



# BROADBASING THE BUSINESS

Enhancing capacity. Broadening portfolio. Widening footprint.

**Kriti Industries (India) Limited**  
29th Annual Report 2018-19

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

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# Broadbasing the business

**At Kriti Industries (India) Limited,  
we are at an exciting inflection point.**

During 2018-19, the Company engaged in three decisive initiatives - enhanced its manufacturing capacity, broadened its product portfolio and widened its geographic footprint – to accelerate its multi-year growth journey.

Just when India seeks to make its biggest ever investment in water security, Kriti Industries is broadbasing its business, seeding new revenue streams and spreading risks wider with the singular objective to enhance business sustainability.

*Strengthening the conviction that we are in the  
right business in the right place at the right time.*



# The exciting world of Kriti Industries (India) Limited



## Vision

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



## Mission

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



## Promoters

The Company was promoted by Mr. Shiv Singh Mehta in 1982, who is the Chairman and Managing Director. He is assisted by senior executives and more than 560 employees.



## The Group governance

The Kriti Group comprises three Companies of Kriti Industries (India) Limited, Kriti Nutrients Limited and Kriti Auto Engineering & Plastics Pvt. Limited. The Group companies are respected for a high standard of governance, reflected in a defined corporate strategy, strong Board of Directors, respected for processes and proactive investment in information technology, among other initiatives.



## Businesses

The Company is engaged in the manufacture of polymer pipes, primarily Poly Vinyl Chloride (PVC) and Poly Ethylene (PE), suitable for potable water supply, irrigation, building construction and infrastructure. The Company widened its product range to address a majority of sizes (small to large diameter across classes and ratings). The Company also possesses the capability to manufacture a variety of complementary PVC/HDPE fittings.



## Presence

The Company's headquarters are based in Indore and manufacturing facility in Pithampur. The Company's sales footprint extends largely across Madhya Pradesh and Rajasthan. The Company enhanced its focus in additional states during the year under review, broadbasing its presence and addressing a larger addressable market.



### Financial performance

The Company registered growth in revenues to ₹571.14 crore in 2018-19. However, the charging of business development expenses to the Profit & Loss Account resulted in a decline in Profit after Tax to ₹6.61 crore. The Company reported a cash profit of ₹12.58 crore and EBITDA margin of 5.46% during the year under review.



### Listing

The Company is listed on the Bombay Stock Exchange and National Stock Exchange. The Company's market capitalisation was ₹104.50 crore as on 31st March 2019. The promoters accounted for 65.80% stake of the Company's equity capital.



### Brand

The Company's proprietary brand Kasta commands a significant market share in the States of its presence. The brand entered new States in 2018-19 and carved out attractive recall and visibility. The brand is respected for its consistency, product integrity, durability and service.



### Corporate social responsibility

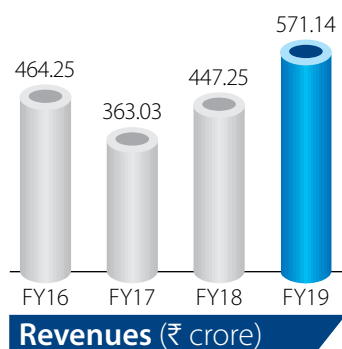
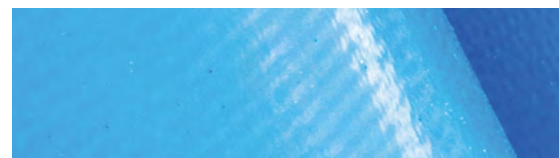
The Company is a respected corporate citizen engaged in addressing grass-root realities in the health and environment disciplines of the areas of its manufacturing and corporate presence.



### Awards

The Company received the Arya Chaanakya Award from the MP government for corporate governance and social responsibility.

# How the Company has grown its performance



## Definition

Growth in sales, net of taxes.

## Why this is measured

It is an index that showcases the Company's ability to maximise revenues, which provides a basis against which the Company's performance can be

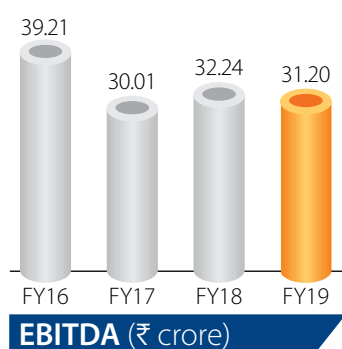
compared with sectoral peers.

## What this means

Aggregate revenues increased 27.70% to a record ₹571.14 crore in FY2018-19 due to increased brand traction.

## Value impact

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



## Definition

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

## Why this is measured

It is a measure that showcases the Company's ability to generate a

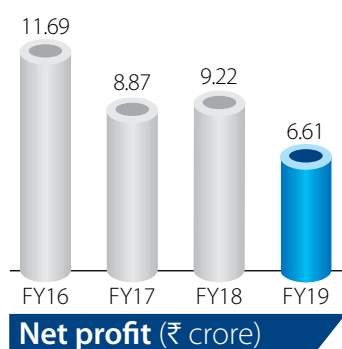
surplus after operating costs, creating a basis for comparison with sectoral peers.

## What this means

Helps create a robust surplus-generating engine that facilitates reinvestment.

## Value impact

The Company reported a 3.23% decline in EBITDA in FY2018-19 on account of business development expenses charged to the Profit & Loss account whose benefits will gradually accrue.



## Definition

Profit earned during the year after deducting all expenses, taxes and provisions.

## Why this is measured

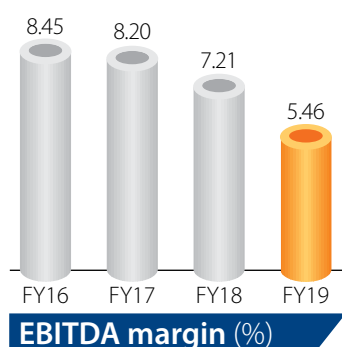
It highlights the strength of the business model in enhancing shareholder value.

## What this means

This indicates the quantum of cash available for reinvestment.

## Value impact

Modest realisations and upfront business development expenses moderated profits.



## Definition

EBITDA margin is a profitability measure to ascertain a Company's operating efficiency.

## Why this is measured

The EBITDA margin provides an index of how much a Company earns (before

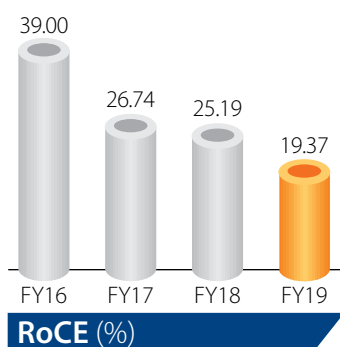
accounting for interest and taxes) on each rupee of sale.

## What this means

This measure demonstrates the buffer in the business, which, when multiplied by scale, can enhance business surplus.

## Value impact

The Company reported a 175 bps decline in EBITDA margin in FY2018-19 on account of various business development costs being written off.



#### Definition

This financial ratio measures the efficiency with which capital is employed in the business.

#### Why this is measured

RoCE is an insightful metric to compare profitability

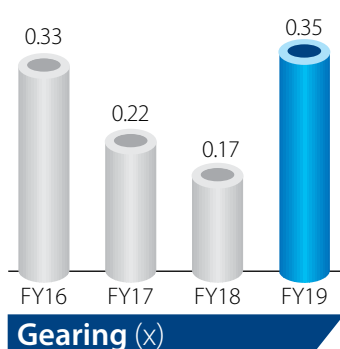
across companies based on their capital efficiency.

#### What this means

Enhanced RoCE can potentially drive valuations and perception.

#### Value impact

The Company reported a 582 bps decrease in RoCE in FY2018-19 due to business development costs being written off from the P&L account.



#### Definition

This is the ratio of debt to net worth (less Revaluation Reserves).

#### Why this is measured

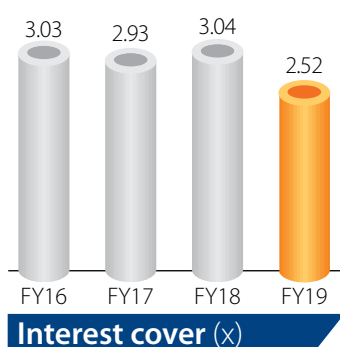
This is one of the defining measures of a Company's solvency and liquidity.

#### What this means

This indicates whether the Company enhances shareholder value by keeping the equity side constant and progressively moderating debt.

#### Value impact

The Company's gearing stood at 0.35 in FY2018-19 compared to 0.17 in FY2017-18. This ratio should ideally be read in conjunction with net debt/operating profit.



#### Definition

This is derived through the division of EBITDA by interest outflow.

#### Why this is measured

Interest cover indicates the solvency available to service interest – the higher the better.

#### What it means

A Company's ability to meet its interest obligations is one of the most important measures leading to shareholder returns.

#### Value impact

The Company's interest cover weakened from 3.04x

in FY2017-18 to 2.52x in FY2018-19 following the expensing of business development costs from the P&L Account.







# "Kasta ki khardeeraari me samajhdaari hai"

**MOHANLAL PATWA IS A FARMER IN THE DEWAS REGION OF MADHYA PRADESH.**

He has been engaged in the business of growing soyabean for four decades.

The world has transformed in this period: new seed varieties, drip irrigation, advanced agricultural practices and higher farmer yields.

The one thing that has not changed is his selection of the PVC pipes that he uses across his farm. The brand

has continued to be Kasta consistently for more than three decades.

The decision has been based on a validated experience. The Kasta pipe that he laid five feet below the ground three decades ago continues to be in use. No repair. No change. No additional joint sealing. No significant decline in water throughput.

Mohanlal ji sums Kasta up:

*'Ek baar ka lagaiyye. Zindagi-bhar aaram paiyye!'*



At Kriti Industries, we believe that by investing decisively in our future, the Company has entered a new phase in its growth journey.

### Overview

I am pleased to present the performance of Kriti Industries (India) Limited for 2018-19.

Even as the year under review proved challenging on account of a slowdown from the second half of 2018-19, the Company reported growth that was considerably higher than the percentage growth of the PVC pipes sector in India and growth of the overall Indian economy.

The Company's principal business-strengthening initiative was its extension into new markets. This represented the most decisive such initiative in years and provides the Company with a wider platform to build sustainable growth.

The business development costs incurred by the Company were charged to the Profit & Loss Account in 2018-19, moderating margins and profitability but whose benefits will become progressively visible.

The result is that the Company reported a 27.70% growth in revenues and a 28.29% decline in Profit after Tax during the year under review. What made the performance creditable is that despite the prevailing economic challenges, the Company selected to make significant investments in strengthening its business for the foreseeable future.

This proactive investment was in line

with the Company's objective to keep growing across market cycles. I am happy to communicate that by continuing to make selective investments, we are in a stronger position to sustain our momentum, which should reflect in improved performance from 2019-20 onwards.

### Sectoral landscape

At Kriti Industries, we believe that a company's performance is largely influenced by the sectoral landscape.

I am pleased to communicate that our sectoral context has become progressively stronger in the last few years.

There is a greater recognition that a change in global climatic patterns has enhanced monsoonal erraticity. The Indian monsoon has been affected by a variation in the rainfall quantum and timing across regions. This phenomenon has increased the premium on water transfer from regions of high precipitation and high water storage to deficient regions.

This recognition has translated into a decisive priority related to water resource management. These policies have been directed at adequate water storage, timely water transmission and responsible water use, each of which warrants a large use of polymer extruded products.

The other sectoral game-changer has been the introduction of the Goods & Services Tax in 2017. For a number of years, organised players in the country's polymer processing sector operated at a disadvantage related to tax treatment. Most unorganised players in the sector operated outside the tax system while organised players incurred a higher compliance cost.

Following the introduction of the GST, the tax disadvantage that organised players had long suffered from declined, enhancing their competitiveness. This transition is reflected in the growth of the organised polymer processing sector, which grew 16%, following GST introduction.

This sectoral inflection point provides long-term players with an incentive to invest wider and deeper in their businesses, strengthening their sustainability.

### Broadbasing the business

At Kriti Industries, we addressed this sectoral inflection point with a corresponding speed and seriousness.

Our seriousness comprised a strategic 'broadbasing' that will achieve two things – seed the business with new initiatives that provide additional revenue engines and widen the Company's risk profile across a larger number of variables. This broadbasing is aligned with our

## Broadbasing our business

### Larger capacity

The Company enhanced its manufacturing capacity to generate attractive revenue growth starting 2019-20

### Wider portfolio

The Company widened its value-added portfolio to enhance realisations per extruded tonne

### Increased markets

The Company expanded its presence from a handful of States to multiple contiguous States

### Additional sectors

The Company intends to widen its sectoral presence from water transportation to telecom and gas

governance commitment directed at enhancing business sustainability and stakeholder value.

During the year under review, we broadbased our Company through a three-pronged initiative: timely investments in infrastructure, product portfolio and geographic presence. The integrated complement of these initiatives will make it possible for us to process a larger quantity, manufacture a wider product range and market across a larger footprint. We believe that these initiatives will accelerate our growth, strengthen revenue quality and enhance our brand.

**Manufacturing capacity:** During the year under review, the Company broadbased its manufacturing capacity through a brownfield expansion. The Company targets to augment its infrastructure to process polymers in excess of 100,000 TPA at its Pithampur manufacturing facility.

**Product portfolio:** The Company's portfolio broadbasing comprised the addition of synergic and value-added products. This addition has strengthened our brand recall as a one-stop solution provider offering a range of products, increasing our ability to address a larger share of the customer's wallet.

**Geographic footprint:** The Company's geographic broadbasing extended from a longstanding presence in Madhya

Pradesh, Rajasthan, UP and Haryana to multiple contiguous states. This represented a significant development, coming as it did after 35 years of focus principally on two Indian states. The organisation has matured to a point – scale, brand, bandwidth, distribution and Balance Sheet – where a wider geographic footprint will accelerate profitability and competitiveness. This extension will also transform the Company from a regional brand into a multi-zonal organisation and a pan-India presence in the foreseeable future.

### Prudent funding

The Company made a sizable investment in fixed assets and intangibles, broadbasing its business during the year under review. The Company strengthened its distribution network in newly-entered markets, creating a platform for long-term growth.

Since the business development expenses in this regard were expensed from the Profit & Loss Account of 2018-19, the performance for the year represented a conservative view of the Company's business health.

### Reinventing our personality

At Kriti Industries, we believe the time has come to broadbase our personality beyond water transportation applications towards the more holistic platform

of fluid transportation. The Company intends to manufacture extruded products for application in the large natural and rapidly growing gas and telecom sectors.

India is likely to invest ₹1.1 trillion [Source : PM Ujjwala Yojana] to build a pan-country gas distribution network; the Company will manufacture pipes of a larger diameter for this application. Besides, India's digitalisation focus is expected to create US\$435 billion opportunity for optic fibres by 2025, which the Company intends to address with a customised product range.

The Company's water transmission products provide the foundation on which to broadbase synergically into different sectors, strengthening business sustainability.

### Stakeholder value

At Kriti Industries, we believe that by investing decisively in our future, the Company has entered a new phase in its growth journey. The Company resisted the temptation to maximise profits for the short-term but reinforced long-term prospects, which should translate into enhanced value for all those associated with the Company.

### Shiv Singh Mehta

*Chairman & Managing Director*



# The management's operational review

## **Q: Was the management pleased with the performance of the Company during the year under review?**

A: The management was pleased with the performance of the Company in 2018-19: the revenue growth of 27.70% was in line with the business plan. What makes the Company's performance creditable is that it invested decisively in growing its business (increased manufacturing capacity, products portfolio and geographic presence). But for these business-development investments, the Company's profits would have been higher.

## **Q: What was the highlight of the Company's performance in 2018-19?**

A: The highlight of our performance was Project Udaan (Project Flight). The name of the project encapsulated the Company's direction and intent: we believe that the time has come for the Company to graduate from one level to another. The project comprised our extension into multiple States with a corresponding distribution network and upfront expenses. The Company reported a reasonable traction in these States, providing the optimism that growth from these markets will become increasing visible across the foreseeable future.

## **Q: How did the Company select to build this distribution network?**

A: Firstly, let me explain the importance of a distribution network beyond merely being a conduit for product sale. In our existing market of Madhya Pradesh and Rajasthan, our primary customers (trade partners) are Kasta's biggest ambassadors: they have worked with us for years,

experienced virtually no product returns and provided the opportunity to add other dealerships to their profile. The result is that the Kriti associated has proved beneficial for their respect, status and business.

We embarked on the creation of a similar network in the new States of our presence through a prudent selection of distribution partners based on their integrity, financial depth and long-term commitment to the business.

## **Q: How did the Company perform in these new markets in 2018-19?**

A: At Kriti Industries, we believe that the new States of our presence represent the springboard of our future. These markets account for a sizable share of the Indian extruded polymer products market. Some of these States have been affected by drought and erratic monsoons, making water storage and transmission imperative for agricultural survival. The Company engaged in confidence-building mechanisms among prospective dealers and achieved its target a quarter ahead of schedule.

## **Q: What other business-strengthening initiatives were undertaken by the Company in 2018-19?**

A: The Company leveraged its rich experience in product design and manufacture to graduate to larger-diameter pipes. The Company possesses capabilities to manufacture pipes up to 710 mm diameter, addressing larger water throughput requirements and larger government outlays. In a synergic extension, the Company also developed larger diameter pipes addressing the gas sector.

## **Q: What is the outlook for the Company in 2019-20?**

A: The Company's prospects are optimistic. The Company will invest in expanding its footprint. The distribution-related expenses could moderate following the initial spending. The benefit of payback could commence from the current year. As the distribution network stabilises in new pockets, we intend to extend into more contiguous districts.

## **Q: How will these initiatives translate into financial growth?**

A: The Company expects to generate attractive sector-outperforming revenue growth through manufacturing capacity expansion completed in 2018-19. Margins could trend higher as one-time market-building expenses taper. In view of this, the Company's volume-value proposition should enhance stakeholder value across the foreseeable future.

'Expert ka  
vishwaas'

'Bharosa'

'Superior'

'Best'

'Peace  
of mind'

## MODERN INDIA: FASTEST GROWING GLOBAL ECONOMY

Agriculture a  
growth area



Telecom on the verge  
of rapid growth



City gas distribution  
a positive catalyst

Kriti Industries: Attractive proxy of India's agriculture sector (through PVC pipes) and now widening presence from agriculture to telecom and oil & gas

Growing  
capacity



Modern  
assets



Widening  
footprint



Large  
products  
portfolio



Trusted  
brand

Cost  
leadership



Conservative  
Balance Sheet



Loyal  
distribution  
partners



High referral  
value

Revenue growth faster than India's  
PVC pipes sector growth average

**KRITI: EMERGING FLUID TRANSPORTATION SOLUTIONS PROVIDER**

# Governance and Kriti Industries

AT KRITI INDUSTRIES, WE BELIEVE THAT THE ROLE OF GOVERNANCE IS INTEGRAL ESPECIALLY AS WE ARE ENGAGED IN THE MANUFACTURE OF A PRODUCT SOLD ON THE BASIS OF TRUST, WHERE EFFICACY IS TESTED ACROSS THE LONG-TERM AND WHERE THE COST OF PRODUCT REPLACEMENT CAN BE HIGH IN THE CASE OF QUALITY UNDER-DELIVERY. AT KRITI, THIS GOVERNANCE FRAMEWORK COMPRISES A NUMBER OF PRIORITIES, SOME WHICH HAVE BEEN EXPLAINED IN THIS SECTION.



## Think long-term

**At Kriti**, we invest in every initiative keeping the long-term in mind, the basis of our approach towards governance. This has been influenced by our investments in brands, people, technology, locations, products and selection of trade partners. Inevitably, these investments have translated into the highest standards of technology, integrity and competencies, which represent the basis of our business sustainability.

## Singular focus

**At Kriti**, we are principally a fluid transmission products company that manufactures PVC/HDPE pipe and fittings. This insight into extrusion is now being leveraged to manufacture pipes of larger diameters and diverse downstream applications (telecom / gas). This singular focus has deepened excellence, attracted specialists, enriched knowledge, strengthened research and enhanced scale.

## Steady growth

**At Kriti**, we believe in growth consistency, marked by incremental investments derived from our accruals that do not stretch our Balance Sheet or our management bandwidth. This makes it possible to report consistently controlled and relatively de-risked growth as opposed to one-off spikes. The result is that this business model generates steady growth year-on-year, enhancing business predictability.

## Doing things the right way

**At Kriti**, we believe in doing things the right way in addition to doing the right things. The focus on the former is the result of an integrity-first approach that enhances strategic predictability and consistency for all stakeholders. The result is that we have attracted like-minded partners resulting in long-term engagement. This focus on the intensive (as opposed to the extensive) has catalysed our mindset.



### Board of Directors

**At Kriti**, our business sustainability is to a large extent influenced by the composition of our Board of Directors. The Board comprises professionals and industrialists of standing who have enriched our values, experience pool, ground-level business understanding and strategic direction.

### Trust

**At Kriti**, we believe we are in business to enhance a sense of trust – with our customers through superior products, with employees through the assurance of stable career growth, with vendors through an emphasis on the use of the highest product quality standards and with communities through the use of responsible practices and supportive engagement.

### Balanced approach

**At Kriti**, we employ a business approach that can be described as a balance of conservatism and measured aggression. The result is a de-risked approach, focus on short-term payback, priority to maximise cash flows, ongoing reinvestment and adequate buffers that protect our profitability across market cycles. This is best reflected in an attractively low gearing and the ability to fund a sizable part of expansions through accruals. We believe that large debt on our books could influence our strategic thinking away from the values we have cherished – of remaining a focused quality- and knowledge-driven player in addition to protecting Balance Sheet integrity.

### Culture of excellence

**At Kriti**, we believe that an overarching culture of excellence is derived from the components of excellence across the organisation. The result of this commitment is that no improvement initiative is considered too small as we believe that every good thing is connected to another, which, in turn, strengthens mindsets and competitiveness.

### Expand incrementally

**At Kriti**, we address a market that is annually growing in modest single-digits. To expand aggressively in this market implies that we would need to price below established players that could disturb market stability or nurse large unutilised capacity until a time that market growth caught up with our installed base. We believe that steady growth is the safest response: makes it possible to address expenditure through accruals, does not compel us to disturb market pricing and does not stretch our managerial bandwidth in a business marked by a premium on the availability of specialised professionals.

### Continuous cost management

**At Kriti**, we believe that it is not enough to be profitable only for the moment but to be sustainable across all market-cycles. This sustainability is largely influenced by a culture of austerity coupled with an obsessive commitment to moderate costs or eliminate waste at all levels. Over the years, we have made prudent investments in this direction, making it possible to enhance manufacturing efficiency (reflected in optimal input-output ratios), and seek superior processes that conserve time and material use.

### Process-driven

**At Kriti**, In a business that has been promoted by entrepreneurs, we believe that growth can be best derived when the promoter charts out a strategic direction and monitors periodic progress while delegating day-to-day management to professionals. The Company invested in processes and systems that enhanced decision-making predictability within enunciated guidelines. This predictability has been reinforced through a progressive investment in information technology tools and support.

# How we have transformed our business over the years

## Broad-basing portfolio

WE FOCUSED ON  
A WIDE RANGE  
OF PRODUCTS

We established  
a brand around  
product  
dependability

We widened  
our recall across  
a range of  
products

We strengthened  
our positioning as a  
one-stop solutions  
provider

## Widening presence

WE FOCUSED  
ON REGIONAL  
MARKETS  
(MADHYA  
PRADESH AND  
RAJASTHAN)

Our brand was  
strong enough  
to extend to  
other States

We entered  
new markets in  
2018-19 (multi-  
zonal presence)

This is a  
precursor to  
emerging as a  
pan-India brand

## Moderating debt

THE COMPANY  
INVESTED  
ACCRUALS  
IN BUSINESS  
GROWTH

The Company  
invested ₹56.63  
crore in three  
years

Nearly 43% of  
this investment  
was derived  
from accruals

Gearing was  
0.35 at the close  
of 2018-19



### Strengthening credit rating

THE COMPANY  
LEVERAGES A  
LIQUID UNDER-  
BORROWED  
BALANCE SHEET

The Company  
was rated BBB+ by  
a prominent credit-  
rating agency

The superior  
rating will  
moderate debt  
cost

A moderated  
debt cost can  
potentially enhance  
margins

### Investing in growth avenues

THE COMPANY  
IS EXTENDING  
FROM WATER  
TRANSPORTATION  
SOLUTIONS

The Company  
is seeking  
opportunities in  
the telecom  
sector

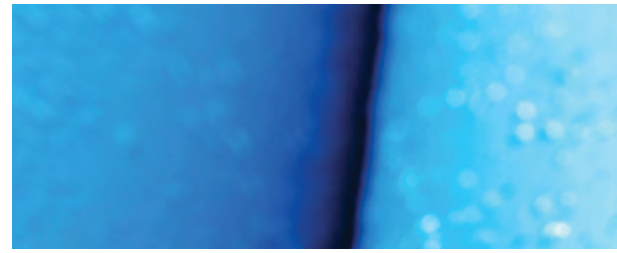
The Company  
is seeking to  
service the urban  
piped gas  
market

This sectoral  
broadbasing will  
enhance business  
sustainability



# Our business model

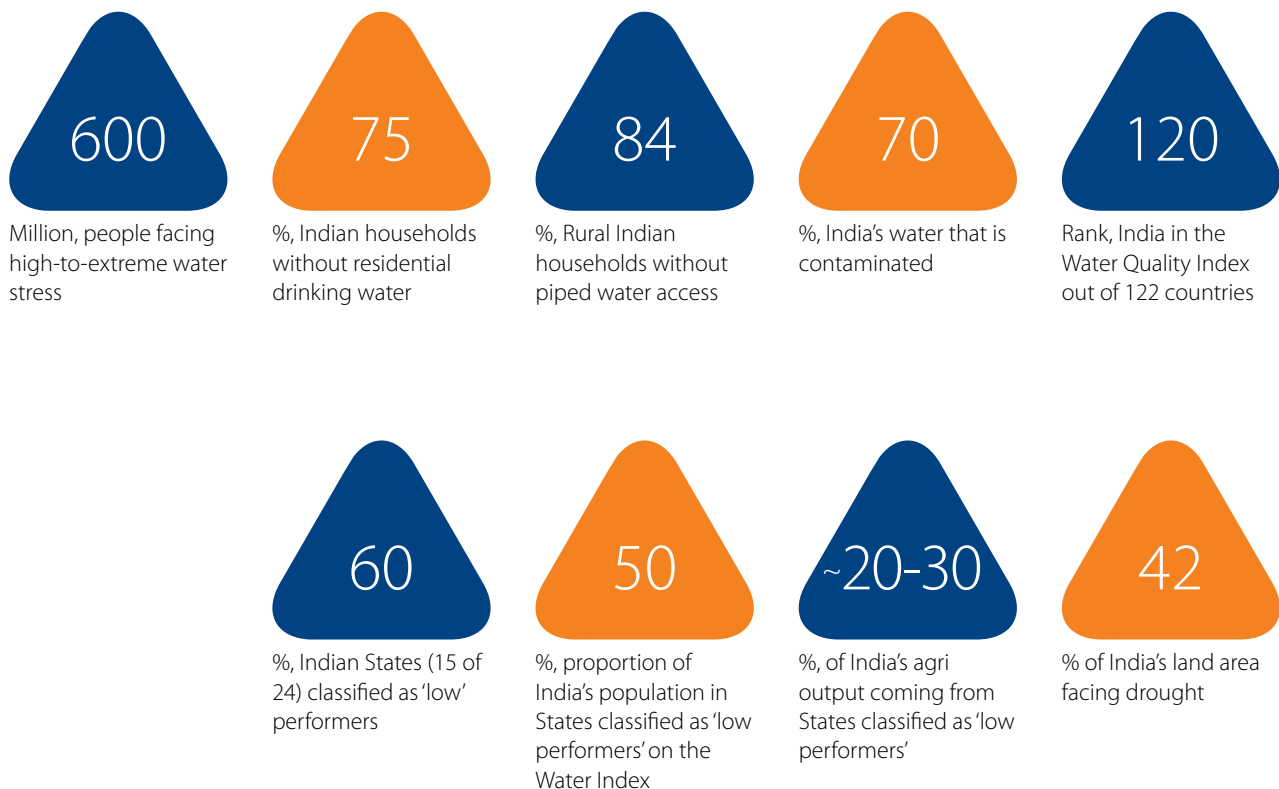
AT KRITI INDUSTRIES, WE HAVE PROGRESSIVELY INVESTED IN DISTINCTIVE CONDUCT, COMPLIANCE AND STRATEGY DIRECTED TO GENERATE LONG-TERM BUSINESS SUSTAINABILITY.



## The sectoral context

Water-stress	Depletion	Rain-fed	Climate
Nearly 600 million Indians face high-to-extreme water stress due to inadequate potable water.	Critical groundwater resources (40% of India's water supply) are being depleted at unsustainable rates; up to 70% of India's water supply is 'contaminated', making water transportation critical.	Indian agriculture is largely rain-fed, with only a third of agricultural activities in India depending on groundwater for irrigation (Census 2011).	India's Economic Survey warned that climate change could shrink India's agricultural income 25% in un-irrigated farmlands and 18% in irrigated areas across eight decades. An IMF study says that for emerging market economies, a 1°C increase in temperature could reduce agricultural growth 1.7%, and a 100 mm reduction in rain could reduce growth by 0.35%.

## What makes India's water sector a nationally-critical growth story





### Water productivity

India consumes 2-4 times more water than China and Brazil to produce a unit of major food crops, making micro-irrigation necessary.

### Water table

In 1951, per capita water availability was 5,177 cubic metres. In 2011 Census figures, this came down to 1,545 cubic metres -- a decline of about 70% in 60 years. The average annual per capita water availability in 2001 was 1,820 cubic metres and the government estimates that this may reduce to 1,341 cubic metres by 2025 and 1,140 cubic metres by 2050, making the use of submersible pumps and PVC pipes necessary.

### Telecom

The optical fibre market in India is projected at US\$424 million by 2020 on account of growing adoption of smartphones, broadband services and 5G roll-out. The optic fibre cable comprises tens of strands of glass fibre, each no thicker than a human hair and capable of transmitting the entire Encyclopaedia Britannica's contents in less than a second. (Source: TechSci Research).

### Piped gas

Following the completion of the ninth city gas distribution bidding round, city gas distribution would be available in 178 GAs comprising 280 districts spread over 26 States and Union Territories covering more than 50% of India's population and 35% of its GA. India also launched the tenth city gas distribution bidding round in 50 GAs spread over 124 districts in 14 States to potentially reach piped gas to 200 lakh households.

6

% of India's land area classified as exceptionally dry (4x the spatial extent of drought in the previous year)

500

Million, population of India's 'low performer' States in water availability

60

% of India's districts not prepared for drought

69.5

Million hectares, India's micro-irrigation potential area

7.73

Million hectares, India's estimated areas with drip irrigation

21

Number of Indian cities facing water shortage and could run out of ground water by 2020

100

Million, estimated number of people that could be affected if only two Indian cities run out of water by 2021

65

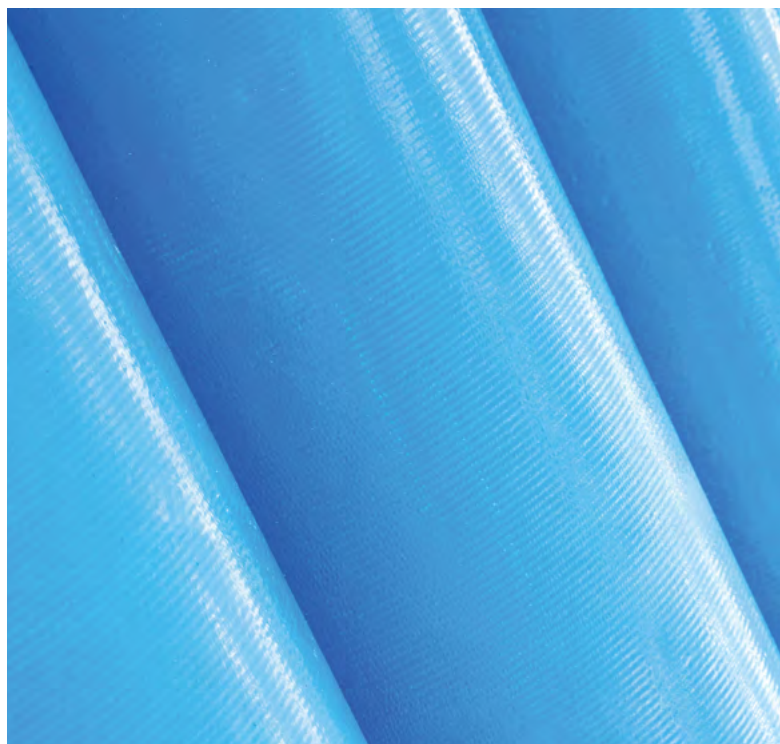
% of India's irrigation supply supported by ground water

85

% of India's drinking water supply supported by groundwater

Sources: Drought Early Warning System, IIT-Indore, IIT-Guwahati, Intergovernmental Panel on Climate Change, India Spend, Niti Aayog and South Asia Groundwater Forum

# The relevance of our business model



## Strategic

### National relevance

We grew our business in national priority areas likely to attract government policies and consumer traction. In view of this, our polymer extrusion business addresses increasingly relevant downstream interventions (water transmission, gas transportation and optic fibre ducts).

### Location

The Company is present in Madhya Pradesh where 70% of the state's population depends on agriculture.

### New markets

The Company has extended to new markets with a low consumption season overlap (extending the peak season offtake period)

### Broadbasing

We believe that any-market competitiveness is derived from business broadbasing. The Company broadbanded its manufacturing infrastructure through capacity addition, widened its products portfolio, expanded its geographic footprint and intends to widen its presence across downstream sectors (beyond water transmission).

## Intangibles

### Trust

The Company's product quality has been validated across more than two generations for endurance, visibility and service. The Kriti brand stands for long-term dependability in the markets of its presence.

### Integrity

At Kriti Industries, governance has been marked by a commitment to trust, ethics, transparency, partnership, team-working, dependability and sustainability, among

other attributes. A high level of practiced integrity has helped the Company create a robust eco-system.

### Brand

The Company generates about 69% revenues from trade partners who retail to consumers. The Company's Kasta brand generates a consumer pull without any price discount. The brand stands for positive attributes ('Expert *ka vishwaas*', '*bharosa*', 'superior', 'best' and 'peace of mind'). This recall is critical; any pipe

under-performance (leak or break) can affect soil quality through the farms it passes under.

### Holistic

Kriti Industries has graduated from a water transmission products company to a fluid transportation products company. The extrusion of polymer products is being adapted to other areas (gas and optic fibre cables).



## Product

### One-stop

The Company is a one-stop provider of polymer extruded products – from 20 mm to 710 mm diameter and applications extending from water to drip irrigation to gas to telecom. This has enhanced our share of the primary customer's wallet (distributors).

### Customisation

The Company focuses on product customisation to terrains marked by a disproportionate increase in offtake.

### Quality

The Company manufactured product of a highly consistent quality standard (across narrow tolerances), resisting the use of

a lower price/quality of raw material to enhance profitability. This addressed the growing emergence of discerning farmers who would prefer to invest in a premium quality product when making a long-term capital expenditure (as opposed to buying low-priced products of suspect quality).

## Infrastructure

### State-of-the art

The Company consciously invested in state-of-the-art manufacturing facilities – a higher one-time investment in exchange for a sustainable advantage (productivity, quality and efficiency).

### Phased investment

The Company grew the business in phases –adequate for the expansion to be funded largely from accruals and moderate debt.

### Logistical competitiveness

The Company is engaged in the manufacture of a hollow product, making it imperative to market as close to the plant as possible, moderating transportation costs.

## Market Presence

### Pan-India

The Company was a regional player with a presence in a handful of Indian states across 35 years. In the last few years, the Company widened its presence across multiple contiguous States with the long-term objective of emerging as a pan-India brand.

### Micro focus

The Company has treated each district as a unique market, helping map the growing needs of individual farmers.

### Project Management Office

This team of specialists focuses on on-ground programmes to drive quarter-on-quarter growth in new markets.

### Penetration

The Company is directly present through trade partners right down to *tehsil* levels (as opposed to *taluka* levels for most).

### Market share

The Company is the market leader right down to the *taluka* level across Madhya Pradesh (65%) and Rajasthan (45%).

### Contiguous growth

The Company believes in incremental geographic expansion: from one district to the contiguous other, leveraging economies of brand spending, distribution presence and managerial bandwidth.

### Value-added

The Company is a value-added player in a commoditised space. The Company manufactured products addressing the highest quality standard and generating a premium.

## Finance

### Financial conservatism

The Company believes in any-market competitiveness derived from a conservative Balance Sheet. The Company invested in building its

business through accruals, paying down long-term debt and moderating its receivables.

### Competitiveness

The Company's cost leadership is validated through robust competitiveness across market cycles, geographies and user segments.

## Outcomes of our business model

### EBITDA margins

There was a moderate and temporary decline in margins on account of upfront business development costs charged to the P&L account, which should translate into increased output and revenues that amortise fixed costs effectively.

### Debt cost

There was a decline in debt cost following a superior leverage of the credit

rating and the strength of the Company's Balance Sheet.

### Liquidity

Working capital drawal was approximately 75% of the sanctioned amount in FY2018-19.

### Credit rating

The Company's business fundamentals resulted in a superior credit rating – from

BBB to BBB+, which helped moderate the cost of funds.

### Gearing

The Company's gearing increased to 0.35 during the year under review, reflecting investments in enhanced manufacturing capacity. The total long-term debt during the year under review was only ₹29.95 crore (as on 31st March 2019).

# Management discussion and analysis



## Global economic overview

Following 3.8% growth in 2017, the global economy slowed in the second half of 2018, reflecting a confluence of factors affecting major economies like the failure of Brexit negotiations, tightened financial conditions, trade wars, geopolitical tensions and higher crude oil costs. The global economic growth in 2018 was estimated at 3.6% and projected to slow to 3.3% in 2019.

Crude prices remained volatile since August 2018 as a result of multiple factors including the American policy related to Iranian exports and softening global

demand. Oil prices dropped from a four-year peak of US\$ 81 per barrel in October 2018 to US\$ 61 per barrel in February 2019.

### Global economic growth over six years

Year	2015	2016	2017(E)	2018(E)	2019 (P)
Real GDP growth (%)	3.2	3.1	3.8	3.6	3.3

[Source: World Economic Outlook, January 2019] E: Estimated; P: Projected

## Indian economic overview

India emerged as the sixth-largest economy and retained its position as the fastest-growing trillion-dollar economy. However, after growing 7.2% in 2017-18, the Indian economy was expected to grow at 6.8% in 2018-19.

The principal developments during the year under review comprised a sustained increase in per capita incomes, decline in national inflation, steadying interest rates, and weakened consumer sentiment starting from the second half of the financial year. The weaker sentiment

was on account of a large non-banking financial company announcing its inability to address liabilities. This affected credit expansion, financial markets and consumer sentiment, which resulted in slower GDP growth.

In 2018, the country attracted more foreign inflows than China - ~US\$ 38 billion, higher than China's US\$ 32 billion. India witnessed a 23-notch increase to 77th position in the World Bank's report on the ease of doing business. The commencement of the US-China

trade war opened a new opportunity for India. Inflation (including food and energy prices) was pegged at 2.6% on an annual basis, one of the lowest in years. The rupee rebounded after touching a low of ₹74.45 to a dollar to close the financial year at ₹69.44. During the fiscal under review, the Indian Government continued to invest deeper in digitisation, renewable energy capacity generation and infrastructure building.

## Key Indian government initiatives

**Bank recapitalisation scheme:** In addition to infusing ₹2.1 lakh crore in public sector units, the Indian Government announced a capital infusion of ₹41,000 crore through recapitalisation bonds in FY2018-19.

**Expanding infrastructure:** The Government of India invested ₹1.52 trillion to construct 6,460 kilometres of roads in 2018. Its expenditure of ₹5.97 trillion (US\$89.7 billion) towards infrastructural development for 2018-19 is expected to strengthen the national economy.

**Increasing MSPs:** The Indian Government fixed MSPs of 22 mandated kharif and rabi crops and FRP for sugarcane. The Indian Government committed to provide a 50% return over the cost of production for all mandated crops, strengthening the rural economy.

### **The Insolvency and Bankruptcy code (Amendment), Ordinance 2018:**

Passed in June 2018, the ordinance provides significant relief to home-buyers by recognising their status as financial creditors. The major beneficiary comprised MSMEs, empowering the

Indian Government to provide them a special dispensation under the code.

### **Pradhan Mantri Kisan Samman Nidhi:**

The Indian Government announced in February 2019 the Pradhan Mantri Kisan Samman Nidhi, a scheme promising an annual assured income of ₹6,000 (US\$84.5) to any farmer owning ≤2 hectares of farmland. The budget for fiscal year 2020 allocated ₹75,000 crore for the scheme, benefiting ~120 million land-owning farmer households.

**Direct Benefit Transfer:** The Direct



THE PRINCIPAL DEVELOPMENTS DURING THE YEAR UNDER REVIEW COMPRISED A SUSTAINED INCREASE IN PER CAPITA INCOMES, DECLINE IN NATIONAL INFLATION, STEADYING INTEREST RATES, AND WEAKENED CONSUMER SENTIMENT STARTING FROM THE SECOND HALF OF THE FINANCIAL YEAR.

Benefit Transfer initiative re-engineered the cash disbursement process in welfare schemes through simpler and faster flow of information/funds to ensure accurate targeting of beneficiaries, de-duplication and reduction of fraud. In 2018-19 alone, this scheme is estimated

to have transferred >₹314,465 crore and the gains to have accrued since scheme implementation estimated at more than ₹120,000 crore.

### Outlook

India is expected to grow slower in

FY2019-20 than in the previous year on account of the lingering sluggishness in consumer sentiment. (Source: CSO, Fitch, Economic Times, Business Standard, IBEF, Business Today, India Today)

## Indian pipes industry overview

The Indian pipes industry is catalysed by the need to transport fluids – water, gas sewage and chemicals – from one point to another across the agriculture, realty, general industry, petroleum and telecom sectors.

Among the available varieties (concrete, and steel), plastic pipes are being increasingly preferred for their lightness, durability, imperviousness, chemical resistance, recyclability and a superior price-value proposition. These pipes can replace wood, metal, concrete and clay across applications.

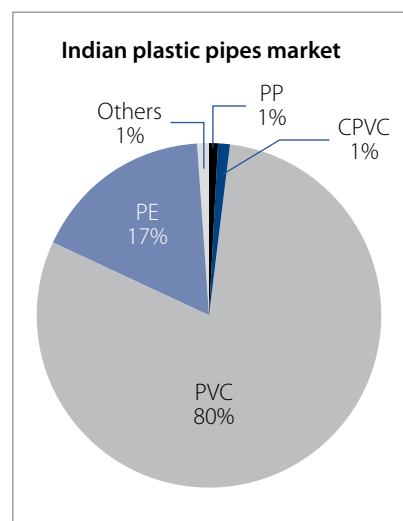
India ranks among the three leading global pipe manufacturing hubs. In addition to a growing domestic consumption, India exports pipes to countries like US, Europe, Malaysia, Thailand, the Middle East, and Indonesia, on account of competitive pricing, superior quality and locational advantage.

### Indian polyvinyl chloride (PVC) pipes and fittings

The Indian PVC pipes and fittings market continues to grow and is anticipated to register a double digit CAGR of ~14.7% by revenue between FY2018 and FY2026. The India PVC pipes market (chlorinated PVC, unplasticised polyvinyl chloride or uPVC and plasticised PVC) addresses heavy-duty plumbing, sewerage & drainage and HVAC applications.

The Indian market for pipes is being catalysed by a growing population, realty construction, improved lifestyles, growing water stress and increasing irrigation focus in India's agricultural sector. Nearly 70% of the demand for plastic pipes is derived from the agricultural sector, while 30% demand is drawn from the non-agricultural spaces.

In the last few years, the PVC pipes market has been catalysed by a growing government priority in strengthening the country's agriculture sector. This priority has been showcased in the announcement of prominent government programs (Pradhan Mantri Krishi Sinchai Yojana and Swachh Bharat Abhiyan etc.).



### ADVANTAGES OF PVC PIPES

- PVC pipes are durable, marked by low maintenance and installation costs
- PVC pipes are safe for drinking water transmission due to their high inertness and corrosion resistance.
- PVC is a low carbon plastic that requires less energy and few resources to manufacture (making it eco-friendly).
- PVC pipes are recyclable.
- PVC pipes are significantly light, enhancing installation ease, without the risk of injury or a large team of workers
- PVC pipes are equipped with superior resistance to harmful chemical reagents and disinfectants;
- PVC pipes are resistant to flame. The temperature that they need for spontaneous ignition is a high 450 degrees Celsius.
- The PVC pipes utilise innovative techniques resulting in the tightest joints. PVC is equipped with deep insertion, monolithic sealed, and push together gasket as well as solvent cement joints so that they offer optimum safety and resistance.

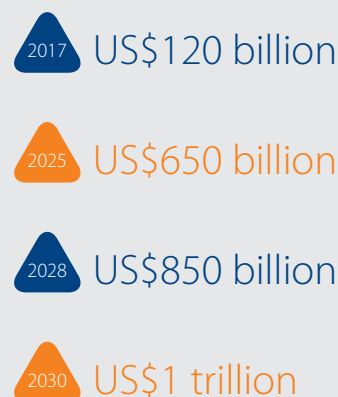
## Sectoral demand drivers

**Agriculture:** Agriculture is the primary source of livelihood for ~58% of India's population. India is the world's second largest producer of agriculture products (7.39% of total global agricultural output). Gross irrigated area stood at 68.4 million hectares in FY18. With discussions centred around increasing farm stress, the Indian government has launched a number of schemes to irrigate every farmer's field (18.8 million hectares) and help double farmers' incomes by 2022. As per the Union Budget 2019-20, ₹140,764 crore was allocated to India's agriculture sector, which is expected to catalyse the market for PVC pipes. There is a growing traction for micro-irrigation, ensuring the precise application of water into the soil for germination, helping optimise the soil's air and water balance facilitating root development. The Group

of Secretaries, 2017, outlined a target to cover 10 million hectares under micro-irrigation over five years (2017-18 to 2021-22).

**Real estate:** Real estate (housing, retail, hospitality and commercial) is a driver of PVC pipes. The market for commercial space in India has been driven by ITes/IT, BFSI, consulting and manufacturing sectors. Besides, the growth of this segment has been driven by initiatives like Pradhan Mantri Awas Yojana, Housing for All and 100 Smart City projects. Under the Pradhan Mantri Awas Yojana (PMAY) - Urban, some 6,028,608 houses were sanctioned for construction up to September 2018. The sector is expected to grow to US\$1 trillion by 2030, strengthening the market for PVC pipes. [Source: IBEF; The Economic Times]

### Projected growth of India's real estate sector



## Landmark government schemes

At Kriti Industries, we see a multi-year traction building up for the country's PVC pipes market on account of growing consumer demand, but more importantly, a rising government investment in various projects expected to make a greater use of PVC pipes and fittings.

### Pradhan Mantri Awas Yojana

Government investment: ₹26,405 crore in 2018

### Smart City Mission

Government investment: ₹2.05 lakh crore

### AMRUT

Government investment: ₹7,300 crore

### Pradhan Mantri Gram Sinchai Yojana

Government investment: ₹50,000 crore

### Doubling farm incomes

Government investment: ₹58,080 crore (Union Budget 2018-19)

### Swachh Bharat Mission

Objective: To accelerate universal sanitation coverage across over 4,000 cities and towns, enhancing cleanliness and sanitation (solid and liquid waste management and making gram panchayats open defecation-free).

## The Company's overview

The Company operates in the polymer segment catering to agriculture, building products, micro irrigation and infrastructure. Over decades, the Company has emerged as a reputed manufacturer of plastic polymer piping systems, moulded plastic products, wires/cables and accessories.

The product applications comprise the following:

Applications	Products
Agriculture	RPVC pipe and fittings, casing pipe, PE coils, sprinkler systems, submersible pipe, suction and garden pipe.
Building products	SWR and drainage pipe and fittings, CPVC and plumb pipe and fittings, garden pipe and water tank.
Micro irrigation	Micro-irrigation lateral (inline and online), sprinkler systems, RPVC pipes and fittings.
Infrastructure & Datacom	RPVC ring fit pipe (elastomeric) and fittings, HDPE and MDPE (PE) Pipes and Fittings, PLB telecom duct and micro-ducts.



## Financial review

### Operational performance

The Company reported a turnover of ₹569.01 crore, which was 28.09% higher than in the previous year. The Company reported 100% of its revenues from within India.

The Company's Profit before Tax was ₹10.47 crore and Profit after Tax was ₹6.61 crore in 2018-19. The Company reported an EBITDA margin of 5.46% in 2018-19.

The Company's Earning per Share was ₹1.33 in 2018-19 compared with ₹1.86 in

2017-18.

The Company ended the year under review with a gearing of 0.35 compared with the previous financial year's 0.17. The total interest outflow was ₹14.77 crore as against ₹12.53 crore in the previous year.

## Risk management

### Economy risk

The business may underperform on account of the economic slowdown.

**Mitigation:** Over the last few years, India has been consistently reporting a GDP of around 7%, making it the world's fastest growing major economy. However, in the event of an economic slowdown, there is a possibility that spending on agriculture and water security could be insulated, protecting prospects for PVC pipe manufacturers like Kriti Industries. The year under review is indicative; even as the Indian economy slowed, especially in the second half, Kriti Industries reported 31% revenue growth.

### Infrastructure spending risk

The business may under-deliver if the government selects to invest less in the infrastructure.

**Mitigation:** The government is focusing on infrastructure creation, evolving from a consumption-driven economy to an infrastructure-driven one. In the Union Budget 2019-20, the government allocated ₹4.56 lakh crore for infrastructure creation. The government's flagship Housing for All programme is expected to catalyse the demand for PVC pipes; the government's increased spending on the agriculture sector is expected to strengthen offtake.

### Competence risk

The Company may not possess the capability to manufacture different products.

**Mitigation:** The Company (in operation since 1982) is respected for being a product 'supermarket' in its business space. This position has been achieved through a widening portfolio of products addressing diverse needs (across sizes, segment and applications). The Company's portfolio comprises a large range of products addressing applications across diverse downstream sectors.

## Subsidiary company

Kriti Auto & Engineering Plastics Private Limited, a wholly-owned subsidiary of the Company, achieved a gross turnover of

₹18.64 crore (previous year ₹19.30 crore) and incurred a net loss after tax of ₹0.61 crore (previous year ₹0.03 crore) during

the year. The diversifying product basket is expected to generate a cash surplus during the current financial year.

## Information technology

SAP HANA was implemented successfully and helping in business analytics and efficiency. Your Company views these investments as a strategic tool to enhance its operational efficiencies. In

line with overall growth objective and strengthening of infrastructure base, the Company continues to invest in Information Technology (IT) viz. SAP Enterprise Resource Planning System,

CRM, HRM, Sales Force Mobility for leveraging its business values. Through the implementation of these softwares the Company has improved its efficiency.

## Internal control systems and their adequacy

The Company's robust and intricate internal control systems ensure there is efficient use and protection of resources and compliance with policies, procedures and statutory requirements. We have developed well-documented guidelines, procedures for authorisation and approvals which include processes such as audits. Integral to the overall governance, we have a well-established

internal audit frame work which extensively covers all aspects of financial and operational controls, covering all units, functions and departments. The Company also has an efficient financial reporting system in place. Our internal audit team consists of senior members across various functional departments some of whom are also key managerial personnel of the Company. They

actively engage in the evaluation and improvement of various functions and activities of the Company including restaurant operations and other support functions and departments. The Company also has an Internal Audit cell which supports the Audit Committee besides the independent review of internal controls, operating systems and procedures by external auditors.

## Human resources

The Company employed 561 officers and workmen as on 31st March 2019. Increase in the value of human capital through the development of individual and collective competencies has helped the Company stay in step with market developments.

The Company implemented programs and projects related to skill development and up gradation of employee competence. Programmes of knowledge sharing were conducted. A number of innovative ideas received from

employees were implemented, resulting in enhanced quality, cost optimisation and productivity.

## Cautionary statement

The statements in the 'Management Discussion & Analysis' section describing the Company's objectives, projections, estimates and prediction may be considered as forward looking statements. All statements that address expectations or projections about the future, including but not limited to statements about the Company's strategy

for growth, product development, market positioning, expenditures and financial results, are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realised. The Company's actual results, performance or achievement may thus differ materially

from those projected in such forward-looking statements. The Company assumes no responsibility to publicly amend, modify or revise any forward-looking statement on the basis of any subsequent developments, information or events.

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## Statutory Section

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# Notice

NOTICE IS HEREBY GIVEN that the **29TH ANNUAL GENERAL MEETING (AGM)** of the Members of **KRITI INDUSTRIES (INDIA) LIMITED** will be held on Wednesday, the 14th Day of August, 2019 at 04:00 PM at 8th Floor, Brilliant Sapphire Plot no.10, PSP, IDA, Scheme No.78, Part II, Indore (M.P.) to transact the following businesses:

## ORDINARY BUSINESS

1. To consider and adopt the Standalone & Consolidated Audited Financial Results of the Company for the Financial Year ended 31st March 2019 and the reports of the Board of Directors and Auditors thereon..
2. To declare dividend on the equity shares for the Financial Year ended 31st March, 2019.
3. To appoint a Director in place of Mr. Saurabh Singh Mehta (DIN: 00023591), who retires by rotation at this Annual General Meeting and being eligible offers himself for re-appointment.

## SPECIAL BUSINESS

4. **REVISION IN THE REMUNERATION OF SHRI SHIV SINGH MEHTA (DIN: 00023523) THE CHAIRMAN & MANAGING DIRECTOR OF THE COMPANY:**

To consider and if thought fit to pass with or without modification(s) the following Resolution as a **Special Resolution**:

**"RESOLVED THAT** in pursuant to the Articles of Association of the Company and in accordance with the provisions of section 196-197 and 203 read with the Schedule V of the Companies Act, 2013 and other applicable provisions, if any, of the Companies Act, 2013 as amended from time to time or any re-enactment thereof and upon the recommendation/ approval of the Nomination and Remuneration Committee and the Board of Directors, Company do hereby approves the revision in the remuneration payable Shri Shiv Singh Mehta (DIN:00023523) the Chairman & Managing Director of the Company (Who is also the Chairman and Managing Director of Kriti Nutrients Ltd.) who was re-appointed at the Annual General Meeting held on 11th August, 2016 for a term of 5 years with effect from 1st Oct., 2016 to 30th Sept., 2021 for the remaining part of his tenure from 1st April, 2019 to 30th Sept., 2021 as under;

1. Salary: Upto ₹5.00 lakhs Per Month
2. Perquisite: Upto ₹0.50 lakhs Per Month
3. Incentive/Commission

The aforesaid salary, perks and incentives/ commission shall be subject to the maximum amount of 5% of the net profits of the Company in the financial year as determined under

section 197 and 198 of the Companies Act, 2013 Shri Shiv Singh Mehta shall have the option from which company Kriti Industries (India) Ltd and/or Kriti Nutrients Ltd. he wants to take the amount of incentive /commission as recommended by Nomination & Remuneration Committee and approval by the Board, which shall be paid at the end of the financial year.

**RESOLVED FURTHER** that Shri Shiv Singh Mehta shall also be eligible to the following perquisites which shall not be included in the computation of the ceiling on minimum remuneration specified here-in-above in accordance with the provisions of Schedule V to the Companies Act, 2013 as amended from time to time or any re-enactment thereof, if the Company has no profits or its profits are inadequate:

- a) contribution to provident, superannuation or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961;
- b) gratuity payable at a rate not exceeding half a month's salary for each completed year of service; and
- c) encashment of un-availed leave at the end of the tenure.

**RESOLVED FURTHER THAT** the aforesaid Salary, perquisites, incentives/Commission and other benefits/ allowances (as per the rules of the Company) as may be decided by the Committee from time to time subject to further approval of the Board of Directors from time to time subject in aggregate to the minimum remuneration as provided in the Schedule V or the maximum of 5% of the net profits of the Company calculated in accordance with the provisions of Section 197 of the Companies Act, 2013 whichever may be higher.

**FURTHER RESOLVED** that Shri Shiv Singh Mehta and/or the Company may decide the remuneration to be paid to him from the Company or the other Company Kriti Nutrients Ltd., in which he is also a Chairman and Managing Director subject to the maximum sanctioned limit in any of the Company Kriti Industries (India) Ltd. or Kriti Nutrients Ltd.

**FURTHER RESOLVED THAT** The Company Secretary and/ or CFO or the Chairman and Managing Director be and is hereby authorized to do all such acts, matters, deeds and things to implement the aforesaid Resolution for and on behalf of the Company.

5. **RE-APPOINTMENT OF MRS. PURNIMA MEHTA (DIN: 00023632) AS THE WHOLE-TIME DIRECTOR OF THE COMPANY:**

To consider and if thought fit to pass with or without modification(s) the following resolution as an **Special Resolution**:

**"RESOLVED THAT** in pursuant to the Articles of Association



of the Company and in accordance with the provisions of section 196-197 and 203 read with the Schedule V of the Companies Act, 2013 and other applicable provisions, if any, of the Companies Act, 2013 as amended from time to time or any re-enactment thereof and upon the recommendation/ approval of the Nomination and Remuneration Committee and the Board of Directors, the Company hereby approves the re-appointment and the remuneration payable to Mrs. Purnima Mehta (DIN:00023632) as the Whole-time Director of the Company for a term of 3 years with effect from 1st July, 2019 to 30th June, 2022 on the following remuneration;

1. Salary: Upto ₹4.00 lakhs Per Month
2. Perquisite: Upto ₹0.50 lakhs Per Month
3. Incentive/Commission

The aforesaid salary, perks and incentive/commission shall be subject to the maximum amount of 5% of the net profits of the Company in the financial year as determined under section 197 and 198 of the Companies Act, 2013, which shall be paid at the end of the financial year.

**RESOLVED FURTHER** that Mrs. Purnima Mehta shall also be eligible to the following perquisites which shall not be included in the computation of the ceiling on minimum remuneration specified here-in-above in accordance with the provisions of Schedule V to the Companies Act, 2013 as amended from time to time or any re-enactment thereof, if the Company has no profits or its profits are inadequate:

- d) contribution to provident, superannuation or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961;
- e) gratuity payable at a rate not exceeding half a month's salary for each completed year of service; and
- f) encashment of un-availed leave at the end of the tenure.

**RESOLVED FURTHER THAT** the aforesaid Salary, perquisites, incentives/commission and other benefits/ allowances (as per the rules of the Company) as may be decided by the Committee from time to time subject to further approval of the Board of Directors from time to time subject in aggregate to the minimum remuneration as provided in the Schedule V or the maximum of 5% of the net profits of the Company calculated in accordance with the provisions of Section 197 of the Companies Act, 2013 whichever may be higher.

**FURTHER RESOLVED THAT** The Company Secretary and/ or CFO or the Chairman and Managing Director be and is hereby authorized to do all such acts, matters, deeds and things to implement the aforesaid resolution for and on behalf of the Board of the Company.

#### 6. RE-APPOINTMENT OF CA MANOJ FADNIS (DIN: 01087055) AS AN INDEPENDENT DIRECTOR:

To consider and, if thought fit to pass with or without modification(s), the following resolution as a **Special Resolution**:

**"RESOLVED THAT** pursuant to the provisions of sections 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of the SEBI (LODR) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), CA Manoj Fadnis (DIN: 01087055), who was appointed as an Independent Director upto the 1st term of 5 years ended on 31st March, 2019 and being eligible, and has submitted a declaration for his independence and upon recommendation of the Nomination and Remuneration Committee and the Board of directors, CA Manoj Fadnis (DIN: 01087055) be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation and to hold office for a second term of 5 (five) consecutive years, w.e.f. 1st April, 2019 to 31st March, 2024."

#### 7. RE-APPOINTMENT OF SHRI RAKESH KALRA (DIN: 00780354) AS AN INDEPENDENT DIRECTOR:

To consider and, if thought fit to pass with or without modification(s), the following resolution as a **Special Resolution**:

**"RESOLVED THAT** pursuant to the provisions of sections 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of the SEBI (LODR) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Shri Rakesh Kalra (DIN: 00780354), who was appointed as an Independent Director upto the 1st term of 5 years ended on 31st March, 2019 and is eligible, and has submitted a declaration for his independence and upon recommendation of the Nomination and Remuneration Committee and the Board of directors, Shri Rakesh Kalra (DIN: 00780354) be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation and to hold office for a second term of 5 (five) consecutive years, w.e.f. 01st April, 2019 to 31st March, 2024."

#### 8. TO RATIFY THE REMUNERATION OF COST AUDITORS FOR THE FINANCIAL YEAR ENDING 31ST MARCH, 2019.

To consider and if thought fit to pass with or without

modification(s) the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or reenactment(s) thereof, for the time being in force), the members of the Company be and hereby ratify the payment of remuneration of ₹30,000/-, plus applicable taxes and reimbursement of out of pocket expenses at actuals to Mr. S.P.S Dangi, Cost Accountant, Indore (Registration No. 100004) appointed by the Board of Directors of Company on the recommendation of the Audit Committee of the Board, as Cost Auditors to

conduct the audit of the cost records of the Company for the Financial Year ending 31st March, 2020."

**"RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.

Date: 16th May, 2019

**By order of the Board,**

**Registered Office:**

Regd. Office: Mehta Chamber, 34 Siyaganj,  
Indore-452007

**Preeti Sharma**  
*Company Secretary*

## NOTES:

1. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to special business at the meeting is annexed and forms part of the Notice.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY/IES TO ATTEND AND VOTE INSTEAD OF HIMSELF/ HERSELF. THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A BLANK FORM OF PROXY IS ATTACHED HERewith AND, IF INTENDED TO BE USED, IT SHOULD BE RETURNED DULY COMPLETED AND SIGNED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE SCHEDULED TIME OF THE COMMENCEMENT OF 29TH ANNUAL GENERAL MEETING.**
3. A PERSON CAN ACT AS A PROXY ON BEHALF OF MEMBERS NOT EXCEEDING 50 IN NUMBERS AND HOLDING IN AGGREGATING NOT MORE THAN 10% OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS. HOWEVER, A MEMBER HOLDING MORE THAN 10% OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS A PROXY AND SUCH PERSON SHALL NOT ACT AS A PROXY FOR ANY OTHER PERSON OR MEMBER.
4. Corporate Members are requested to send Board resolution duly certified, authorizing their representative to attend and vote on their behalf at the AGM.
5. Pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, particulars of Directors seeking appointment / re-appointment/continuance of appointment at this meeting are annexed hereto.
6. Register of Members and Share Transfer Books of the Company will remain closed from 08th August, 2019 to 14th August, 2019 (both days inclusive) for the Annual General Meeting.
7. Relevant documents referred to in the accompanying Notice and the Statements are open for inspection by the Members at the Registered Office of the Company on all working days, except Saturdays, during business hours up to the date of the Meeting.
8. Members desirous 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. Electronic copy of the Annual Report 2018-19 is being sent to the members whose email ids are registered with the Company/Depository Participant(s) for communication purpose unless any member has requested for a physical copy of the same.
10. The Members are requested to:
  - a) Intimate changes, if any, in their registered addresses immediately.
  - b) Quote their ledger folio number in all their correspondence.
  - c) Hand over the enclosed attendance slip, duly signed in accordance with their specimen registered with the Company for admission to the meeting place.
  - d) Bring their Attendance Slips with them at the EGM venue.
11. Members are requested to notify immediately any change

in their address and also intimate their active E-Mail ID to their respective Depository Participants (DPs) in case the shares are held in demat form and in respect of shares held in physical form to the Registrar and Share Transfer Agent Ankit Consultancy Pvt. Ltd., Plot No. 60, Electronic Complex, Pardeshipura, Indore (M.P.) having email Id ankit\_4321@yahoo.com, rtaindore@gmail.com to receive the soft copy of all communication and notice of the meetings etc., of the Company.

## 12. Voting through electronic means

In compliance with the provisions of section 108 of the Companies Act, 2013 and the Rule 20 of the Companies (Management and Administration) Amendment Rules, 2015 and regulation 44 of SEBI (LODR) Regulation, 2015 the Company is pleased to provide its members the facility to exercise their right to vote at the 29th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Services Limited (CDSL).

The Company shall provide facility for voting through polling paper which shall be available at the meeting and members attending the meeting who have not already casted their vote by remote e-voting shall be able to exercise their right to vote at the meeting.

The Members who have casted their vote by remote e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.

The cut-off date for the purpose of voting (including remote e-voting) is 7th August, 2019 (Wednesday).

The remote e-voting facility will be available during the flowing period after which the portal shall forthwith be blocked and shall not be available:-

Commencement of remote e-voting	11th August, 2019 (Sunday)
End of remote e-voting	13th August, 2019 (Tuesday)

Once the vote on a resolution is casted by the member, the member shall not be allowed to change it subsequently.

**Members are requested to carefully read the below mentioned instructions for remote e-voting before casting their vote.**

- The voting period begins on 11th August, 2019 (Sunday) and ends on 13th August, 2019 (Tuesday). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) may cast their vote

electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

- The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- Click on Shareholders / Members
- Now Enter your User ID
  - For CDSL: 16 digits beneficiary ID,
  - For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - Members holding shares in Physical Form should enter Folio Number registered with the Company.
- Next enter the Image Verification as displayed and Click on Login.
- If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.

- If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.</li> <li>In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</li> </ul>
Dividend Bank Details OR Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the Company records in order to login.</p> <ul style="list-style-type: none"> <li>If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).</li> </ul>

- After entering these details appropriately, click on "SUBMIT" tab.

- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant Kriti Industries (India) Limited on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xvii) If a demat account holder has forgotten the changed login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xix) Note for Non – Individual Shareholders and Custodians
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
  - The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
13. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
14. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date 07th August, 2019 (Wednesday).
15. Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as on the cut-off date i.e. 07th August, 2019 (Wednesday), may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or RTA.
16. A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.
17. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the



depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.

18. CS Ishan Jain, Practicing Company Secretary (M. No. ACS 29444 & C.P. No. 13032) and Proprietor of M/s. Ishan Jain & Co., Company Secretaries, Indore has been appointed as the Scrutinizer for providing facility to the members of the Company to scrutinize the voting and remote e-voting process in a fair and transparent manner.
19. The Chairman shall, at the AGM at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of "Ballot Paper" for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
20. The Scrutinizer shall after the conclusion of voting at the general meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than two days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing,

who shall countersign the same and declare the result of the voting forthwith.

21. The Results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company [kiil.kritiindia.com](http://kiil.kritiindia.com) and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the BSE Limited, Mumbai.
22. For any other queries relating to the shares of the Company, you may contact the Share Transfer Agents at the following address:

**M/s. Ankit Consultancy Pvt. Ltd.**

60, Electronic Complex,

Pardeshipura, Indore (M.P.) 452010

Tel: 0731-4281333, 4065797/99

E-mail: [ankit\\_4321@yahoo.com](mailto:ankit_4321@yahoo.com), [info@ankitonline.com](mailto:info@ankitonline.com)

23. Members may also note that the Notice of the 29th AGM and the Kriti Industries (India) Ltd. Annual Report 2018-19 will be available on the Company's website [www.kritiindia.com](http://www.kritiindia.com). Members who require communication in physical form in addition to e-communication, or have any other queries, may write to us at: [cs@kritiindia.com](mailto:cs@kritiindia.com).

## EXPLANATORY STATEMENT IN RESPECT OF SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

### Item No. 4:

Shri Shiv Singh Mehta was last re-appointed as Chairman & Managing Director of the Company with effect from 01st October, 2016 for a period of 5 years.

The Remuneration & Nomination Committee and the Board of Directors at their respective meetings held on 16th May, 2019 have unanimously recommended for revision in the remuneration payable to Shri Shiv Singh Mehta (DIN:00023523), the Chairman & Managing Director of the Company (Who is also the Chairman and Managing Director of Kriti Nutrients Ltd.) who was re-appointed at the Annual General Meeting held on 11th August, 2016 for a term of 5 years with effect from 1st Oct., 2016 to 30th Sept., 2021 for the remaining part of his tenure from 1st April, 2019 to 30th Sept., 2021, on the payment of remuneration as proposed in the resolution, subject to the approval of the Members of the Company in General Meeting.

Shri Shiv Singh Mehta's is the main promoter of the Company having rich experience of the industry and he has contributed

greatly in the Company achieving its present position. The Company has exhibited a fair and stable performance during his tenure.

Shri Shiv Singh Mehta shall subject to superintendence, control and direction of the Board of Directors, be entrusted with substantial powers of management in respect of the whole of the affairs of the Company and shall perform such duties and exercise such powers as have been or may be entrusted to or conferred upon him by the Board from time to time.

The Board of Directors of the Company considers that the re-appointment of Shri Shiv Singh Mehta as Chairman & Managing Director will prove beneficial to the Company and accordingly recommends the resolution, as set out at Item No. 4 of the Notice convening this meeting, for your approval.

In accordance with the requirements of Schedule V to the Companies Act, 2013, a statement providing the required information for the revision in remuneration to Shri Shiv Singh Mehta is given hereunder:

**I. General Information:**

1	Nature of Industry	Manufacturing of Plastic Products												
2	Date or Expected date of commencement of commercial production	Existing Unit since 1990												
3	In case of new companies, expected date of commencement of activities as per projects approved by financial institutions appearing in the prospectus	Not Applicable												
4	Financial performance based on given indicators	<p>The turnover and net profit after tax for last three years were as follows:</p> <p style="text-align: right;">(in ₹ lakhs)</p> <table> <tr> <th>Year</th><th>Revenue</th><th>Net Profit After Tax</th></tr> <tr> <td>2018-19</td><td>57113.69</td><td>661.50</td></tr> <tr> <td>2017-18</td><td>44724.59</td><td>922.46</td></tr> <tr> <td>2016-17</td><td>40779.78</td><td>871.45</td></tr> </table>	Year	Revenue	Net Profit After Tax	2018-19	57113.69	661.50	2017-18	44724.59	922.46	2016-17	40779.78	871.45
Year	Revenue	Net Profit After Tax												
2018-19	57113.69	661.50												
2017-18	44724.59	922.46												
2016-17	40779.78	871.45												
5	Foreign Investments or Collaborations, if any	Not Applicable												

**II. Information about appointee:**

1	Background details	Shri Shiv Singh Mehta is the main promoter of the Company having rich experience of plastic and polymer pipes and products business. During his leadership Company achieved new milestone in plastic pipe industry. He holds a Bachelors degree in Engineering and a Masters degree in Management.
2	Past remuneration	During FY2018-19, Mr. Shiv Singh Mehta was paid Salary of ₹3,50,000 per month plus perquisites of ₹50,000 per month and commission within overall ceiling of 5% of the net profits of the Company.
3	Recognition or Awards	Served as past President of Indore Management Association. Arya Chanakya Award of MP Govt. for corporate governance and social responsibilities.
4	Job Profile and its Suitability	He is the Chairman & Managing Director subject to the superintendence, control and direction of Board of Directors, entrusted with substantial powers of management in respect of the whole of the affairs of the Company and shall perform such duties and exercise such powers as have been or may be entrusted to or conferred upon him by the Board from time to time. He has been associated with the business of the Company since inception. Considering his background and experience, he is eminently suitable to continue to hold the position of the Chairman & Managing Director of the Company.
5	Remuneration proposed	As per details contained in the Notice for the Annual General Meeting.
6	Comparative remuneration with respect to Industry Standards	The proposed remuneration is in line with remuneration payable to Directorial personnel holding similar stature/position in the Industry.
7	Any Pecuniary Relationship	Besides remuneration, Shri Shiv Singh Mehta holds 2028799 (4.09%) of the Equity Shares of the Company.

**III. Other Information:**

1	Reasons for loss or inadequate profit	The Company reported a profit in the current year, and has been consistently earning profits since inception, and has a strong net worth and effective capital.
2	Steps taken/ proposed to be taken for improvement	Your approval is sought by special resolution as stipulated under Part II Section II Para (A) of Schedule V to the Companies Act, 2013.
3	Expected Increase in productivity and profits in measurable terms	

**IV. Disclosures:**

The Remuneration details are given in the proposed resolution and Corporate Governance Report.

**Item No.5:**

Smt. Purnima Mehta was last re-appointed as Whole Time Director of the Company with effect from 01st July, 2016 for a period of 3 years.

The Remuneration & Nomination Committee and the Board of Directors at their respective meetings held on 16th May, 2019 have unanimously recommended for reappointment of Smt. Purnima Mehta as Whole Time Director of the Company as per provisions of Sections 196, 197, 203 read with Schedule V and other applicable provisions of the Companies Act, 2013 as amended from time to time as a for a period of five years with effect from 01st July, 2019 on the payment of remuneration as proposed in the resolution, subject to the approval of the Members of the Company in General Meeting.

Smt. Purnima Mehta is having rich experience of the industry and

she has contributed greatly in the Company achieving its present position.

Smt. Purnima Mehta shall subject to superintendence, control and direction of the Board of Directors and shall perform such duties and exercise such powers as have been or may be entrusted to or conferred upon her by the Board from time to time.

The Board of Directors of the Company considers that the re-appointment of Smt. Purnima Mehta as Whole Time Director will prove beneficial to the Company and accordingly recommends the resolution, as set out at Item No. 5 of the Notice convening this meeting, for your approval.

In accordance with the requirements of Schedule V to the Companies Act, 2013, a statement providing the required information for the re-appointment and payment of remuneration to Smt. Purnima Mehta is given hereunder:

**I. General Information:**

1	Nature of Industry	Manufacturing of Plastic Products		
2	Date or Expected date of commencement of commercial production	Existing Unit since 1990		
3	In case of new companies, expected date of commencement of activities as per projects approved by financial institutions appearing in the prospectus	Not Applicable		
4	Financial performance based on given indicators	The turnover and net profit after tax for last three years were as follows:		
		(in ₹ lakhs)		
		Year	Revenue	Net Profit After Tax
		2018-19	57113.69	661.50
		2017-18	44724.59	922.46
		2016-17	40779.78	871.45
5	Foreign Investments or Collaborations, if any	Not Applicable		

**II. Information about appointee:**

1	Background details	Smt. Purnima Mehta is the promoter of the Company having rich experience of business. During her tenure the Company achieved new milestone in progress. She holds a Bachelors degree in Arts (Hons.) and PGDBM
2	Past remuneration	During FY2018-19, Smt. Purnima Mehta was paid a salary of ₹2,50,000 per month plus perquisites of ₹50,000 per month and a commission within overall ceiling of 3% of the net profits of the Company.
3	Recognition or Awards	Active in business management and social activities at large.
4	Job Profile and its Suitability	She is the Whole Time Director subject to the superintendence, control and direction of the Board of Directors and shall perform such duties and exercise such powers as have been or may be entrusted to or conferred upon her by the Board from time to time. She has been associated with the business of the Company since inception. Considering her background and experience, she is eminently suitable to continue to hold the position of the Whole Time Director of the Company.
5	Remuneration proposed	As per details contained in the Notice for the Annual General Meeting.
6	Comparative remuneration with respect to Industry Standards	The proposed remuneration is in line with remuneration payable to the Directorial personnel holding similar stature/position in the Industry.
7	Any Pecuniary Relationship	Besides remuneration, Smt. Purnima Mehta holds 125609 (0.25%) of the Equity Shares of the Company.

### III. Other Information:

1	Reasons for loss or inadequate profit	The Company reported a profit in the current year, and has been consistently earning profits since inception, and has a strong net worth and effective capital.
2	Steps taken/ proposed to be taken for improvement	Your approval is sought by special resolution as stipulated under Part II Section II Para (A) of Schedule V to the Companies Act, 2013.
3	Expected Increase in productivity and profits in measurable terms	

### IV. Disclosures:

The Remuneration details are given in the proposed resolution and Corporate Governance Report.

#### Item No. 6 & 7:

CA Manoj Fadnis (DIN 01087055) and Shri Rakesh Kalra (DIN 00780354) were appointed as the Independent Directors of the Company to hold office as Independent Director up to 31st March, 2019 ("first term").

The Nomination and Remuneration Committee of the Board of Directors, on the basis of the report of performance evaluation, has recommended for their re-appointment as the Independent Directors for a second term of 5 (five) consecutive years on the Board of the Company.

The Board, based on the performance evaluation and as per the recommendation of the Nomination and Remuneration Committee, considers that, given his background and experience and contributions made by him during their tenure, the continued association would be beneficial to the Company and it is desirable to continue to avail their services as an Independent Directors.

Accordingly, it is proposed to re-appoint them as Independent Directors of the Company, not liable to retire by rotation, for a second term of 5 (five) consecutive years w.e.f. 1st April, 2019 on the Board of the Company.

All the aforesaid independent directors proposed for re-appointment are not disqualified as a Director in terms of Section 164 of the Act and other applicable laws and has given their consent to act as a Director. The Company has also received declaration from them that they meet the criteria of independence as prescribed both under Section 149(6) of the Act and under the SEBI (LODR) Regulations, 2015. In the opinion of the Board, these directors fulfil the conditions for appointment as an Independent Director as specified in the Companies Act, 2013 and the SEBI (LODR) Regulation, 2015.

They shall be paid remuneration by way of fee for attending meetings of the Board. Copy of draft letter of appointment of them setting out the terms and conditions of appointment is available for inspection by the members at the registered office of the Company.

The aforesaid directors may be deemed to be interested in the resolution to the extent of the fee for attending the meetings as may be payable and their shareholding interest, if any, in the Company. Save and except the above, none of the other Directors/ Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution.

Your directors recommend to pass resolutions as set out in the Item No. 6 to 7 by way of special resolution.

#### Item No. 8:

Members are hereby informed that on the recommendation of the Audit Committee, Board of Directors of your Company re-appointed Mr. S.P.S. Dangi, Cost Accountant, Indore as Cost Auditors of the Company for the year 2019-20 on the remuneration of ₹30,000/-, plus applicable taxes and reimbursement of out of pocket expenses at actual.

Consent Cum Declaration issued by the above Auditor regarding his consent and eligibility for appointment as Cost Auditor will be available for inspection of the Members at the Registered Office of the Company on all working days, except Saturdays, during business hours up to the date of the Meeting.

As per Section 148 (3) read with Rule 14 of Companies (Audit and Auditors) Rules 2014, the remuneration payable to the Cost Auditors is to be ratified by the Shareholders in General Meeting. Thus, the Members approval is solicited for the resolution set out in Item No. 8 of the Notice by way of an Ordinary Resolution.

None of the Directors / Key Managerial personnel/ their relatives is interested in the above resolution.

Date: 16th May, 2019

By order of the Board,

Registered Office:

Regd. Office: Mehta Chamber, 34 Siyaganj,  
Indore-452007

Preeti Sharma  
Company Secretary



## ANNEXURE

### DETAILS OF DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT/CONTINUANCE OF APPOINTMENT AT FORTHCOMING ANNUAL GENERAL MEETING

Name of the Directors	Mrs. Purnima Mehta	Mr. Saurabh Singh Mehta	Mr. Rakesh Kalra	CA Manoj Fadnis
DIN	00023632	00023591	01087055	00780354
Date of Birth	25.05.1960	29.07.1981		
Designation	Whole Time Director	Director	Independent Director	Independent Director
Date of Appointment	01.10.1999	07.02.2018	24.06.2006	24.06.2006
Qualification	B.A. (Hons), PGDBM	B.E., M.B.A.	B.E.	FCA
Expertise in specific area	Accounts, Purchase, HR and Administration	Administration, Marketing and IT	Mechanical Engineering/ Business Strategy/Leadership Training	Company Law, Taxation and Accounting
List of Outside Directorship held	Sakam Trading Private Limited, Kriti Nutrients Ltd., Kriti Specialities Private Limited	Sakam Trading Private Limited, Kriti Nutrients Ltd., Kriti Auto and Engineering Plastics Private Limited	Kriti Nutrients Ltd., Jamna Auto Industries Limited, Minda Stoneridge Instruments Limited, Minda Automotive Solutions Limited, Automotive Axles Limited	Kriti Nutrients Ltd., Kriti Auto and Engineering Plastics Private Limited, Yes Securities (India) Limited, Yes Asset Management (India) Limited Confederation of Asia Pacific Accountants Hong Kong (Co limited by gurantee- nominated by ICAI)
Chairman / Member of the Committees of the Board of Directors of the Company	<b>Chairman:-</b> Nil <b>Member:-</b> 1. Audit Committee 2. Stakeholder Relationship Committee 3. Corporate Social Responsibility	<b>Chairman:-</b> Nil <b>Member:-</b> 1. Stakeholder Relationship Committee	<b>Chairman:-</b> 1. Audit Committee 2. Nomination and Remuneration Committee 3. Independent Directors Committee <b>Member:-</b> 1. Stakeholder Relationship Committee	<b>Chairman:-</b> Nil <b>Member:-</b> 1. Audit Committee 2. Nomination and Remuneration Committee 3. Corporate Social Responsibility 4. Independent Directors Committee 5. Financial Committee
No. of Equity Shares held	1,25,609	30,423	Nil	Nil

# DIRECTORS' REPORT

*To the members*

Your Directors are pleased to present their 29th Annual Report on the operations of the Company together with Audited Financial Statements for the year ended on 31st March, 2019.

## 1. Financial Highlights:

The summarized financial results for the year vis-a-vis the previous year are as follows:

(₹ in lakhs)

PARTICULARS	STANDALONE		CONSOLIDATED	
	2018-19	2017-18	2018-19	2017-18
Revenue from Operations	56901.57	44424.55	58765.93	46354.96
Other Income	212.12	300.04	214.80	300.71
Total Revenue	57113.69	44724.59	58980.73	46655.67
Operating Expenses	53993.39	41500.08	55840.32	43373.76
EBIDTA	3120.30	3224.51	3140.41	3281.91
Finance Cost	1477.20	1252.94	1517.16	1301.85
Depreciation	596.29	561.83	624.63	590.90
Profit/ (Loss) before Tax	1046.81	1409.74	998.62	1389.16
Tax Expenses	385.31	487.28	397.95	469.75
Profit/ (Loss) after Tax	661.50	922.46	600.67	919.41

## 2. Operational Performance

During the Financial Year ended on 31st March, 2019, your Company embarked on expanding its business across new regions, resulting in turnover growth by 28.08% on a standalone basis to ₹56901.57 lakhs as against a turnover of ₹44424.55 lakhs in the previous Financial Year. However, due to business development expenses that needed to be incurred upfront, Profit after Tax declined to ₹661.50 lakhs as against ₹922.46 lakhs in the previous Financial Year.

On a consolidated basis your Company achieved a turnover of ₹58765.93 as against a turnover of ₹46354.96 lakhs in the previous Financial Year; Profit after Tax was ₹600.67 lakhs as against Profit after Tax of ₹919.41 lakhs in the previous Financial Year.

## 3. Dividend

Your Directors have recommended a dividend of @ 15% (₹0.15 per equity shares of ₹1 each on 49603520 Equity Shares) for the Financial Year 2018-19 aggregating to ₹74.40 lakhs, payable to those Shareholders whose names appear in the Register of Members as on the Book Closure / Record Date. This announcement is subject to the approval of members at

the forthcoming Annual General Meeting.

## 4. Change In Control

There was no change in control during the period under review.

## 5. Business Transfer

There was no transfer of business during the period under review.

## 6. Deposit

The Company did not receive / accept any deposits from Directors of the Company.

## 7. Auditors & their Report

The shareholders at their 25th Annual General Meeting (AGM) held on 24th September, 2015 had approved the appointment of M/s. Rakesh Kumar & Associates, Chartered Accountants (FRN: 002150C), Indore, as Statutory Auditors to hold office for a period of five years from the conclusion of 25th AGM till the conclusion of the 30th Annual General Meeting.

The Auditors in their Audit Report did not make any adverse remark, qualification or reservation.

## 8. Directors and Key Managerial Personnel

### Directors

During the period under review, the Members at the 28th Annual General Meeting of the Company held on 31st July, 2018, pursuant to the provisions of Section 152, approved the appointment of Mrs. Purnima Mehta (00023632), Whole Time Director, who was liable to retire by rotation and being eligible offered herself for reappointment.

For the operational convenience the Company re-designated Mr. Shiv Singh Mehta (DIN 00023523), Managing Director, as Chairman & Managing Director with effect from 31st July, 2018.

In accordance with the provisions of the Companies Act, 2013 and the Articles of Association of the Company, Mr. Saurabh Singh Mehta (DIN 00023591), Director of the Company, is liable to retire by rotation at the ensuing Annual General Meeting and, being eligible, offered himself for re-appointment.

The Board of Directors at its meeting on 16th May, 2019, passed a resolution for a revision in the remuneration payable Shri Shiv Singh Mehta (DIN:00023523) the Chairman & Managing Director of the Company (also Chairman and Managing Director of Kriti Nutrients Ltd.) who was re-appointed at the Annual General Meeting held on 11th August, 2016 for a term of five years with effect from 1st October 2016 to 30th September 2021 for the remaining part of his tenure from 1st April, 2019 to 30th September 2021. as proposed in the resolution, subject to the approval of Members of the Company in the Annual General Meeting.

The Board of Directors at its meeting on 16th May 2019 passed a resolution for the reappointment of Smt. Purnima Mehta as Whole Time Director of the Company as per provisions of Sections 196, 197, 203 read with Schedule V and other applicable provisions of the Companies Act, 2013 as amended from time to time for a period of three years with effect from 01st July, 2019 on the payment of remuneration as proposed in the resolution, subject to the approval of the Members of the Company in the Annual General Meeting.

Necessary information on the Director (s) seeking appointment/ reappointment has been given in the Notice of the ensuing Annual General Meeting.

The Company received declarations from all the Independent Directors of the Company confirming that they met the criteria of independence as prescribed both under Section 149 (6) of the Companies Act, 2013 and the SEBI Listing Regulations.

### Key Managerial Personnel

The following comprised Key Managerial Personnel of the Company during the period under review:

- i) Mr. Shiv Singh Mehta (DIN 00023523), Chairman & Managing Director,

- ii) Mrs. Purnima Mehta (DIN 00023632), Whole Time Director,
- iii) Mr. Vinod Kumar Mittal, Chief Financial Officer (ceased w.e.f. 9th November, 2018),
- iv) Mr. Kamal Kanodia, Chief Financial Officer (appointed w.e.f. 10th November, 2018),
- v) Mrs. Priyanka Gupta, Company Secretary and Compliance Officer (ceased w.e.f. 31st May, 2018),
- vi) Ms. Vibha Vyas, Company Secretary and Compliance Officer (ceased w.e.f. 20th December, 2018) and
- vii) Ms. Preeti Sharma, Company Secretary and Compliance Officer (appointed w.e.f. 21st December, 2018).

### Board Evaluation

The Board of Directors of the Company is committed to its performance evaluation to identify strengths and improvement areas. To that end, the Nomination and Remuneration Committee established the process for evaluation of the performance of Directors, including Independent Directors, Board and its Committees. The evaluation of performance of Executive Directors was done by Independent Directors.

The Company devised a policy for the performance evaluation of Independent Directors, Board, Committees and other individual Directors, which includes criteria and process for performance evaluation of the Non-Executive Directors and Executive Directors to judge the knowledge to perform the role, time and level of participation, performance of duties, professional conduct, independence etc. The appointment/ re-appointment/ continuation of Directors on the Board shall be based on the outcome of this evaluation process.

During the year under review as per the policy for performance evaluation, a formal evaluation of the performance of Directors, including Independent Directors, Board and Committees was made by Independent Directors and the Nomination and Remuneration Committee in their respective meetings and the evaluation result was placed before the Board for its information and consideration.

### Meetings

During the year five Board meetings and five Audit Committee Meetings were convened and held. The details of these meetings are given in the Corporate Governance Report. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013 / SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### Nomination & Remuneration Policy

The Company has a policy for the selection and appointment of Directors, key managerial personnel and senior management personnel as well as for the determination of their remuneration. The salient features of the Nomination &

Remuneration Policy are stated in the Corporate Governance Report.

The Nomination & Remuneration Policy, duly approved by the Board, has been posted on the Company's website [www.kritiindia.com](http://www.kritiindia.com).

#### 9. **Subsidiary Company and Associate Company**

Statement in respect of Kriti Auto & Engineering Plastics Private Limited, a Wholly Owned Subsidiary Company under Section 129 of the Companies Act, 2013, read with Rule 5 of the Companies (Accounts) Rules, 2014 in Form AOC-I, is attached as Annexure A and forms part of this report.

#### 10. **Related Party Transactions:**

During the period under review, all related party transactions were entered on an arm's length basis and in the ordinary course of business. There were no materially significant related party transactions made by the Company with Promoters, Directors, key managerial personnel or other designated persons, which may have a potential conflict with the interests of the Company at large.

Separate disclosures as per regulation 34 (3) and 53 (f) of SEBI (Listing obligations and Disclosure Requirement) Regulations, 2015 were made in the report. AOC-II is attached as Annexure B and forms a part of this Report.

The policy on Related Party Transactions duly approved by the Board on the recommendation of the Audit Committee has been posted on the Company's website [www.kritiindia.com](http://www.kritiindia.com).

#### 11. **Corporate Social Responsibility:**

The Annual Report on CSR activities is attached as Annexure C and forms a part of this Report. The salient features of CSR policy is stated in Annual Report on CSR activities.

The policy on CSR duly approved by the Board has been posted on the Company's website [www.kritiindia.com](http://www.kritiindia.com).

#### 12. **Particulars of Employees and Related Disclosure:**

The information required pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended in respect of employees of the Company forming part of Directors' Report is given in Annexure D to this Report.

#### 13. **Conservation of Energy, Technology Absorption, Foreign Exchange Earnings & Outgo**

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of The Companies (Accounts) Rules, 2014, is attached as Annexure E and forms part of this report.

#### 14. **Particulars of Loans, Guarantees and Investments**

The details of Loans, Guarantees and Investment are given in the notes 5 & 13 to the Financial Statements.

#### 15. **Corporate Governance**

The report on Corporate Governance as stipulated under Regulation 34 (3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 along with the requisite certificate from the Statutory Auditor of the Company confirming compliance with the conditions of corporate governance is appended and forms a part of this report.

#### 16. **Risk Management**

The Company has well-defined processes to ensure the risks are identified and mitigation steps are put in place. The Company's Risk Management process focuses on ensuring that these risks are identified on a timely basis and reasonably addressed.

The Audit Committee oversees financial risks and controls. Major risks are identified by the businesses and functions and these are systematically addressed through mitigating actions on a continuing basis.

#### 17. **Vigil Mechanism / Whistle Blower Policy**

The Company has established a Vigil Mechanism that enables the Directors and Employees to report genuine concerns. The Vigil Mechanism provides for

- (a) adequate safeguards against victimization of persons who use the Vigil Mechanism; and
- (b) direct access to the Chairperson of the Audit Committee of the Board of Directors of the Company in appropriate or exceptional cases.

Details of the Vigil Mechanism Policy are made available on the Company's website [www.kritiindia.com](http://www.kritiindia.com) and have also been provided in the Corporate Governance Report forming part of this Report.

#### 18. **Directors' Responsibility Statement**

Pursuant to Section 134(3)(c) read with Section 134(5) of the Companies Act, 2013, the Board of Directors, to the best of their knowledge and ability, confirm:-

- a) That in the preparation of the annual financial statements for the year ended 31st March, 2019, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- b) That 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 a true and fair view of the state of affairs of the Company at the end of the financial year ended 31st March, 2019 and of the statement of profit and loss of the Company for that period;



- c) That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) That the annual financial statements have been prepared on a going concern basis;
- e) That proper internal financial controls were in place and that the financial controls were adequate and were operating effectively.
- f) That the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

#### 19. Internal Control and their Adequacy:

The Board of Directors of the Company is responsible for ensuring that internal financial controls have been established in the Company and that such controls are adequate and operating effectively. The Company has laid down certain guidelines and processes which enables implementation of appropriate internal financial controls across the organisation. Such internal financial controls encompass policies and procedures adopted by the Company for ensuring orderly and efficient conduct of business, including adherence to its policies, safeguarding of its assets, prevention and detection of frauds and errors, the accuracy and completeness of accounting records and the timely preparation of reliable financial information.

The Statutory Auditors in their audit report opined that these controls are operating effectively. The Internal Audit team develops an audit plan based on the risk profile of the business activities. The annual internal audit plan is approved by the Audit Committee, which also reviews compliance to the plan. The Internal Audit team monitors and evaluates the efficacy and adequacy of internal control systems in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company. Based on the report of internal audit function, process owners undertake corrective action(s) in their respective area(s) and thereby strengthen the controls. Significant audit observations and corrective action(s) thereon are presented to the Audit Committee.

The Audit Committee reviews the reports submitted by the Internal Auditors.

The Board implemented systems to ensure compliance of all applicable laws. These systems were effective and operative. At every quarterly interval, the Managing Director and the Company Secretary place before the Board a certificate certifying compliance of laws and regulations as applicable to the business and operations of the Company after obtaining confirmation from all business unit and functional heads responsible for compliance of such applicable laws and regulations.

During the Financial Year, no frauds were reported by auditors in terms of section 143 (12) of the Companies Act, 2013.

#### 20. Extract of Annual Return

The extract of the Annual Return in Form MGT - 9 under section 92 of the Companies Act 2013 for the financial Year ending 31st March, 2019 is annexed hereto as Annexure F and forms a part of this Report.

##### Cost Auditor

In pursuance of Section 148 of the Companies Act, 2013, your Directors appointed Mr. SPS Dangi, Cost Accountant, Indore, to conduct the Audit of the Cost Accounting records for the financial year 2018-19.

The Board of Directors of the Company on the recommendation of the Audit Committee, at its meeting held on 16th May, 2019 re-appointed Mr. SPS Dangi as the Cost Auditors of the Company, to conduct the Audit of the Cost Accounting records for the financial year 2019-20. As required under Section 148 (3) of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors is to be ratified by the shareholders. Therefore, the Board of Directors recommend the remuneration payable to Mr. SPS Dangi, Cost Auditors for the financial year 2019-20 for the ratification by the Members in the ensuing Annual General Meeting.

#### 21. Secretarial Auditor

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 the Board appointed M/s. Kaushal Agrawal & Co., Company Secretaries, Indore, to conduct Secretarial Audit for the financial year 2018-19.

The Board of Directors of the Company on the recommendation of the Audit Committee, at its meeting held on 16th May, 2019 has appointed Kaushal Agrawal & Co. to conduct Secretarial Audit for the financial year 2019-20.

The Secretarial Audit Report for the financial year ended 31st March, 2019 in Form MR-3 is attached as Annexure G and forms part to this Report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

#### 22. Significant and Material Orders Passed by the Regulators or Courts or Tribunals

No significant or material orders were passed by the Regulators or Courts or Tribunals, which impact the going concern status and Company's operations in future.

#### 23. Investor Education and Protection Fund (IEPF)

An amount of ₹207268 in respect of unpaid/unclaimed dividend declared in FY 2010-2011 was transferred to the Investor Education and Protection Fund by the Company during the year ended 31st March 2019.

Some 817571 equity shares of face value of ₹1 each, in respect

of unpaid/unclaimed dividend declared in FY 2009-2010, and 74843 equity shares of face value of ₹1 each, in respect of unpaid/unclaimed dividend declared in FY 2010-2011 (aggregating to 892414 Equity Shares) has been transferred to the IEPF.

An amount of ₹122635.45 has been transferred to IEPF in respect of dividend declared on the shares transferred to the IEPF.

The details of the nodal officer appointed by the Company under the provisions of IEPF is available on the Company's website at [www.kritiindia.com](http://www.kritiindia.com)

#### 24. Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013:

The Company has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy. The following is a summary of sexual harassment complaints received and disposed of during the year:

Sr. No.	Particulars	No. of Complaints
1.	Number of complaints pending at the beginning of the year	-
2.	Number of complaints received during the year	-
3.	Number of complaints disposed off during the year	-
4.	Number of cases pending at the end of the year.	-

#### 25. General

Your Directors state that during the year under review:

- a) The Company had no deposits covered under Chapter V of the Companies Act, 2013.

- b) There was no change in the share capital of the Company.
- c) The Company had not issued equity shares with differential rights as to dividend, voting or otherwise.
- d) The Company had not issued shares (including sweat equity shares) to employees of the Company under any scheme.
- e) Neither the Managing Director nor the Whole-time Directors of the Company receive any remuneration or commission from its subsidiary.
- f) The Company has complied with the applicable Secretarial Standards under the Companies Act, 2013.
- g) The cost records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013, is required to be maintained by the Company and accordingly such accounts and records are made and maintained.
- h) There have been no material changes and commitments affecting the financial position of the Company which have occurred between financial year ended on 31st March, 2019, to which the financial statements relate and the date of this report.

#### 26. Acknowledgement

Your Directors place on record, their sincere appreciation and gratitude for all the co-operation extended by Government Agencies, Bankers, Financial Institutions, Business Associates and Shareholders. The Directors also record their appreciation for the dedicated services rendered by all the Executive Staff and Workers of the Company at all levels in all units and for their valuable contribution in the working of the Company

For and on behalf of the Board of Directors

**Shiv Singh Mehta**

*Chairman & Managing Director*  
(DIN: 00023523)

Date: 16th May, 2019  
Place: Indore

## ANNEXURE A

## FORM AOC-I

(Pursuant to first proviso to sub-section (3) of Section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

STATEMENT CONTAINING SALIENT FEATURES OF THE FINANCIAL STATEMENT OF  
SUBSIDIARIES/ASSOCIATE COMPANIES/JOINT VENTURES AS ON 31.03.2019

## Part "A": Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in ₹)

Sr. No.	Particulars	
1.	Name of the subsidiary	Kriti Auto Engineering & Plastics Private Limited
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	NA
3.	Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries.	NA
4.	Share capital	Authorized: 50000000 Paid up: 38850000
5.	Reserves & surplus	(1015933)
6.	Total assets	136760722
7.	Total Liabilities	136760722
8.	Investments	-
9.	Turnover including other income	186703600
10.	Profit before taxation	(4822292)
11.	Provision for taxation	1263646
12.	Profit after taxation	(6085938)
13.	Proposed Dividend	-
14.	% of shareholding	100
15.	Names of subsidiaries which are yet to commence operations	-
16.	Names of subsidiaries which have been liquidated or sold during the year	-

## Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

## NOT APPLICABLE

The Company do not have any Associates and Joint Ventures as on 31st March, 2019.

Sr. No.	Particulars	
1.	Names of associates or joint ventures which are yet to commence operations	-
2.	Names of associates or joint ventures which have been liquidated or sold during the year	-

## ANNEXURE B

## FORM AOC-II

*(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)*  
**FORM FOR DISCLOSURE OF PARTICULARS OF CONTRACTS/ARRANGEMENTS ENTERED INTO BY THE COMPANY  
 WITH RELATED PARTIES REFERRED TO IN SUBSECTION (1) OF SECTION 188 OF THE COMPANIES ACT, 2013  
 INCLUDING CERTAIN ARMS LENGTH TRANSACTIONS UNDER THIRD PROVISIO THERETO**

**1. DETAILS OF CONTRACTS OR ARRANGEMENTS OR TRANSACTIONS NOT AT ARM'S LENGTH BASIS:**

Your Company has not entered into any contract or arrangement or transaction with its related parties which is not at arm's length during Financial Year 2018-19.

**2. DETAILS OF MATERIAL CONTRACTS OR ARRANGEMENT OR TRANSACTIONS AT ARM'S LENGTH BASIS:**

There are no material contracts or arrangement or transactions with related parties made by the Company as per explanation provide in Regulation 23 of SEBI (LODR), 2015. As per Sec 188 of Companies Act 2013 Disclosure of Related party transaction are as follows :

	Nature of contracts / arrangements	Duration of the contracts / arrangements	Salient terms of the contracts or arrangements or transactions including the value, if any:	Date(s) of approval by the Board
Kriti Nutrients Ltd.	Purchase Export incentive License	Ongoing	Transactions were entered into, in the ordinary course of business and on arm's length basis	
Kriti Nutrients Ltd.	Sale of Consumable Item	Ongoing	Transactions were approved by the Board in their meetings held on:	
Kriti Nutrients Ltd.	Purchase of Consumable Item	Ongoing	16.05.2018 31.07.2018	
Sakam Trading Pvt. Ltd.	Rent Paid	Ongoing	25.10.2018	
Kriti Auto Engineering Pvt. Ltd.	Purchase of Consumable Item	Ongoing	24.01.2019 18.02.2019	

**Note**

1. Approval has been taken for related party transaction
2. Advance Paid -NIL



## ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

### 1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or Programme:

The Corporate Social Responsibility Policy ("Policy") of the Company is in line with the provisions of Section 135 of the Companies Act 2013 ("Act") read with Schedule VII to the Act and the Companies (Corporate Social Responsibility Policy) Rules, 2014 ("Rules").

The Policy lays down the guiding principles that shall be applicable to the CSR projects / programme / activities of the Company.

The Board of Directors approved this Policy, on the basis of the recommendations of the CSR Committee.

#### Objective of the Policy:

- Lay down the broad guidelines for the Company to undertake its CSR projects / programme / activities;
- set up the approach of the Company towards the CSR initiatives;
- define the CSR activities that the Company undertakes to carry out and

- fix the timelines, monitoring and implementation mechanism with respect to CSR activities.

The CSR Policy of the Company is available on Company Website at: [www.kritiindia.com](http://www.kritiindia.com).

### 2. The Composition of CSR Committee is as follows:

- Mr. Shiv Singh Mehta, Chairman
- Mrs. Purnima Mehta, Member
- Mr. Rakesh Kalra, Member

### 3. Average Net Profit of the Company for last three financial years: ₹1549.92 lakhs

### 4. Prescribed CSR Expenditure

(two percent of the average Net Profit of the Company for the last three financial years) : ₹31.00 lakhs

### 5. Details of CSR expenditure for the financial year 2018-19:

- Total amount spent during the financial year : ₹1.60 lakhs
- Amount unspent, if any : ₹29.40 lakhs
- Manner in which the amount spent during the financial year 2018-19 is detailed below:

Sr. No.	Projects / Activities	Sector in which the Project is covered	Location	Amount Outlay (Budget) Project or Programs Wise	Amount Spent on the project or programs	Cumulative Expenditure upto reporting period	Amount spent: *Direct or through implementing agency
			District	(₹ in lakhs)	(₹ in lakhs)	(₹ in lakhs)	(₹ in lakhs)
1.	Health check-up camps	Health Care	Indore	31.00	1.50	1.50	1.50
2.	Environment day programs	Environmental Sustainability	Indore		0.10	0.10	0.10

### 6. In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report:

The Company endeavored to ensure full utilization of the allocated CSR budget. The CSR activities are scalable with few new initiatives that may be considered in future and moving forward the Company will endeavor to spend the amount on CSR activities in accordance with the statutory requirements.

### 7. Responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company:

The CSR Committee affirms that the implementation and monitoring of CSR Policy is in compliance with the CSR Policy and Objectives of the Company.

Date: 16th May, 2019  
Place: Indore

Shiv Singh Mehta  
Chairman - CSR Committee

## ANNEXURE D

## INFORMATION PURSUANT TO SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5 OF THE COMPANIES

(APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014 AS AMENDED AND FORMING PART

OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2019.

1. The ratio of remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2018-19:

Sr. No.	Name of Directors	Ratio
1.	Mr. Shiv Singh Mehta	37.00
2.	Mrs. Purnima Mehta	22.92
3.	Mr. Saurabh Singh Mehta	0.59
4.	Mr. Rakesh Kalra	0.62
5.	CA Manoj Fadnis	0.62
6.	Mr. Chandrasekharan Bhaskar	0.59

2. The percentage increase in remuneration of each Director, Chief Financial Officer, Company Secretary in the financial year 2018-19:

Sr. No.	Name of Directors/KMP	Designation	% increase (Decrease) in Remuneration Paid
1	Mr. Shiv Singh Mehta	Chairman & Managing Director	(18.20)
2	Mrs. Purnima Mehta	Whole Time Director	(17.88)
3	Mr. Saurabh Singh Mehta	Director	-
4	Mr. Rakesh Kalra	Independent Director	-
5.	CA Manoj Fadnis	Independent Director	-
6.	Mr. Chandrasekharan Bhaskar	Independent Director	-
7.	Mr. Vinod Kumar Mittal* (upto 9th November, 2019)	Chief Financial Officer	-
8.	Mr. Kamal Kanodia** (w.e.f. 10th November, 2019)	Chief Financial Officer	-
7.	Mrs. Priyanka Gupta* (upto 31st May, 2018)	Company Secretary and Compliance Officer	-
8.	Ms. Vibha Vyas* (upto 20th December, 2018)	Company Secretary and Compliance Officer	-
9.	Ms. Preeti Sharma** (w.e.f 21st December, 2018)	Company Secretary and Compliance Officer	-

\* Mr. Vinod Kumar Mittal (Chief Financial Officer), Mrs. Priyanka Gupta (Company Secretary & Compliance Officer) and Ms. Vibha Vyas (Company Secretary & Compliance Officer) resigned during the Financial Year, hence percentage increase is not comparable, and as such this section is not applicable

\*\* Mr. Kamal Kanodia (Chief Financial Officer) and Ms. Preeti Sharma (Company Secretary & Compliance Officer) appointed during the Financial Year, hence percentage increase is not comparable, and as such this section is not applicable

3. The percentage increase in the median remuneration of employee(s) in the financial year 2018-19: 8%
4. The number of permanent employees on the role of the Company as on 31st March, 2019: 561
5. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

The increase in remuneration is not solely based on Company's performance but also includes various other factors like individual performance, experience, relevant expertise, skills,

academic background, industry trends, economic situation and future growth prospects etc. besides Company's performance. There were no exceptional circumstances for the increase in managerial remuneration in comparison to remuneration of other employees.

4. The remuneration paid to the Directors is as per the Remuneration Policy of the Company.
5. Statement of Particulars of Employees as per Section 197 of The Companies Act, 2013 read with rule 5(2) and (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended, and forming part of the Directors' Report for the year ended 31st March, 2018: Not Applicable

## PARTICULARS OF ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO AS PER SECTION 134 (3) (M) OF THE COMPANIES ACT, 2013 AND RULE 8 OF THE COMPANIES (ACCOUNTS) RULES, 2014.

### A. Conservation Of Energy

#### 1) Steps taken or impact on conservation of energy:

1. Installation of VFD for vacuum pump resulting in energy saving of approx. 70%.
2. Automation in RPVC for water supply resulting in saving of energy by maintaining constant flow.
3. Automation of Compressed Air System in HDPE plant resulting in energy saving approx. of 10%
4. LED Installed in most of the areas by replacing conventional fittings.
5. Automation of cooling tower fan to save energy in suitable ambient conditions.
6. Modification of water line and addition of cooling tower to reduce chiller power consumption.
7. Installation of induction heater on 09 RPVC Machines resulting in energy saving of approx. 30%
8. Modification of RPVC Pipe lifter to reduce the travel time and energy saving.

#### 2) Steps taken by the Company for utilising alternate sources of energy:

1. Approx. 36 lakhs unit generated from solar power by using open power supply.
2. Proposal for installing PV Panels at roof top is under consideration.

#### 3) Capital investment on energy conservation equipment: Approx ₹20 lakhs

### B. Technology Absorption

#### 1) Efforts made towards technology absorption:

1. Visited Plast India held at Gandhinagar to improve the process using latest technologies.

2. Discussed on the projects of replacement of conventional heating system with induction/ infrared heating systems to improve the productivity with efficient and latest technologies with the reduction in specific energy consumption. Implemented induction heaters in more than 50% machinery while other is in process.
3. Procured latest machines where the process is linear instead of Rotary during the year under review to improve socketing process resulting in improved quality of socket.

#### 2) Technology imported during the last three years reckoned from beginning of the financial year:

During the last three years reckoned from beginning of the financial year, the following technology imported:

1. Material Recycling Plant

#### 3) Expenditure incurred on Research and Development: Nil

### C. Foreign Exchange Earning & Outgo

Sr. No.	Particulars	Amount (₹ in lakhs) earned/spent in FY 2018-19
1.	Foreign Exchange earned in terms of Actual Inflows	-
2.	Foreign Exchange spent in terms of Actual Outflows	9138.93

## FORM NO. MGT-9 EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March, 2019

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

### I. REGISTRATION AND OTHER DETAILS:

i)	CIN	L25206MP1990PLC005732
ii)	Registration Date	12th March, 1990
iii)	Name of the Company	Kriti Industries (India) Limited
iv)	Category/Sub-Category of the Company	Company having Share Capital
v)	Address of the Registered office and contact details	Mehta Chambers, 34-Siyaganj, Indore-452007, Tel. No. 0731-2719126 E mail id: cs@kritiindia.com Website: www.kritiindia.com
vi)	Whether Listed Company	Yes
vii)	Name, Address and Contact details of Registrar and Transfer Agent if any	Ankit Consultancy Pvt. Ltd, Plot No. 60, Electronic Complex, Pardeshipura, Indore- 452010 Tel. No. 0731-4281333, 4065797/99 E mail id: ankit4321@yahoo.com, info@ankitonline.com

### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the Company
1	Manufacture of other plastics products n.e.c.	22209	100%

### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sl. No.	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% of shares held	Applicable
1	Sakam Trading Pvt. Ltd.	U65993MP1986PTC003517	Holding	52.10	2(46)
2	Kriti Auto & Engineering Plastics Pvt. Ltd.	U25206MP2007PTC019323	Subsidiary	100.00	2(87)

### IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY):

#### 1. Category-wise Share Holding:

Category of Shareholder	No. of Shares held at the beginning of the year (As on 01.04.2018)				No. of Shares held at the end of the year (As on 31.03.2019)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoter &amp; Promoter Group</b>									
<b>(1) Indian</b>									
a) Individual / HUF	2304847	-	2304847	4.65	2304847	-	2304847	4.65	0.00
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt.(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corporate	30312931	-	30312931	61.11	30332466	-	30332466	61.15	0.04
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-
<b>Sub-Total (A)(1):</b>	<b>32617778</b>	<b>-</b>	<b>32617778</b>	<b>65.76</b>	<b>32637313</b>	<b>-</b>	<b>32637313</b>	<b>65.80</b>	<b>0.04</b>

Category of Shareholder	No. of Shares held at the beginning of the year (As on 01.04.2018)				No. of Shares held at the end of the year (As on 31.03.2019)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>(2) Foreign</b>									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other - Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-
<b>Sub-Total (A)(2)</b>	-	-	-	-	-	-	-	-	-
<b>Total Shareholding of Promoters (A) = (A)(1)+(A)(2)</b>	<b>32617778</b>	<b>-</b>	<b>32617778</b>	<b>65.76</b>	<b>32637313</b>	<b>-</b>	<b>32637313</b>	<b>65.80</b>	<b>0.04</b>
<b>B. Public Shareholding</b>									
<b>1 Institutions</b>									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	5600	-	5600	0	1681	-	1681	0	0.00
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(1):-</b>	<b>5600</b>	<b>-</b>	<b>5600</b>	<b>0</b>	<b>1681</b>	<b>-</b>	<b>1681</b>	<b>0</b>	<b>0.00</b>
<b>2. Non- Institutions</b>									
a) Bodies Corp.									
i) Indian	970986	17600	988586	1.99	914774	4800	919574	1.85	(0.14)
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹2 lakh	6060872	2791280	8852152	17.85	6714097	1521680	8235777	16.60	(1.25)
ii) Individual shareholders holding nominal share capital in excess of Rs 2 lakh	6622369	-	6622369	13.35	6377369	-	6377369	12.86	(0.49)
c) Others (NRI & OCB)	479928	-	479928	0.97	530984	-	530984	1.07	0.10
d) Clearing Member	37124	-	37124	0.07	8408	-	8408	0.02	(0.05)
e) IEPF, MCA	-	-	-	-	892414	-	892414	1.80	1.80
<b>Sub-total (B)(2):-</b>	<b>14171279</b>	<b>2808880</b>	<b>16980159</b>	<b>34.23</b>	<b>15438046</b>	<b>15442840</b>	<b>16964526</b>	<b>34.20</b>	<b>(0.03)</b>
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	<b>14176879</b>	<b>2808880</b>	<b>16985759</b>	<b>34.24</b>	<b>15439727</b>	<b>15442840</b>	<b>16966207</b>	<b>34.20</b>	<b>(0.04)</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Grand Total(A+B+C)</b>	<b>46794640</b>	<b>2808880</b>	<b>49603520</b>	<b>100.00</b>	<b>48077040</b>	<b>1526480</b>	<b>49603520</b>	<b>100.00</b>	<b>0.00</b>



## 2. Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (As on 01.04.2018)			Shareholding at the end of the year (As on 31.03.2019)			% change in share holding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1	Sakam Trading Pvt. Ltd.	25843673	52.10	-	25843673	52.10	-	-
2	Chetak Builders Pvt. Ltd.	4469258	9.01	-	4488793	9.05	-	0.04
3	Mr. Shiv Singh Mehta	2028799	4.09	-	2028799	4.09	-	-
4	Mrs. Purnima Mehta	125592	0.25	-	125609	0.25	-	-
5	Mrs. Raj Kumari Kothari	83280	0.17	-	83280	0.17	-	-
6	Mrs. Devki Mehta Hirawat	36736	0.07	-	36736	0.07	-	-
7	Mr. Saurabh Singh Mehta	30423	0.06	-	30423	0.06	-	-
	<b>Total</b>	<b>32617761</b>	<b>65.76</b>	<b>-</b>	<b>32637313</b>	<b>65.80</b>	<b>-</b>	<b>0.04</b>

## 3. Change in Promoters' Shareholding (please specify, if there is no change)

Particular	Shareholding at the beginning of the year (As on 01.04.2018)		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
At the beginning of the year	32617778	65.76	32617778	65.76
Increase / Decrease in Promoters Shareholding during the year	19535	0.04	-	-
At the End of the year	32637313	65.80	32637313	65.80

## 4. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	Name of Shareholders	Shareholding at the beginning of the year (As on 01.04.2018)		Shareholding at the end of the year (As on 31.03.2019)	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1.	Mr. Pravin Kumar Kasliwal	1401407	2.83	1401407	2.83
2.	Mr. Bhavesh Shah	1197329	2.41	1197329	2.41
3.	Investor Education and Protection Fund Authority	-	-	892414	1.80
4.	Mr. Rahul Chandrasingh Mehta	683958	1.38	683958	1.38
5.	Chartered Finance and Leasing Limited	747397	1.51	747397	1.51
6.	Ms. Jyoti Kasliwal	661737	1.33	661737	1.33
7.	Ms. Varsha Bhavesh Shah	445615	0.90	445615	0.90
8.	Ms. Sheetal Rahul Mehta	416000	0.84	416000	0.84
9.	Mr. Sanjay Kothari	400000	0.81	400000	0.81
10.	Ms. Juhi Singhvi	378411	0.76	378411	0.76
	<b>Total</b>	<b>6164869</b>	<b>12.43</b>	<b>7057283</b>	<b>14.23</b>

## 5. Shareholding of Directors and Key Managerial Personnel

Sl. No.	Name of Shareholders	Shareholding at the beginning of the year (As on 01.04.2018)		Shareholding at the end of the year (As on 31.03.2019)	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1.	Mr. Shiv Singh Mehta, Chairman & Managing Director	2028799	4.09	2028799	4.09
2.	Mrs. Purnima Mehta, Whole-time Director	125592	0.25	125609	0.25
3.	Mr. Saurabh Singh Mehta, Director	30423	0.06	30423	0.06
4.	Mr. Rakesh Kalra, Independent Director	-	-	-	-
5.	CA Manoj Fadnis, Independent Director	-	-	-	-
6.	Mr. Chandrasekharan Bhaskar Independent, Director	-	-	-	-
7.	Mr. Vinod Kumar Mittal, Chief Financial Officer (ceased w.e.f 9th November, 2018)	5	-	5	-
8.	Mr. Kamal Kanodia, Chief Financial Officer (appointed w.e.f 10th November, 2018)	-	-	-	-
9.	Mrs. Priyanka Gupta, Company Secretary & Compliance Officer (Ceased w.e.f. 31st May, 2018)	5	-	5	-
10.	Mr. Vibha Vyas, Company Secretary & Compliance Officer (Ceased w.e.f. 20th December, 2018)	-	-	-	-
11.	Ms. Preeti Sharma, Company Secretary & Compliance Officer (appointed w.e.f. 21st December, 2018)	-	-	-	-

## V. INDEBTEDNESS:

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ in lakhs)

Particular	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year (01.04.2018)</b>				
i) Principal Amount	5361.18	996.52	-	6357.70
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>TOTAL (i + ii + iii)</b>	<b>5361.18</b>	<b>996.52</b>		<b>6357.70</b>
<b>Change in Indebtedness during the financial year</b>				
Addition	821.39	1249.92	-	2071.31
Reduction	-	-	-	-
<b>Net Change</b>	<b>821.39</b>	<b>1249.92</b>	<b>-</b>	<b>2071.31</b>
<b>Indebtedness at the end of the financial year (31.03.2019)</b>				
i) Principal Amount	6182.57	2246.44	-	8429.01
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>TOTAL (i + ii + iii)</b>	<b>6182.57</b>	<b>2246.44</b>	<b>-</b>	<b>8429.01</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(₹ in lakhs)

Sl. No.	Particulars of Remuneration	Mr. Shiv Singh Mehta Chairman & Managing Director	Mrs. Purnima Mehta Whole Time Director	Total Amount
1.	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	40.32	26.88	67.20
	(b) Value of perquisites u/s 17(2) of Income-tax Act, 1961	6.00	6.00	12.00
	(c) Profits in lieu of salary under section 17(3) of Income-tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission			
	- as % of Profits	12.20	3.15	15.35
	<b>Total (A)</b>	<b>58.52</b>	<b>36.03</b>	<b>94.55</b>

### B. Remuneration to other Directors:

(₹ in lakhs)

Sl. No.	Particulars of Remuneration	Name of Directors			Total Amount
1.	<b>Independent Directors</b>	<b>Mr. Rakesh Kalra</b>	<b>CA Manoj Fadnis</b>	<b>Mr. Chandrasekharan Bhaskar</b>	
	Fee for attending Board/ Committee meetings	1.05	1.05	1.00	3.10
	Commission	-	-	-	-
	Others, please specify	-	-	-	-
	<b>Total (1)</b>	<b>1.05</b>	<b>1.05</b>	<b>1.00</b>	<b>3.10</b>
2.	<b>Other Non-Executive Directors</b>	<b>Mr. Saurabh Singh Mehta</b>			
	Fee for attending Board/ Committee meetings	1.00			1.00
	Commission	-			-
	Others, please specify	-			-
	<b>Total (2)</b>	<b>1.00</b>			<b>1.00</b>
	<b>Total (B)=(1+2)</b>				<b>4.10</b>
	<b>Total Managerial Remuneration(A+B)</b>				<b>105.85</b>
	Overall Ceiling as per the Act	Being 11% of the Net Profits of the Company calculated as per Section 198 of the Companies Act, 2013) and for Sitting Fee ₹1.00 Lakh per meeting of the Board Audit Committee Meetings.			

**C. Remuneration To Key Managerial Personnel Other Than MD/Manager/WTD**

(₹ in lakhs)

Sl. No.	Particulars of Remuneration	Mr. Vinod Kumar Mittal Chief Financial Officer (upto 09.11.18)	Mr. Kamal Kanodia Chief Financial Officer (w.e.f. 10.11.18)	Mrs. Priyanka Gupta Company Secretary (upto 31.05.18)	Ms. Vibha Vyas Company Secretary (upto 20.12.18)	Ms. Preeti Sharma Company Secretary (w.e.f 21.12.18)	Total Amount
1.	Gross Salary						
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	16.20	15.03	0.56	0.55	0.38	32.72
	(b) Value of perquisites u/s 17(2) of Income-tax Act, 1961	-	-	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) of Income- tax Act, 1961	-	-	-	-	-	-
2.	Stock Option	-	-	-	-	-	-
3.	Sweat Equity	-	-	-	-	-	-
4.	Commission						
	- as % of Profits	-	-	-	-	-	-
	- others, specify	-	-	-	-	-	-
	<b>Total (A)</b>	<b>16.20</b>	<b>15.03</b>	<b>0.56</b>	<b>0.55</b>	<b>0.38</b>	<b>32.72</b>

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give details)
<b>A. COMPANY / DIRECTORS / OTHER OFFICERS IN DEFAULT</b>					
Penalty	-		-	-	-
Punishment	-		-	-	-
Compounding	-				

For and on behalf of the Board of Directors

 Date: 16th May, 2019  
 Place: Indore

 Shiv Singh Mehta  
 Chairman & Managing Director  
 (DIN: 00023523)

## ANNEXURE G

**CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**

*(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI  
(Listing Obligations and Disclosure Requirements) Regulations, 2015)*

To,  
The Members of  
**Kriti Industries (India) Limited,**  
CIN: L25206MP1990PLC005732  
Mehta-Chamber34, Siya Ganj, Indore MP-452007.

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Kriti Industries (India) Limited, having CIN L25206MP1990PLC005732 and having registered office at Mehta-Chamber34, Siya Ganj, Indore MP-452007 (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2019 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

Sr. No.	Name of Director	DIN/PAN	Date of appointment in Company
1.	Shiv Singh Mehta	00023523	01/10/2010
2.	Saurabh Singh Mehta	00023591	07/02/2018
3.	Purnima Mehta	00023632	01/10/1999
4.	Rakesh Kalra	00780354	24/06/2006
5.	Manoj Fadnis	01087055	24/06/2006
6.	Chandrasekharan Bhaskar	00003343	12/05/2016

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For: D.P. Yadav & Associates

Date: 16.05.2019  
Place: Indore

CS D.P. Yadav  
MN. 36395



## FORM NO. MR-3 SECRETARIAL AUDIT REPORT

For the financial year ended 31st March, 2019

*[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies  
(Appointment and Remuneration Personnel) Rules, 2014]*

To

The Members

**KRITI INDUSTRIES (INDIA) LIMITED**

CIN: L25206MP1990PLC005732

Registered Office: Mehta Chambers,

34-Siyagunj, Indore (M.P.) - 452007

We have conducted the Secretarial Audit of the compliances of applicable statutory provisions and the adherence to good corporate practices by **KRITI INDUSTRIES (INDIA) LIMITED** (hereinafter called the Company) having CIN- L25206MP1990PLC005732. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents, KMPs, Directors and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2019, generally complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by KRITI INDUSTRIES (INDIA) LIMITED for the financial year ended on 31st March, 2019, according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

- a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
- c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; (Not Applicable to the Company during the audit period)
- e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not Applicable to the Company during the audit period)
- f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and (Not applicable to the Company during the audit period)
- h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (Not applicable to the Company during the audit period)

- (vi) other laws are applicable specifically to the Company are as under:

- (a) The Environment (Protection) Act, 1986;
- (b) The water (Prevention and Control of Pollution) Act, 1974;

- (c) The Air (Prevention and Control of Pollution) Act, 1981;
- (d) The Hazardous Waste (Management, Handling & Transboundary Movement) Rules, 2008;
- (e) Factories Act, 1948;
- (f) Industrial Dispute Act, 1947;
- (g) The Payment of Wages Act, 1936;
- (h) The Minimum Wages Act, 1948;
- (i) The Employee State Insurance Act, 1948;
- (j) The Employee Provident Fund and Miscellaneous Provision Act, 1952;
- (k) The Payment of Bonus Act, 1965;
- (l) The Payment of Gratuity Act, 1972;
- (m) The Income Tax Act, 1961;
- (n) Contract Labour (Regulation and Abolition) Act, 1970;
- (o) The Industrial Employment (Standing Orders) Act, 1946;
- (p) The Goods and Service Tax

We have also examined compliance with the applicable clause of the following:

1. Secretarial Standard issued by the Institute of Company Secretaries of India (ICSI) and applicable mandatorily.
2. Listing Obligations and Disclosure Requirements Regulations, 2015 as amended from time to time. (Earlier The Listing Agreement entered into by the Company with BSE Limited read with the Securities and Exchange Board of India)

During the year under review, the Company has complied with the provision of the Act, Rules, Regulations, Guidelines, standard etc. mentioned above subject to the following observations:

- (i) Some of the e-Forms /Returns/ information required to file by the Company to Registrar /other authorities have filed belatedly with requisite amount of "additional fees" (whether applicable).
- (ii) Certain registered charge (charge ID No. 100019340, 100176071, 100175539, 10017474) have been satisfied in full/ the same property mortgaged again and registered by afresh "instrument creating the charge, but registration of satisfaction of which have still been pending.

- (iii) The Company has not expend full amount of CSR required under section 135 of the Act and the amount of ₹29.40 lakhs for the current financial year remains unexpended till 31.03.2019.

We further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent adequately in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decisions are carried through while the dissenting members' views, if any are captured and record as part of the minutes.

We further report that as per the explanations given to us and the representations made by the Management and relied upon by us there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period there was no specific events in pursuance of the above referred laws, rules, regulations, guidelines having major bearing on the Company' affairs.

**For Kaushal Agrawal & Co.,**  
*Practising Company Secretaries*

**CS Kaushal Kumar Agrawal**

Place: Indore  
Dated: 16th May, 2019

M. No. F4985  
C.P. No. 3457

***This report is to be read with our letter of even date which is annexed as 'Annexure 1' and forms an integral part of this report.***

## 'ANNEXURE -1'

To,  
The Members  
**Kriti Industries (India)Limited**  
CIN-L25206MP1990PLC005732

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company and whether applicable reliance have been made on the reports, certificates etc given to the Company by other professionals, competent to issue those certificates to the Company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company or of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For Kaushal Agrawal& Co.,**  
*Practising Company Secretaries*

**CS Kaushal Kumar Agrawal**  
M. No. F4985  
C.P. No. 3457

Place: Indore  
Dated: 16th May, 2019

# CORPORATE GOVERNANCE REPORT

## I. Company's Philosophy on Corporate Governance

Kriti Industries (India) Limited (Kriti) 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 addressing the needs of shareholders, employees, customers, creditors, lenders and society at large.

In harmony with this philosophy, the Company relentlessly strives for excellence by benchmarking itself with esteemed companies practising good corporate governance. Your company is compliant with all the provisions SEBI (LODR) Regulations, 2015.

## II. The Governance Structure

Kriti's governance structure is based on the principles of freedom provided to the executive management within a given framework to ensure that the powers vested in the executive management are exercised with due care and responsibility so as to meet the expectation of all the stakeholders. In line with these principles, the Company formed three tiers of Corporate Governance structure:

- (i) The Board of Directors: The primary role of the Board is to protect the interest and enhance value for all stakeholders. It conducts overall strategic supervision and control by setting

goals, targets, policies, governance standards, reporting mechanism, accountability and decision making process to be followed.

- (ii) Committees of Directors: The Audit Committee, Nomination & Remuneration Committee, CSR Committee etc. are focused on financial reporting, audit & internal controls, compliance issues, appointment and remuneration of Directors and senior management employees, implementation and monitoring of CSR activities.

- (iii) Executive management: The entire business including the support services are managed with clearly demarcated responsibilities and authorities at different levels.

## III. Board of Directors

The Board of Directors of the Company consists of an optimum combination of executive, non-executive and independent Directors, to ensure the independent functioning of the Board. The composition of the Board also complies with the provisions of the Companies Act, 2013 and Listing Regulations. As at the end of corporate financial year 2018-19, the total Board consisted of six Directors, out of which four were non-executive Directors and out of the four non-executive directors, three were Independent Directors.

The names and categories of the Directors on the Board, their attendance at Board meetings during the year under review and at the last Annual General Meeting, as also the number of Directorships and Committee Memberships held by them in other companies are given below:

Sr. No.	Name of Directors	Category	No. of Board Meeting Attended	Attended last AGM held on 31.07.2018	No. of Directorship in other public Companies As on 31.03.2019	No. of Memberships Chairmanship in Committee of Directors in all Companies**	
						Chairman	Member
1.	Mr. Shiv Singh Mehta, Chairman & Managing Director (DIN: 00023523)	Promoter Executive	5	Yes	Three	Nil	Three
2.	Mrs. Purnima Mehta, Whole Time Director (Din: 00023632)	Promoter Executive	5	Yes	One	Four	One
3.	Mr. Saurabh Singh Mehta Director (DIN: 00023591)	Promoter Non-Executive	5	Yes	Two	Nil	One

Sr. No.	Name of Directors	Category	No. of Board Meeting Attended	Attended last AGM held on 31.07.2018	No. of Directorship in other public Companies As on 31.03.2019	No. of Memberships Chairmanship in Committee of Directors in all Companies**	
						Chairman	Member
4.	Mr. Rakesh Kalra Director (DIN: 00780354)	Independent Non-Executive	5	Yes	Five	Four	Nil
5.	CA Manoj Fadnis Director (DIN: 01087055)	Independent Non-Executive	5	Yes	Four	Two	Three
6.	Mr. Chandrasekharan Bhaskar Director (DIN: 0003343)	Independent Non-Executive	5	Yes	Three	One	Three

\* Includes only Audit Committee and Stakeholders' Relationship Committee.

None of the Directors of the Company are inter-se related to each other except Mr. Shiv Singh Mehta, Chairman & Managing Director, Mrs. Purnima Mehta, Whole Time Director and Mr. Saurabh Singh Mehta, Non Executive Director who are wife and son respectively of Mr. Shiv Singh Mehta.

Details about Directors seeking Appointment / Reappointments at the forthcoming Annual General Meeting are given separately along with Notice convening the said Meeting.

Ms. Preeti Sharma is Company Secretary & Compliance Officer of the Company.

Five meetings of the Board of Directors were held during the year ended 31.03.2019. The dates of the meetings were decided in advance and key information was placed before the Board. The Board meetings were held on i) 16th May, 2018, ii) 31st July, 2018, iii) 25th October, 2018, iv) 24th January, 2019 and v) 18th February, 2019.

#### FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

The Company adopted a familiarization program for Independent Directors to provide them with an opportunity to familiarize themselves with the Company, its management, operations and the industry in which the Company operates. On his appointment, an Independent Director receives a formal letter of appointment, setting out in detail the role, functions, duties and responsibilities expected of him / her as an Independent Director of the Company. Further, the Directors of the Company are updated on changes/ developments in domestic/ global corporate and industry scenario including those pertaining to statutes/ legislations and economic environment and on matters related to the Company covering its plants, products, marketing, competitors and other functions.

#### IV. Audit Committee

The Board constituted a well-qualified Audit Committee. All members of the Committee are Non-Executive Directors with a majority Independent Directors including the Chairman. They possess a sound knowledge of accounts, audit, finance, taxation and internal controls etc.

The Audit Committee of the Board of Directors in compliance with Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 177 of the Companies Act, 2013 is in place.

The particulars of Members of the Committee, and the number of meetings attended by them during the year are as follows:

Sr. No.	Name of the Members	Designation	No. of Meetings Attended
1.	CA Manoj Fadnis	Chairman	5
2.	Mr. Rakesh Kalra	Member	5
3.	Mrs. Purnima Mehta	Member	5

During the year under review, the Committee met on i) 15th May, 2018, ii) 31st July, 2018, iii) 25th October, 2018, iv) 24th January, 2019 and v) 18th February, 2019.

All three members of the Audit Committee are Non-executive Directors and two of them are Independent.

The Company Secretary acts as Secretary to the Committee

CA Manoj Fadnis, Chairman of the Audit Committee, was present at the last Annual General Meeting to answer shareholders queries.

The roles and terms of reference of the Audit Committee are:

1. Examination of the financial statements and the Auditors' Report thereon,



2. To ensure compliance of internal control systems,
3. Investigating into any matters as may be referred to it by the Board,
4. To seek information from employees, obtain outside legal / professional advice on the matters before it,
5. To review internal financial control and risk management policies of the Company,
6. The recommendation for appointment, remuneration and terms of appointment of auditors of the Company,
7. To review and monitor the auditor's independence and performance, and effectiveness of audit process,
8. Approval or any subsequent modification of transactions of the Company with related parties,
9. Scrutiny of inter-corporate loans and investments,
10. Valuation of undertakings or assets of the Company, wherever it is necessary,
11. To perform all other functions as are required under the Listing Regulations.

## V. Nomination & Remuneration Committee

The Nomination and Remuneration Committee of the Board of Directors in compliance with Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 178 of the Companies Act, 2013 is in place.

The particulars of Members of the Committee, and the number of meetings attended by them during the year are as follows:

Sr. No.	Name of the Members	Designation	No. of Meetings Attended
1.	Mr. Rakesh Kalra	Chairman	2
2.	CA Manoj Fadnis	Member	2
3.	Mr. Chandrasekharan Bhaskar	Member	2

All three members of the Remuneration Committee are Non-executive and Independent Directors.

During the year under review, the Committee met on i) 25th October, 2018, iv) 20th December, 2018.

**At the meeting held on 25th October, 2018, the Committee reviewed and recommended the following:**

- i) Took note of resolution passed on 05th February, 2018, by circulation for appointment of Mr. Saurabh Singh Mehta as an Additional Director of the Company with effect from 07th February, 2018.

- ii) Took note of resolution passed on 30th July, 2018, by circulation for appointment of Ms. Vibha Vyas as Company Secretary & Compliance Officer of the Company with effect from 31st July, 2018.
- iii) Acceptance of resignation of Mr. Vinod Kumar Mittal as Chief Financial Officer of the Company with effect from 09th November, 2018
- iv) Appointment of Mr. Kamal Kanodia as Chief Financial Officer of the Company with effect from 10th November, 2018.

**At the meeting held on 20th December, 2018, the Committee reviewed and recommended the following:**

- i) Acceptance of resignation of Ms. Vibha Vyas as Company Secretary & Compliance Officer of the Company with effect from 20th December, 2018.
- ii) Appointment of Ms. Preeti Sharma as Company Secretary & Compliance Officer of the Company with effect from 21st December, 2018.

## Performance evaluation criteria for Directors including Independent Directors

The Company devised a policy for performance evaluation of Independent Directors, Board, Committees and other individual Directors, which includes criteria and process for performance evaluation of the Non-Executive Directors including Independent Directors and Executive Directors to judge the knowledge to perform the role, time and level of participation, performance of duties, professional conduct, independence etc. The appointment/re-appointment/continuation of Directors on the Board shall be based on the outcome of evaluation process.

## POLICY FOR SELECTION AND APPOINTMENT OF DIRECTORS AND THEIR REMUNERATION

The Nomination and Remuneration Committee has adopted a policy which, inter-alia, deals with the manner of selection of members of the Board including Executive and Non-Executive Directors, Key Managerial Personnel and Senior Management Personnel and their remuneration. The said policy is available on the Company's Website at - [http://kritiindustries.com/wp-content/uploads/2019/03/KI\\_NIMI.pdf](http://kritiindustries.com/wp-content/uploads/2019/03/KI_NIMI.pdf). The details of the policy are as follows:

### 1. APPOINTMENT CRITERIA AND QUALIFICATION:

- a. The NRC shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, key management personnel or senior management level and recommend to the Board his/her appointment.

- b. A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.
- c. The Company shall not appoint or continue the employment of any person as Managing Director or Whole- time Director who has attained the age of 70 (seventy years) and the Non-executive Director who has attained the age of 75 (seventy five years). Provided that the term of the person holding this position(s) may be extended beyond the age of seventy/seventy five years as the case may be with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy/seventy five years.
- d. The Committee shall confirm and verify that a person proposed for appointment as director is not debarred from holding the office of Director pursuant to any SEBI order and in case an existing Director is restrained from acting as a director by virtue of any SEBI order or any other such authority, the committee shall intimate such Director for his/ her voluntarily resignation with immediate effect and if such director does not resign then in that case committee shall inform the Board to initiate the process of removal of such Director in terms of relevant sections of the Companies Act, 2013.

## 2. REMUNERATION

- a. **Remuneration to Managing/ Whole-Time / Executive/Managing Director:**  
The Remuneration/ Compensation/ Commission etc. to be paid to Director/Managing Director etc. shall be governed as per provisions of the Companies Act, 2013 and rules made there under or any other enactment for the time being in force.
- b. **Remuneration to Non-Executive/Independent Director:**  
The Non-Executive/Independent Director may receive remuneration/ compensation/ commission as per the provisions of the Companies Act, 2013. The amount of sitting fees shall be subject to limits as provided under the Companies Act, 2013 and rules made there under or any other enactment for the time being in force.

## c. **Remuneration to KMP (except MD/WTM) and Senior Management Personnel:**

- i) The remuneration for KMP (except WTD/ MD) and senior management personnel is determined on the basis of the role and position of the individual employee, including professional experience, responsibility, job complexity and market conditions.
- ii) The various remuneration components, basic salary, allowances, perquisites etc. may be combined to ensure an appropriate and balanced remuneration package.
- iii) The annual increments to the remuneration paid to KMP (except MD/WTM) and senior management personnel shall be determined based on their performance as reviewed by the committee.

## 3. TERM

### a. **Managing Director/Whole-time Director:**

The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Executive Director for a term not exceeding five years at a time subject to the approval by way of ordinary/special resolution if any as may be required. No reappointment shall be made earlier than one year before the expiry of term.

### b. **Independent Director:**

An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report. No Independent Director shall hold office for more than two consecutive terms of up to maximum of five years each, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly

## 4. REMOVAL:

Due to reasons for any disqualifications mentioned in the Act or under any other applicable Act, rules and regulations there under, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or senior management personnel subject to the provisions and compliance of the said Act, rules and regulations.

## 5. DETAILS OF REMUNERATION PAID TO THE DIRECTORS:

The details of Remuneration to Directors during the financial year 2018-19 are as follows:

Sr. No.	Name of Directors	Designation	Service Contract	Remuneration drawn Amount (₹ in lakhs) Stock option Details		Stock Options Granted
				Salary, Allowances & Perquisites	Sitting Fees	
1.	Mr. Shiv Singh Mehta	Chairman & Managing Director	01.10.2016 to 30.09.2021*	46.32	-	-
2.	Mrs. Purnima Mehta	Whole Time Director	01.07.2016 to 30.06.2019	32.88	-	-
3.	Mr. Saurabh Singh Mehta	Non Executive Director	-	-	1.00	-
4.	Mr. Rakesh Kalra	Independent Director	01.04.2014 to 31.03.2019	-	1.05	-
5.	CA Manoj Fadnis	Independent Director	01.04.2014 to 31.03.2019	-	1.05	-
6.	Mr. Chandrasekharan Bhaskar	Independent Director	12.05.2016 to 11.05.2021	-	1.00	-

\*Proposed revision in remuneration for remaining period from 01st April, 2019 to 30th September, 2021 subject to the approval of shareholders.

## VI. STAKEHOLDERS' RELATIONSHIP COMMITTEE

The Company has a Stakeholders Relationship Committee. The terms of reference of the Committee are to consider and approve the transfer of shares, consolidation / split of share certificates, issue of duplicate share certificates and other allied matters. The Committee is also empowered to look into and address shareholders, security holders and investors' grievances in compliance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the financial year ended 31st March, 2019, ninety one (91) complaints were received from shareholders and the same were redressed to the satisfaction of the shareholders and no such complaint was pending as on 31st March, 2019.

Presently, Mr. Chandrasekharan Bhaskar, Non-Executive-Independent Director, is the Chairman of the Committee. While Mr. Shiv Singh Mehta, Chairman & Managing Director, Mrs. Purnima Mehta, Whole Time Director and Mr. Saurabh Singh Mehta\*, Non-Executive Director are members.

The Committee has periodic interactions with representatives of the Registrar and Transfer Agent of the Company. During the financial year ended 31st March, 2019 the Committee met eleven (11) times on i) 11th May, 2018, ii) 23rd May, 2018, iii) 07th July, 2018, iv) 29th August, 2018, v) 03rd October, 2018, vi) 30th October, 2018, vii) 09th November, 2018, viii) 23rd November, 2018, ix) 26th December, 2018, x) 28th February, 2019, and xi) 15th March, 2019

\* Mr. Saurabh Singh Mehta appointed as the member of the Committee on 25th October, 2018.

## VII. CORPORATE SOCIAL RESPONSIBILITY

The role of CSR Committee of the Board is to review, monitor and provide strategic direction to the Company's CSR practices. The Committee seeks to guide the Company in integrating its social and environmental objectives with its business strategies. The Committee has formulated and monitors the CSR policy and recommends to the Board the annual CSR plan comprising the CSR Budget and CSR activities of the Company in terms of Companies Act, 2013.

The composition of the Corporate Social Responsibility Committee and the attendance of Members at the Corporate Social Responsibility Committee meetings is as below:

Sr. No.	Name of the Members	Designation	No. of Meetings Attended
1.	Mr. Shiv Singh Mehta	Chairman	1
2.	Mrs. Purnima Mehta	Member	1
3.	Mr. Rakesh Kalra	Member	1

During the year under review, Corporate Social Responsibility Committee met one (1) time on 24th October 2018

The terms of reference of Corporate Social Responsibility Committee are as under:

- To formulate and recommend to the Board a Corporate Social Responsibility Policy which shall indicate the CSR activities that the Company shall pursue within the framework of activities mentioned in Schedule VII of the Companies Act, 2013 as amended from time to time.

2. To recommend the amount of expenditure to be incurred by the Company on the activities proposed to be carried out under the head CSR during the relevant financial year.
3. To monitor the Corporate Social Responsibility Policy of the Company from time to time.
4. To comply with the directions of the Board as may be given from time to time in connection with pursuing CSR activities, expenditure thereon and such other matters related thereto.

## VIII. INDEPENDENT DIRECTORS' MEETING

The Statutory role of Independent Directors Meeting is to review the performance of Non-Independent Directors, the Board and the Chairman of the Company and also to assess quality, content and timeliness of the flow of information between the Company Management and the Board and its Committees. Meeting of the Independent Directors of the Company was held on 25th October, 2018 to review the performance of Non-Independent Directors including the Chairman and the Board as a whole and was attended by all the Independent Directors of the Company.

## IX. GENERAL MEETINGS

The location, date and time of the last General Meetings held during the last three financial years are as under:

Year	Location	Date	Type of General Meeting	Time	Special Resolutions	Special resolution through postal Ballot
2017-2018	4th Floor, Chetak Chamber, 14, RNT Marg, Indore	31st July, 2018	AGM	03:00 P.M.	-	-
2016-2017	4th Floor, Chetak Chamber, 14, RNT Marg, Indore	12th September, 2017	AGM	03:00 P.M.	-	-
2015-2016	4th Floor, Chetak Chamber, 14, RNT Marg, Indore	11th August, 2016	AGM	04:00 P.M.	One	-

During the year under review, no extra ordinary general meeting was held as well as no resolution was passed through the Postal Ballot process.

## X. MEANS OF COMMUNICATION

Effective communication of consistent, comparable, relevant and reliable information is an effective component of Corporate Governance. It is a process of sharing information, thoughts, opinion, and plans to all stakeholders which promote management-shareholder relations.

**Quarterly results:** The Company's quarterly results are published in 'Business Standard and Nai Duniya newspapers and displayed on its website ([www.kritiindia.com](http://www.kritiindia.com)).

**Website:** The Company's website ([www.kritiindia.com](http://www.kritiindia.com)) contains a separate dedicated section called 'Investor Desk' where shareholders' information is available. The Company's Annual Report is also available in a user-friendly and downloadable form.

**Annual Report:** The Annual Report containing, inter alia, Audited Annual Financial Statements, Directors' Report, Auditors' Report and other important information is circulated to members and others entitled thereto. The Management's Discussions and Analysis Report forms part of the Annual Report and is displayed on the Company's website ([www.kritiindia.com](http://www.kritiindia.com)).

**BSE Corporate Compliance and Listing Centre (the 'Listing Centre'):** BSE's Listing Centre is a web-based application

designed for corporate. All periodical compliance filings like shareholding pattern, corporate governance report, etc. are also filed electronically on the Listing Centre.

**SEBI Complaints Redress System (SCORES):** The investor complaints are processed in a centralized web-based complaints redress system. The salient features of this system are: Centralized data base of all complaints, online upload of Action Taken Reports (ATRs) by concerned companies and online viewing by investors of actions taken on the complaint and its current status.

## XI. OTHER DISCLOSURES

1. All transactions entered into with Related Parties as defined under the Companies Act, 2013 and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, during the financial year were in the ordinary course of business and on an arm's length pricing basis. As a matter of abundant precaution the transactions between the Company There were no materially significant transactions with related parties during the financial year which were in conflict with the interest of the Company. Suitable disclosure as required by the Ind-AS has been made in the notes to the Financial Statements.

The Board approved a policy for related party transactions, which has been uploaded on the Company's website. Weblink - [http://kritiindustries.com/wp-content/uploads/2019/03/KI\\_RELATED.pdf](http://kritiindustries.com/wp-content/uploads/2019/03/KI_RELATED.pdf)

- During the last three years, no non-compliance has been made by the Company and no penalties, strictures imposed on the Company by the stock exchange, SEBI or any statutory authority in respect of any matter related to the capital market.
- The Company promotes ethical behaviour in all its business activities and has put in place a mechanism for reporting illegal or unethical behaviour. The Company has a Vigil Mechanism and Whistle Blower Policy under which the employees are free to air their views on the accounting policies and practices of the Company, report unethical or undesirable behavior or practices, actual and suspected fraud taking place in the Company, violations of Company's Code of Conduct or ethics policy. The reportable matters may be disclosed to the Audit Committee through Company Secretary. In exceptional cases, employees may also report directly to the Chairman of the Audit Committee. During the year under review, no employee was denied access to the Audit Committee.

## XII. CONFIRMATION OF COMPLIANCE

- The Company has complied with the requirements specified in Regulations 17 to 20, 22 to 27 of the Listing Regulations.
- The Company has laid down Code of Conduct for the Directors and Senior Management Personnel of the Company and they have affirmed to the Board that they have adhered to the Code of Conduct during the year ended 31st March, 2019 and the declaration to that effect from Chairman & Managing Director is annexed to this report.
- The Statutory Auditors' Certificate that the Company has complied with the conditions of Corporate Governance is annexed to the Report of the Board of Directors.
- Matters required to be covered under Management Discussion and Analysis report are covered in the Report of the Board of Directors under relevant heads, hence not been given separately.

## XIII. GENERAL SHAREHOLDER INFORMATION

- The Company is registered in the State of Madhya Pradesh, India, with the Registrar of Companies, Gwalior. The Corporate Identity Number (CIN) allotted to the

Company by the Ministry of Corporate Affairs (MCA) is L25206MP1990PLC005732.

### 2. Annual General Meeting

<b>Date</b>	31st July, 2018
<b>Time</b>	03.00 P.M.
<b>Venue</b>	04th Floor, Chetak Chambers, 14 RNT Marg, Indore,

### 3. Book Closure Date :

25th July, 2018 to 31st July, 2018 (both days inclusive)

### 4. Dividend Payment Date:

06th August, 2018

### 5. Financial Year:

1st April to 31st March

### 6. Financial Calendar for the Year ending :

31st March, 2020

### 7. Listing on Stock Exchange:

BSE Limited  
Phiroze Jeejeebhoy Towers, Dalal Street,  
Mumbai – 400 001  
Scrip Code – 526423  
ISIN - INE479D01038

- Annual Listing fees for the year 2019-20 have been duly paid to the above Stock Exchange.

- Annual Custody / Issuer fee for the year 2019-20 has been paid to CDSL & NSDL.

### 10. Stock Market Data:

Data on the closing share prices of the Company on Stock Exchanges during the year under review is as follows:

#### BSE Limited share price:

Month/Year	High (₹)	Low (₹)
Apr 2018	61.00	54.00
May 2018	59.25	41.50
June 2018	47.95	39.80
July 2018	49.50	39.00
Aug 2018	50.65	42.15
Sep 2018	50.95	36.00
Oct 2018	40.50	29.90
Nov 2018	38.65	29.25
Dec 2018	34.00	30.30
Jan 2019	33.95	25.55
Feb 2019	30.40	23.50
Mar 2019	33.00	25.20



#### 11. Dividend History:

The dividend declared and paid during the last five financial years is as under:

Sr. No.	Financial Year	% of Interim Dividend	% of Final Dividend	% of Total Dividend	Dividend Amount in lakhs
1.	2017-18	-	15	15	74.40
2.	2016-17	-	15	15	74.41
3.	2015-16	18	-	18	89.29
4.	2014-15	-	-	-	-
5.	2013-14	-	15	15	74.41

#### 12. Registrar & Transfer Agent:

Ankit Consultancy Pvt. Limited  
Plot No. 60, Electronic Complex, Pardeshipura  
Indore- 452 010 (M.P)  
SEBI Reg. No. NR000000767  
Tel: 0731-4065797/ 0731-4065799  
E-mail: ankit4321@yahoo.com, info@ankitonline.com, support@ankitonline.com

#### 13. Share Transfer and Investors Grievances Redressal System Equity Shares:

##### a. Physical Form

The Company has appointed Ankit Consultancy Pvt. Ltd. as its Registrar and Transfer Agent to look into various issues relating to the investors including share transfers. Share transfers in physical form are registered and returned within a period of 30 days from the date of receipt, subject to the documents being valid and complete in all respects. The Company gets report of the share transfers, etc. periodically from Registrar and Transfer Agent.

During the year, the Company received Ninety One (91) investor complaints, regarding non-receipt of exchanged share certificates and non-receipt of Annual Report. The complaints/grievances were duly addressed and resolved within 15 days from the date of receipt.

##### b. Electronic Form

The Company's Equity Shares are admitted into the Depository System of National Securities Depository Limited and Central Depository Services (India) Limited, as an eligible security under the Depositories Act, 1996.

As such, facilities for dematerialization of the Company's Equity Shares is already operational vide ISIN: INE479D01038 at both the Depositories. Investors are required to establish an account with a Depository Participant to hold and trade shares in the dematerialized

form. Requests received from Shareholders through their Depository Participants for dematerializing the Equity Shares of the Company are processed by the Registrar within a period of 30 days from the date of receipt of such requests and are approved where requests are complete and in order in all respect.

#### 14. Distribution of Shareholding as on 31st March, 2019:

Shares Holding of Nominal Value of ₹	No. of Shareholders	% of Shareholding
1-1000	4458	71.49
1001-2000	877	14.06
2001-3000	301	4.83
3001-4000	216	3.46
4001-5000	81	1.30
5001-10000	175	2.81
10001-20000	67	1.07
20001-30000	17	0.27
30001-40000	11	0.18
40001-50000	4	0.06
50001-100000	7	0.11
100000 Above	22	0.35
<b>Total</b>	<b>6236</b>	<b>100.00</b>

#### 15. Dematerialisation of shares:

48077040 Equity Shares i.e. 96.92% of the total Equity Shares have been dematerialized up to 31st March, 2019.

Presently, trading in Equity Shares of the Company on Stock Exchanges is permitted only in a dematerialised form as per the Directions issued by the Securities and Exchange Board of India in that behalf.

#### 16. Company has no outstanding GDRs, ADRs, warrants or any other convertible instruments.

#### 17. Commodity price risk or foreign exchange risk and hedging activities:

The Company does not have any exposure hedged through commodity derivatives. During the year 2018-19, the Company had managed the foreign exchange

risk and hedged to the extent considered necessary. The Company enters into forward contracts for hedging foreign exchange exposures against imports.

18. The Certificate of Non Disqualification of Directors under Regulation 34 (3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is attached as "Annexure H" and forms a part of this Report.

**19. Plant Location:**

13/1 Tarpura, 75-86, Sector No. 2,  
Industrial Area, Pithampur, Dist. Dhar (M.P.)-454775

**20. Address for Investor Correspondence:**

• **Registered Office:**

**Kriti Industries (India) Limited**

34, Mehta Chambers, Siyagunj

Indore 452007 (M.P.)

Tel: 0731-2540963

Email: cs@kritiindia.com

• **Corporate Support Centre:**

**Kriti Industries (India) Limited**

04th Floor, Chetak Chambers, 14 RNT Marg

Indore 452001 (M.P.)

Tel: 0731-2719100

Email: cs@kritiindia.com

• **Registrar & Transfer Agent:**

**Ankit Consultancy Pvt. Limited**

Plot No. 60, Electronic Complex, Pardeshipura

Indore- 452 010 (M.P)

SEBI Reg. No. NR000000767

Tel: 0731-4065797/ 0731-4065799

E-mail: ankit4321@yahoo.com, info@ankitonline.com,

support@ankitonline.com

**For and on behalf of the Board of Directors**

**Shiv Singh Mehta**

*Chairman & Managing Director*

(DIN: 00023523)

Date: 16th May, 2019

Place: Indore

## MD/CFO CERTIFICATE

To,  
The Board of Directors,  
**Kriti Industries (India) Limited**

We Shiv Singh Mehta, Chairman & Managing Director and Kamal Kanodia, Chief Financial Officer of Kriti Industries (India) Limited certify that:

- A. We have reviewed the financial statements and cash flow statement for the year ended on 31st March, 2019 and to the best of our knowledge and belief :
- I. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
- II. These statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.
- B. To the best of our knowledge and belief, no transactions entered into by the Company during the financial year ended on 31st March, 2019 are fraudulent, illegal or violate the Company's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that they have

evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have not noticed any deficiency that need to be rectified or disclosed to the Auditors.

- D. I. There has not been any significant change in internal control over financial reporting during the year under review;
- II. There has been not any significant change in accounting policies during the year under review and
- III. We are not aware of any instance during the year, of any significant fraud with involvement therein of the management or any employee having a significant role in the Company's internal control system over financial reporting.

**Shiv Singh Mehta**

*Chairman & Managing Director*

(DIN: 00023523)

Date: 16th May, 2019

Place: Indore

**Kamal Kanodia**

*Chief Financial Officer*

# REPORT ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To  
The Members of  
**Kriti Industries (India) Limited**  
CIN: L25206MP1990PLC005732

1. We, Kaushal Agrawal & Co., Practicing Company Secretaries, have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on 31st March, 2019, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations').

## Managements' Responsibility

2. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in the SEBI Listing Regulations.

## Our Responsibility

3. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
4. We have examined the books, papers, minutes books, forms, returns and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

## Opinion

5. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI Listing Regulations during the year ended 31st March, 2019.
6. We 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 Kaushal Agrawal & Co.,**  
*Practising Company Secretaries*

**CS Kaushal Kumar Agrawal**  
*Proprietor*  
M. No. F4985  
C.P. No. 3457

Date: 16.05.2019  
Place: Indore

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## Standalone Financial Statements

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# Independent Auditor's Report

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

## Report on Audit of the Standalone Financial Statements:

### Opinion

We have audited the accompanying standalone financial statements of **KRITI INDUSTRIES (INDIA) LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March 2019, the Statement of Profit and Loss (including other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2019, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

### Basis for Opinion

We conducted our audit of the Standalone financial statements in accordance with the Standards on Auditing (SAs) specified

under Section 143(10) of the Companies Act, 2013. Our Responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on our standalone financial statements.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	Auditor's Response
<p>Provisions and Contingent liabilities in respect of certain litigations including Direct and Indirect Taxes not acknowledged as debt. (Note No. 32.3 read with Note No. 2.2.9 and 2.2.11 to the standalone financial statements):</p> <p>The Company has material uncertain tax positions including matters under dispute which involves significant judgment to determine the possible outcome of these disputes. The Company's assessment is supported by the facts of matter, their own judgment, past experience, and advices from legal and independent tax consultants wherever considered necessary. Accordingly, unexpected adverse outcomes may significantly impact the Company's reported profit and the Balance Sheet.</p> <p>We determined the above area as a Key Audit Matter in view of associated uncertainty relating to the outcome of these matters.</p>	<p>Our audit approach involved :-</p> <ol style="list-style-type: none"><li>Understanding the current status of the litigations/tax assessments;</li><li>Examining communication received from various Tax Authorities/ Judicial forums and follow up action thereon;</li><li>Evaluating the merit of the subject matter under consideration with reference to available independent legal / tax advice; and</li><li>Review and analysis of evaluation of the contentions of the Company through discussions, collection of details of the subject matter under consideration and the likely outcome.</li></ol>

### Information Other than the Standalone Financial Statements and Auditor's Report Thereon :

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information ("the Other Information"), but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements:

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis for accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

### Auditor's Responsibilities for the Audit of the Standalone Financial Statements:

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of the users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, the auditor exercises professional judgment and maintains professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error; to design and perform audit procedures responsive to those risks; and to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause an entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that , individually or in aggregate , makes



it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on Other Legal and Regulatory Requirements:**

- 1) As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
- 2) As required by Section 143 (3) of the Act, we report that:
  - (a) We have sought and 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 appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.

- (d) In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on 31st March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure – B". Our report expresses an unmodified opinion on the adequacy and the operating effectiveness of the Company's internal financial controls over financial reporting.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements - Refer Note 32.3 to the standalone Ind AS financial statements.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There was no delay in transferring the amount, required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31st March 2019.

**FOR RAKESH KUMAR & ASSOCIATES**

*Chartered Accountants*

Firm Reg. No. : 002150C

**CA. RAKESH KUMAR GUPTA**

*Partner*

Place: Indore

Date: 16th May 2019

Membership No. : 070906

## “Annexure A” to the Auditor’s Report

The Annexure referred to in paragraph 1 under “Report on other Legal and Regulatory Requirements” of our Independent Auditor’s Report of even date on the standalone Ind AS financial statements to the members of **Kriti Industries (India) Limited** for the year ended 31st March 2019, we further report that :

- (i) a. As informed to us, the Company has maintained proper records, on yearly basis, showing full particulars, including quantitative details and situation of fixed assets.
- b. As informed to us, the management of the Company has done physical verification of certain fixed assets at reasonable intervals in accordance with programme of verification, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets and no material discrepancies were noticed on such verification.
- c. The title deeds of immovable properties are held in the name of the Company.
- (ii) As informed to us, the inventory of the Company has been physically verified during the year by the management at reasonable intervals. Discrepancies noticed during the physical verification of stock were not material and have been properly dealt with in the books of accounts of the Company.
- (iii) As per information and explanation given to us, the Company has granted unsecured loan to one (1) company covered in the register maintained under section 189 of the Companies Act, 2013.
  - a. In respect of loan granted to the body corporate, the terms and conditions of the loans are prima facie not prejudicial to the interest of the Company.
  - b. The terms of arrangement do not stipulate any repayment schedule and also the loan is repayable on demand. The borrower has been regular in the payment of interest as stipulated.
  - c. As there is no specified repayment schedule of the loan granted to the body corporate, the clause (iii) (c) of the order is not applicable to the Company.
- (iv) As per information and explanation given to us, the Company has complied all provisions in respect of loans, investment and guarantees covered under section 185 to section 186 of the Companies Act, 2013.
- (v) In our opinion and according to the information and explanations given to us, the Company neither accepted nor invited any deposits from public within the provision of Section 73 to 76 of Companies Act, 2013 and rules made there under.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of the cost records under section 148 (1) of the Companies Act, 2013 and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have, however, not made detailed examinations of the records with a view to determine whether they are accurate or complete.
- (vii) a. According to the information and explanation given to us, the Company has been generally regular in depositing undisputed dues relating to Provident Fund, Employees’ State Insurance, Income Tax, Sales Tax, Service Tax, Duties of Customs, Duties of Excise, Value Added Tax, Cess and other material statutory dues applicable to it with appropriate authorities. There are no undisputed statutory dues payable which are outstanding as at 31st March 2019 for a period of more than 6 months from the date they became payable.
- b. According to the information and explanations given to us, following dues of Income Tax, Sales Tax, Service Tax, duties of Customs, duties of Excise or Value Added Tax has not been deposited on account of any dispute :-

Name of the Statute (Nature of the Dues)	Forum where Matter is pending	Period to which the amounts relates	2018-19
Central Sales Tax	High Court of MP	2005-06	7238189
Central Sales Tax	High Court of MP	2006-07	1335795
Entry Tax	High Court of MP	2007-08	1355843
Central Sales Tax	Appellate Board , Bhopal	2008-09	76424
Central Sales Tax	Appellate Board , Bhopal	2009-10	170701
M.P. Commercial Tax	Appellate Board , Bhopal	2009-10	741835
M.P. Commercial Tax	Appellate Board , Bhopal	2009-10	845026
Central Sales Tax	Appellate Board , Bhopal	2010-11	465276
M.P. Commercial Tax	Appellate Board , Bhopal	2010-11	3154351
Central Sales Tax	Appellate Board , Bhopal	2011-12	1587144

Name of the Statute (Nature of the Dues)	Forum where Matter is pending	Period to which the amounts relates	2018-19
M.P. Commercial Tax	Appellate Board , Bhopal	2011-12	4405077
Entry Tax	Appellate Board , Bhopal	2012-13	380439
M.P. Commercial Tax	Appellate Board , Bhopal	2012-13	892446
M.P. Commercial Tax	Appellate Board , Bhopal	2013-14	145746
Central Sales Tax	Deputy Commissioner, Indore	2016-17	431816
Central Sales Tax	Deputy Commissioner, Indore	2014-15	269734
M.P. Commercial Tax	Additional Commissioner, Indore	2014-15	49995
Central Sales Tax	Additional Commissioner, Indore	2015-16	846438
M.P. Commercial Tax	Additional Commissioner, Indore	2015-16	170987

(viii) According to information and explanations given to us by the management and according to the records of the Company examined by us, we are of the opinion that the Company has not defaulted in repayment of any loan from Financial Institutions, Banks or debenture holders.

(ix) To the best of our knowledge and belief and according to the information and explanations given to us and based on documents provided to us, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year. However, term loan availed by the Company were, prima-facie, applied by the Company for the purposes for which the loans were obtained.

(x) During the course of our examination of the books of accounts and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud on the Company by its officers/employees or by the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

(xi) According to the information and explanation given to us, and based on documents provided to us, the managerial remuneration has been paid /provided in accordance with the requisite approvals mandated by the provisions of section 197 read with schedule V to the Companies Act 2013.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.

(xiii) According to the information and explanation given to us, and based on document provided to us, all transactions with the related parties are in compliance with section 188 & section 177 of the Companies Act 2013 where applicable and details of such transactions to the extent required has been disclosed in the standalone Ind AS financial statements as required by applicable accounting standards.

(xiv) According to the information and explanation given to us, the Company has not made any preferential allotment/private placement of shares or fully or partly convertible debenture during the year.

(xv) According to the information and explanation given to us, the Company has not entered into any non-cash transactions with Directors or Persons connected with him.

(xvi) In our opinion and according to explanations given to us, the Company is not required to get registered under section 45-IA of the Reserve Bank of India Act, 1934.

**FOR RAKESH KUMAR & ASSOCIATES**

*Chartered Accountants*

Firm Reg. No. : 002150C

**CA. RAKESH KUMAR GUPTA**

*Partner*

Membership No. : 070906

Place: Indore

Date: 16th May 2019

## “Annexure B” to the Auditor’s Report

The Annexure referred to in paragraph 2(f) under “Report on other Legal and Regulatory Requirements” of our Independent Auditor’s Report of even date on the standalone Ind AS financial statements to the members of Kriti Industries (India) Limited for the year ended 31st March 2019.

### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of **Kriti Industries (India) Limited** (“the Company”) as of 31st March 2019 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

#### Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (“ICAI”). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### Auditors’ Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and Standards on Auditing, and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit

of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

#### Meaning of Internal Financial Controls Over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that:

1. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
2. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and
3. provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company’s assets that could have a material effect on the financial statements.

#### Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper

management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2019, based on the internal control over financial reporting criteria established by the Company considering

the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**FOR RAKESH KUMAR & ASSOCIATES**

*Chartered Accountants*

Firm Reg. No. : 002150C

**CA. RAKESH KUMAR GUPTA**

*Partner*

Membership No. : 070906

Place: Indore

Date: 16th May 2019

## KRITI INDUSTRIES (INDIA ) LIMITED

CIN: L25206MP1990PLC005732

**Balance Sheet** as on 31.03.2019

(₹ in lakhs)

Sr. No	Particulars	Note No	As at 31.03.2019	As at 31.03.2018
	<b>ASSETS</b>			
(1)	<b>NON CURRENT ASSETS</b>			
	(a) Property, Plant and Equipment	3	9432.35	7890.64
	(b) Capital work-in-progress		67.19	49.39
	(c) Other Intangible assets	4	21.20	24.51
	(d) Financial Assets			
	(i) Investments	5	778.15	778.15
	(ii) Loans	6	191.96	163.72
	(iii) Other financial assets	7	0.74	41.84
	(e) Other non current assets	8	246.46	222.00
	<b>Total Non Current Assets</b>		<b>10738.05</b>	<b>9170.25</b>
(2)	<b>Current assets</b>			
	(a) Inventories	9	11023.58	9440.31
	(b) Financial Assets			
	(i) Trade receivables	10	6200.80	4358.30
	(ii) Cash and cash equivalents	11	116.28	119.80
	(iii) Bank balances other than (ii) above	12	1076.44	968.69
	(iv) Loans	13	1488.02	1126.09
	(c) Other current assets	14	119.78	272.18
	<b>Total Current Assets</b>		<b>20024.90</b>	<b>16285.37</b>
	<b>Total Assets</b>		<b>30762.95</b>	<b>25455.62</b>
	<b>EQUITY AND LIABILITIES</b>			
	<b>Equity</b>			
	(a) Equity Share capital	15	496.04	496.04
	(b) Other Equity	16	8033.17	7461.08
	<b>Total Equity</b>		<b>8529.21</b>	<b>7957.12</b>
	<b>LIABILITIES</b>			
(1)	<b>Non-current liabilities</b>			
	(a) Financial Liabilities			
	(i) Borrowings	17	2194.78	1330.03
	(b) Deferred tax liabilities (Net)	18	1271.56	1073.23
	(c) Other non-current liabilities	19	1033.44	211.52
	<b>Total non current Liabilities</b>		<b>4499.78</b>	<b>2614.78</b>
(2)	<b>Current liabilities</b>			
	(a) Financial Liabilities			
	(i) Borrowings	20	4415.52	3933.51
	(ii) Trade payables			
	(a) Total outstanding dues of micro enterprises and small enterprises		0.00	0.00
	(b) Total outstanding dues of creditors other than micro and small enterprises	21	11989.49	9578.07
	(iii) Others	22	801.28	898.93
	(b) Other current liabilities	23	442.20	395.93
	(c) Provisions	24	85.47	77.28
	<b>Total current Liabilities</b>		<b>17733.96</b>	<b>14883.72</b>
	<b>Total Equity and Liabilities</b>		<b>30762.95</b>	<b>25455.62</b>
	<b>Significant accounting policies &amp; Notes to the accounts</b>	1 -48		

As per our Report of even date attached

For Rakesh Kumar &amp; Associates

Chartered Accountants

F.R.N. 002150C

Rakesh Kumar Gupta

Partner

M.No. 070906

Shiv Singh Mehta

Chairman and Managing Director

DIN: 00023523

Purnima Mehta

Executive Director

DIN: 00023632

For and on behalf of the Board of Directors

Kamal Kanodia

Chief Financial officer

Preeti Sharma

Company Secretary

Place: Indore

Date: 16th May, 2019



## KRITI INDUSTRIES (INDIA ) LIMITED

CIN: L25206MP1990PLC005732

**Statement of Profit & Loss** for the period ended 31.03.2019

(₹ in lakhs)

Particulars	Note No	For the year ended 31.03.2019	For the year ended 31.03.2018
<b>REVENUE</b>			
Revenue From Operations	25	56901.57	44424.55
Other Income	26	212.12	300.04
<b>Total Income</b>		<b>57113.69</b>	<b>44724.59</b>
<b>EXPENSES</b>			
Cost of materials consumed		47873.64	35125.81
Changes in inventories of finished goods,		(1517.83)	(646.35)
Excise Duty	27	0.00	1660.78
Employee benefits expense	28	2178.18	1710.99
Finance costs	29	1477.20	1252.94
Depreciation and amortization expense	3-4	596.29	561.83
Other expenses	30	5459.40	3648.85
<b>Total Expenses</b>		<b>56066.88</b>	<b>43314.85</b>
<b>Profit/(loss) before exceptional items and tax</b>		<b>1046.81</b>	<b>1409.74</b>
Exceptional Items		0.00	0.00
<b>Profit/(loss) before tax</b>		<b>1046.81</b>	<b>1409.74</b>
Tax expense:			
(1) Current tax		186.98	327.27
(2) Deferred tax		198.33	160.01
<b>Total Tax Expenses</b>		<b>385.31</b>	<b>487.28</b>
<b>Net Profit/(Loss) for the period from continuing operations</b>		<b>661.50</b>	<b>922.46</b>
<b>Profit/(Loss) for the period from discontinued operations</b>		<b>0.00</b>	<b>0.00</b>
Tax expense:			
(i) Current tax		0.00	0.00
(ii) Deferred tax		0.00	0.00
(iii) Income Tax related earlier year		0.00	0.00
<b>Net Profit/(Loss) for the period from discontinued operations</b>		<b>0.00</b>	<b>0.00</b>
<b>Net Profit/(Loss) for the period</b>		<b>661.50</b>	<b>922.46</b>
<b>Other Comprehensive Income</b>			
Items that will not be reclassified to profit or loss			
Remeasurement of Defined Benefit Plan		0.29	(4.20)
Effective portion of Cash Flow Hedge			
<b>Total Other Comprehensive Income</b>		<b>0.29</b>	<b>(4.20)</b>
<b>Total Comprehensive Income for the period</b>		<b>661.79</b>	<b>918.26</b>
Earnings per equity share			
(1) Basic		1.33	1.86
(2) Diluted		1.33	1.86
<b>Significant accounting policies &amp; Notes to the accounts</b>	1-48		

As per our Report of even date attached

**For Rakesh Kumar & Associates**

Chartered Accountants

F.R.N. 002150C

**Rakesh Kumar Gupta**

Partner

M.No. 070906

**Shiv Singh Mehta**

Chairman and Managing Director

DIN: 00023523

**Purnima Mehta**

Executive Director

DIN: 00023632

**For and on behalf of the Board of Directors****Kamal Kanodia**

Chief Financial officer

**Preeti Sharma**

Company Secretary

Place: Indore

Date: 16th May, 2019

## KRITI INDUSTRIES (INDIA ) LIMITED

CIN: L25206MP1990PLC005732

**Cash Flow Statement** as on 31.03.2019

(₹ in lakhs)

Particulars	Year ended 31.03.2019		Year ended 31.03.2018	
	Amount	Amount	Amount	Amount
<b>Cash Flow From Operating Activities</b>				
Net Profit before Tax		1046.81		1,409.74
Adjustments for :				
Depreciation	596.29		561.83	
(Profit)/ Loss on Sale of Fixed Assets	-		-	
Financial Income	(125.59)		(93.52)	
Financial Expense	1477.20	1947.90	1,252.94	1721.25
<b>Cash Operating Profit before working capital changes</b>		<b>2994.71</b>		<b>3130.99</b>
(Increase) / Decrease in Inventories	(1582.97)		(1,344.33)	
(Increase) / Decrease in Trade Receivables	(1842.50)		73.74	
(Increase) / Decrease in Deposit given	(361.94)		439.56	
(Increase) / Decrease in Other Current Assets	377.40		556.60	
(Increase) / Decrease in Loan Given	(28.24)		6.69	
(Increase) / Decrease in other Financial assets	41.10		(37.24)	
(Increase) / Decrease in Other Non Current Assets	(24.46)		(122.00)	
Increase / (Decrease) in Trade Payables	2411.42		1,702.96	
Increase / (Decrease) in Other Financial Liabilities	(97.66)		(446.24)	
Increase / (Decrease) in Other Current Liabilities	46.27		(443.59)	
Increase / (Decrease) in Provisions	(178.77)		(1.83)	
		<b>(1240.35)</b>		<b>14.79</b>
Tax Paid		(225.00)		(273.54)
<b>Net Cash From Operating Activities (A)</b>		<b>1529.36</b>		<b>2872.24</b>
<b>Cash Flow From Investing Activities</b>				
Financial Income	125.59		93.52	
Sale Proceed Of Fixed Assets (Net)	20.61		6.23	
Purchase of Fixed Assets	(2173.10)		(1,094.46)	
Investment in Fixed Deposits having maturity of more than three months	(107.75)		(144.74)	
(Increase) / Decrease in Non Current Investment	0.00		-	
<b>Net Cash Used In Investing Activities (B)</b>		<b>(2134.65)</b>		<b>(1139.44)</b>
<b>Cash Flow From Financing Activities</b>				
Proceeds from Long Term Borrowings	1650.00		750.00	
Repayment of Long Term Borrowings	(785.25)		(911.02)	
Net Increase / (Decrease) in Long Term Borrowings	864.75		(161.02)	
Increase / (Decrease) in Other Non Current Liability	821.91		2.89	
Increase / (Decrease) in Short Term Borrowings	482.01		(134.79)	
Dividend Paid on Equity Shares	(74.41)		(74.40)	
Dividend Distribution Tax Paid	(15.29)		(15.16)	
Financial Expenses	(1477.20)		(1252.94)	
<b>Net Cash Used In Financing Activities (C)</b>		<b>601.77</b>		<b>(1635.41)</b>
<b>Net Decrease In Cash and Cash Equivalents (A + B + C)</b>		<b>(3.52)</b>		<b>97.39</b>
<b>ADD : Cash and cash equivalents - Opening - 1st April</b>		<b>119.80</b>		<b>22.44</b>
<b>Cash and cash equivalents - Closing - 31st March 2019</b>		<b>116.28</b>		<b>119.80</b>

## Cash Flow Statement as on 31.03.2019

(₹ in lakhs)

### Footnote to Cash Flow Statement:

#### 1. Components of Cash and Cash Equivalents are produced as under:

Particulars		2018-19		2017-18
Cash & Cash Equivalents				
Balances with Banks				
Current Account		0.60		10.02
FDRs		113.30		107.93
Cash on hand		2.38		1.85
Significant accounting policies & Notes to the accounts	1-48			

As per our Report of even date attached

#### For Rakesh Kumar & Associates

Chartered Accountants

F.R.N. 002150C

**Rakesh Kumar Gupta**

Partner

M.No. 070906

**Shiv Singh Mehta**

Chairman and Managing Director

DIN: 00023523

**Purnima Mehta**

Executive Director

DIN: 00023632

#### For and on behalf of the Board of Directors

**Kamal Kanodia**

Chief Financial officer

**Preeti Sharma**

Company Secretary

Place: Indore

Date: 16th May, 2019

## Statement of Change in Equity for the year ended 31.03.2019

### Share capital

(₹ in lakhs)

Equity Share Capital	Balances as at 1st April 2017	Changes in equity share capital during the year	Balance as at 31st March 2018	Balances as at 1st April 2018	Changes in equity share capital during the year	Balance as at 31st March 2019
Paid up Capital	496.04	0.00	496.04	496.04	0.00	496.04

### Other Equity

Particulars	Reserves and Surplus						Other Comprehensive Income	Total
	General Reserve	Share Premium Account	Contingency Reserve	Share Forfeiture Account	Retained Earnings	Total	Effective Cash Flow Hedge	
Balances as at 1st April 2018	3,175.00	466.14	-	2.73	2,988.50	6,632.37	(93.61)	6,538.76
Profit for the year					922.46	922.46	-	922.46
Other Comprehensive Income:					(4.20)	(4.20)	93.61	89.41
Final Dividend paid including corporate dividend tax for FY 2017-18					(89.56)	(89.56)	-	(89.56)
Interim Dividend paid including corporate dividend tax						-	-	-
Transfer to General Reserve	200.00				(200.00)	-	-	-
Transfer from Statement of Profit & Loss						-	-	-
Balance as at 31st March 2019	3,375.00	466.14	-	2.73	3,617.20	7,461.07	-	7,461.07
Profit for the year					661.50	661.50		661.50
Other Comprehensive Income:					0.29	0.29		0.29
Final Dividend paid including corporate dividend tax					(89.70)	(89.70)		(89.70)
Transfer to General Reserve	50.00				(50.00)	-		-
Transfer from Statement of Profit & Loss						-	-	-
Balance as at 31st March 2019	3,425.00	466.14	-	2.73	4,139.30	8,033.17	-	8,033.17

#### General Reserve

General reserves are the retained earnings of a company which are kept aside out of company's profits to meet future (known or unknown) obligations.

#### Share Premium Account

Share premium to be used in future to pay the expenses of issuing equity, such as underwriter fees or for issuing bonus shares to shareholders

#### Contingency Reserve

Contingency Reserve is created to meet any known unknowns risk which may occur in future.

#### Share Forfeiture Account

to use stock purchase plans to inspire employee loyalty.

## Significant accounting policies and notes to the accounts 31.03.2019

### 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 12.03.1990 and having its Registered office in Indore (MP). The Company's shares are listed in the Bombay Stock Exchange (BSE).

### 2. Significant Accounting Policies Basis of Preparation and Presentation

The financial statements have been prepared on the historical cost basis except for following assets and liabilities which have been measured at fair value:

- i) Certain financial assets and liabilities (including derivative instruments),
- ii) Defined benefit plans - plan assets

The financial statements of the Company have been prepared to comply with the Indian Accounting standards ('Ind AS'), including the rules notified under the relevant provisions of the Companies Act, 2013.

Company's financial statements are presented in Indian Rupees (INR), which is also its functional currency.

### 2.2. Summary of Significant Accounting Policies

#### 2.2.1. Property, Plant and Equipment

- a) Property, Plant and Equipment(PPE) are stated at cost, net of recoverable taxes, trade discount and rebates less accumulated depreciation and impairment losses, if any. Such cost includes purchase price, borrowing cost and any cost directly attributable to bringing the assets to its working condition for its intended use, net charges on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the assets.
- b) Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost can be measured reliably. In the carrying amount of an item of PPE, the cost of replacing the part of such an item is recognized when that cost is incurred if the recognition criteria are met. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition principles.
- c) Expenses incurred relating to project, net of income earned during the project development stage prior to its intended use, are considered as pre - operative expenses and disclosed under Capital Work - in - Progress.
- d) Depreciation on property, plant and equipment is provided using straight line method. Depreciation is provided based on useful life of the assets as prescribed in Schedule II to the Companies Act, 2013. Each part of an item of Property, Plant & Equipment with a cost that is significant in relation to total cost of the Machine is depreciated separately, if its useful life is different than the life of the Machine.
- e) Based on the technical evaluation, the management believes that the useful life of Dies and Moulds is 6 years.
- f) The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.
- g) Gains or losses arising from derecognition of a property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.
- h) Spare parts procured along with the Plant & Machinery or subsequently which meet the recognition criteria are capitalized and added in the carrying amount of such item. The carrying amount of those spare parts that are replaced is derecognized when no future economic benefits are expected from their use or upon disposal. Other machinery spares are treated as "stores & spares" forming part of the inventory.

#### 2.2.2. Leases

- a) Leases are classified as finance leases wherever the terms of the lease, transfers substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.
- b) Leased assets: Assets held under finance leases are initially recognised as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.
- c) Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in

## Significant accounting policies and notes to the accounts 31.03.2019

Statement of Profit and Loss, unless they are directly attributable to qualifying assets, in which case they are capitalized. Contingent rentals are recognised as expenses in the periods in which they are incurred.

- d) A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.
- e) Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term except where another systematic basis is more representative of time pattern in which economic benefits from the leased assets are consumed.

### 2.2.3. Intangible assets

- a) Intangible Assets are stated at cost of acquisition net of recoverable taxes, trade discount and rebates less accumulated amortization /depletion and impairment loss, if any. Such cost includes purchase price, borrowing costs, and any cost directly attributable to bringing the asset to its working condition for the intended use, net charges on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the intangible assets.
- b) Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost can be measured reliably.
- c) Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

### 2.2.4. Capital Work in Progress

- a) Expenditure incurred on assets under construction (including a project) is carried at cost under Capital Work in Progress. Such costs comprises purchase price of asset including import duties and non-refundable taxes after deducting trade discounts and rebates and costs that are directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.
- b) Cost directly attributable to projects under construction include costs of employee benefits, expenditure in relation to survey and investigation activities of the projects, cost of site preparation, initial delivery and handling charges, installation and assembly costs, professional fees, expenditure on maintenance and up-gradation etc. of common public facilities, depreciation on assets used in construction of project, interest during construction and other costs if attributable to construction of projects. Such costs are accumulated under "Capital works in progress" and subsequently allocated on systematic basis over major assets, other than land and infrastructure facilities, on commissioning of projects.
- c) Capital Expenditure incurred for creation of facilities, over which the Company does not have control but the creation of which is essential principally for construction of the project is capitalized and carried under "Capital work in progress" and subsequently allocated on systematic basis over major assets, other than land and infrastructure facilities, on commissioning of projects, keeping in view the "attributability" and the "Unit of Measure" concepts in Ind AS 16- "Property, Plant & Equipment". Expenditure of such nature incurred after completion of the project, is charged to Statement of Profit and Loss.

### 2.2.5. Research and Development Expenditure

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss. Development costs of products are charged to the Statement of Profit and Loss unless a product's technological and commercial feasibility has been established, in which case such expenditure is capitalised.

### 2.2.6. Finance Cost

- a) Borrowing costs include exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use.



## Significant accounting policies and notes to the accounts 31.03.2019

- b) Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.
- c) All other borrowing costs are expensed in the period in which they occur.

### 2.2.7. Inventories

- a) Items of inventories are measured at lower of cost and net realisable value after providing for obsolescence, if any, except in case of by-products which are valued at net realisable value. Cost of inventories comprises of cost of purchase, cost of conversion and other costs including manufacturing overheads, net of recoverable taxes incurred in bringing them to their respective present location and condition.
- b) Cost of Inventory of raw materials, stores and spares, packing materials, trading and other products are determined using the First-In, First-Out (FIFO) basis on moving average prices.

### 2.2.8. Impairment of non-financial assets - property, plant and equipment and intangible assets

- a) The Company assesses at each reporting date as to whether there is any indication that any property, plant and equipment and intangible assets or group of assets, called Cash Generating Units (CGU) may be impaired. If any such indication exists the recoverable amount of an asset or CGU is estimated to determine the extent of impairment, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the CGU to which the asset belongs.
- b) An impairment loss is recognised in the Statement of Profit and Loss to the extent, asset's carrying amount exceeds its recoverable amount. The recoverable amount is higher of an asset's fair value less cost of disposal and value in use. Value in use is based on the estimated future cash flows, discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and risk specific to the assets.
- c) The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

### 2.2.9. Provisions, Contingent Liabilities and Contingent Assets and Commitments

- a) Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Such provisions are determined based on management estimate of the amount required to settle the obligation at the balance sheet date. When the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a standalone asset only when the reimbursement is virtually certain.
- b) If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.
- c) Contingent liabilities are disclosed on the basis of judgment of management. These are reviewed at each balance sheet date and are adjusted to reflect the current management estimate.
- d) Contingent assets are not recognized but are disclosed in the financial statements when inflow of economic benefits is probable.

### 2.2.10. Employee Benefits Expense

#### Short Term Employee Benefits

- a. The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees are recognised as an expense during the period when the employees render the services.

#### Post-Employment Benefits

##### Defined Contribution Plans

- b. A defined contribution plan is a post-employment benefit plan under which the Company pays specified contributions to a separate entity. The Company makes specified monthly contributions towards Provident Fund, Superannuation Fund and Pension Scheme. The Company's contribution is recognised as an expense in the Statement of Profit and Loss during the period in which the employee renders the related service.

## Significant accounting policies and notes to the accounts 31.03.2019

### Defined Benefit Plans

- c. The cost of the defined benefit plan and other post-employment benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.
- d. The Company pays gratuity to the employees whoever has completed five years of service with the Company at the time of resignation/superannuation. The gratuity is paid @15 days salary for every completed year of service as per the Payment of Gratuity Act 1972.
- e. The gratuity liability amount is contributed to the approved gratuity fund formed exclusively for gratuity payment to the employees.
- f. The liability in respect of gratuity and other post-employment benefits is calculated using the Projected Unit Credit Method and spread over the period during which the benefit is expected to be derived from employees' services.
- g. Re-measurement of defined benefit plans in respect of post-employment are charged to the Other Comprehensive Income.

### 2.2.11. Tax Expenses

- a. The tax expense for the period comprises current and deferred tax. Tax is recognised in Statement of Profit and Loss, except to the extent that it relates to items recognised in the other comprehensive income or in equity. In which case, the tax is also recognised in other comprehensive income or equity.
  - **Current tax**
- b. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted at the Balance Sheet date.
  - **Deferred tax**
- c. Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.
- d. Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The carrying amount of deferred tax liabilities and assets are reviewed at the end of each reporting period.

### 2.2.12. Foreign currencies transactions and translation

- a. 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 Statement of profit and loss account of the year.
- b. 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 Statement of profit and loss account.
- c. Realized gain or loss on cancellation of forward exchange contract is recognized in the Statement of Profit and Loss for the year.
- d. Gain/ Loss on exchange difference on pending forward exchange contract which are yet to be executed are measured on the basis of difference between spot rate at year end and with forward contract exchange rate (premium adjusted) of respective date through "Designated Cash Flow Hedge Reserve".

### 2.2.13. Revenue recognition

- a. Revenue from sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated cost can be estimated reliably, there is no continuing effective control or managerial involvement with the goods, and the amount of revenue can be measured reliably.

## Significant accounting policies and notes to the accounts 31.03.2019

- b. Revenue from rendering of services is recognised when the performance of agreed contractual task has been completed.
- c. Revenue from sale of goods is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.
- d. Revenue from operations includes sale of goods, services and adjusted for discounts (net), and gain/ loss on corresponding hedge contracts.

Ind AS 115- Revenue from contracts with customers, mandatory for reporting period beginning on or after 1st April 2018 replaces existing revenue recognition requirements. Under the modified retrospective approach, there were no significant adjustments required to the retained earning as at 1st April 2018. Also the application of Ind AS 115 did not have any significant impact on recognition and measurement of revenue and related items in the financial results of the Company.

### Interest income

- e. Interest income from a financial asset is recognised using effective interest rate (EIR) method.

### Dividends

- f. Revenue is recognised when the Company's right to receive the payment has been established, which is generally when shareholders approve the dividend.

#### 2.2.14. Insurance Claims

Insurance claims are accounted for on the basis of claims admitted/ expected to be admitted to the extent that there is no uncertainty in receiving the claims.

#### 2.2.15. Governemnt Grants

Government grants, including non- monetary grants at fair value, are recognised when there is resonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received.

#### 2.2.16. Financial instruments

##### I. Financial Assets

##### a. Initial recognition and measurement

All financial assets and liabilities are initially recognized at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, which are not at fair value through profit or loss, are adjusted to the fair value on initial recognition. Purchase and sale of financial assets are recognised using trade date accounting.

##### b. Subsequent measurement

##### i. Financial assets carried at amortised cost (AC)

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

##### ii. Financial assets at fair value through other comprehensive income (FVTOCI)

A financial asset is measured at FVTOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

##### iii. Financial assets at fair value through profit or loss (FVTPL)

A financial asset which is not classified in any of the above categories are measured at FVTPL.

##### c. Investment in subsidiaries, Associates and Joint Ventures

The Company has elected to measure investment in subsidiaries, joint venture and associate at cost.

##### d. Other Equity Investments

All other equity investments are measured at fair value, with value changes recognised in Statement of Profit and Loss, except for those equity investments for which the Company has elected to present the value changes in 'Other Comprehensive Income'.

## Significant accounting policies and notes to the accounts 31.03.2019

### e. Impairment of financial assets

- i. In accordance with Ind AS 109, the Company uses 'Expected Credit Loss' (ECL) model, for evaluating impairment of financial assets other than those measured at fair value through Statement of profit and loss (FVTPL).
- ii. Expected credit losses are measured through a loss allowance at an amount equal to:
  - The 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
  - Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument)
- iii. For trade receivables Company applies 'simplified approach' which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Company uses historical default rates to determine impairment loss on the portfolio of trade receivables. At every reporting date these historical default rates are reviewed and changes in the forward looking estimates are analysed.
- iv. For other assets, the Company uses 12 month ECL to provide for impairment loss where there is no significant increase in credit risk. If there is significant increase in credit risk full lifetime ECL is used.

## II. Financial liabilities

### a. Initial recognition and measurement

All financial liabilities are recognized at fair value and in case of loans, net of directly attributable cost. Fees of recurring nature are directly recognised in the Statement of Profit and Loss as finance cost.

### b. Subsequent measurement

Financial liabilities are carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

### i. Hedge Accounting

Hedges that meet the criteria for hedge accounting are accounted for as follows:

#### (a) Cash flow hedge

The Company designates derivative contracts or non derivative financial assets / liabilities as hedging instruments to mitigate the risk of movement in interest rates and foreign exchange rates for foreign exchange exposure on highly probable future cash flows attributable to a recognised asset or liability or forecast cash transactions. When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in the cash flow hedging reserve being part of other comprehensive income. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in the Statement of Profit and Loss. If the hedging relationship no longer meets the criteria for hedge accounting, then hedge accounting is discontinued prospectively. If the hedging instrument expires or is sold, terminated or exercised, the cumulative gain or loss on the hedging instrument recognized in cash flow hedging reserve till the period the hedge was effective remains in cash flow hedging reserve until the underlying transaction occurs. The cumulative gain or loss previously recognized in the cash flow hedging reserve is transferred to the Statement of Profit and Loss upon the occurrence of the underlying transaction. If the forecasted transaction is no longer expected to occur, then the amount accumulated in cash flow hedging reserve is reclassified in the Statement of Profit and Loss.

#### (b) Fair Value Hedge

The Company designates derivative contracts or non derivative financial assets / liabilities as hedging instruments to mitigate the risk of change in fair value of hedged item due to movement in interest rates, foreign exchange rates and commodity prices.

Changes in the fair value of hedging instruments and hedged items that are designated and qualify as fair value hedges are recorded in the Statement of Profit and Loss. If the hedging relationship no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to Statement of Profit and Loss over the period of maturity.

## Significant accounting policies and notes to the accounts 31.03.2019

### ii. Derecognition of financial instruments

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. A financial liability (or a part of a financial liability) is derecognized from the Company's Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires.

### 2.2.17. Operating Cycle

- a. The Company presents assets and liabilities in the balance sheet based on current / non-current classification based on operating cycle.

An asset is treated as current when it is:

- i. Expected to be realized or intended to be sold or consumed in normal operating cycle;
- ii. Held primarily for the purpose of trading;
- iii. Expected to be realized within twelve months after the reporting period, or
- iv. Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

- b. A liability is current when:

- i. It is expected to be settled in normal operating cycle;
- ii. It is held primarily for the purpose of trading;
- iii. It is due to be settled within twelve months after the reporting period, or
- iv. There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The Company has identified twelve months as its operating cycle.

### 2.2.18. Earnings Per Share

- a. Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period are adjusted for events of bonus issue; bonus element in a right issue to existing shareholders.
- b. For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

### 2.2.19. Dividend Distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

### 2.2.20. Statement of Cash Flows

- a. Cash and Cash equivalents  
For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.
- b. Statement of Cash Flows is prepared in accordance with the Indirect Method prescribed in the relevant Accounting Standard.

## Significant accounting policies and notes to the accounts 31.03.2019

### 2.3. Critical accounting Judgment and key sources of estimation uncertainty

The preparation of the financial statements in conformity with the Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and disclosures as at date of the financial statements and the reported amounts of the revenues and expenses for the years presented. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates under different assumptions and conditions. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

#### 2.3.1. Depreciation / amortisation and useful lives of property plant and equipment / intangible assets

Property, plant and equipment / intangible assets are depreciated / amortised over their estimated useful lives, after taking into account estimated residual value. Management reviews the estimated useful lives and residual values of the assets annually in order to determine the amount of depreciation / amortisation to be recorded during any reporting period. The useful lives and residual values are based on the Company's historical experience with similar assets and take into account anticipated technological changes. The depreciation / amortisation for future periods is revised if there are significant changes from previous estimates.

#### 2.3.2. Recoverability of trade receivable

Judgements are required in assessing the recoverability of overdue trade receivables and determining whether a provision against those receivables is required. Factors considered include the credit rating of the counterparty, the amount and timing of anticipated future payments and any possible actions that can be taken to mitigate the risk of non-payment.

#### 2.3.3. Provisions

Provisions and liabilities are recognized in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can be reliably estimated. The timing of recognition and quantification of the liability requires the application of judgment to existing facts and circumstances, which can be subject to change. The carrying amounts of provisions and liabilities are reviewed regularly and revised to take account of changing facts and circumstances.

#### 2.3.4. Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash Generating Units (CGU's) fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or a groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if no such transactions can be identified, an appropriate valuation model is used.

#### 2.3.5. Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected cash loss rates. The Company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.



## Schedule Forming Part of the Balance Sheet and Profit & Loss Accounts

(As per companies act 2013)

### Note 3-4 Property, Plant and Equipment (2017-18)

(₹ in lakhs)

Note	Particular	Gross Block				Depreciation				Net Block	
		01.04.2017	Addition	Deduction	Total	01.04.2017	For the year	Written back	Total	31.03.2018	31.03.2017
<b>4</b>	<b>Tangible Asset</b>										
4.1	Land										
4.1.1	Free hold Land	188.00	32.08	-	220.08	-	-	-	-	220.08	188.00
4.1.2	LeasedHold Land	36.66	-	-	36.66	0.49	0.49	-	0.98	35.68	36.17
4.2	F Building	1,451.92	85.64	-	1,537.56	48.03	62.25	-	110.28	1,427.28	1,403.89
4.3	plant & machinery	6,086.43	902.69	2.59	6,986.53	395.72	454.52	0.83	849.41	6,137.12	5,690.71
4.4	Furniture	12.81	1.82	-	14.63	3.98	3.47	-	7.45	7.18	8.83
4.5	Vehicles	24.35	-	-	24.35	4.74	4.74	-	9.48	14.87	19.61
4.6	Office Equipment	70.79	15.54	0.02	86.31	13.65	24.25	0.02	37.88	48.43	57.14
	<b>Total ₹</b>	<b>7,870.96</b>	<b>1,037.77</b>	<b>2.61</b>	<b>8,906.12</b>	<b>466.61</b>	<b>549.72</b>	<b>0.85</b>	<b>1,015.48</b>	<b>7,890.64</b>	<b>7,404.35</b>
<b>5</b>	<b>Other Intangible Assets</b>										
5.1	Software	41.06	5.29	-	46.35	9.73	12.11	-	21.84	24.51	31.33
	<b>Grand Total</b>	<b>7,912.02</b>	<b>1,043.06</b>	<b>2.61</b>	<b>8,952.47</b>	<b>476.34</b>	<b>561.83</b>	<b>0.85</b>	<b>1,037.32</b>	<b>7,915.15</b>	<b>7,435.68</b>

### Note 3-4. Property, Plant and Equipment (2018-19)

(₹ in lakhs)

Note	Particular	Gross Block				Depreciation				Net Block	
		01.04.2018	Addition	Deduction	Total	01.04.2017	For the year	Written back	Total	31.03.2019	31.03.2018
<b>4</b>	<b>Tangible Asset</b>										
4.1	Land										
4.1.1	Free hold Land	220.09	0.73	-	220.82	-	-	-	-	220.82	220.09
4.1.2	LeasedHold Land	36.66	-	-	36.66	0.97	0.49	-	1.46	35.20	35.69
4.2	F Building	1,537.55	615.60	-	2,153.15	110.28	68.12	-	178.40	1,974.74	1,427.27
4.3	plant & machinery	6,986.53	1,470.20	21.43	8,435.29	849.41	487.57	0.32	1,336.66	7,098.63	6,137.12
4.4	Furniture	14.63	37.90	-	52.53	7.44	2.41	-	9.86	42.67	7.19
4.5	Vehicles	24.35	-	-	24.35	9.49	4.51	-	14.00	10.35	14.86
4.6	Office Equipment	86.32	26.83	0.13	113.02	37.89	25.32	0.13	63.09	49.93	48.42
	<b>Total (4)</b>	<b>8,906.12</b>	<b>2,151.26</b>	<b>21.56</b>	<b>11,035.82</b>	<b>1,015.48</b>	<b>588.43</b>	<b>0.44</b>	<b>1,603.47</b>	<b>9,432.35</b>	<b>7,890.64</b>
<b>5</b>	<b>Other Intangible Assets</b>										
5.1	Software	46.35	4.56	-	50.91	21.84	7.86	-	29.70	21.20	24.51
	<b>Total (4+5)</b>	<b>8,952.47</b>	<b>2,155.81</b>	<b>21.56</b>	<b>11,086.72</b>	<b>1,037.32</b>	<b>596.29</b>	<b>0.44</b>	<b>1,633.17</b>	<b>9,453.55</b>	<b>7,915.15</b>

### Note 5. Investment

(₹ in lakhs)

	31.03.2019	31.03.2018
5.1.1 National Saving Certificate	0.14	0.14
5.2 Unquoted		
Non Trade Investment in equity instruments		
5.2.1 Sahkari Audhyogik Vasahat LIMITED	0.01	0.01
(1 Share of ₹500/-)		
5.2.2 The Cosmos Co-operative Bank Ltd.		
(1000 Equity Shares of ₹100/- each)	1.00	1.00
Trade Investment in equity instruments		
5.2.3 Kriti Auto Engineering & Plastic Private Limited (100% Subsidiary)	777.00	777.00
(3885000 Shares of ₹10/- each)		
<b>Total</b>	<b>778.15</b>	<b>778.15</b>

## Schedule Forming Part of the Balance Sheet and Profit & Loss Accounts

(As per companies act 2013)

### Note 6. Loans

(₹ in lakhs)

	31.03.2019	31.03.2018
6.1 Security Deposits	191.96	163.72
<b>Total</b>	<b>191.96</b>	<b>163.72</b>

### Note 7. Other Financial Assets

	31.03.2019	31.03.2018
7.1 Fixed deposit with banks having maturity more than 12 months	0.74	41.84
<b>Total</b>	<b>0.74</b>	<b>41.84</b>

### Note 8. Other Non Current Assets

	31.03.2019	31.03.2018
8.1 Deposit to wholly owned subsidiary company	206.00	222.00
8.2 Met Credit Entitlement	40.46	-
<b>Total</b>	<b>246.46</b>	<b>222.00</b>

### Note 9. Inventories

	31.03.2019	31.03.2018
9.1 Raw Material	3,157.14	3,150.16
9.2 Finished Goods	7,435.63	5,917.80
9.3 Stores and Spares & others	430.81	372.35
<b>Total</b>	<b>11,023.58</b>	<b>9,440.31</b>

### Note 10. Trade Receivables

	31.03.2019	31.03.2018
<b>10.1 Trade Receivables</b>		
Unsecured considered good	6,200.80	4,358.30
<b>Total</b>	<b>6,200.80</b>	<b>4,358.30</b>
<b>Trade receivables</b>		
Secured, considered good	-	-
Unsecured, considered good	6,200.80	4,358.30
Trade Receivables which have significant increase in Credit Risk	-	-
Less: Impairment for trade receivable		
Trade Receivables - credit impaired -		
Current trade receivables	6,200.80	4,358.30
No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivable are due from firm or private companies respectively in which any director is a partner, a director or a member other than stated above.		

### Note 11. Cash and Cash Equivalents

	31.03.2019	31.03.2018
11.1 Balances with Banks	0.60	10.02
11.2 Fixed deposit with banks against margin money (Maturity less than 3 months)	113.30	107.93
11.3 Cash on hand	2.38	1.85
<b>Total</b>	<b>116.28</b>	<b>119.80</b>

## Schedule Forming Part of the Balance Sheet and Profit & Loss Accounts

(As per companies act 2013)

### Note 12. Other Bank Balances

(₹ in lakhs)

	31.03.2019	31.03.2018
12.1 Unpaid dividend	16.02	16.30
12.2 Fixed deposit with banks against margin money (Maturity less than 12 months)	1,060.42	952.39
<b>Total</b>	<b>1,076.44</b>	<b>968.69</b>

### Note 13. Loans

	31.03.2019	31.03.2018
13.1 Unsecured, Considered good	1,488.02	1,126.09
Advances recoverable in cash or kind or for value to be recieved		
<b>Total</b>	<b>1,488.02</b>	<b>1,126.09</b>

### Note 14. Other Current Assets

	31.03.2019	31.03.2018
14.1 Sundry Deposits	26.99	22.58
14.2 Advance Tax/ Tax Deducted at source	15.87	36.07
14.3 CENVAT	16.74	15.52
14.4 Accrued Interest/ Income	60.18	198.01
<b>Total</b>	<b>119.78</b>	<b>272.18</b>

### Note 15. Share Capital

	31.03.2019	31.03.2018
<b>15.1 AUTHORIZED</b>		
15.1.1 80000000 Equity Shares of ₹1/- each	800.00	800.00
15.1.2 16000000 Optional convertible Preference Shares of ₹10/- each	200.00	200.00
15.2 ISSUED, SUBSCRIBED AND PAID UP		
15.2.1 49603520 equity shares of ₹1/- each fully paid up. which are issued as fully paid up Shares on 27.01.2010 on account of scheme of arrangement as approved by the Hon'ble High Court of M.P. Indore Bench		
15.2.2 Reconciliation of shares		
15.2.2.1 Opening Balance of 49603520 shares of ₹1/- each Total	496.04	496.04
15.2.2.2 Issued during the year	-	-
15.2.2.3 Closing Balance 49603520 shares of ₹1/- each	496.04	496.04
The Company has issued only one class of shares referred to as equity shares having a par value of ₹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. 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>496.04</b>	<b>496.04</b>
<b>15.3 Shareholder holding more than 5 % of shares of the Company and its percentage</b>		
<b>15.3.1 Sakam Trading Private Limited</b>		
No. of Shares	25843673	25843673
% of Shares	52.10%	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 Services Pvt.Ltd., Kriti Auto Accessories Private Ltd., Kasta Pipes Pvt.Ltd.and Shipra Pipes 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. becomes holding company w.e.f.27.02.12 of Kriti Industries (I) Ltd.		
<b>15.3.2 Chetak Builders Private Limited</b>		
No. of Shares	<b>4488793</b>	<b>4469258</b>
% of Shares	9.05%	9.01%

## Schedule Forming Part of the Balance Sheet and Profit & Loss Accounts

(As per companies act 2013)

### Note 16. Reserves & Surplus

(₹ in lakhs)

	31.03.2019	31.03.2018
<b>16.1 RESERVES</b>		
<b>16.1.1 General Reserve</b>		
16.1.1 Opening Balance	3,375.00	3,175.00
16.1.2 Add: Transfer from P&L	50.00	200.00
16.1.3 Add: Transfer from Contingency Reserves	-	-
16.1.4 Closing Balance	3,425.00	3,375.00
<b>16.2 SHARE PREMIUM ACCOUNT</b>		
16.2.1 Opening Balance	466.14	466.14
16.2.2 Add: Transfer from P&L	-	-
16.2.3 Closing Balance	466.14	466.14
<b>16.3 SHARE FOREFEITURE ACCOUNT</b>		
16.3.1 Opening Balance	2.73	2.73
16.3.2 Add: Transfer from P&L	-	-
16.3.3 Closing Balance	2.73	2.73
<b>16.4 SURPLUS</b>		
<b>16.4.1 Statement of Profit &amp; Loss</b>		
16.4.1 Opening Balance	3,617.20	2,988.50
16.4.1.2 Add Profit & Loss during the period	661.50	922.46
	4,278.70	3,910.96
Less:		
16.4.2 Final Dividend @ ₹0.15 per share	74.41	74.40
16.4.3 Corporate Dividend Tax	15.29	15.16
16.4.4 Transferred to General Reserve	50.00	200.00
16.4.5 Amortization of Leasehold Land		
16.4.6 Amortization of Term Loan Fees		
16.4.7 Other Comprehensive Income		4.20
<b>Balance in Surplus</b>	4,139.01	3,617.20
16.5.1 Opening Balance	-	3.08
16.5.2 Movement in OCI during the year	0.29	(3.08)
16.5.3 Closing Balance	0.29	-
<b>Total</b>	<b>8033.17</b>	<b>7461.08</b>

### Note 17. Financial Liabilities

			31.03.2019	31.03.2018
<b>17.1 TERM LOAN</b>				
(Installment due within 12 months shown in Current Liabilities)				
<b>17.1.1 SECURED</b>				
17.1.1.1 From Banks				
Term of Repayment of Long Term Borrowings				
<b>Particulars</b>	<b>Total tenure</b>	<b>Rate of Interest</b>		
HDFC	24 Quarterly Installment	11.50%	400.00	600.00
HDFC	21 Monthly Installment	9.80%	0.00	124.44
Yes Bank	9 Quarterly Installment	10.50%	(0.00)	89.98
Yes Bank	6 Quarterly Installment	10.50%	-	(0.00)
Yes Bank	16 Quarterly Installment	10.50%	328.13	515.62
HDFC BANK T/L(16.5)	18 Quarterly Installment	10.30%	1,466.65	-
<b>Total</b>			<b>2,194.78</b>	<b>1,330.03</b>

(Above loans are secured by First charge/ Mortgage on fixed assets of the Company and personal guarantee of Managing Director)

## Schedule Forming Part of the Balance Sheet and Profit & Loss Accounts

(As per companies act 2013)

### Note 18. Deferred Tax Liability Net

(₹ in lakhs)

	31.03.2019	31.03.2018
<b>18.1 Deferred Tax Liability (Net)</b>		
On account of tax effects on timing difference arising due to difference in Depreciation	1,271.56	1,073.23
<b>Total</b>	<b>1,271.56</b>	<b>1,073.23</b>

### Note 19. Other Non Current Liabilities

(₹ in lakhs)

	31.03.2019	31.03.2018
<b>19.1.2 Loans &amp; Advances from Related parties</b>	800.00	-
(Long Term Deposit received from Kriti Nutrients Ltd.)		
<b>19.1.1 Other Loans and advances</b>	233.44	211.52
(Security Deposit received from dealers)		
<b>Total</b>	<b>1,033.44</b>	<b>211.52</b>

### Note 20. Short Term Borrowings

	31.03.2019	31.03.2018
<b>20. 1 Loans repayable on Demand</b>		
<b>20.1.1 SECURED</b>		
From banks	3,202.52	3,148.51
(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 gurantee of Managing director)		
<b>20.1.2 UNSECURED</b>		
20.1.2.1 From banks	800.00	500.00
20.1.2.2 From others	-	75.00
20.1.2.3 Loans & Advances from Related parties	413.00	210.00
<b>Total</b>	<b>4,415.52</b>	<b>3,933.51</b>

### Note 21. Trade Payables

	31.03.2019	31.03.2018
<b>21.1 Trade Payables</b>		
(a) Total outstanding dues of micro enterprises and small enterprises	-	
(b) Total outstanding dues of creditors other than micro and small enterprises	11,989.49	9,578.07
<b>Total</b>	<b>11,989.49</b>	<b>9,578.07</b>

### Note 22. Other

	31.03.2019	31.03.2018
<b>22.1 Current maturities of Long term debt</b>	785.26	882.63
<b>22.2 Unpaid dividends</b>	16.02	16.30
<b>Total</b>	<b>801.28</b>	<b>898.93</b>

### Note 23. Other Current Liabilities

	31.03.2019	31.03.2018
<b>23.1 Outstanding Expenses</b>	103.62	150.79
<b>23.2 Statutory Liabilities</b>	92.99	83.94
<b>23.3 Employee Payable</b>	245.59	161.20
<b>Total</b>	<b>442.20</b>	<b>395.93</b>

## Schedule Forming Part of the Balance Sheet and Profit & Loss Accounts

(As per companies act 2013)

### Note 24. Provisions

(₹ in lakhs)

	31.03.2019	31.03.2018
24.1 Provision for Employees Benefits (Bonus)	74.12	65.90
24.2 Provision for Doubtful debts	11.35	11.38
<b>Total</b>	<b>85.47</b>	<b>77.28</b>

### Note 25. Revenue from Operations

	31.03.2019	31.03.2018
25.1 Sale of Products	56,864.74	44,380.44
25.2 Other operating revenues	36.83	44.11
<b>Total</b>	<b>56,901.57</b>	<b>44,424.55</b>

### Note 26. Other Income

	31.03.2019	31.03.2018
26.1 Interest Income	125.59	93.52
26.2 Dividend Income	-	-
26.3 VAT/CST Reimbur	28.30	167.63
26.4 Net gain on sale of Asset	-	4.47
26.5 Net loss on foreign currency transactions	38.68	-
26.6 Other Non-operating Income	19.53	34.42
<b>Total</b>	<b>212.12</b>	<b>300.04</b>

### Note 27. Excise Duty

	31.03.2019	31.03.2018
27.1 Excise Duty	-	1,660.78
<b>Total</b>	<b>-</b>	<b>1,660.78</b>

### Note 28. Employee Benefits Expenses

	31.03.2019	31.03.2018
28.1 Salaries & Wages	1,833.67	1,434.14
28.2 Contribution to provident and other fund	166.83	91.00
28.3 Staff Welfare Expenses	83.12	61.65
28.4 Director Remuneration	87.36	117.00
28.5 P.F on Director Remuneration	7.20	7.20
<b>Total</b>	<b>2,178.18</b>	<b>1,710.99</b>

### Note 29. Financial Cost

	31.03.2019	31.03.2018
29.1 Interest Expenses	1,238.43	1,061.81
29.2 Other Borrowing Cost	238.77	191.13
<b>Total</b>	<b>1,477.20</b>	<b>1,252.94</b>



## Schedule Forming Part of the Balance Sheet and Profit & Loss Accounts

(As per companies act 2013)

### Note 30. Other Expenses

(₹ in lakhs)

	31.03.2019	31.03.2018
<b>(I)</b>		
30.1 Stores and Spares Consumed	287.15	253.51
30.2 Power Charges	1,778.72	1,405.26
30.3 Freight & Cartage	522.91	322.89
30.4 Repairs & Maintenance	134.29	145.93
30.5 Insurance Charges	19.11	21.55
30.6 Water Charges	34.89	20.76
30.7 Loss on Sale of Fixed asset	0.51	-
30.8.1 Excise Duty on Closing Stock	-	-
30.8.2 Excise Duty on Opening Stock	-	(477.33)
30.9 Job Work Charges	137.48	92.97
30.10 Miscellaneous Manufacturing Expenses	121.51	55.23
<b>Sub Total (I)</b>	<b>3,036.57</b>	<b>1,840.77</b>
<b>(II)</b>		
30.11 Stationery & Printing	8.75	7.26
30.12 Computer Expense	5.71	10.76
30.16 Rent, Rates and Taxes	71.52	63.84
30.14 Postage, Telegram and Telephones	16.83	20.03
30.15 Auditor's Fees	2.50	2.50
30.16 Conveyance Expenses	106.75	73.52
30.17 Legal & Professional Charges	187.59	63.35
30.18 Miscellaneous Expenses	43.66	51.95
30.19 Director's Meeting Fee	4.10	2.70
30.20 Net loss on foreign currency transactions	-	44.14
30.21 Corporate Social Responsibility	1.60	7.26
<b>Sub Total (II)</b>	<b>449.01</b>	<b>347.29</b>
<b>(III)</b>		
30.22 Advertisement & Publicity	0.36	0.10
30.23 Sales Promotion Expenses	200.64	245.92
30.24 Market Development Expenses	163.06	138.81
30.25 Brokerage & Commission	12.53	15.01
30.26 Service Charges	96.30	178.51
30.27 Freight Outward	1,218.57	391.46
30.28 Statutory Levies	10.37	320.72
30.29 Travelling Expenses	266.72	166.53
30.30 Expected credit Loss	-	3.72
30.31 Bad Debts	5.27	-
<b>Sub Total (III)</b>	<b>1,973.82</b>	<b>1,460.78</b>
<b>TOTAL (I+II+III)</b>	<b>5,459.40</b>	<b>3,648.85</b>

## Schedule Forming Part of the Balance Sheet and Profit & Loss Accounts

(As per companies act 2013)

**Note 31.** 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.

### Note 32. Contingent liabilities

**32.1** Estimated amount of contracts remaining to be executed on Capital Account ₹39.02 lakhs net of advance given (Previous Year ₹229.55 lakhs)

**32.2** Bank has given guarantee on behalf of the Company to various parties to the extent of ₹871.73 lakhs (Previous Year ₹258.68 lakhs.)

**32.3** Claims not acknowledge by the Company on Commercial tax matters ₹245.63 lakhs (total demand ₹461.43 lakhs less demand deposited ₹215.80 lakhs) (Previous Year 243.50 lakhs).

### Note 33. Remuneration Paid/Payable to Managing Director / Executive Director

(₹ in lakhs)

Paid / Payable (₹In lakhs)	Current Year	Previous year
Remuneration	79.20	79.20
Commission	15.36	45.00
<b>Total</b>	<b>94.56</b>	<b>124.20</b>

**Note 34.** Unpaid overdue amount due on 31st March 2019 to Micro Small and Medium Enterprises and/or ancillary industrial suppliers on account of principal together with interest aggregate to ₹ 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.

**Note 35.** The amount of Foreign Exchange gain/ (loss) included in the profit & loss account is ₹38.68 lakhs (Previous Year gain/ (loss) ₹(44.14) lakhs).

### Note 36. Corporate Social Responsibility

Paid / Payable (₹ In lakhs)	2018-19	2017-18
Amount required to be spent	31.00	24.49
Amount spent during the year	1.60	7.26

**Note 37.** The disclosure required as per Indian Accounting Standard (IndAS) 19 "Employees Benefit" issued by the Institute of Chartered Accountants of India (ICAI) and as specified under section 133 of the Companies Act, 2013 ( The Act ) read with rule 7 of the Companies (Accounts) Rules, 2014., 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.

	31/03/2019	31/03/2018
<b>(b) Table showing changes in present value of obligations as on</b>		
Present value of obligations as at beginning of the year	170.96	149.93
Interest Cost	13.68	11.99
Current Service Cost	18.32	16.87
Benefit Paid	(25.11)	(12.03)
Actuarial (gain)/loss on obligations	(0.29)	4.20
Present value of obligations as at end of the year	177.55	170.96
<b>(c) Table showing changes in the fair value of plan assets as on</b>		
Fair value of the plan assets at the beginning of the year	192.62	168.44
Expected return on plan assets	14.80	13.20
Contribution	13.77	23.01
Benefit Paid	(25.11)	(12.03)
Actuarial gain/ (loss) on plan assets	NIL	NIL
Fair value of the plan assets at the end of the year	196.09	192.62
<b>(d) Table showing fair value of plan assets as on</b>		

## Schedule Forming Part of the Balance Sheet and Profit & Loss Accounts

(As per companies act 2013)

	31/03/2019	31/03/2018
Fair value of plan assets at beginning of the year	192.62	168.44
Actual return on plan assets	14.80	13.20
Contribution	13.77	23.01
Benefit Paid	(25.11)	(12.03)
Fair value of the plan assets at the end of the year	196.09	192.62
Funded status	18.54	21.66
Excess of actual over estimated return on plan assets	NIL	NIL
(Actual Rate of return estimated rate of return as ARD falls on 31/03/2019)		
<b>(e) Actuarial Gain/Loss recognized as on</b>		
Actuarial (Gain)/Loss for the year-obligation	0.29	(4.20)
Actuarial (Gain)/Loss for the year-plan assets	NIL	NIL
Actuarial (Gain)/Loss for the year	(0.29)	4.20
Actuarial (Gain)/Loss recognized for the year	(0.29)	4.20
<b>(f) Expenses recognised during the year</b>		
<b>In statement of profit and loss</b>		
Current Service Cost	18.32	16.87
Interest cost	13.68	11.99
Expected return on Plan Asset	(14.80)	(13.20)
Net Cost	16.90	15.66
<b>In other Comprehensive Income</b>		
Actuarial (Gain)/Loss on obligation for the period	(0.29)	4.20
Net (income)/Expense for the period recognised in OCI	(0.29)	4.20
<b>(g) Assumption</b>		
Discount rate	7.50%	8.00%
Salary Escalation	7.00%	7.00%

### Note 38. Deferred Tax Calculations

Sr. No.	DEFFERED TAX LIABILITY/ (ASSETS)	Current Year	Previous Year
a.	DEFFERED TAX LIABILITY (NET) FOR THE YEAR	198.33	160.01
b.	OPENING BAL. OF DEFFERED TAX LIABILITY	1073.23	913.22
c.	CLOSING BAL. OF DEFFERED TAX LIABILITY	1271.56	1073.23

### Note 39. Operating Leases

(a) the total of future minimum lease payments under non- cancellable operating leases for each of the following periods:

(i) not later than one year;	₹16.59 lakhs
(ii) later than one year and not later than five years;	NIL
(iii) later than five years.	NIL
(b) The total of future minimum sublease payments expected to be received under non- cancellable subleases at the end of the reporting period.	NIL
c) lease and sublease payments recognised as an expense in the period, with separate amounts for minimum lease payments, contingent rents, and sublease payments.	₹14.82 lakhs

(d) The Company pays rent for office premises at Indore & depots in other cities. The lease period is for 11 months with option to renew. The payments for office premises at Indore are to related parties. None of the lease agreements have any restrictions concerning dividend, additional debt and further issues.

40. Since the Company has presented Consolidated Financial Statements, it is not required to present segment information in the standalone financial statements as per Ind AS 108- Operating Segments.

## Schedule Forming Part of the Balance Sheet and Profit & Loss Accounts

(As per companies act 2013)

### Note 41. Earning per Share

The Company's share capital consists of equity share. The basic and diluted earnings 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 (₹ in lakhs)	661.50	922.46
3.	Basic Earning Per Share	1.33	1.86
4.	Diluted Earning Per Share	1.33	1.86
5.	Nominal Value Per Share	1.00	1.00

**Note 42.** In accordance with the Indian Accounting Standard (IndAS) 24 "Related Party Disclosures" issued by The Institute of Chartered Accountants of India (ICAI) and as specified under section 133 of the Companies Act, 2013 (The Act) read with rule 7 of the Companies (Accounts) Rules, 2014. 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, Chairman & Managing Director  
Smt. Purnima Mehta, Executive Director  
Shri Kamal Kanodia, Chief Financial Officer  
Ms. Preeti Sharma, Company Secretary

**ii. Relatives of Key Management Personnel**

Shri Saurabh Singh Mehta (Son of Chairman & Managing Director / Executive Director)  
Smt. Devki Hirawat (Daughter of Chairman & Managing Director / Executive Director)

**iii. Subsidiary Company**

1) Kriti Auto & Engineering Plastics 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. (Fellow Subsidiary)  
3) Chetak Builders Pvt. Ltd. (Fellow Subsidiary)  
4) Sakam Charitable Trust, Indore

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

(₹In lakhs)

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)	624.99 (513.55)
2	Sale of Consumable Items	NIL (0.38)	NIL (NIL)	NIL (NIL)	29.84 (54.68)
3	Sale of Capital Goods	NIL (NIL)	NIL (NIL)	NIL (NIL)	0.00 (2.00)
4	Purchase of Consumable Items	6.56 (NIL)	NIL (NIL)	NIL (NIL)	0.11 (20.96)
5	Purchase of Capital Goods	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)

## Schedule Forming Part of the Balance Sheet and Profit & Loss Accounts

(As per companies act 2013)

(₹In lakhs)

Sr. No.	Nature of Transaction	Subsidiary	Key Management Personnel	Relatives of Key Management Personnel	Companies/ entities under the control of Key Management Personnel
6	Remuneration	NIL (NIL)	94.56 (151.99)	NIL (NIL)	NIL (NIL)
7	Rent Paid	NIL (NIL)	NIL (NIL)	NIL (NIL)	14.82 (14.14)
8	Unsecured Loan Given Taken	86.00 (249.00) NIL (NIL)	NIL (NIL) 203.00 (111.00)	NIL (NIL) NIL (NIL)	NIL (NIL) 800 (313.5)
9	Interest Received	18.91 (16.33)	NIL (NIL)	NIL (NIL)	NIL (NIL)
10	Interest Given	NIL (NIL)	35.30 (18.57)	NIL (NIL)	10.51 (NIL)
11	CSR Expenses	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)

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

The related party transactions were made on terms equivalent to those that prevail in an arm's length transactions.

### Note 43. Auditor's Remuneration

Sr. No.	Auditor's Remuneration	31.03.2019	31.03.2018
a.	Statutory Audit/ Tax Audit Fees	2.50	2.50
b.	Taxation & Other matters including Legal & Professional Expenses.	0.11	0.25
	<b>Total</b>	<b>2.61</b>	<b>2.75</b>

Figures are exclusive of taxes

### Note 44. A. Capital Management

For the purpose of Company's Capital Management, capital includes Issued Equity Capital, Securities Premium, and all other Equity Reserves attributable to the Equity Holders of the Company. The primary objective of the Company's Capital Management is to maximise the Share Holder Value.

The Company monitors using a gearing ratio which is net debts divided by total capital plus net debt. The Company includes within net debt, interest bearing loans and borrowings, less cash and short term deposit.

Particulars	As at 31st March 2019	As at 31st March 2018
Interest Bearing Loans and Borrowings	2194.78	1330.03
Current maturities of Long Term debts	785.26	882.63
Gross Debt	2980.04	2212.66
Less: Cash and Cash Equivalents	116.28	119.80
Net Debt(A)	2863.76	2092.86
Total Equity (as per Balance Sheet) (B)	8529.21	7957.12
Net Gearing (A/B)	0.34	0.26

## Schedule Forming Part of the Balance Sheet and Profit & Loss Accounts

(As per companies act 2013)

### B. Financial Risk Management

The Company's principal financial liabilities comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the operations of the Company. The principal financial assets include trade and other receivables and cash and short term deposits.

The Company has assessed market risk, credit risk and liquidity risk to its financial liabilities.

#### i. Market Risk

Is the risk of loss of future earnings, fair values or cash flows that may result from change of interest rates, foreign exchange rates and other price risks. Financial instruments affected by market risks, primarily include loans & borrowings and foreign currency payables.

Company's Term Loans & Working Capital interest rates are linked to 1 year MCLR rate, reset annually. Short Term Borrowings as and when taken are governed by prevailing rates at the time of disbursement.

If the interest rates had been 1% higher / lower and all other variables held constant, the Company's profit for the year ended 31st March 2019 would have been decreased/ increased by ₹125.73 lakhs.

The Company is exposed to risk with regard to foreign currency payables.

The Company is affected by the price volatility of Polymer prices. The Company enters into purchase contracts on a short term and forward foreign exchange contracts(matching the purchase contracts) are entered into to minimise price fluctuations.

#### ii. Credit Risk

Is the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. It arises from cash and cash equivalents as well as credit exposure to customers.

The Company holds cash and cash equivalents with banks which are having highest safety rankings and hence has a low credit risk.

Company's marketing policies & credit period is determined on the basis of segments sales history and credit worthiness of the customers. The sales affected through dealer network is normally 7-10 days credit period & in institutional sales some customers open Letters of Credit and some large corporate enjoys the credit facilities ranging 30-90 days.

#### iii. Liquidity Risk

The Company manages liquidity risk by maintaining adequate surplus, banking facilities and reserve borrowings facilities by continuously monitoring forecasts and actual cash flows.

The Company has a system of forecasting next month cash inflow and outflow and all liquidity requirements are planned.

All Long term borrowings are for a fixed tenor and generally these cannot be foreclosed.

The Company has access to various source of Short term funding and debit maturing within 12 months can be rolled over with existing lenders/new lenders, or repaid based on short term requirements. Trade and other payables are plugged as per credit terms and paid accordingly.

All payments are made along due dates and requests for early payments are entertained after due approval and availing early payment discounts

**Note 45.** The Board of Directors have recommended dividend of ₹ 0.15/- Per fully paid up equity share of ₹1/- each, aggregating ₹8969950/- including ₹1529417/- dividend distribution tax for the financial year 2018-19, which is based on The actual dividend amount will be dependent on the relevant share capital outstanding as on the record date/book closure relevant share capital as on 31st March 2019.

**Note 46.** The amendments to standards that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective. The Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) Amendment Rules, 2017 and Companies (Indian Accounting Standards) Amendment Rules, 2018 amending the following standard:

#### 1) Ind AS 116 Leases

Ind AS 116 Leases was notified by MCA on 30 March 2019 and it replaces Ind AS 17 Leases, including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after 1 April 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a



## Schedule Forming Part of the Balance Sheet and Profit & Loss Accounts

(As per companies act 2013)

lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under Ind AS 116 is substantially unchanged from today's accounting under Ind AS 17. Lessors will continue to classify all leases using the same classification principle as in Ind AS 17 and distinguish between two types of leases: operating and finance leases.

The Company intends to adopt these standards from 1 April 2019. The impact on adoption of Ind AS 116 on the financial statements is not material. Accordingly, comparatives for the year ending or ended 31st March 2019 will not be retrospectively adjusted.

### Note 47. Approval of Financial Statements

The financial statements are approved for issue by the Board of Directors in their meeting held on 16.05.2019.

**Note 48.** Previous year figures have been reclassified / regrouped wherever necessary.

As per our Report of even date attached

**For Rakesh Kumar & Associates**

*Chartered Accountants*

F.R.N. 002150C

**Rakesh Kumar Gupta**

*Partner*

M.No. 070906

**Shiv Singh Mehta**

*Chairman and Managing Director*

DIN: 00023523

**Purnima Mehta**

*Executive Director*

DIN: 00023632

**For and on behalf of the Board of Directors**

**Kamal Kanodia**

*Chief Financial officer*

**Preeti Sharma**

*Company Secretary*

Place: Indore

Date: 16th May, 2019

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## Consolidated Financial Statements

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# Independent Auditor's Report

To  
The Members,  
Kriti Industries (India) Limited

## Report on the Audit of the Consolidated Financial Statements:

### Opinion

We have audited the accompanying consolidated financial statements of **KRITI INDUSTRIES (INDIA) LIMITED** ("the Company") and its subsidiary (the Company and its subsidiary together referred to as "the Group"), which comprises the Consolidated Balance Sheet as at 31st March 2019, the Consolidated Statement of Profit and Loss (including other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended, ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March 2019, the consolidated profit, consolidated total comprehensive income, consolidated changes in equity and its consolidated cash flows for the year ended on that date.

### Basis for Opinion

We conducted our audit of the Consolidated financial statements in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Companies Act, 2013. Our Responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on our consolidated financial statements.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	Auditor's Response
<p>Provisions and Contingent liabilities in respect of certain litigations including Direct and Indirect Taxes not acknowledged as debt. (Note No. 32.3 read with Note No. 2.3 to the consolidated financial statements):</p> <p>The Group has material uncertain tax positions including matters under dispute which involves significant judgment to determine the possible outcome of these disputes. The Group's assessment is supported by the facts of matter, their own judgment, past experience, and advices from legal and independent tax consultants wherever considered necessary. Accordingly, unexpected adverse outcomes may significantly impact the Group's reported profit and the Balance Sheet.</p> <p>We determined the above area as a Key Audit Matter in view of associated uncertainty relating to the outcome of these matters.</p>	<p>Our audit approach involved:-</p> <ol style="list-style-type: none"><li>Understanding the current status of the litigations/tax assessments;</li><li>Examining communication received from various Tax Authorities/ Judicial forums and follow up action thereon;</li><li>Evaluating the merit of the subject matter under consideration with reference to available independent legal / tax advice; and</li><li>Review and analysis of evaluation of the contentions of the Group through discussions, collection of details of the subject matter under consideration and the likely outcome.</li></ol>

### Information Other than the Consolidated Financial Statements and Auditor's Report Thereon:

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information ("the Other Information"), but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements:

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in terms of requirements of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated total comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for the maintenance of the adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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 which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis for accounting unless the

Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements:

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of the users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, the auditor exercises professional judgment and maintains professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; to design and perform audit procedures responsive to those risks; and to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Company and its subsidiary has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### Report on Other Legal and Regulatory Requirements:

- 1) As required by Section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
  - (b) In our opinion, proper books of account as required by law relating to the preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.
  - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other

Comprehensive Income, Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

- (d) In our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors of the Holding Company and its Subsidiary as on 31st March 2019 taken on record by the respective Board of Directors of the Company, none of the directors of the companies included in the Group is disqualified as on 31st March 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure – A" which is based on the auditor's report of the Holding Company and its subsidiary. Our report expresses an unmodified opinion on the adequacy and the operating effectiveness of the internal financial controls over financial reporting of those companies, for reasons stated therein.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Consolidated financial statements has disclosed the impact of pending litigations on the consolidated financial position of the Group - Refer Note 32.3 to the consolidated Ind AS financial statements.
  - ii. The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There was no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Holding Company and there was no amount required to be transferred by the subsidiary during the year ended 31st March 2019.

**FOR RAKESH KUMAR & ASSOCIATES**

*Chartered Accountants*

Firm Reg. No. : 002150C

**CA. RAKESH KUMAR GUPTA**

*Partner*

Place: Indore

Date: 16th May 2019

Membership No. : 070906

## “Annexure A” to the Auditor’s Report

The Annexure referred to in paragraph 1(f) under “Report on other Legal and Regulatory Requirements” of our Independent Auditor’s Report of even date on the consolidated Ind AS financial statements to the members of Kriti Industries (India) Limited for the year ended 31st March 2019.

### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended 31 March 2019, we have audited the internal financial controls over financial reporting of **KRITI INDUSTRIES (INDIA) LIMITED** (“the Holding Company”) and its subsidiary company which are companies incorporated in India, as of that date.

#### Management’s Responsibility for Internal Financial Controls

The Respective Board of Directors of the Holding Company and its subsidiary company, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (“ICAI”). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### Auditors’ Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the “Guidance Note”) issued by ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit

of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

#### Meaning of Internal Financial Controls over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that :

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company’s assets that could have a material effect on the financial statements.

#### Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial

reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion, the Holding Company and its subsidiary company, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal

control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

**FOR RAKESH KUMAR & ASSOCIATES**

*Chartered Accountants*

Firm Reg. No. : 002150C

**CA. RAKESH KUMAR GUPTA**

*Partner*

Membership No. : 070906

Place: Indore

Date: 16th May 2019



# Consolidated Balance Sheet as on 31.03.2019

(₹ in lakhs)

Sr. No	Particulars	Note No	As at 31.03.2019	As at 31.03.2018
	<b>ASSETS</b>			
(1)	<b>NON CURRENT ASSETS</b>			
	(a) Property, Plant and Equipment	3	9839.22	8321.68
	(b) Capital work-in-progress		67.18	49.39
	(c) Other Intangible assets	4	21.20	24.51
	(d) Financial Assets			
	(i) Investments	5	2.15	2.15
	(ii) Loans	6	208.22	179.98
	(iii) Other financial assets	7	0.74	41.84
	(e) Other non current assets	8	40.46	0.00
	<b>Total Non Current Assets</b>		<b>10179.17</b>	<b>8619.55</b>
(2)	<b>Current assets</b>			
	(a) Inventories	9	11309.92	9754.53
	(b) Financial Assets			
	(i) Trade receivables	10	6824.15	4841.01
	(ii) Cash and cash equivalents	11	117.03	159.77
	(iii) Bank balances other than (ii) above	12	1097.58	988.70
	(iv) Loans	13	1495.79	1132.23
	(c) Other current assets	14	124.94	276.95
	<b>Total Current Assets</b>		<b>20969.41</b>	<b>17153.19</b>
	<b>Total Assets</b>		<b>31148.58</b>	<b>25772.74</b>
	<b>EQUITY AND LIABILITIES</b>			
	<b>Equity</b>			
	(a) Equity Share capital	15	496.04	496.04
	(b) Other Equity	16	7635.53	7125.72
	<b>Total Equity</b>		<b>8131.57</b>	<b>7621.76</b>
	<b>LIABILITIES</b>			
(1)	<b>Non-current liabilities</b>			
	(a) Financial Liabilities			
	(i) Borrowings	17	2194.79	1330.04
	(b) Deferred tax liabilities (Net)	18	1347.25	1136.28
	(c) Other non-current liabilities	19	1033.42	211.52
	<b>Total non current Liabilities</b>		<b>4575.46</b>	<b>2677.84</b>
(2)	<b>Current liabilities</b>			
	(a) Financial Liabilities			
	(i) Borrowings	20	4614.15	4111.51
	(ii) Trade payables			
	(a) Total outstanding dues of micro enterprises and small enterprises			
	(b) Total outstanding dues of creditors other than micro and small enterprises	21	12427.85	9941.87
	(iii) Other Financial Liabilities	22	801.28	898.93
	(b) Other current liabilities	23	507.86	439.05
	(c) Provisions	24	90.41	81.78
	<b>Total current Liabilities</b>		<b>18441.55</b>	<b>15473.14</b>
	<b>Total Equity and Liabilities</b>		<b>31148.58</b>	<b>25772.74</b>
	<b>Significant accounting policies &amp; Notes to the accounts</b>	1 -38		

As per our Report of even date attached

**For Rakesh Kumar & Associates**

Chartered Accountants

F.R.N. 002150C

**Rakesh Kumar Gupta**

Partner

M.No. 070906

**Shiv Singh Mehta**

Chairman and Managing Director

DIN: 00023523

**Purnima Mehta**

Executive Director

DIN: 00023632

**For and on behalf of the Board of Directors**

**Kamal Kanodia**

Chief Financial officer

**Preeti Sharma**

Company Secretary

Place: Indore

Date: 16th May, 2019

# Consolidated Statement of Profit & Loss for the period ended 31.03.2019

(₹ in lakhs)

Particulars	Note No	For the year ended 31.03.2019	For the year ended 31.03.2018
<b>REVENUE</b>			
Revenue From Operations	25	58765.93	46354.96
Other Income	26	214.80	300.71
<b>Total Income</b>		<b>58980.73</b>	<b>46655.67</b>
<b>EXPENSES</b>			
Cost of materials consumed		49237.03	36437.96
Changes in inventories of finished goods,		(1519.13)	(628.92)
Excise Duty	27	0.00	1725.87
Employee benefits expense	28	2322.67	1859.53
Finance costs	29	1517.16	1301.85
Depreciation and amortization expense	3-4	624.63	590.90
Other expenses	30	5799.75	3979.32
<b>Total Expenses</b>		<b>57982.11</b>	<b>45266.51</b>
<b>Profit/(loss) before exceptional items and tax</b>		<b>998.62</b>	<b>1389.16</b>
Exceptional Items		0.00	0.00
<b>Profit/(loss) before tax</b>		<b>998.62</b>	<b>1389.16</b>
Tax expense:			
(1) Current tax		186.98	327.27
(2) Deferred tax		210.97	142.48
<b>Total Tax Expenses</b>		<b>397.95</b>	<b>469.75</b>
<b>Net Profit/(Loss) for the period from continuing operations</b>		<b>600.67</b>	<b>919.41</b>
<b>Profit/(Loss) for the period from discontinued operations</b>		<b>0.00</b>	<b>0.00</b>
Tax expense:			
(i) Current tax		0.00	0.00
(ii) Deferred tax		0.00	0.00
(iii) Income Tax related earlier year		0.00	0.00
<b>Net Profit/(Loss) for the period from discontinued operations</b>		<b>0.00</b>	<b>0.00</b>
<b>Net Profit/(Loss) for the period</b>		<b>600.67</b>	<b>919.41</b>
<b>Other Comprehensive Income</b>			
Items that will not be reclassified to profit or loss			
Remeasurement of Defined Benefit Plan		(1.17)	(6.15)
Effective portion of Cash Flow Hedge			
<b>Total Other Comprehensive Income</b>		<b>(1.17)</b>	<b>(6.15)</b>
<b>Total Comprehensive Income for the period</b>		<b>599.50</b>	<b>913.26</b>
Earnings per equity share			
(1) Basic		1.21	1.85
(2) Diluted		1.21	1.85
<b>Significant accounting policies &amp; Notes to the accounts</b>	1-38		

As per our Report of even date attached

**For Rakesh Kumar & Associates**

*Chartered Accountants*

F.R.N. 002150C

**Rakesh Kumar Gupta**

*Partner*

M.No. 070906

Place: Indore

Date: 16th May, 2019

**Shiv Singh Mehta**

*Chairman and Managing Director*

DIN: 00023523

**Purnima Mehta**

*Executive Director*

DIN: 00023632

**For and on behalf of the Board of Directors**

**Kamal Kanodia**

*Chief Financial officer*

**Preeti Sharma**

*Company Secretary*

## Consolidated Cash Flow Statement as on 31.03.2019

(₹ in lakhs)

Particulars	Year ended 31.03.2019		Year ended 31.03.2018	
	Amount	Amount	Amount	Amount
<b>Cash Flow From Operating Activities</b>				
Net Profit before Tax		998.62		1,389.16
Adjustments for :				
Depreciation	624.60		590.90	
(Profit)/ Loss on Sale of Fixed Assets	-		-	
Financial Income	128.27		(94.20)	
Financial Expense	1517.15	2270.02	1,301.85	1798.55
<b>Cash Operating Profit before working capital changes</b>		<b>3268.64</b>		<b>3187.71</b>
(Increase) / Decrease in Inventories	(1556.64)		(1,323.18)	
(Increase) / Decrease in Trade Receivables	(1983.13)		282.89	
(Increase) / Decrease in Deposit given	(28.24)		437.92	
(Increase) / Decrease in Other Current Assets	152.00		563.13	
(Increase) / Decrease in Loan Given	(363.56)		6.69	
(Increase) / Decrease in other Financial assets	41.10		(37.24)	
(Increase) / Decrease in Other Non Current Assets	(40.46)		-	
Increase / (Decrease) in Trade Payables	2485.99		1,508.18	
Increase / (Decrease) in Other Financial Liabilities	(97.66)		(446.24)	
Increase / (Decrease) in Other Current Liabilities	68.80		(468.39)	
Increase / (Decrease) in Provisions	46.29		(1.86)	
		<b>(1275.51)</b>		<b>152.38</b>
Tax Paid		(224.63)		(273.54)
<b>Net Cash From Operating Activities (A)</b>		<b>1768.50</b>		<b>3066.55</b>
<b>Cash Flow From Investing Activities</b>				
Financial Income	(128.27)		94.20	
Sale Proceed of Fixed Assets (Net)	20.61		6.23	
Purchase of Fixed Assets	(2177.29)		(1,099.31)	
Investment in Fixed Deposits having maturity of more than three months	(108.89)		(153.52)	
(Increase) / Decrease in Non Current Investment	0.00		-	
<b>Net Cash Used In Investing Activities (B)</b>		<b>(2393.84)</b>		<b>(1152.41)</b>
<b>Cash Flow From Financing Activities</b>				
Proceeds from Long Term Borrowings	1650.00		750.00	
Repayment of Long Term Borrowings	(785.25)		(911.02)	
Net Increase / (Decrease) in Long Term Borrowings	864.75		(161.02)	
Increase / (Decrease) in Other Non Current Liability	821.91		2.89	
Increase / (Decrease) in Short Term Borrowings	502.64		(229.20)	
Dividend Paid on Equity Shares	(89.55)		(89.55)	
Dividend Distribution Tax Paid	-		-	
Financial Expenses	(1517.15)		(1301.85)	
<b>Net Cash Used In Financing Activities (C)</b>		<b>582.60</b>		<b>(1778.74)</b>
<b>Net Decrease In Cash and Cash Equivalents (A + B + C)</b>		<b>(42.74)</b>		<b>135.40</b>
<b>ADD :Cash and cash equivalents - Opening - 1st April</b>		<b>159.77</b>		<b>24.37</b>
<b>Cash and cash equivalents - Closing - 31st March 2019</b>		<b>117.03</b>		<b>159.77</b>

## Consolidated Cash Flow Statement as on 31.03.2019

Footnote to Cash Flow Statement:				
1. Components of Cash and Cash Equivalents are produced as under:				
Particulars		2018-19		2017-18
Cash & Cash Equivalents				
Balances with Banks				
Current Account		1.04		49.56
FDRs		113.30		107.93
Cash on hand		2.69		2.29
<b>Total of Cash &amp; Cash Equivalent</b>		<b>117.03</b>		<b>159.77</b>
Significant accounting policies & Notes to the accounts	1-38			

As per our Report of even date attached

**For Rakesh Kumar & Associates**

*Chartered Accountants*

F.R.N. 002150C

**Rakesh Kumar Gupta**

*Partner*

M.No. 070906

**Shiv Singh Mehta**

*Chairman and Managing Director*

DIN: 00023523

**Purnima Mehta**

*Executive Director*

DIN: 00023632

**For and on behalf of the Board of Directors**

**Kamal Kanodia**

*Chief Financial officer*

**Preeti Sharma**

*Company Secretary*

Place: Indore

Date: 16th May, 2019

## Consolidated Statement of Change in Equity for the year ended 31.03.2019

### Share capital

(₹ in lakhs)

Equity Share Capital	Balances as at 1st April 2017	Changes in equity share capital during the year	Balance as at 31st March 2018	Balances as at 1st April 2018	Changes in equity share capital during the year	Balance as at 31st March 2019
Paid up Capital	496.04	-	496.04	496.04	-	496.04

### Other Equity

Particulars	Reserves and Surplus						Other Comprehensive Income	Total
	General Reserve	Share Premium Account	Contingency Reserve	Share Forfeiture Account	Retained Earnings	Total	Effective Cash Flow Hedge	
Balances as at 1st April 2018	3,175.00	466.14	-	2.73	2,658.15	6,302.02	(93.61)	6,208.41
Profit for the year					919.41	919.41	-	919.41
Other Comprehensive Income:					(6.15)	(6.15)	93.61	87.46
Final Dividend paid including corporate dividend tax for FY 2017-18					(89.56)	(89.56)	-	(89.56)
Interim Dividend paid including corporate dividend tax						-	-	-
Transfer to General Reserve	200.00				(200.00)	-	-	-
Transfer from Statement of Profit & Loss						-	-	-
Balance as at 31st March 2019	3,375.00	466.14	-	2.73	3,281.85	7,125.72	-	7,125.72
Profit for the year					600.67	600.67		600.67
Other Comprehensive Income:					1.75	1.75		1.75
Final Dividend paid including corporate dividend tax					(92.60)	(92.60)		(92.60)
Transfer to General Reserve	50.00				(50.00)	-		-
Transfer from Statement of Profit & Loss						-	-	-
Balance as at 31st March 2019	3,425.00	466.14	-	2.73	3,741.67	7,635.53	-	7,635.53

#### General Reserve

General reserves are the retained earnings of a company which are kept aside out of company's profits to meet future (known or unknown) obligations.

#### Share Premium Account

Share premium to be used in future to pay the expenses of issuing equity, such as underwriter fees or for issuing bonus shares to shareholders

#### Contingency Reserve

Contingency Reserve is created to meet any known unknowns risk which may occur in future.

#### Share Forfeiture Account

To use stock purchase plans to inspire employee loyalty.

## Significant accounting policies and notes to the accounts 31.03.2019

### 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 12.03.1990 and having its Registered office in Indore (MP). The Company's shares are listed in the Bombay Stock Exchange (BSE).

### 2. Statement of Accounting Policies

#### 2.1 Basis of Accounting

The financial statements have been prepared on the historical cost basis except for following assets and liabilities which have been measured at fair value:

- i) Certain financial assets and liabilities (including derivative instruments),
  - ii) Defined benefit plans - plan assets
- The financial statements of the Company have been prepared to comply with the Indian Accounting standards ('Ind AS'), including the rules notified under the relevant provisions of the Companies Act, 2013.

Upto the year ended 31st March 2017, the Company has prepared its financial statements in accordance with the requirement of Indian Generally Accepted Accounting Principles (GAAP), which include Standards notified under the Companies (Accounting Standards) Rules, 2006 and considered as "Previous GAAP".

These financial statements are the Company's first Ind AS Consolidated financial statements.

Company's financial statements are presented in Indian Rupees (INR), which is also its functional currency.

#### 2.2. Principles of consolidation

2.2.1. The consolidated financial statements relate to Kriti Industries (India) Limited (company) and its wholly owned subsidiary Kriti Auto & Engineering Plastics Pvt. Ltd (KAEPL). The consolidated financial statements have been prepared on the following basis.

- a. 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.
- b. 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.

2.2.2. The subsidiary considered in the consolidated financial statements is:

Name of Company	Country of incorporation	% Voting Power held as at 31st March 2019	% Voting power held as at 31st March 2018
Kriti Auto & Engineering Plastics Pvt. Ltd (KAEPL)	India	100	100

#### 2.3. 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 KAEPL.

## Consolidated Notes Forming Part of the Balance Sheet and Profit & Loss Accounts

### Note 3-4 Property, Plant and Equipment (2017-18)

(₹ in lakhs)

Note	Particular	Gross Block				Depreciation				Net Block	
		01.04.2017	Addition	Deduction	Total	01.04.2017	For the year	Written back	Total	31.03.2018	31.03.2017
<b>3</b>	<b>Tangible Asset</b>										
3.1	Land										
3.1.1	Free hold Land	188.00	32.08	-	220.08	-	-	-	-	220.08	188.00
3.1.2	LeasedHold Land	85.56	-	-	85.56	1.07	1.07	-	2.14	83.42	84.49
3.2	Building	1,584.59	85.64	-	1,670.23	54.66	68.88	-	123.54	1,546.69	1,529.93
3.3	Plant & machinery	6,388.80	904.23	2.59	7,290.44	418.95	474.94	0.83	893.06	6,397.38	5,969.85
3.4	Furniture	13.35	1.82	-	15.17	4.40	3.58	-	7.98	7.19	8.95
3.5	Vehicles	24.35	-	-	24.35	4.74	4.74	-	9.48	14.87	19.61
3.6	Office Equipment	73.74	18.86	0.02	92.58	14.97	25.58	0.02	40.53	52.05	58.77
	<b>Total (3)</b>	<b>8,358.39</b>	<b>1,042.63</b>	<b>2.61</b>	<b>9,398.41</b>	<b>498.79</b>	<b>578.79</b>	<b>0.85</b>	<b>1,076.73</b>	<b>8,321.68</b>	<b>7,859.60</b>
<b>4</b>	<b>Other Intangible Assets</b>										
4.1	Computer Software	41.06	5.29	-	46.35	9.73	12.11	-	21.84	24.51	31.33
	<b>TOTAL (3+4)</b>	<b>8,399.45</b>	<b>1,047.92</b>	<b>2.61</b>	<b>9,444.76</b>	<b>508.52</b>	<b>590.90</b>	<b>0.85</b>	<b>1,098.57</b>	<b>8,346.19</b>	<b>7,890.93</b>

### Note 3-4. Property, Plant and Equipment (2018-19)

Note	Particular	Gross Block				Depreciation				Net Block	
		01.04.2018	Addition	Deduction	Total	01.04.2017	For the year	Written back	Total	31.03.2019	31.03.2018
<b>3</b>	<b>Tangible Asset</b>										
3.1	Land										
3.1.1	Free hold Land	220.08	0.73	-	220.81	-	-	-	-	220.81	220.08
3.1.2	LeasedHold Land	85.56	-	-	85.56	2.14	1.08	-	3.22	82.34	83.42
3.2	F Building	1,670.23	615.59	-	2,285.82	123.54	74.75	-	198.29	2,087.53	1,546.69
3.3	plant & machinery	7,290.44	1,472.20	21.43	8,741.21	893.06	507.49	0.32	1,400.23	7,340.98	6,397.38
3.4	Furniture	15.17	37.90	-	53.07	7.98	2.41	-	10.39	42.68	7.19
3.5	Vehicles	24.35	-	-	24.35	9.48	4.51	-	13.99	10.36	14.87
3.6	Office Equipment	92.58	29.07	0.20	121.45	40.53	26.53	0.13	66.93	54.52	52.05
	<b>Total (3)</b>	<b>9,398.41</b>	<b>2,155.49</b>	<b>21.63</b>	<b>11,532.27</b>	<b>1,076.73</b>	<b>616.77</b>	<b>0.45</b>	<b>1,693.05</b>	<b>9,839.22</b>	<b>8,321.68</b>
<b>4</b>	<b>Other Intangible Assets</b>										
4.1	Software	46.35	4.55	-	50.90	21.84	7.86	-	29.70	21.20	24.51
	<b>Total (3+4)</b>	<b>9,444.76</b>	<b>2,160.04</b>	<b>21.63</b>	<b>11,583.17</b>	<b>1,098.57</b>	<b>624.63</b>	<b>0.45</b>	<b>1,722.75</b>	<b>9,860.42</b>	<b>8,346.19</b>

### Note 5. Investment

	31.03.2019	31.03.2018
<b>5.1.1 National Saving Certificate</b>	0.14	0.14
<b>5.2 Unquoted</b>		
<b>Non Trade Investment in equity instruments</b>		
<b>5.2.1 Sahkari Audhyogik Vasahat LIMITED</b>	0.01	0.01
(1 Share of ₹500/-)		
<b>5.2.2 The Cosmos Co-operative Bank Ltd.</b>		
(1000 Equity Shares of ₹100/- each)	1.00	1.00
<b>Trade Investment in equity instruments</b>		
<b>5.2.3 Kriti Auto Engineering &amp; Plastic Private Limited ( 100% Subsidiary )</b>	1.00	1.00
(3885000 Shares of ₹10/- each )		
<b>Total</b>	<b>2.15</b>	<b>2.15</b>



## Consolidated Notes Forming Part of the Balance Sheet and Profit & Loss Accounts

### Note 6. Loans

(₹ in lakhs)

	31.03.2019	31.03.2018
6.1 Security Deposits	208.22	179.98
<b>Total</b>	<b>208.22</b>	<b>179.98</b>

### Note 7. Other Financial Assets

	31.03.2019	31.03.2018
7.1 Fixed deposit with banks having maturity more than 12 months	0.74	41.84
<b>Total</b>	<b>0.74</b>	<b>41.84</b>

### Note 8. Other Non Current Assets

	31.03.2019	31.03.2018
8.1 Deposit to wholly owned subsidiary company	-	-
8.2 Met Credit Entitlement	40.46	-
<b>Total</b>	<b>40.46</b>	<b>-</b>

### Note 9. INVENTORIES

	31.03.2019	31.03.2018
9.1 Raw Material	3,278.54	3,278.23
9.2 Finished Goods	7,538.08	6,018.95
9.3 Stores and Spares & others	493.30	457.36
<b>Total</b>	<b>11,309.92</b>	<b>9,754.53</b>

### Note 10. Trade Receivables

	31.03.2019	31.03.2018
<b>10.1 Trade Receivables</b>		
Unsecured considered good	6,824.15	4,841.01
<b>Total</b>	<b>6,824.15</b>	<b>4,841.01</b>
<b>Trade receivables</b>		
Secured, considered good	-	-
Unsecured, considered good	6,824.15	4,841.01
Trade Receivables which have significant increase in Credit Risk	-	-
Less: Impairment for trade receivable		
Trade Receivables - credit impaired -		
Current trade receivables	6,824.15	4,841.01
No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivable are due from firm or private companies respectively in which any director is a partner, a director or a member other than stated above.		

### Note 11. Cash and Cash Equivalents

	31.03.2019	31.03.2018
11.1 Balances with Banks	1.04	49.56
11.2 Fixed deposit with banks against margin money (Maturity less than 3 months)	113.30	107.92
11.3 Cash on hand	2.69	2.29
<b>Total</b>	<b>117.03</b>	<b>159.77</b>

## Consolidated Notes Forming Part of the Balance Sheet and Profit & Loss Accounts

### Note 12. Other Bank Balances

(₹ in lakhs)

	31.03.2019	31.03.2018
12.1 Unpaid dividend	16.02	16.30
12.2 Fixed deposit with banks against margin money (Maturity less than 12 months)	1,081.56	972.39
<b>Total</b>	<b>1,097.58</b>	<b>988.70</b>

### Note 13. Loans

	31.03.2019	31.03.2018
13.1 Unsecured, Considered good	1,495.79	1,132.23
Advances recoverable in cash or kind or for value to be recieved		
<b>Total</b>	<b>1,495.79</b>	<b>1,132.23</b>

### Note 14. Other Current Assets

	31.03.2019	31.03.2018
14.1 Sundry Deposits	28.04	23.28
14.2 Advance Tax/ Tax Deducted at source	19.60	39.80
14.3 CENVAT	16.74	15.52
14.4 Accrued Interest/ Income	60.56	198.35
<b>Total</b>	<b>124.94</b>	<b>276.95</b>

### Note 15. Share Capital

	31.03.2019	31.03.2018
<b>15.1 AUTHORIZED</b>		
15.1.1 80000000 Equity Shares of ₹1/- each	800.00	800.00
15.1.2 16000000 Optional convertible Preference Shares of ₹10/- each	200.00	200.00
<b>15.2 ISSUED, SUBSCRIBED AND PAID UP</b>		
15.2.1 49603520 equity shares of ₹1/- each fully paid up. which are issued as fully paid up Shares on 27.01.2010 on account of scheme of arrangement as approved by the Hon'ble High Court of M.P. Indore Bench		
15.2.2 Reconciliation of shares		
15.2.2.1 Opening Balance of 49603520 shares of ₹1/- each Total	496.04	496.04
15.2.2.2 Issued during the year	-	-
15.2.2.3 Closing Balance 49603520 shares of ₹1/- each	496.04	496.04
The Company has issued only one class of shares referred to as equity shares having a par value of ₹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. 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>496.04</b>	<b>496.04</b>
<b>15.3 Shareholder holding more than 5 % of shares of the Company and its percentage</b>		
<b>15.3.1 Sakam Trading Private Limited</b>		
No. of Shares	25843673	25843673
% of Shares	52.10%	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 Services Pvt. Ltd., Kriti Auto Accessories Private Ltd., Kasta Pipes Pvt.Ltd.and Shipra Pipes 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. becomes holding company w.e.f. 27.02.12 of Kriti Industries (I) Ltd.		
<b>15.3.2 Chetak Builders Private Limited</b>		
No. of Shares	4488793	4469258
% of Shares	9.05%	9.01%

## Consolidated Notes Forming Part of the Balance Sheet and Profit & Loss Accounts

### Note 16. Reserves & Surplus

(₹ in lakhs)

	31.03.2019	31.03.2018
<b>16.1 RESERVES</b>		
<b>16.1.1 General Reserve</b>		
16.1.1 Opening Balance	3,375.00	3,175.00
16.1.2 Add: Transfer from P&L	50.00	200.00
16.1.3 Add: Transfer from Contingency Reserves	-	-
16.1.4 Closing Balance	3,425.00	3,375.00
<b>16.2 SHARE PREMIUM ACCOUNT</b>		
16.2.1 Opening Balance	466.14	466.14
16.2.2 Add: Transfer from P&L	-	-
16.2.3 Closing Balance	466.14	466.14
<b>16.3 Contingency Reserve</b>		
16.3.1 Opening Balance	-	-
16.3.2 Less: Transfer to General Reserve	-	-
16.3.3 Closing Balance	-	-
<b>16.4 SHARE FOREFEITURE ACCOUNT</b>		
16.4.1 Opening Balance	2.73	2.73
16.4.2 Add: Transfer from P&L	-	-
16.4.3 Closing Balance	2.73	2.73
<b>16.5 SURPLUS</b>		
<b>16.5.1 Statement of Profit &amp; Loss</b>		
16.5.1 Opening Balance	3,281.85	2,658.15
16.5.1.2 Add Profit & Loss during the period	600.67	919.41
	3,882.52	3,577.57
Less:		
<b>16.5.2</b> Final Dividend @ ₹0.15 per share	76.40	78.31
<b>16.5.3</b> Corporate Dividend Tax	16.21	15.16
<b>16.5.4</b> Transferred to General Reserve	50.00	200.00
<b>16.5.5</b> Amortization of Leasehold Land	-	-
<b>16.5.6</b> Amortization of Term Loan Fees	-	-
<b>16.5.7</b> Other Comprehensive Income	(1.46)	2.25
<b>Balance in Surplus</b>	3741.37	3281.85
<b>16.6 Other Comprehensive Income</b>		
16.6.1 Opening Balance	-	3.08
16.6.2 Movement in OCI as per Last Balance Sheet	0.29	(3.08)
16.6.3 Closing Balance	0.29	-
<b>Total</b>	<b>7635.53</b>	<b>7125.72</b>

## Consolidated Notes Forming Part of the Balance Sheet and Profit & Loss Accounts

### Note 17. Financial Liabilities

(₹ in lakhs)

			31.03.2019	31.03.2018
<b>17.1 TERM LOAN</b>				
( Installment due within 12 months shown in Current Liabilities )				
<b>17.1.1 SECURED</b>				
<b>17.1.1.1 From Banks</b>				
Term of Repayment of Long Term Borrowings				
Particulars	Total tenure	No. of Installment Payable as on 31/03/2018	31.03.2019	31.03.2018
HDFC	24 Quarterly Installment	15	400.00	600.00
HDFC	21 Monthly Installment	16	0.00	124.44
Yes Bank	9 Quarterly Installment	6	(0.00)	89.98
Yes Bank	6 Quarterly Installment	3	-	(0.00)
Yes Bank	16 Quarterly Installment	14	328.13	515.62
HDFC BANK T/L(16.5)	18 Quarterly Installment		1,466.66	-
<b>Total</b>			<b>2,194.79</b>	<b>1,330.04</b>

(Above loans are secured by First charge/ Mortgage on fixed assets of the Company and personal guarantee of Managing Director)

### Note 18. Deferred Tax Liability Net

	31.03.2019	31.03.2018
<b>18.1 Deferred Tax Liability (Net)</b>		
On account of tax effects on timing difference arising due to difference in Depreciation	1,347.25	1,136.28
<b>Total</b>	<b>1,347.25</b>	<b>1,136.28</b>

### Note 19. Other Non Current Liabilities

	31.03.2019	31.03.2018
<b>19.1.2 Loans &amp; Advances from Related parties</b>		
(Long Term Deposit received from Kriti Nutrients Ltd.)		
<b>19.1.1 Other Loans and advances</b>	1,033.42	211.52
(Security Deposit received from dealers )		
<b>Total</b>	<b>1,033.42</b>	<b>211.52</b>

### Note 20. Short Term Borrowings

	31.03.2019	31.03.2018
<b>20. 1 Loans repayable on Demand</b>		
<b>20.1.1 SECURED</b>		
From banks	3,207.65	3,148.51
(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 gurantee of Managing director)	-	-
<b>20.1.2 UNSECURED</b>	-	-
20.1.2.1 From banks	993.50	678.00
20.1.2.2 From others	-	75.00
20.1.2.3 Loans & Advances from Related parties	413.00	210.00
<b>Total</b>	<b>4,614.15</b>	<b>4,111.51</b>

## Consolidated Notes Forming Part of the Balance Sheet and Profit & Loss Accounts

### Note 21. Trade Payables

(₹ in lakhs)

	31.03.2019	31.03.2018
21.1 Trade Payables		
(a) Total outstanding dues of micro enterprises and small enterprises	-	-
(b) Total outstanding dues of creditors other than micro and small enterprises	12,427.85	9,941.87
<b>Total</b>	<b>12,427.85</b>	<b>9,941.87</b>

### Note 22. Others

	31.03.2019	31.03.2018
22.1 Current maturities of Long term debt ( Refer point no. of note no.	785.26	882.63
22.2 Unpaid dividends	16.02	16.30
<b>Total</b>	<b>801.28</b>	<b>898.93</b>

### Note 23. Other Current Liabilities

	31.03.2019	31.03.2018
23.1 Outstanding Expenses	151.84	174.54
23.2 Statutory Liabilities	110.43	103.32
23.3 Employee Payable	245.59	161.19
<b>Total</b>	<b>507.86</b>	<b>439.05</b>

### Note 24. Provisions

	31.03.2019	31.03.2018
25.1 Provision for Employees Benefits (Bonus)	77.61	68.96
24.2 Provision for Doubtful debts	12.80	12.82
<b>Total</b>	<b>90.41</b>	<b>81.78</b>

### Note 25. Revenue from Operations

	31.03.2019	31.03.2018
25.1 Sale of Products	58,726.24	46,307.75
25.2 Other operating revenues	39.69	47.21
<b>Total</b>	<b>58,765.93</b>	<b>46,354.96</b>

### Note 26. Other Income

	31.03.2019	31.03.2018
26.1 Interest Income	128.27	94.20
26.2 Dividend Income	-	-
26.3 VAT/CST Reimbur	28.30	167.63
26.4 Net gain on sale of Asset	-	4.47
26.5 Net loss on foreign currency transactions	38.68	-
26.6 Other Non-operating Income	19.55	34.41
<b>Total</b>	<b>214.80</b>	<b>300.71</b>

## Consolidated Notes Forming Part of the Balance Sheet and Profit & Loss Accounts

### Note 27. Excise Duty

(₹ in lakhs)

	31.03.2019	31.03.2018
27.1 Excise Duty	-	1,725.87
<b>Total</b>	<b>-</b>	<b>1,725.87</b>

### Note 28. Employee Benefits Expenses

	31.03.2019	31.03.2018
28.1 Salaries & Wages	1,958.91	1,563.10
28.2 Contribution to provident and other fund	173.22	98.62
28.3 Staff Welfare Expenses	95.98	73.61
28.4 Director Remuneration	87.36	117.00
28.5 P.F. on Director Remuneration	7.20	7.20
<b>Total</b>	<b>2,322.67</b>	<b>1,859.53</b>

### Note 29. Financial Cost

	31.03.2019	31.03.2018
29.1 Interest Expenses	1,238.75	1,085.76
29.2 Other Borrowing Cost	278.41	216.09
<b>Total</b>	<b>1,517.16</b>	<b>1,301.85</b>

### Note 30. Other Expenses

	31.03.2019	31.03.2018
<b>(I)</b>		
30.1 Stores and Spares Consumed	323.96	280.60
30.2 Power Charges	1,913.09	1,525.64
30.3 Freight & Cartage	612.67	411.05
30.4 Repairs & Maintenance	138.49	152.11
30.5 Insurance Charges	19.87	22.44
30.6 Water Charges	37.71	23.89
30.7 Loss on Sale of Fixed asset	0.51	-
30.8.1 Excise Duty on Closing Stock	-	-
30.8.2 Excise Duty on Opening Stock	-	(477.33)
30.9 Job Work Charges	141.19	101.17
30.10 Miscellaneous Manufacturing Expenses	131.54	65.14
<b>Sub Total (I)</b>	<b>3,319.03</b>	<b>2,104.70</b>
<b>(II)</b>		
30.11 Stationery & Printing	12.29	10.45
30.12 Computer Expense	5.71	10.76
30.16 Rent, Rates and Taxes	73.42	66.40
30.14 Postage, Telegram and Telephones	18.75	22.31
30.15 Auditor's Fees	3.00	3.00
30.16 Conveyance Expenses	109.48	76.64
30.17 Legal & Professional Charges	193.40	73.95
30.18 Miscellaneous Expenses	44.42	52.98
30.19 Director's Meeting Fee	4.10	2.70
30.20 Net loss on foreign currency transactions	-	44.14
30.21 Corporate Social Responsibility	1.60	7.26
<b>Sub Total (II)</b>	<b>466.17</b>	<b>370.59</b>

## Consolidated Notes Forming Part of the Balance Sheet and Profit & Loss Accounts

### Note 30. Other Expenses (Contd.)

	31.03.2019	31.03.2018
(III)		
30.22 Advertisement & Publicity	0.36	0.10
30.23 Sales Promotion Expenses	202.54	248.39
30.24 Market Development Expenses	163.07	138.81
30.25 Brokerage & Commission	12.53	15.01
30.26 Service Charges	96.30	178.51
30.27 Freight Outward	1,256.45	430.36
30.28 Statutory Levies	10.54	320.79
30.29 Travelling Expenses	267.50	168.25
30.30 Bad Debts / Expected credit Loss	5.26	3.78
<b>Sub Total (III)</b>	<b>2,014.55</b>	<b>1,504.02</b>
<b>TOTAL (I+II+III)</b>	<b>5,799.75</b>	<b>3,979.32</b>

**Note 31.** 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.

### Note 32. Contingent liabilities

**32.1** Estimated amount of contracts remaining to be executed on Capital Account ₹39.02 lakhs net of advance given (Previous Year ₹229.55 lakhs)

**32.2** Bank has given guarantee on behalf of the Company to various parties to the extent of ₹871.73 lakhs (Previous Year ₹258.68 lakhs.)

**32.3** Claims not acknowledge by the Company on Commercial tax matters ₹245.63 lakhs (total demand ₹461.43 lakhs less demand deposited ₹215.80 lakhs) (Previous Year 258.44 lakhs).

**Note 33.** The amount of Foreign Exchange gain/ (loss) included in the profit & loss account is ₹(38.68) lakhs (Previous Year gain/WW(loss) ₹(44.14) lakhs).

**Note 34.** As per Ind AS 108- "Operating Segment", segment information has been provided under the Notes to Financial Statement

	2018-19	2017-18
<b>(i) Revenue from external customers</b>		
With in India	58726.24	46307.75
Outside India	-	-
<b>Total</b>	<b>58726.24</b>	<b>46307.75</b>
<b>(ii) Non Current Assets</b>		
With in India	10179.17	8619.55
Outside India	-	-
<b>Total</b>	<b>10179.18</b>	<b>8619.55</b>

### (ii) Details of Revenue from Single customer more than 10% (standalone)

Revenue from 1 customer of Plastics segment amounting to ₹69.98 crores (previous year 73.18 crores) exceeded 10% of the total revenue of the Company for FY 2017-18.



## Consolidated Notes Forming Part of the Balance Sheet and Profit & Loss Accounts

### Note 35. Earning per Share

The Company's share capital consists of equity share. The basic and diluted earnings 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 (₹ in lakhs)	600.67	919.41
3.	Basic Earning Per Share	1.21	1.85
4.	Diluted Earning Per Share	1.21	1.85
5.	Nominal Value Per Share	1.00	1.00

**Note 36.** In accordance with the Indian Accounting Standard (IndAS) 24 "Related Party Disclosures" issued by The Institute of Chartered Accountants of India (ICAI) and as specified under section 133 of the Companies Act, 2013 ( The Act ) read with rule 7 of the Companies (Accounts ) Rules, 2014. 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, Chairman & Managing Director  
Smt. Purnima Mehta, Executive Director  
Shri Kamal kanodia, Chief Financial Officer  
Ms. Preeti Shrama, Company Secretary

**ii. Relatives of Key Management Personnel**

Shri Saurabh Singh Mehta (Son of Chairman & Managing Director / Executive Director)  
Smt. Devki Hirawat (Daughter of Chairman & Managing Director / Executive Director)

**iii. Subsidiary Company**

1) Kriti Auto & Engineering Plastics 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. (Fellow Subsidiary)  
3) Chetak Builders Pvt. Ltd. (Fellow Subsidiary)  
4) Sakam Charitable Trust, Indore

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

(₹ In lakhs)

Sr. No.	Nature of Transaction	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)	624.99 (513.55)
2	Sale of Consumable Items	NIL (NIL)	NIL (NIL)	29.84 (54.68)
3	Sale of Capital Goods	NIL (NIL)	NIL (NIL)	0.00 (2.00)
4	Purchase of Consumable Items	NIL (NIL)	NIL (NIL)	0.11 (20.96 )
5	Purchase of Capital Goods	NIL (NIL)	NIL (NIL)	NIL (NIL)
6	Remuneration	94.56 (151.99)	NIL (NIL)	NIL (NIL)

## Consolidated Notes Forming Part of the Balance Sheet and Profit & Loss Accounts

(₹ In lakhs)

Sr. No.	Nature of Transaction	Key Management Personnel	Relatives of Key Management Personnel	Companies/entities under the control of Key Management Personnel
7	Rent Paid	NIL (NIL)	NIL (NIL)	14.82 (15.17)
8	Unsecured Loan Given Taken	NIL (NIL) 203.00 (111.00)	NIL (NIL) NIL (NIL)	NIL (NIL) 815.50 (NIL)
10	Interest Given	35.30 (17.02)	NIL (NIL)	30.55 (NIL)

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

### Note 37. Auditor's Remuneration

Sr. No.	Auditor's Remuneration	31.03.2019	31.03.2018
a.	Statutory Audit/ Tax Audit Fees	3.00	3.00
b.	Taxation & Other matters including Legal & Professional Expenses	0.11	0.25
	<b>Total</b>	<b>3.11</b>	<b>3.25</b>

**Note 38.** Previous year figures have been re-classified/re-grouped wherever necessary.

As per our Report of even date attached

**For Rakesh Kumar & Associates**

*Chartered Accountants*

F.R.N. 002150C

**Rakesh Kumar Gupta**

*Partner*

M.No. 070906

Place: Indore

Date: 16th May, 2019

**Shiv Singh Mehta**

*Chairman and Managing Director*

DIN: 00023523

**Purnima Mehta**

*Executive Director*

DIN: 00023632

**For and on behalf of the Board of Directors**

**Kamal Kanodia**

*Chief Financial officer*

**Preeti Sharma**

*Company Secretary*



# KRITI INDUSTRIES (INDIA ) LIMITED

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 Blockletters) (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 : SB A/c ☐ Current A/c ☐ Others ☐ (Please specify)
7. Bank account number : .....
8. IFSC code : .....
9. PAN : .....
10. 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.

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

Date

Signature of the first holder  
(as appearing in the Company records)

### Certificate of the Investor's bank

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

Signature of the first holder  
(as appearing in the Company records)





# KRITI INDUSTRIES (INDIA ) LIMITED

Regd. Office: "Mehta Chambers", 34, Siyaganj, Indore - 452 007

## PROXY FORM

### FORM MGT- 11

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name : KRITI INDUSTRIES (INDIA) LIMITED  
CIN : L25206MP1990PLC005732  
Regd office : MEHTA CHAMBER, 34 SIYAGANJ, INDORE-452007 (M.P)

Name of the member (s) :

Registered address :

E-mail Id :

Folio No/ Client Id :

DP ID :

I/We, being the member (s) of ..... shares of the above named company, hereby appoint

1. Name: .....

Address: .....

E-mail Id: .....

Signature: ....., or failing him/ her

2. Name: .....

Address: .....

E-mail Id: .....

Signature: ....., or failing him/ her

3. Name: .....

Address: .....

E-mail Id: .....

Signature: ....., or failing him/ her

as my/our proxy to attend and vote on a poll for me/us and on my/our behalf at the **28th Annual General Meeting** of the Company, to be held on **Wednesday, 14th August , 2019 at 04.00 P.M at 8th Floor, Brilliant Sapphire Plot no.10, PSP, IDA, Scheme No.78, Part II, Indore (M.P.)** and at any adjournment thereof in respect of such resolutions as are indicated below:



## Resolutions

1.	Consider and adopt Audited Statement of accounts, Reports of the Board of Directors and Auditor.
2.	Declaration of Dividend on Equity shares for the financial year ended 31st March 2019.
3.	To appoint a Director in place of Mr. Saurabh Singh Mehta (DIN: 00023591), who retires by rotation at this Annual General Meeting and being eligible offers himself for re-appointment.
4.	Revision In The Remuneration Of Shri Shiv Singh Mehta (Din: 00023523) The Chairman & Managing Director Of The Company..
5.	Re-appointment of Mrs. Purnima Mehta (din: 00023632) as the whole-time director of the Company
6.	Re-Appointment Of Ca Manoj Fadnis (Din: 01087055) As An Independent Director:

Signed this..... day of..... 2019

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Signature of shareholder

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Signature of Proxy holder(s)

Affix ₹1  
Revenue Stamp

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.



# KRITI INDUSTRIES (INDIA ) LIMITED

Regd. Office: "Mehta Chambers", 34, Siyaganj, Indore - 452 007

## ATTENDANCE SLIP

R.F. No. ....

Mr./Mrs./Miss .....  
(Shareholders' name in block letters)

I/We certify that I/We am/are registered shareholder / proxy for the registered shareholder of the Company.

I/We hereby record my/our presence at the **29th Annual General Meeting** of the Company at the registered office the Company at the Registered office of the Company **14th August, 2019**.

(If signed by proxy, his name should be written in block letters)

(Shareholders/proxy's Signature)

### Note:

1. Shareholders / proxy holders are requested to bring the attendance Slips with them when they come to the meeting and hand over them at the entrance after affixing their signatures on them.
2. If it is intended to appoint a proxy, the form of proxy should be completed and deposited at the Registered Office of the Company at least 48 hours before the Meeting.



Route Map



# Corporate Information

## Board of Directors

Shri Shiv Singh Mehta  
*Chairman & Managing Director*

Smt. Purnima Mehta  
*Executive Director*

Shri Saurabh Singh Mehta  
*Director*

Shri Rakesh Kalra  
*Independent Director*

CA Manoj Fadnis  
*Independent Director*

Shri Chandrasekharan Bhaskar  
*Independent Director*

## Auditors

Rakesh Kumar & Associates  
Chartered Accountants  
"Navaratan", 128-R, Khatiwala Tank,  
Indore – 452 004 (M.P.)

## Bankers

State Bank of India  
IDBI Bank Ltd.  
HDFC Bank Ltd.  
Yes Bank Ltd.

## Company Secretary

Ms. Preeti Sharma

## Registered Office

Mehta Chambers, 34, Siyaganj  
Indore – 452 007 (M.P.)

## Corporate Support Center

Chetak Chambers, 4th Floor, 14 RNT Marg,  
Indore – 452 001 (M.P.)

## Share Transfer Agent

M/s Ankit Consultancy Pvt. Ltd.  
60, Electronic Complex, Pardeshipura,  
Indore – 452 010 (M.P.)



**KRITI**  
GROUP

[www.kritiindia.com](http://www.kritiindia.com)