.00		(0.12)	
Financial Income	(186.28)		(165.26)	
Financial Expense	1361.59	1596.35	1176.96	1373.64
<b>Cash Operating Profit before working capital changes</b>		<b>2370.93</b>		<b>2196.58</b>
Increase / (Decrease) in Trade Payables	3183.36		(1009.45)	
Increase / (Decrease) in Short term Provisions	(190.86)		(217.52)	
Increase / (Decrease) in Other Current Liabilities	(778.94)		1027.97	
(Increase) / Decrease in Inventories	(191.63)		289.72	
(Increase) / Decrease in Trade Receivables	(2162.71)		(844.46)	
(Increase) / Decrease in Long term Loans & Advances	(25.23)		(8.32)	
(Increase) / Decrease in Other Non Current Assets	90.00		(90.00)	
(Increase) / Decrease in Short term Loans & Advances	(247.29)		13.92	
(Increase) / Decrease in Other Current Assets	45.49		206.92	
<b>Tax Paid</b>		<b>(277.82)</b>		<b>(631.23)</b>
		(184.65)		(153.02)
<b>Net Cash From Operating Activities (A)</b>		<b>1908.45</b>		<b>1412.32</b>
<b>Cash Flow From Investing Activities</b>				
Dividend Income	0.00		0.10	
Financial Income	186.28		165.26	
Sale Proceed Of Fixed Assets (Net)	0.00		6.36	
Purchase of Fixed Assets	(721.57)		(1097.25)	
Investment in Fixed Deposits having maturity of more than three months	(50.91)		(55.48)	
<b>Net Cash Used In Investing Activities (B)</b>		<b>(586.19)</b>		<b>(981.01)</b>
<b>Cash Flow From Financing Activities</b>				
Proceeds from Long Term Borrowings	491.32		809.63	
Repayment of Long Term Borrowings	(623.26)		(482.36)	
Net Increase / (Decrease) in Long Term Borrowings	(131.94)		327.27	
Increase / (Decrease) in Other Long Term Liability	29.89		(24.16)	
Increase / (Decrease) in Short Term Borrowings	231.40		525.47	
Dividend Paid on Equity Shares	(74.41)		(74.40)	
Dividend Distribution Tax Paid	(12.07)		(12.07)	
Financial Expenses	(1361.58)		(1176.96)	
<b>Net Cash Used In Financing Activities (C)</b>		<b>(1318.71)</b>		<b>(434.85)</b>
<b>Net Decrease In Cash and Cash Equivalents (A + B + C)</b>		3.56		(3.54)
<b>ADD :Cash and cash equivalents - Opening - 1<sup>st</sup> April</b>		3.57		7.11
<b>Cash and cash equivalents - Closing - 31<sup>st</sup> March</b>		7.13		3.57

**Footnote to Cash Flow Statement:**

(Rs. in Lacs)

<b>1. Components of Cash and Cash Equivalents are produced as under:</b>		
<b>Particulars</b>	<b>2012-13</b>	<b>2011-12</b>
Cash & Cash Equivalents		
Balances with Banks		
Current Account	2.55	0.68
Fixed Deposit having maturity 3 month or less 1	-	-
Cheques, Draft on hand	-	-
Cash on hand	4.58	2.89
<b>Total of Cash &amp; Cash Equivalent</b>	<b>7.13</b>	<b>3.57</b>
<b>2. Reconciliation of Cash and Cash Equivalents with Cash and Bank as per the Balance Sheet Balances:</b>		
Cash and cash equivalents as above	7.13	3.57
Add : Other Cash and Bank Balances		
Unpaid Dividend	16.42	15.90
Fixed Deposit account maturity more than 3 month & less than 12 month	379.18	470.53
Fixed Deposit account having maturity More than 12 Month	248.16	105.90
<b>Cash and Bank Balances classified as Current Assets (Refer Note 14)</b>	<b>650.89</b>	<b>595.90</b>

As per our Report of even date attached  
For R.D.Asawa & Co.  
Chartered Accountants

For and on behalf of the Board of Directors

**R.D.Asawa**  
(Proprietor)  
M.No. 16562

**Shiv Singh Mehta**  
(Managing Director)

**Purnima Mehta**  
(Executive Director)

Place: Indore  
Date:- 4<sup>th</sup> May, 2013



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**INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS**

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**To the Members of  
Kriti Industries (India) Limited**

**Report on the Financial Statements**

We have audited the accompanying Consolidated financial Statements of Kriti Industries (India) Ltd. ("the Company") and its subsidiaries (the Company and its subsidiaries constitute the "Group"), which comprise the Consolidated Balance Sheet as at 31st March, 2013, Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

The Company's Management is responsible for the preparation of these Consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.

- (a) In the case of the Consolidated Balance Sheet, of the state of affairs of the Company as at 31st March, 2013,
- (b) In the case of the Consolidated Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
- (c) In the case of Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

**Place : Indore  
Date: 4th May, 2013**

**For R. D. Asawa & Co.**  
Chartered Accountants  
(FRN 001164C)

**R. D. Asawa**  
Proprietor  
Membership No. 16562



**CONSOLIDATED BALANCE SHEET AS AT 31.03.2013**

PARTICULARS	Note No.	(Rs. in Lacs)	
		As at 31.03.2013	As at 31.03.2012
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholder's Funds</b>			
Share Capital	2	496.04	496.04
Reserves and Surplus	3	4001.13	3713.71
<b>Non-Current Liabilities</b>			
Long-Term Borrowings	4	922.60	1065.23
Deferred Tax Liabilities (Net)	5	688.14	638.33
Other Long Term Liabilities	6	161.75	131.85
<b>Current Liabilities</b>			
Short-Term Borrowings	7	2769.65	2578.87
Trade Payables	8	10269.35	7355.44
Other Current Liabilities	9	1282.44	2078.35
Short-Term Provisions	10	353.09	375.46
<b>Total</b>		<b><u>20944.19</u></b>	<b><u>18433.28</u></b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Fixed Assets			
Tangible Assets	11	5040.06	4748.97
Intangible Assets	12	78.28	68.62
Capital Work-In-Progress		17.78	80.13
Non-Current Investments	13	1.15	1.15
Long Term Loans and Advances	14	122.62	97.14
Other Non-Current Assets	15	0.00	90.00
<b>Current Assets</b>			
Inventories	16	7652.73	7554.20
Trade Receivables	17	5557.71	3706.58
Cash and Bank Balances	18	659.81	604.02
Short-Term Loans and Advances	19	796.81	550.18
Other Current Assets	20	1017.24	932.29
<b>Total</b>		<b><u>20944.19</u></b>	<b><u>18433.28</u></b>

**Significant Accounting Policies & Notes to the Accounts 1**

As per our Report of even date attached  
For R.D.Asawa & Co.  
Chartered Accountants

For and on behalf of the Board of Directors

**R.D.Asawa**  
(Proprietor)  
M.No. 16562

**Shiv Singh Mehta**  
(Managing Director)

**Purnima Mehta**  
(Executive Director)

Place: Indore  
Date:- 4<sup>th</sup> May, 2013



**CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH 2013**

		(Rs. in Lacs)	
	Note	2012-13	2011-12
PARTICULARS	No.		
<b>Revenue From Operations</b>	21	36865.04	33088.19
Less : Excise Duty		<u>3639.53</u>	<u>2835.84</u>
		33225.51	30252.35
Other Income	22	186.90	167.29
	<b>Total Revenue</b>	<b><u>33412.41</u></b>	<b><u>30419.64</u></b>
<b>Expenses:</b>			
Cost of Materials Consumed		25279.96	24359.27
Changes In Inventories of Finished Goods, Work-In-Progress and Stock-In-Trade		651.33	(1352.13)
Employee Benefit Expense	23	1499.19	1371.56
Financial Costs	24	1404.09	1216.17
Depreciation and Amortization Expense	11 – 12	485.70	426.96
Other Expenses	25	3442.10	3551.68
	<b>Total Expenses</b>	<b><u>32762.37</u></b>	<b><u>29573.51</u></b>
<b>Profit Before Tax</b>		<b>650.04</b>	<b>846.13</b>
<b>Tax Expense:</b>			
Current Tax		220.00	207.84
Deferred Tax		49.80	61.84
Income Tax For Earlier Year		6.34	0
<b>Profit/(Loss) For The Year</b>		<b><u>373.90</u></b>	<b><u>576.45</u></b>
<b>Earning Per Equity Share:</b>			
(1) Basic		0.75	1.16
(2) Diluted		0.75	1.16

**Significant Accounting Policies & Notes to the Accounts 1**

As per our Report of even date attached  
For R.D.Asawa & Co.  
Chartered Accountants

For and on behalf of the Board of Directors

**R.D.Asawa**  
(Proprietor)

**Shiv Singh Mehta**  
(Managing Director)

**Purnima Mehta**  
(Executive Director)

Place: Indore  
Date:- 4<sup>th</sup> May, 2013



**Notes Forming Part of the Consolidated Balance Sheet and Statement of Profit & Loss Account**

(Rs. in Lacs)

NOTE	As at 31.03.2013	As at 31.03.2012
<b>NOTE-2 SHARE CAPITAL</b>		
<b>2.1 AUTHORIZED</b>		
2.1.1 80000000 Equity Shares of Rs.1/- each	800.00	800.00
2.1.2 2000000 Optional Converible Preference Shares of Re. 10/- each	200.00	200.00
	<u>1000.00</u>	<u>1000.00</u>
<b>2.2 ISSUED, SUBSCRIBED AND PAID UP</b>		
2.2.1 49603520 equity shares of Rs 1/- each fully paid up. Out of which 49603520 shares issued on 27.01.2010 as fully paid up on account of scheme of arrangement as approved by The Hon'ble High Court of M.P. Indore Bench The company has issued only one class of shares referred to as equity shares having a par value of Rs.1 each. Holder of the equity share as referred in the records of the company as of date of the shareholder's meeting is referred to one vote in respect of each share held for all matters submitted to vote in the shareholder's meeting. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the Annual General Meeting. In the event of liquidation of the company the holders of equity shares will be entitled to receive any of the remaining assets of the company after distribution of all preferential amounts.		
<b>2.2.2 Reconciliation of shares</b>		
2.2.2.1 Opening Balance of 49603520 shares of Rs. 1/- each Total	496.04	496.04
2.2.2.2 Issued during the year	0.00	0.00
2.2.2.3 Closing Balance 49603520 shares of Rs. 1/- each	<u>496.04</u>	<u>496.04</u>

**2.3 SHAREHOLDER HOLDING MORE THAN 5 % OF SHARES OF THE COMPANY AND ITS PERCENTAGE**

**2.3.1 SAKAM TRADING PRIVATE LIMITED (HOLDING COMPANY)**

Current year :

No. of Shares: 25843673

% of Shares: 52.10%

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Previous year :

No. of Shares: 25843673

% of Shares: 52.10%

Pursuant to the Hon'ble High Court of M.P. order dated 1.11.2011 approving the scheme of amalgamation of promoter group companies viz Kriti Corporate Service Pvt.Ltd., Kriti Auto Accessories Private Ltd., Kasta Pipes Pvt.Ltd.and Shipra Pipe Pvt Ltd. with Sakam Trading Pvt.Ltd., the Shareholding of the above transferor companies are vested in Sakam Trading Pvt.Ltd. Thus Sakam Trading Pvt.Ltd. became holding company w.e.f.27.02.12 of Kriti Industries (India) Ltd.

**2.3.2 CHETAK BUILDERS PRIVATE LIMITED**

Current Year:

No. of Shares: 4469258

% of Shares: 9.01%

Previous year :

No. of Shares: 4469258

% of Shares: 9.01%




**Notes Forming Part of the Consolidated Balance Sheet and Statement of Profit & Loss Account**

	(Rs. in Lacs)	
	As at	As at
NOTE	31.03.2013	31.03.2012
<b>NOTE-3 RESERVES &amp; SURPLUS</b>		
<b>3.1 GENERAL RESERVES</b>		
3.1.1 Opening Balance	2400.00	1900.00
3.1.2 Add: Transfer from P&L	100.00	500.00
3.1.3 Closing Balance	<u>2500.00</u>	<u>2400.00</u>
<b>3.2 SHARE PREMIUM ACCOUNT</b>		
3.2.1 Opening Balance	466.14	466.14
3.2.2 Add: Transfer from P&L	0.00	0.00
3.2.3 Closing Balance	<u>466.14</u>	<u>466.14</u>
<b>3.3 CONTINGENCY RESERVE</b>		
3.3.1 Opening Balance	75.00	75.00
3.3.2 Add: Transfer from P&L	0.00	0.00
3.3.3 Closing Balance	<u>75.00</u>	<u>75.00</u>
<b>3.4 SHARE FOREFEITURE ACCOUNT</b>		
3.4.1 Opening Balance	2.73	2.73
3.4.2 Add: Transfer from P&L	0.00	0.00
3.4.3 Closing Balance	<u>2.73</u>	<u>2.73</u>
<b>3.5 SURPLUS</b>		
3.5.1 Statement of Profit & Loss		
3.5.1.1 Opening Balance	769.86	779.87
3.5.1.2 Add Profit & Loss during the period	<u>373.88</u>	<u>576.45</u>
	1143.74	1356.32
<b>Less:</b>		
3.5.2 Proposed Dividend	74.41	74.41
3.5.3 Corporate Dividend Tax	12.07	12.07
3.5.4 Transferred to General Reserve	100.00	500.00
Balance in Surplus	<u>957.26</u>	<u>769.84</u>
<b>Total</b>	<b><u>4001.13</u></b>	<b><u>3713.71</u></b>
<b>NOTE-4 LONG TERM BORROWINGS</b>		
<b>4.1 TERM LOAN</b>		
( Installment due within 12 months shown in Current Liabilities )		
<b>4.1.1 SECURED</b>		
4.1.1.1 From Banks		
a) IDBI Bank Ltd.		
(i) (Repayable in 19 Qrtly installments, Last installment due on 1st April, 2014 Rate of Interest 14.75% p.a. at year end)	19.00	135.00
(ii) (Repayable in 17 monthly installments, Last installment due on 1st September 2013 Rate of Interest 14.75.00% p.a. at year end)	0.00	57.00
(iii) (Repayable in 42 monthly installments, Last installment due on 1st March, 2016 Rate of Interest 14.25 p.a. at year end)	342.73	20.58
b) Sate Bank of Hyderabad 2.10 Crore (Repayable in 11 qtrly installments , Last installment due on 31st December, 2014 Rate of Interest:15.45% p.a. at year end)	42.81	95.55
c) Bank of India (Repayable in 17 qtrly instalments , Last instalment due on 30th June, 2016 Rate of Interest: 13.50% p.a.at year end. ( Above loans are secured by First charge/ Mortgage on fixed assets of the company and personal guarantee of Managing Director )	518.06	757.10
<b>Total</b>	<b><u>922.60</u></b>	<b><u>1065.23</u></b>


**Notes Forming Part of the Consolidated Balance Sheet and Statement of Profit & Loss Account**
**(Rs. in Lacs)**

NOTE	As at 31.03.2013	As at 31.03.2012
<b>NOTE-5 DEFERRED TAX LIABILITY NET</b>		
5.1 Deferred Tax Liability Net	688.14	638.33
<b>Total</b>	<b>688.14</b>	<b>638.33</b>
<b>NOTE-6 OTHER LONG TERM LIABILITIES</b>		
6.1 Unsecured		
6.1.1 Other Loans and advances	161.75	131.85
<b>Total</b>	<b>161.75</b>	<b>131.85</b>
<b>NOTE-7 SHORT TERM BORROWINGS</b>		
7.1 Loans repayable on Demand		
7.1.1 Secured		
From banks	2769.65	2578.87
(Secured by hypothecation of finished goods, Raw material, Stock in process, store and spares, sundry debtors, export bills, receivables and second charge on fixed assets of the company and personal guarantee of Managing Director)		
<b>Total</b>	<b>2769.65</b>	<b>2578.87</b>
<b>NOTE-8 TRADE PAYABLES</b>		
8.1 Sundry Creditors	10269.35	7,355.44
<b>Total</b>	<b>10269.35</b>	<b>7,355.44</b>
<b>NOTE-9 OTHER CURRENT LIABILITIES</b>		
9.1 Outstanding Expenses	141.98	434.62
9.2 Statutory Liabilities	487.68	1,002.15
9.3 Current maturities of Long term debt (Refer Point No.4 of Note No.1)	636.36	625.68
9.4 Unpaid dividends	16.42	15.90
<b>Total</b>	<b>1282.44</b>	<b>2078.35</b>
<b>NOTE-10 SHORT TERM PROVISIONS</b>		
10.1 Provision for employees benefits (bonus)	46.61	37.88
10.2 Provision of Income Tax	220.00	251.10
10.3 Proposed dividend	74.41	74.41
10.4 Corporate Dividend Tax	12.07	12.07
<b>Total</b>	<b>353.09</b>	<b>375.46</b>

**NOTE 11-12 FIXED ASSETS**

NOTE	PARTICULARS	GROSS BLOCK				DEPRECIATION				Net Block	
		01.04.2012	Additons-	Deduction-	Total	01.04.12	For Year	Written back	TOTAL	31.03.13	31.03.12
11	TANGIBLE	172.85	0.00	0.00	172.85	0.00	0.00	0.00	0.00	172.85	172.85
11.1	Land	172.85	0.00	0.00	172.85	0.00	0.00	0.00	0.00	172.85	172.85
11.2	Factory Building	1072.56	91.73	0.00	1164.29	321.46	37.63	0.00	359.10	805.19	751.09
11.3	Plant & Machinery	4967.08	569.56	0.00	5536.64	1781.05	262.87	0.00	2043.92	3492.72	3186.03
11.4	Dies & Moulds	1241.01	73.08	0.00	1314.09	720.70	127.36	0.00	848.06	466.03	520.30
11.5	Vehicles	45.43	0.00	0.00	45.43	23.81	3.60	0.00	27.41	18.01	21.61
11.6	Furniture & Fixture	102.27	6.15	0.00	108.41	47.61	6.29	0.00	53.90	54.52	54.66
11.7	Computer	138.12	3.18	0.00	141.29	95.69	14.87	0.00	110.56	30.74	42.42
	<b>TOTAL (A)</b>	<b>7739.31</b>	<b>743.70</b>	<b>0.00</b>	<b>8483.00</b>	<b>2990.33</b>	<b>452.61</b>	<b>0.00</b>	<b>3442.94</b>	<b>5040.06</b>	<b>4748.97</b>
12	INTANGIBLE										
12.1	Software	77.88	42.75	0.00	120.63	55.94	16.11	0.00	72.06	48.58	21.94
12.2	Goodwill	84.87	0.00	0.00	84.87	38.19	16.97	0.00	55.16	29.70	46.68
	<b>TOTAL (B)</b>	<b>162.75</b>	<b>42.75</b>	<b>0.00</b>	<b>205.50</b>	<b>94.13</b>	<b>33.09</b>	<b>0.00</b>	<b>127.22</b>	<b>78.28</b>	<b>68.62</b>
	<b>TOTAL(A+B)</b>	<b>7903.00</b>	<b>786.45</b>	<b>0.00</b>	<b>8688.50</b>	<b>3084.46</b>	<b>485.70</b>	<b>0.00</b>	<b>3570.16</b>	<b>5118.34</b>	<b>4817.59</b>
	Previous Year	6794.80	1115.11	7.86	7902.05	2659.12	426.96	1.63	3084.46	4817.59	


**NOTES Forming Part of the Consolidated Balance Sheet and Statement of Profit & Loss**

	(Rs. in Lacs)	
NOTE	As at 31.03.2013	As at 31.03.2012
<b>NOTE-13 NON- CURRENT INVESTMENT</b>		
13.1 Unquoted		
13.1.1 National Saving Certificate	0.14	0.14
13.1.2 Sahkari Audhyogik Vasahat Limited (1 Share of Rs.500/-)	0.01	0.01
13.1.3 Kriti Auto Engineering & Plastic Private Limited ( 100% Subsidiary ) (3875000 Shares of Rs.10/- each)	1.00	1.00
<b>Total</b>	<b><u>1.15</u></b>	<b><u>1.15</u></b>
<b>NOTE-14 LONG TERM LOANS AND ADVANCES</b>		
14.1 Security Deposits	122.62	97.14
<b>Total</b>	<b><u>122.62</u></b>	<b><u>97.14</u></b>
<b>NOTE-15 OTHER NON CURRENT ASSETS</b>		
15.1 Inter Corporate Deposit	0.00	90.00
<b>Total</b>	<b><u>0.00</u></b>	<b><u>90.00</u></b>
<b>NOTE-16 INVENTORIES</b>		
16.1 Raw Material	3019.16	2324.53
16.2 Finished Goods	3938.06	4589.39
16.3 Stores and Spares & others	695.51	640.28
<b>Total</b>	<b><u>7652.73</u></b>	<b><u>7554.20</u></b>
<b>NOTE-17 TRADE RECEIVABLES</b>		
17.1 Trade Receivables ( Unsecured considered good )		
Over Six months	394.72	366.43
Others	5162.99	3340.15
<b>Total</b>	<b><u>5557.71</u></b>	<b><u>3706.58</u></b>
<b>NOTE-18 CASH AND BANK BALANCES</b>		
18.1 Cash & Cash Equivalents		
18.1.1 Balances with Banks	3.04	1.10
18.1.2 Cash on hand	5.21	3.34
18.2 Other Bank Balances		
18.2.1 Unpaid dividend	16.42	15.90
18.2.2 Fixed deposit with banks against margin money ( Above 12 months Rs.248.16 Lacs, previous year Rs,105.9 lacs )	635.14	583.68
<b>Total</b>	<b><u>659.81</u></b>	<b><u>604.02</u></b>
<b>NOTE-19 SHORT-TERM LOANS AND ADVANCES</b>		
19.1 Unsecured, Considered goods		
Advances recoverable in cash or kind or for value to be recieved	796.81	550.18
<b>Total</b>	<b><u>796.81</u></b>	<b><u>550.18</u></b>
<b>NOTE-20 OTHER CURRENT ASSETS</b>		
20.1 Sundry Deposits	30.87	20.66
20.2 Advance Tax/ Tax Deducted at source	241.04	262.05
20.3 CENVAT	438.19	645.63
20.4 Accrued Interest/ Income	32.14	3.95
20.5 Insurance Claim Receivable	275.00	0.00
<b>Total</b>	<b><u>1017.24</u></b>	<b><u>932.29</u></b>
<b>NOTE</b>	<b>2012-13</b>	<b>2011-12</b>
<b>NOTE-21 REVENUE FROM OPERATIONS</b>		
21.1 Sale of Products	36843.21	33068.67
21.2 Other operating revenues	21.83	19.52
	36865.04	33088.19
21.3 Less : Excise Duty	3639.53	2835.84
<b>Total</b>	<b><u>33225.51</u></b>	<b><u>30252.35</u></b>


**NOTES Forming Part of the Consolidated Balance Sheet and Statement of Profit & Loss**

		(Rs. in Lacs)	
		2012-13	2011-12
<b>NOTE</b>			
<b>NOTE-22 OTHER INCOME</b>			
22.1	Interest Income	177.38	158.98
22.2	Dividend Income	0.00	0.10
22.3	Other Non-operating Income	9.52	8.21
	<b>Total</b>	<b><u>186.90</u></b>	<b><u>167.29</u></b>
<b>NOTE-23 EMPLOYEE BENEFITS EXPENSES</b>			
23.1	Salaries & Wages	1204.69	1078.75
23.2	Contribution to provident and other fund	81.64	67.49
23.3	Staff Welfare Expenses	136.70	154.44
23.4	Director Remuneration	70.40	65.62
23.5	P.F on Director Remuneration	5.76	5.26
	<b>Total</b>	<b><u>1499.19</u></b>	<b><u>1371.56</u></b>
<b>NOTE-24 FINANCIAL COST</b>			
24.1	Interest Expenses	1203.31	969.71
24.2	Other Borrowing Cost	200.78	246.46
	<b>Total</b>	<b><u>1404.09</u></b>	<b><u>1216.17</u></b>
<b>NOTE-25 OTHER EXPENSES</b>			
<b>(I) Manufacturing Expenses</b>			
25.1	Stores and Spares Consumed	213.95	254.05
25.2	Power Charges	914.01	829.96
25.3	Hammali & Cartage	236.58	244.16
25.4	Freight Inward	10.85	22.44
25.5	Repairs & Maintenance	32.99	37.52
25.6	Insurance Charges	12.68	11.19
25.7	Water Charges	14.37	33.63
25.8	Miscellaneous Manufacturing Expenses	532.65	753.76
25.9	Job work charges	1.29	17.26
	<b>Sub Total (I)</b>	<b><u>1969.37</u></b>	<b><u>2203.97</u></b>
<b>(II) Administrative Expenses</b>			
25.10	Stationery & Printing	3.62	5.84
25.11	Computer Expense	6.18	7.24
25.12	Rent, Rates and Taxes	38.95	31.15
25.13	Postage, Telegram and Telephones	24.13	19.83
25.14	Auditor's Fees	1.75	1.75
25.15	Conveyance Expenses	16.55	7.03
25.16	Legal & Professional Charges	119.67	65.49
25.17	Miscellaneous Expenses	47.48	37.91
25.18	Director's Meeting Fee	0.13	0.19
25.19	Net gain/ loss on foreign currency transactions	130.86	169.70
	<b>Sub Total (II)</b>	<b><u>389.32</u></b>	<b><u>346.13</u></b>
<b>(III) Selling &amp; Distribution Expenses</b>			
25.20	Advertisement & Publicity	18.78	7.79
25.21	Sales Promotion Expenses	145.30	33.84
25.22	Brokerage & Commission	108.12	311.49
25.23	Freight Outward	548.72	443.21
25.24	Sales Tax & Octroi	0.13	14.87
25.25	Sundry balances written off	0.00	0.01
25.26	Traveling Expenses	251.89	190.36
25.27	Bad debts	10.47	0.01
	<b>Sub Total (III)</b>	<b><u>1083.41</u></b>	<b><u>1001.58</u></b>
	<b>TOTAL ( I+II+III )</b>	<b><u>3442.10</u></b>	<b><u>3551.68</u></b>

**NOTE:1****SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS 31.03.2013****1. Statement of Accounting Policies****(a) Basis of Accounting**

The financial statements are prepared under the historical cost convention and comply in all material aspects with the applicable accounting principles in India and the accounting standards notified under sub-section (3C) of section 211 of the Companies Act, 1956.

**(b) Principles of consolidation**

1 The consolidated financial statements relate to Kriti Industries (India) Limited (company) and its wholly owned subsidiary. The consolidated financial statements have been prepared on the following basis.

1.1 The financial statements of the company and its subsidiary have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transaction resulting in unrealized profits or losses.

1.2 The consolidated financial statements have been prepared using uniform accounting policies for like transaction and other events in similar circumstances and are presents to the extent possible, in the same manner as the company's separate financial statements.

2 The subsidiary considered in the consolidated financial statements is:

Name of Company	Country of incorporation	% Voting Power held as at 31 <sup>st</sup> March, 2013	% Voting power held as at 31 <sup>st</sup> March, 2012
Kriti Auto & Engineering Plastics Pvt. Ltd (KAEPPL)	India	100	100

**(c) Other Significant accounting Policies**

These are set out in the notes to the financial statements under "Statement of accounting Policies" of financial statements of the company and KAEPPL

2. In the opinion of the Board of Directors of the Company, the Current Assets, Loans and Advances have a value realizable in the ordinary course of business at least equal to the amount at which they are stated and provisions for all known liabilities are adequate and not in excess of the amount reasonably necessary.

**3. Contingent liabilities**

a. Estimated amount of contracts remaining to be executed on Capital Account Rs.6.38 lacs net of advance given (Previous Year Rs.19.04Lacs)

b. Bank has given guarantee on behalf of the Company to various parties to the extent of Rs.418.56 lacs (Previous Year Rs.364.88lacs.)

4. Installments of term loans from financial institutions falling due within one year are Rs 636.36.lacs (Previous year Rs.625.68lacs).

5. The amount of Foreign Exchange gain/(loss) included in the profit & loss account is Rs.(130.86 lacs) (Previous Year gain/ (loss) Rs.(169.70)lacs). Above amount is included in Administrative Expenses.

6. A fire broke in the factory premises at Pithampur on 13th January 2013 midnight destroying finished goods inventory lying in the yard to the tune of Rs.280 Lacs for which company has filed claim with insurance company for Rs. 275 Lacs (Net of excess clause). As on date final settlement of claim is pending with insurance company, shown as receivable at Rs. 275.00 Lacs under the head Other Current Assets.

**7. Earning Per Share**

The Company's share capital consists of equity share. The basic and diluted earning per share is calculated as under:

Sr No.	Nature of Transaction	Current Year	Previous Year
1.	Number of Shares	49603520	49603520
2.	Profit contribution for Basic EPS (Rs in lacs)	373.90	576.45
3.	Extra Ordinary Items (Within the meaning of AS-5, Net Profit or loss for the period, Prior Period items and Changes in the Accounting Policies)	NIL	NIL
4.	Basic Earning Per Share (F.V. of Rs.1 each)	0.75	1.16
5.	Diluted Earning Per Share (F.V. of Rs.1 each)	0.75	1.16
6.	Nominal Value Per Share	1.00	1.00



8. In accordance with the Accounting Standard (AS) 18 "Related Party Disclosures" issued by The Institute of Chartered Accountants of India (ICAI) and notified under the Companies Accounting Standards Rules, 2006 the names of the related parties and the relevant disclosure is as under:-

- (a) Name of the related party and description of relationship:
- i. Key Management Personnel:  
Shri Shiv Singh Mehta, Managing Director  
Smt. Purnima Mehta, Executive Director
  - ii. Relatives of Key Management Personnel  
Shri Saurabh Singh Mehta (Son of Managing Director/ Executive Director)  
Smt. Devki Hirawat (Daughter of Managing Director/ Executive Director)
  - iii. Subsidiary Company  
1) Kriti Auto & Engineering Plastic Pvt. Ltd (Wholly owned Subsidiary Company)
  - iv. Companies/entities under the control of Key Management personnel  
1) Sakam Trading Pvt. Ltd. (Holding Company)  
2) Kriti Nutrients Ltd. (Subsidiary company of Sakam Trading Pvt. Ltd.)  
3) Chetak Builders Pvt. Ltd. (Subsidiary company of Sakam Trading Pvt. Ltd.)

The following transaction were carried out with the related parties in the ordinary course of business

(Rs. In lacs)

Sr.No.	Nature of Transaction	Subsidiary	Key Management Personnel	Relatives of Key Management Personnel	Companies/entities under the control of Key Management Personnel
1.	DEPB License purchased	NIL (NIL)	NIL (NIL)	NIL (NIL)	368.98 (567.41)
2	Sale of Consumable Items	NIL (NIL)	NIL (NIL)	NIL (NIL)	1.30 (0.15)
3	Remuneration	NIL (NIL)	76.16 (70.88)	9.65 (6.87)	NIL (NIL)
4	Rent	NIL (NIL)	NIL (NIL)	NIL (1.06)	11.34 (8.55)
5	Unsecured Loan Given	NIL (NIL)	NIL (NIL)	NIL (NIL)	286.67 (3718.95)
	Taken	NIL (NIL)	NIL (NIL)	NIL (NIL)	1318.63 (2011.85)
6	Interest Taken	NIL (NIL)	NIL (NIL)	NIL (NIL)	10.22 (13.45)
7	Interest Given	NIL (NIL)	NIL (NIL)	NIL (NIL)	79.06 (NIL)

\*The figures mentioned in the brackets are previous year figures.

9. Previous figures have been reclassified/regrouped wherever necessary.

#### Significant Accounting Policies & Notes to the Accounts 1

As per our Report of even date attached  
For R.D.Asawa & Co.  
Chartered Accountants

For and on behalf of the Board of Directors

**R.D.Asawa**  
(Proprietor)  
M.No. 16562

**Shiv Singh Mehta**  
(Managing Director)

**Purnima Mehta**  
(Executive Director)

Place: Indore  
Date:- 4<sup>th</sup> May, 2013


**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2013**

(Rs. in Lacs)

Particulars	Year ended 31.03.2013		Year ended 31.03.2012	
	Amount	Amount	Amount	Amount
<b>Cash Flow From Operating Activities</b>				
Net Profit before Tax		<b>650.04</b>		<b>846.13</b>
Adjustments for :				
Depreciation	485.70		426.96	
Dividend Received	0.00		(0.10)	
(Profit)/ Loss on Sale of Fixed Assets	0.00		(0.12)	
Financial Income	(186.90)		(167.07)	
Financial Expense	1404.09	1702.89	1216.17	1475.84
Cash Operating Profit before working capital changes		<b>2352.93</b>		<b>2321.97</b>
Increase / (Decrease) in Trade Payables	2913.91		(1051.20)	
Increase / (Decrease) in Short term Provisions	(246.98)		(211.50)	
Increase / (Decrease) in Other Current Liabilities	(806.07)		999.18	
(Increase) / Decrease in Inventories	(98.53)		417.54	
(Increase) / Decrease in Trade Receivables	(1851.13)		(969.71)	
(Increase) / Decrease in Long term Loans & Advances	(25.48)		(8.32)	
(Increase) / Decrease in Other Non Current Assets	90.00		(90.00)	
(Increase) / Decrease in Short term Loans & Advances	(246.63)		16.15	
(Increase) / Decrease in Other Current Assets	106.04		205.11	
Tax Paid		(164.88)		(692.75)
Net Cash From Operating Activities (A)		(190.99)		(168.17)
Cash Flow From Investing Activities		1997.06		1461.05
Dividend Income	0.00		0.10	
Financial Income	186.90		167.07	
Sale Proceed Of Fixed Assets (Net)	0.00		6.36	
Purchase of Fixed Assets	(726.87)		(1106.26)	
Investment in Fixed Deposits having maturity of more than three months	(51.46)		(62.69)	
Net Cash Used In Investing Activities (B)		(591.43)		(995.42)
Cash Flow From Financing Activities				
Proceeds from Long Term Borrowing	491.32		809.63	
Repayment of Long Term Borrowing	(623.26)		(482.36)	
Net Increase / (Decrease) in Long Term Borrowing	(131.94)		327.27	
Increase / (Decrease) in Other Long Term Liability	29.90		(24.16)	
Increase / (Decrease) in Short Term Borrowing	190.78		529.98	
Dividend Paid on Equity Shares	(74.41)		(74.40)	
Dividend Distribution Tax Paid	(12.07)		(12.07)	
Financial Expenses	(1404.09)		(1216.17)	
Net Cash Used In Financing Activities (C)		(1401.83)		(469.55)
Net Increase/(Decrease) in Cash and Cash Equivalents (A + B + C)		3.81		(3.92)
ADD :Cash and cash equivalents - Opening - 1st April		4.44		8.36
Cash and cash equivalents - Closing - 31st March		8.25		4.44

**Footnote to Cash Flow Statement:**

<b>1. Components of Cash and Cash Equivalents are produced as under:</b>		
	<b>(Rs. in Laacs)</b>	
<b>Particulars</b>	<b>2012-13</b>	<b>2011-12</b>
<b>Cash &amp; Cash Equivalents</b>		
Balances with Banks		
Current Account	3.04	1.10
Fixed Deposit having maturity 3 month or less 1	-	-
Cheques, Draft on hand	-	-
Cash on hand	5.21	3.34
<b>Total of Cash &amp; Cash Equivalents</b>	<b>8.25</b>	<b>4.44</b>
<b>2. Reconciliation of Cash and Cash Equivalents with Cash and Bank as per the Balance Sheet Balances:</b>		
Cash and cash equivalents as above	8.25	4.44
Add : Other Cash and Bank Balances		
Unpaid Dividend	16.42	15.90
Fixed Deposit account maturity more than 3 month & less than 12 month	386.98	477.78
Fixed Deposit account having maturity More than 12 Month	248.16	105.90
<b>Cash and Bank Balances classified as Current (Refer Note 14)</b>	<b>659.81</b>	<b>604.02</b>

**Significant Accounting Policies & Notes to the Accounts 1**

As per our Report of even date attached  
For R.D.Asawa & Co.  
Chartered Accountants

For and on behalf of the Board of Directors

**R.D.Asawa**  
(Proprietor)  
M.No. 16562

**Shiv Singh Mehta**  
(Managing Director)

**Purnima Mehta**  
(Executive Director)

Place: Indore  
Date:- 4<sup>th</sup> May, 2013





Statement pursuant to section 212 of the Companies Act, 1956

(Rs. in Lacs)

Name of the subsidiary company	Financial year ending of the subsidiary company	Nature of Equity shares held	Extent of holding	For the financial year of the subsidiary	For the previous financial years since it became a subsidiary	(Rs. in Lacs)
Kriti Auto & Engineering Plastics Private Limited	31.03.2013	38,85,000 of Rs 10/- each	100%	Profit/(losses) so far as it concerns the members of the holding company and not dealt with in the holding company accounts	Profit/(losses) so far as it concerns the members of the holding company and not dealt with in the holding company accounts	Profit/(losses) so far as it concerns the members of the holding company and not dealt with in the holding company accounts
				(127.9)	118.25	----

For and on behalf of the Board of Directors

Place Indore  
Dated 4<sup>th</sup> May, 2013

Shiv Singh Mehta  
(Managing Director)

Smt. Purnima Mehta  
(Executive Director)



**SUBSIDIARY COMPANIES PARTICULARS.**

Particulars regarding subsidiary company, in accordance with General Circular No:02/2011 dated 8th February,2011 from the Ministry of Corporate Affairs

		(Rs. in Lacs)								
Name of Subsidiary company	Issued and subscribed share capital	Reserves	Total Assets	Total Liabilities [excl. (2) & (3)]	Investment included in total assets	Turnover	Profit/ (Loss) before taxation	Provision for taxation	Profit/ (Loss) after taxation	Proposed dividend
[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]	[11]
Kriti Auto & Engineering plastic Private	388.50	377.85	1413.49	647.14	---	1460.96	(124.54)	3.36	(127.90)	--

For and on behalf of the Board of Director

Shiv Singh Mehta  
(Managing Director)

Smt.Purnima Mehta  
(Executive Director)

Place Indore  
Date 4<sup>th</sup> May, 2013



# Notes

A large, rounded rectangular area with a thick grey border, containing horizontal dotted lines for writing notes.



**KRITI INDUSTRIES (INDIA) LTD.**

Regd. Office: "MEHTA CHAMBERS", 34, SIYAGANJ, INDORE - 452 007

**ECS MANDATE FORM**

**I hereby authorize you to make all payments in respect of my holding in your Company to my bankers for crediting to my account as detailed below:**

- 1. Shareholder's name : .....  
(In Block letters) (First holder)
- 2. Folio Number/ DPID : .....  
and Client ID No. (Joint holder, if any)
- 3. No. of Shares held : .....
- 4. Name of the Bank : .....
- 5. Branch Name and Address : .....  
.....
- 6. Account type : SBA/c  Current A/c  Others  .....  
(Mark 'X' in the appropriate box) (Please specify)
- 7. Bank account number : .....
- 8. Ledger folio number of the account : .....  
(as appearing on cheque Book)
- 9. Nine digit code number of the : .....  
bank and branch appearing on the cheque:
- 10. PAN : .....
- 11. E-mail ID : .....

I/we hereby declare that the particulars given above are correct and complete. If credit is not effected for the reason(s) of incomplete or incorrect information. I/we would not hold the Company responsible.

Date .....  
Signature of the first holder  
(as appearing in the Company's records)

**Certificate of the Investor's bank**

Certificate that the particulars of the bank account furnished above are correct as per our records.

Bank stamp

Date .....  
Signature of the authorized  
official of the bank

Note: Please attach cancelled cheque issued by your bank relating to your above account for verifying the accuracy of the code number.



**KRITI INDUSTRIES (INDIA) LTD.**

Regd. Office: "MEHTA CHAMBERS", 34, SIYAGANJ, INDORE - 452 007

**ADMISSION - SLIP**

Folio No. :

Please bring your copy of the Annual Report to the Meeting

No. of Shares Held :

I hereby record my presence at the 23<sup>rd</sup> Annual General Meeting of the Company being held at Chetak Chambers, 4th Floor, 14, R.N.T. Marg, Indore - 452 001 (M.P.) on Saturday 14<sup>th</sup> September, 2013 at 4:00 P.M.

Name of the Shareholder .....

Name of the Proxy Holder/Authorised Representative.....

Signature of the Shareholder/Proxy/Authorised Representative.....

Notes :

1. A member/proxy/authorised representative wishing to attend the Meeting must complete this Admission Slip before coming to the Meeting and hand it over at the entrance.
2. If you intend to appoint a proxy, please complete, stamp, sign and deposit the Proxy Form given below at the Company's Registered Office at least 48 hours before the Meeting.

**KRITI INDUSTRIES (INDIA) LTD.**

Regd. Office: "MEHTA CHAMBERS", 34, SIYAGANJ, INDORE - 452 007

**PROXY - FORM**

I/We \_\_\_\_\_ of \_\_\_\_\_ being a member/members of KRITI INDUSTRIES (INDIA) LIMITED hereby appoint Shri/ Smt. /Km. \_\_\_\_\_ of \_\_\_\_\_ or failing him/her Shri /Smt. /Km. \_\_\_\_\_ of \_\_\_\_\_ failing him/her Shri /Smt./Km. \_\_\_\_\_ of \_\_\_\_\_ as my/our proxy in my/our absence to attend and vote for me/us and on my/our behalf at the 23<sup>rd</sup> Annual General Meeting of the Company to be held on Saturday 14<sup>th</sup> September, 2013 at 4:00 P.M. and at any adjournment thereof.

Signed this ..... day of .....2013

<i>Affix One</i>
<i>Rupee</i>
<i>Revenue</i>
<i>Stamp</i>

Folio No :

No. of Shares Held:

Signatures

Note :

The Proxy, in order to be effective, should be duly completed, stamped and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for the Meeting.



# KRITI INDUSTRIES (INDIA) LIMITED

"CHETAK CHAMBERS", 4th FLOOR, 14, R.N.T. MARG, INDORE-1, (M.P.) INDIA  
PHONE No. : (91 - 731) 2719100. FAX : (91 - 731) 2704506, 4042118  
REGD.OFF.: "MEHTA CHAMBERS", 34, SIYAGANJ, INDORE-452007 Phone: 2540963  
E-mail: info@kritiindia.com Website: http://www.kritiindia.com

July 26, 2013

To,  
The Secretary,  
Department of Corporate Services  
Bombay Stock Exchange Limited  
Floor 25, Phiroze Jeejeebhoy Tower,  
Dalal Street,  
Mumbai-400 001

The Secretary,  
Madhya Pradesh Stock Exchange Limited  
201, Palika Plaza- II  
MTH Compound,  
Indore (M.P.) - 452 001

## FORM A

*Format of covering letter of the annual audit report to be filed with stock exchange*

1.	Name of the Company	KRITI INDUSTRIES (INDIA) LIMITED
2.	Annual financial statement for the year ended	31 <sup>st</sup> March, 2013
3.	Type of Audit observation	Un-qualified/ <del>Matter of Emphasis</del>
4.	Frequency of Observation	<del>Whether appeared first time/repetitive/since how long period</del> Not Applicable
5.	To be Signed by- <ul style="list-style-type: none"><li>• CEO/Managing Director</li><li>• CFO</li><li>• Auditor of the company.</li><li>• Audit Committee Chairman</li></ul>	

For: Kriti Industries (India) Limited

Shiv Singh Mehta  
Managing Director

Rakesh Barmecha  
Chief Financial Officer

Manoj Fadnis  
Chairman Audit Committee

For: R.D. Asawa & Company

