



NOTICE

NOTICE IS HEREBY GIVEN that the 19th Annual General Meeting of the Members of KRITI INDUSTRIES (INDIA) LIMITED will be held on Wednesday the 30th September, 2009 at 4.00 P.M. at Corporate Support Center situated at 4th Floor, Chetak Chambers, 14 R. N. T. Marg, Indore (M.P.)-452001 to transact the following businesses:

ORDINARY BUSINESS

1. To receive, consider and adopt Audited Balance Sheet as at 31st March 2009 and the Profit and Loss Account for the year ended on that date together with the Directors' report and Auditors' report thereon.
2. To appoint a Director in place of Mr. Manoj Fadnis, who is liable to retire by rotation, and being eligible offers himself for reappointment.
3. Mr. Pravin Kasliwal, who is liable to retire by rotation, has not offered himself for reappointment and this vacancy be not filled.
4. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration

SPECIAL BUSINESS

5. To consider and if thought fit, to pass with or without modifications, if any, the following resolution as Special Resolution.
"RESOLVED THAT Shri Prakash Madhav Pethe, who was appointed as an Additional Director of the company with effect from 03.03.2009 and who in terms of Section 260 of the Companies Act, 1956 holds office upto the date of this meeting and in respect of whom notice has been received under Section 257 of the Companies Act, 1956 proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company liable to retirement by rotation."
6. To consider and if thought fit, to pass with or without modifications, if any, the following resolution as Special Resolution.
"RESOLVED THAT Dr. Somnath Ghosh, who was appointed as an additional director of the company with effect from 03.03.2009 and who in terms of Section 260 of the Companies Act, 1956 holds office upto the date of this meeting and in respect of whom notice has been received under Section 257 of the Companies Act, 1956 proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company liable to retirement by rotation."
7. To consider and if thought fit, to pass with or without modifications, if any, the following resolution as Special Resolution.
"RESOLVED THAT pursuant to the provisions of Section 314(1b) and other applicable provisions, if any, of the Companies Act, 1956 and the rules and regulations thereto, the consent of the Company be and is hereby accorded to the appointment of Ms. Devki Mehta, a relative of the directors of the company, to hold and

continue to hold an office or place of profit as an employee of the company w.e.f 01st October 2008 to 30th September 2010 on remuneration and terms and conditions mentioned in the explanatory statement annexed hereto. "

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

"RESOLVED THAT pursuant to the provisions of Section 314 (1B) and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of Central Government and the rules and regulations thereto, the consent of the Company be and is hereby accorded to the appointment of Mr. Saurabh Singh Mehta, a relative of the directors of the company, to hold and continue to hold an office or place of profit as an employee of the company w.e.f 1st July 2009 on remuneration and terms and conditions mentioned in the explanatory statement annexed hereto. "

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

"RESOLVED THAT subject to the approval of the Hon'ble High Court of Madhya Pradesh, Indore Bench, the consent of the Company be and is hereby given to change the Appointed Date of the Scheme of Arrangement from 1st April, 2008 to 1st December 2009, whereby the demerger/hiving off of 'Solvent Division' and 'Engineering Moulding Division' in M/s Kriti Nutrients Limited and M/s Kriti Auto Engineering & Plastics Private Limited respectively is sought and THAT para (iv), Section B, Part I and para (iv), Section B, Part II of the Scheme of Arrangement be substituted and read as under:

"Appointed Date or Transfer Date means 01st day of December 2009, the date from which the scheme shall be applicable or such other date as this Hon'ble Court may deem fit."

RESOLVED FURTHER that any reference to the Appointed Date in the Scheme of Arrangement shall mean the 1st day of December 2009.

RESOLVED FURTHER that the Board of Directors be and are hereby authorised to make amendment to this date as and when required for such purposes, as may deem fit and proper.

RESOLVED FURTHER that Shri Shiv Singh Mehta, Managing Director be and is hereby authorised to file application before the Hon'ble High Court for this purpose and do all such acts and things in this regard as he may deem fit."

Place : Indore
Date : 21st August, 2009

By order of the Board,

S.C. Jajoo
Company Secretary

**Notes:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY FORM IN ORDER TO BE VALID AND EFFECTIVE MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME OF HOLDING THE AFORESAID MEETING.
2. The Register of Members and Share Transfer Books of the Company will be closed from 23rd September 2009 to 30th September 2009 (both days inclusive) for the purpose of Annual General Meeting.
3. Members who have not yet encashed their Dividend warrant for the year 2001-02 and subsequent years are advised to approach the Company in order to have their Dividend Warrants revalidated. Dividend which remain unclaimed for a period of 7 years from the date of their declaration will be transferred to the Investor Education and Protection Fund of the Central Government under Section 205A of the Companies Act, 1956, Further, once the unclaimed dividend is transferred to the aforesaid account as above, no claim shall lie in respect of such amounts. Please note that unpaid Dividend for and upto the financial year ending 31st March, 2002 has been already transferred to Central Government Account / Investor Education and Protection Fund.
4. As per the provisions of Section 109 of the Companies Act, 1956, facility for making nomination is now available to the shareholders in respect of the shares held by them. Nomination forms can be obtained from the Registrar of the Company.
5. Members attending the meeting are requested to bring with them the attendance slip duly filled and to be handed at the entrance of the meeting hall. They are requested to bring their copy of the Annual Report to the meeting.
6. Members are requested to:
 - A. Notify immediately any change in their address to the Company quoting their folio numbers.
 - B. Send to the Company details of all folios, if holding shares in identical order of names in more than one folio, together with the Share Certificates for consolidating the folios into one. The Share Certificates will be returned to members after making the requisite endorsement thereon.
 - C. Write to the Company at least 7 days before the date of the meeting, if any information with regard to accounts are required, so as to enable the management to keep the information ready.
7. The relevant explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the business under item no. 5-9 set out above is annexed hereto.

ANNEXURE TO THE NOTICE**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT 1956****ITEM NO. 5**

Mr. Prakash Madhav Pethe was appointed as an additional director of the company on 03.03.2009 to hold office till the date of ensuing Annual General Meeting of the company. The company has received the notice from the member of the company under Section 257 of the Companies Act, 1956, proposing the name of Mr. Prakash Madhav Pethe to be appointed as the Director of the Company subject to retirement by rotation.

Mr. Prakash Madhav Pethe is a consultant of Exim/Forex Business and International Banking and Finance also OSD (Training) FEDAI, Mumbai.

Your directors feel that his appointment as the director will be of benefit to the Company and therefore commends the resolution for your approval.

None of the directors except Mr. Prakash Madhav Pethe is concerned or interested in the resolution propose at item no. 5 of the notice since the aforesaid resolution relates to his appointment

ITEM NO. 6

Dr. Somnath Ghosh was appointed as an additional director of the company on 03.03.2009 to hold office till the date of ensuing Annual General Meeting of the company. The company has received the notice from the member of the company under Section 257 of the Companies Act, 1956, proposing the name of Dr. Somnath Ghosh to be appointed as the Director of the Company subject to retirement by rotation.

Dr. Somnath Ghosh is a HR, Organization Design and Institutional Development specialist and consultant to corporate as well as development sector.

Your directors feel that his appointment as the director will be of benefit to the Company and therefore commend the resolution for your approval.

None of the directors except Dr. Somnath Ghosh are concerned or interested in the resolution propose at item no. 6 of the notice since the aforesaid resolution relates to his appointment

ITEM NO. 7

Board of Directors appointed Ms. Devki Mehta as "Manager-Special Projects" w.e.f. 1st October 2008 on a consolidated monthly salary slab (cost to the company) of Rs. 46000-3000-49000 for a period of 2 years i.e. upto 30th September 2010.

Ms. Devki Mehta is a BE (Civil) Gold Medalist from SGSITS, Indore and MBA from S.P. Jain Institute, Mumbai. Earlier, she was working with ECS Limited, Mumbai as a consultant.

Payment of remuneration to the relative of the director attracts provisions of Section 314 (1b) of the Companies Act, 1956 and requires consent of shareholders of the company by way of



special resolution. Ms. Devki Mehta being the relative of Mr. Shiv Singh Mehta, Mrs. Purnima Mehta, Mr. Sajjan Singh Mehta and Dr. S. S. Kothari, consent of shareholders is being sought under Section 314(1b) as a special resolution.

The Board commends the resolution for approval

None of the Directors, except Mr. Sajjan Singh Mehta, Dr. S.S. Kothari, Mr. Shiv Singh Mehta and Mrs. Purnima Mehta, are interested in the said resolution.

ITEM NO. 8

Board of Directors appointed Mr. Saurabh Singh Mehta as an "Assistant General Manger- Operations" w.e.f.1st July 2009 on a consolidated monthly salary slab (cost to the company) of Rs. 70000-10000-90000 for a period of 3 years i.e. upto 30th June 2012.

Mr. Saurabh Singh Mehta is a B.E. in Computer Science and Engineering from The Ohio State University, USA and M.B.A from S.P. Jain Institute, Mumbai.

Payment of remuneration to the relative of the director attracts provisions of Section 314 (1B) of the Companies Act, 1956 and requires consent of shareholders of the company by way of special resolution subject to approval of Central Government. Mr. Saurabh Singh Mehta being the relative of Mr. Shiv Singh

Mehta, Mrs. Purnima Mehta, Mr. Sajjan Singh Mehta and Dr. S. S. Kothari, consent of shareholders is being sought under Section 314(1B) as a special resolution.

The Board commends the resolution for approval

None of the Directors, except Mr. Sajjan Singh Mehta, Dr. S.S. Kothari, Mr. Shiv Singh Mehta and Mrs. Purnima Mehta, are interested in the said resolution.

ITEM NO. 9

The Scheme of Arrangement ("the Scheme") of the Company with M/s. Kriti Nutrients Limited and M/s. Kriti Auto Engineering & Plastics Private Limited is pending before the Hon'ble High Court of Madhya Pradesh, Indore Bench. The Appointed Date fixed for the present scheme is 1st April 2008 and having regard to the present status, it may take another few months for the Hon'ble Court to finally dispose of the application for the sanction of the scheme. Therefore, in view of the administrative, accounting and operational convenience, it would be prudent if the Appointed Date of the present scheme is changed from 1st April 2008 to 1st December 2009.

Your Directors commend the passing of the above resolution.

None of the Directors is interested in the aforesaid resolution except to the extent of their shareholding.

Details of the directors seeking reappointment at the Annual General Meeting

Name of the Director	Mr. Manoj Fadnis	Mr. Prakash Madhav Pethe	Dr. Somnath Ghosh
Date of Birth	16.07.1962	23.09.1948	31.05.1953
Date of appointment	24.06.2006	03.03.2009	03.03.2009
Expertise in Specific areas	Company Law, Taxation and Accounting	Forex, International Banking	HR, Organisation design and institutional development specialist.
Qualification	FCA	M.Com, DBM	M.A., M.Phil, PH.D
List of Outside Directorship held	-Fadnis Gupte Consultants Pvt. Limited -Accounting Research Foundation	Nil	-PAN Network Pvt. Ltd. -KSB Local Area Bank -Kriti Nutrients Limited
Chairman/Member of the committees of the Board of Directors of the Company	Chairman: Audit Committee Member: Financial Committee Member: Remuneration Committee	Nil	Nil
Chairman/ member of the Committees of Director of other companies in which he/she is a Director			
(a) Audit Committee	Nil	Nil	Nil
(b) Shareholder Committee	Nil	Nil	Nil
(c) Remuneration Committee	Nil	Nil	Nil
(d) Compensation committee	Nil	Nil	Nil

DIRECTORS ' REPORT

Your Directors have the pleasure of presenting the 19th Annual Report together with Audited Accounts of the Company for the year ended on 31st March, 2009.

FINANCIAL RESULTS

The performance of the Company for the financial year ended 31st March, 2009 is summarized below:

PARTICULARS	(Rs. In Lacs)	
	CURRENT YEAR 2008- 09	PREVIOUS YEAR 2007 - 08
Total Income	56965.79	50290.14
Profit before Interest, Depreciation & Taxes	2082.55	2915.92
Less: Interest	1876.41	1419.27
Profit before depreciation	206.14	1496.65
Less: Depreciation	452.31	349.42
Profit/ (Loss) after depreciation	(246.17)	1147.23
Provision for Taxation	14.75	397.71
Net Profit/(loss)	(260.92)	749.52
Less: Prior year Income/Expenditure	10.37	6.47
Add: Transfer from reserves	235.00	0.00
Add: Balance Brought Forward	725.22	215.90
Profit available for Appropriation	688.93	958.95
Proposed Dividend	0.00	74.41
Corporate Dividend Tax	0.00	12.65
Transferred to General Reserve	0	142.67
Transferred to Contingency Reserve	0	4.00
Balance Carried over to Balance Sheet	688.92	725.22

PERFORMANCE OF THE COMPANY (Year in Retrospect)

The company recorded a top line growth of 13.27% with total income of Rs. 56965.79 lacs as against Rs. 50290.14 lacs in the previous year. Profit before depreciation was Rs. 206.14 lacs as against Rs. 1496.65 lacs. After providing for depreciation and tax there was a loss of Rs. 260.92 lacs as against the profit of Rs. 749.52 lacs.

The performance of the company was adversely affected due to global recession, foreign currency fluctuation, steep and sudden erosion in commodity values, causing substantial inventory losses.

DIVIDEND

In order to conserve resources, your directors have not recommended dividend for the year ended 31st March 2009.

EXPANSION

The Company has undertaken construction of two silos with capacity to store soyabean seed of approx. 16000 tons at Solvent division. The silos will operationalise during the coming season. This will save substantial handling cost in the year 2009-10.

Further, in pipe division, the company has increased its capacity in PVC fittings from 1400 MT per annum to 1800 MT per annum, the RPVC plant capacity from 39000 MT per annum to 42000 MT per annum and one Inline drip machine has also been installed.

CORPORATE RESTRUCTURING

The Scheme of Arrangement ("the Scheme") of the Company with M/s. Kriti Nutrients Limited and M/s. Kriti Auto Engineering & Plastics Private Limited is pending before the Hon'ble High Court of Madhya Pradesh, Indore Bench. The Appointed date fixed for the present scheme is 1st April 2008 and having regard to the present status, it may take another few months for the Hon'ble Court to finally dispose of the application for the sanction of the scheme. Therefore, in view of the administrative, accounting and operational convenience, Board of Directors at the meeting held on 21st August 2009 passed resolution to change the Appointed Date of the present scheme from 1st April 2008 to 1st December 2009.

CORPORATE GOVERNANCE:

The Company has complied with the mandatory provisions on Corporate Governance as prescribed in the Listing Agreement with the Stock Exchanges. A separate report on Corporate Governance is included as a part of the Annual Report along with the Auditors' Certificate on its compliance.

Directors' Responsibility Statement

Your Directors hereby confirm that: -

1. In the preparation of Annual Accounts, the applicable accounting standards have been followed along with the proper explanation relating to material departures.
2. The Directors have selected such accounting policies and applied them consistently and have made judgment and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company as at end of the financial year ended 31st March, 2009 and of the Profit and Loss Account of the Company for that period.
3. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. The Directors have prepared the Annual Accounts for the year ended 31st March 2009 on a going concern basis.

DIRECTORS:

Mr. Manoj Fadnis retires by rotation and being eligible offers himself for re-appointment.

Mr. Pravin Kasliwal, who is liable to retire by rotation, has not offered himself for reappointment and the vacancy is proposed not to be filled.

The Board places on record its appreciation for valuable guidance and services rendered by Mr. Pravin Kasliwal to the company, during his tenure.

The board has appointed two additional directors, Mr. Prakash Madhav Pethe and Dr. Somnath Ghosh in the company and they hold the office till the date of ensuing Annual General Meeting and are then to be appointed as directors in the company.



STATUTORY INFORMATION:

PUBLIC DEPOSIT:

The company has not received/accepted any deposits from public during the year under review.

PARTICULARS OF EMPLOYEES

The Company does not have on its roll any employee drawing remuneration attracting provisions of section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS & OUTGO

Information as per section 217(1)(e) read with Companies (Disclosure of Particulars in the report of the Board of Directors) Rules, 1988 are given in the Annexure-A forming part of the report.

AUDITORS

M/s. Subhash Deshpande & Co., Chartered Accountant, Indore the Auditors of the Company retire at the conclusion of the

ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

INDUSTRIAL RELATIONS

Your directors wish to place on record their appreciation for the contribution made by the company's workforce at all levels of operations for the success and progress of the company.

ACKNOWLEDGEMENT

Your Directors place on record their appreciation of the co-operation and assistance extended by the Central / State Government, Financial Institutions, Banks. The Directors also convey their sincere thanks for the continued support given to the Company by the esteemed shareholders, suppliers, dealers and valued customers.

FOR & ON BEHALF OF THE BOARD,

S. S. Mehta
(Chairman)

Place : Indore

Date : 21st day of August, 2009

A N N E X U R E

Information as per Section 217(1) (e) read with the Companies (Disclosure of Particulars in the report of Board of Directors) Rules 1988 and forming part of the Directors' Report for the year ended 31st March 2009.

A CONSERVATION OF ENERGY

- (a) Energy Conservation measures taken:
 - (1) Energy conservation devices have been installed and the equipments are maintained properly to reduce energy consumption.
 - (2) New systems are being devised to reduce electric power, fuel, and water consumption.
- (b) Additional Investment and proposals for reduction of consumption of energy.
By relocating, modifying the available equipment, energy, conservation measures are being implemented and major investments have not been made for equipments so far.
- (c) Impact of above measures:
The above measures have resulted in energy saving and subsequent decrease in the cost of production.
- (d) Total energy consumption and energy consumption per unit of production:

As per Form "A" Annexed.

A. POWER AND FUEL CONSUMPTION

	2008-09	2007-08
1. Electricity		
a) Purchased Units	17891265	18890789
Total Amount	84056017	84650272
Rate/Unit (Average Rs.)	4.70	4.48
b) Own Generation		
i) Units	142900	59247
Units per ltr.of Diesel Oil	3.07	3.38
Cost per unit (Rs.)	13.36	10.10
i) Through Steam Turbine/ Generator Unit/Unit per ltr. of		

	Diesel oil Cost/Unit	Nil	Nil
2. Coal (specify quality & where used)			
RDM/Steam B			
Grade used in Boiler			
Quantity (Tones)		13193	11572
Total Cost		52889022	46288480
Average Rate		4008.93	4000.00
3. Furnace Oil			
Quantity (K.Ltr.)		-	-
Total Amount		-	-
Average Rate		-	-
4. Others/internal Generation			
Total Cost		-	-
Quantity		-	-
Rate/Unit		-	-

CONSUMPTION PER UNIT OF PRODUCTION

	EXTRACTION	REFINERY	LECITHIN
Electricity			
(Units per ton)	73.13	114.21	40.33
Coal (Specify quality)			
(Kg. per ton)	138.15	324.58	92.63

Note: Information in respect of Pipes & Fittings has not been provided as Form "A" under Section 217(1)(e) of the Companies Act, 1956, is not applicable to these units.

FORM - B

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

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

The company undertakes upgradation of its products as a continuous process. New products and process equipments have been developed resulting in improved efficiency of operations.

(II) Benefits derived

With the installation of various additional equipments it was possible to achieve consistency in production and quality of products.

(B) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

The Company does not have any imported technology

and hence the details required to be given for the imported technology is not applicable

(C) FOREIGN EXCHANGE EARNING & OUTGO

	(Rs. In Lacs)	
	2008-09	2007-08
1. Earning		
FOB rate of Export	12596.45	11305.60
2. Outgo		
a) CIF Value of Imports	2122.12	1841.20
b) Expenditure in Foreign Currency	45.77	60.10

AUDITORS' REPORT ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To the Shareholders of Kriti Industries (India) Limited

We have examined the compliance of the conditions of Corporate Governance by Kriti Industries (India) Limited, Indore for the year ended 31st March, 2009 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges in India.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of an opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, the Company has complied with the conditions of Corporate Governance as stipulated in the above Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accounts of India we have to state that no investor grievances were pending for a period of one month against the Company as per the records maintained by the Investor / Shareholders Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Subhash Deshpande & Co.**
Chartered Accountants

Place : Indore
Date : 30th June, 2009

(R.D.Asawa)
Partner



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

1. INDUSTRY STRUCTURE AND DEVELOPMENT

The company is currently operating in three major business segments, which are: -

1. Solvent Division
2. Plastic Division
3. Engineering Plastic Division

The industry structure and development for each of the three divisions are discussed under.

Soya Division:

The main products of Soya division are Refined Soya Oil and Soya Bean Meal (SBM).

Indian Soya Crop Scenario: In the previous year, the soya bean production was over assessed at 108 Lac MT, however the final crop figure was 85 Lac MT. In the current year the monsoon was delayed by 15 days, initially, which delayed the sowing by 15 days. However, in July the monsoon was good and the shortfall of June has been recovered. The current feedback of sowing is encouraging and it is expected that the coming season would be good.

International Soya Crop Scenario: US the largest soya bean growing country in the world, has the same soya cycle period as India. As per current reports, the crop condition is good and the crop size is expected to be reasonable. The South American countries of Brazil and Argentina are the second and third largest soya bean growing countries respectively. The harvest in Brazil and Argentina this year, was lower than normal, especially due to the drought conditions in Argentina. The combined crop harvested is 90 Million MT against the initial assessment of 110 Million MT.

Economic recession has affected the Soya bean Meal consumption in South East Asian countries. Their Aqua exports have been affected by the lowering in demand in European Union and Japan. However a distinct recovery in demand for SBM has been observed in the last few months and it is seen returning to a normal level.

The South East Asian countries are major consumers of Soya bean Meal and are entirely dependent on imports from India, Brazil, USA and Argentina. Indian SBM has an advantage over the Western varieties due to higher protein content and lower logistics cost. These countries import roughly 19-20 Million MT per annum, out of which India contributes 4.0 to 4.5 Million MT and the balance demand is met from South America and USA. The demand in these countries is growing at a moderate rate.

Opportunity

Argentina, the largest exporter of SBM in the world, has been badly affected by a drought and this has opened a good opportunity for the Indian SBM to increase its share of exports in the coming season up to May/June 2010. India enjoys an added advantage of producing entirely Non-GMO crops, which further strengthens its hold in the world markets.

Threats

The Macroeconomic and Global issues of inflation, recession, and inadequate rainfall may have an effect on the demand. The crop in the current year is expected to be a record harvest of over 87 Million MT, which may lower the international prices of SBM. The domestic prices of the seed, meal and oil are impacted by the international prices. Therefore, maintaining the price parity of our products may be a challenging task.

Business Strategy

KIIL markets its High Protein SBM mainly to South East Asian Countries and the company's focus will be on: -

- ◆ Introduction of higher grade SBM
- ◆ More field and International Accredited Lab trials
- ◆ Participation in international trade fairs
- ◆ Customer education on quality, adulteration and certification
- ◆ Strengthening Long term relationships
- ◆ Strengthening Distribution network
- ◆ Developing marketing models to give end-to-end solutions to the customers

Plastic Division

The Indian Plastic pipe industry is third in the list of top three manufacturing hubs in the world, after Japan and Europe. There are good growth opportunities in the irrigation and agriculture sector, water/sewer/gas transportation, OFC ducts in telecom sector and turnkey infrastructure projects.

Opportunity

The positive trend in demand in this industry is expected to continue in the coming years, due to increased focus by the Government on agriculture, construction and infrastructure development projects. Kasta is a well-established brand and is preferred by the users and supported by a strong distribution network.

Kriti Industries (India) Ltd.

Threat

The volatility of PVC/HDPE prices and cyclic nature of the industry, coupled with tight availability of raw materials, particularly Resin are the major areas of concern. The product prices are highly dependent on Raw Material (RM) prices as the RM cost accounts for more than 70% of the total cost for PVC pipes.

Business Strategy

The company is consolidating its existing markets through deep penetration in rural areas and multi product selling. The company is also trying to become more cost effective and a very high quality producer.

It is working on widening the product range to reach out to a larger customer base in agriculture and building sector by launching Drip Irrigation Systems under Micro Irrigation Projects of various State Governments' subsidy scheme and introducing newer accessories for the piping system. There is also a greater focus on institutional sales in infrastructure, telecommunication and building construction sectors.

Engineering Plastic Division

The Indian auto component industry is one of India's sunrise industries with tremendous growth prospects. From a low-key supplier providing components to the domestic market alone, the industry has emerged as one of the key auto components centers in Asia and is today seen as a significant player in the global automotive supply chain. India is now a supplier of a range of high-value and critical automobile components to global auto-makers such as General Motors, Toyota, Ford and Volkswagen amongst others.

As per an Automotive Component Manufacturers Association of India (ACMA) report, the turnover of the auto component industry was estimated at over US\$ 18 billion in 2007-08, an increase of 27.2 per cent since 2002. It is likely to touch US\$ 40 billion by 2015-16.

Opportunities and threats

The Indian Auto components industry has evolved over a period of time, from being a domestic supplier of low-value auto components to a sought-after hub for a variety of critical and high-end auto parts.

According to the Auto Component Manufacturers Association of India (ACMA), the Indian auto component industry, currently worth US\$ 10 billion, has the potential to grow to a US\$ 40 billion industry over the next decade.

India now ranks amongst the most-preferred destination for most of the major global car manufacturers. The country has inexpensive but skilled manpower, local availability of most of the raw material, credit facilities across the country and industry-favourable government policies.

KIIL's unit is strategically located near the major automobile industry players, in Ranjangaon, near Pune in Maharashtra. The company is supplying to the Tier One manufacturers in the automotive market. It is also developing its own products and identifying strategic partners for manufacturing the tools for automotive components and consumer durable articles.

Business Strategy

For higher growth the company is exploring new customers and developing new product lines in automobile sectors to expand its operations.

2. FINANCIAL PERFORMANCE

The financial statements are prepared in compliance with the Companies Act, 1956 and as per the generally accepted accounting principles, policies and practices prevalent in India.

Results of operations

Income from operations:

The Turnover during 2008-09 has increased to Rs. 56899.69 Lacs against Rs 50171.23 Lacs in the previous year, which shows an increase of 13.41% in Turnover over the last year. Net sales shows an increase of 15.13% in the current year over the previous year

Export

During the year under review, exports increased to Rs. 17090.04 Lacs from 12804.82 Lacs in the previous year, recording an annual growth of 33.47%.

Profit before interest, depreciation and taxes:

The profit before interest, depreciation and taxes of the company is Rs. 2082.55 Lacs as compared to Rs. 2915.92 Lacs in last year

Profit Before depreciation:

The profit before depreciation is Rs. 206.14 Lacs as against Rs. 1496.65 Lacs in the previous year

Profit/Loss before and after taxes:

There is a loss before taxes of Rs. 246.17 Lacs as against profit of Rs. 1147.22 Lacs in the previous year. The loss after tax is Rs. 260.92 Lacs as against last year's profit of Rs. 749.52 Lacs.

Financial Position

Share Capital:

The share capital of the company consists of Equity Share Capital. The total paid-up share capital of the company consists



of 62004400 equity shares of Re. 1/- each.

Reserves & Surplus:

The Company has total reserves and surplus of Rs. 2472.79 Lacs, including share premium of Rs. 466.14 Lacs as compared to Rs. 2744.09 Lacs in the last year.

Loans:

The long-term borrowings of the company have been Rs. 3893.85 Lacs as on 31st March, 2009 in contrast to Rs. 3105.56 Lacs as on 31st March, 2008, while bank and short term borrowings of the company have been decreased to Rs. 1988.54 from Rs. 7612.67 Lacs as on 31st March, 2008.

Fixed Assets:

The net investments in fixed assets, including Capital work in progress is Rs. 6226.36 Lacs as against Rs. 5710.55 Lacs in the previous year.

Current Assets:

Net Current Assets as on 31st March 2009 were Rs. 3522.57 Lacs as against Rs. 9136.53 Lacs as on 31st March 2008. The decrease in net current assets is mainly due to lower inventory.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The company has an established a comprehensive internal controls commensurating with size and nature of its operations

across all business units, which ensure that all the assets of the company are duly recorded at fair value, and safeguarded against all the losses from any unauthorized use or disposition. The system has been designed, so as to provide reasonable assurance in respect of recording and providing relevant and reliable financial and operational information.

The company has appointed a consultant for formally designating the organizational structure, defining the job responsibilities and ensuring proper reporting hierarchy.

DEVELOPMENT IN HUMAN RESOURCES AND INDUSTRIAL RELATIONS

The company enjoys cordial industrial relations. The company conducts in house training programs for motivating and developing leadership qualities at all levels. The company has been successful this year in attracting and retaining some of the best talents in the industry.

CAUTIONARY STATEMENT

Estimates and expectations stated in this Management Discussion and Analysis Report may be "forward-looking statements" within the meaning of applicable securities, laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to your Company's operations include economic conditions affecting demand/ supply and price conditions in the domestic and international markets, changes in the Government regulations, tax laws, and other statutes and incidental factors.

Kriti Industries (India) Ltd.

Corporate Governance Report

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Corporate governance has always been a vital part in Kriti Industries (India) Limited (KIIL). Corporate Governance comprises of the systems and processes to ensure that company and its resources are being managed in the interest of Stakeholders. The Company has always believed in fair business and corporate practices while dealing with the shareholders, employees, customers, creditors, lenders and the society at large. The Company is prompt in discharging its statutory obligations and duties. Good Corporate Governance is crucial to the very existence of a company as it builds confidence and trust.

The Board of Directors have an adequate representation of professional, qualified, Non-Executive and Independent Directors. Decisions at the Board and Committee meetings are taken unanimously.

BOARD OF DIRECTORS

Composition

The Board of Directors of the KIIL consists of an optimum combination of executive, non-executive and independent directors, to ensure the independent functioning of the board. The Board consists of ten Directors, including two additional directors. Out of which eight are non-executive directors. Five out of the eight non-executive directors are independent.

Directors retiring by rotation and seeking for re-appointment

Mr. Manoj Fadnis retires by rotation and being eligible offers himself for re-appointment.

Mr. Pravin Kasliwal, who is liable to retire by rotation, has not offered himself for reappointment and the vacancy is proposed not to be filled in the ensuing AGM.

As required under Clause 49 of the Listing Agreement, information such as brief resume, nature of expertise and other directorships is given here below.

Name of the Director	Shri Manoj Fadnis
Date of Birth	16-07-1962
Date of Appointment	24-06-2006
Expertise in specific area	Finance
Qualification	FCA, DISA (ICA)
List of Outside Directorship held	Fadnis Gupte Consultants Private Limited
Chairman/ Member of the committees of the Board of Directors of the Company	Chairman: Audit Committee Member: Financial Committee Member: Remuneration Committee
Chairman / member of the Committees of Director of other companies in which he/she is a Director	
(a) Audit Committee	Nil
(b) Shareholder Committee	Nil
(c) Remuneration Committee	Nil
(d) Compensation committee	Nil

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

Name	Category	No. of Directorship in other Public Limited Companies	No. of Committee position held in other Public Limited Companies	
			Chairman	Member
Shri Sajjan Singh Mehta	Promoter & Non-Executive Director	Nil	Nil	Nil
Dr. S. S. Kothari	Non-Executive Director	Two	Nil	Nil
Shri Pravin Kasliwal	Promoter & Non-Executive Director	One	Nil	Nil
Shri V. Bhole	Nominee Director- IDBI	Nil	Nil	Nil
Smt. Purnima Mehta	Promoter & Executive Director	Nil	Nil	Nil
Shri Shiv Singh Mehta	Promoter & Executive Director	One	Nil	One
Shri Manoj Fadnis	Independent & Non-Executive Director	Nil	Nil	Nil
Shri Rakesh Kalra	Independent & Non-Executive Director	Nil	Nil	Nil
Shri Prakash Pethe	Independent & Non-Executive Director	Nil	Nil	Nil
Shri Somnath Ghosh	Independent & Non-Executive Director	One	Nil	Nil



Board Procedure

Five meetings of the Board of Directors were held during the financial year 2008-09.

The dates of the meetings were decided in advance and key information was placed before the Board. The Board of Directors meeting were held on 14th June 2008, 28th July 2008, 25th October 2008, 30th January 2009 and 3rd March 2009.

Attendance record of Directors

The names and categories of the Directors on the Board, their record of attendance at Board Meetings held during the year and at the last Annual General Meeting are :

Name	No. of Board Meetings held during the year	No. of Board Meetings Attended	Attendance at the last AGM held on 29th September 2008
Shri Sajjan Singh Mehta	5	4	Yes
Dr. S. S. Kothari	5	2	No
Shri Pravin Kasliwal	5	3	Yes
Shri Vinod Bhole	5	4	No
Smt. Purnima Mehta	5	4	Yes
Shri Shiv Singh Mehta	5	5	Yes
Shri Manoj Fadnis	5	5	Yes
Shri Rakesh Kalra	5	2	No

AUDIT COMMITTEE

(A) Terms of reference

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

(B) Constitution and Composition

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

The Audit Committee of the Company as on 31st March 2009 comprises of the following Directors of the Company :

Name of the Director	Designation
Mr. Manoj Fadnis	Chairman
Dr. S.S. Kothari	Member*
Mr. V. Bhole	Member
Mr. Rakesh Kalra	Member

* W.E.F. 30th June 2009, Dr. S. S. Kothari ceases to be the member of the audit committee and Mr. Prakash Madhav Pethe becomes the member of the committee.

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

(c) Meeting and attendance during the year

Four meetings were held during the financial year 2008-09 on 14th June 2008, 28th July, 2008, 25th October, 2008 and 30th January, 2009. The attendance of each member of the committee is as under:

Name of the Director	No. of Meeting attended
Mr. Manoj Fadnis	4
Dr. S.S. Kothari	1
Mr. V. Bhole	3
Mr. Rakesh Kalra	1

Kriti Industries (India) Ltd.

REMUNERATION OF DIRECTORS

(A) Terms of reference

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

(B) Constitution and Composition

The Remuneration Committee of the Company as on 31st March, 2009 comprises of the following Directors of the Company :

Name of the Director	Designation
Mr. Rakesh Kalra	Chairman
Dr. S.S. Kothari	Member
Mr. Manoj Fadnis	Member

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

Remuneration to Managing Director and Executive Director

The terms of remuneration of Shri Shiv Singh Mehta, Managing Director and Smt. Purnima Mehta, Executive Director has already been fixed by the Board of directors and approved by the shareholders at Annual General Meeting. During the financial year 2008-09, the particulars of remuneration paid to Whole-time Directors are as under: -

(Rs. in Lacs)

Name of the Director	Salary (Rs.)	Perquisites	Commission	Period of Contract
Mr. Shiv Singh Mehta	32.88	-	-	3 years starting from 1st October 2007
Mrs. Purnima Mehta	9.86	-	-	5 years starting from 1st July 2006
Total	42.74	-	-	

Remuneration of Non- Executive Directors.

The details of remuneration paid to the Non-Executive Directors during the financial year 2008-09 are given below. Non-Executive Directors are not entitled for any remuneration other than the sitting fees.

S No.	Name of the Non-Executive Director	Sitting Fees (Rs.)
1	Mr. Sajjan Singh Mehta	4000
2	Dr. S.S. Kothari	3000
3	Mr. Pravin Kasliwal	3000
4	Mr. V. Bhole/Nominee Director	7000
5	Mr. Manoj Fadnis	9000
6	Mr. Rakesh Kalra	2000

DISCLOSURES

A. Disclosure regarding materially significant related party transactions:

The Company has not entered into any transactions of material nature with the promoters or directors or their relatives or any Companies or firms in which they are directly or indirectly interested, that may have any potential conflict with the interests of the Company.

B. Disclosure of non-compliance by the Company:

There was no instance of non-compliance on any matter related to the capital markets, during the last three years.

COMMUNICATION TO SHAREHOLDERS

The Company publishes quarterly and yearly results as required under the Listing Agreement in the prescribed format. The results are also sent to the Stock Exchanges for general information and for posting the same on their web site. The notice of the AGM along with the report is sent to the shareholders well in advance of the AGM. The gist of the notice is also published in the newspapers. In addition, the Stock Exchanges are also notified of any important developments that may materially affect the working of the Company. Disclosures with regard to the shareholding pattern, change in major shareholding etc. is also periodically sent to the Stock Exchanges as required under the SEBI Take-Over Regulations.

LISTING

The Company's shares are traded on BSE and MPSE. Management Discussion and Analysis Report form part of the Annual Report.



INVESTORS' GRIEVANCE COMMITTEE

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

Name of the Director	Designation
Mr. Sajjan Singh Mehta	Chairman
Mr. Pravin Kasliwal	Member
Mr. Shiv Singh Mehta	Member

Except Shri Shiv Singh Mehta, other members are non-executive directors. The Committee specifically looks into the shareholders' and investors' complaints on matters relating to transfer of shares, non-receipt of annual report and dividend warrants etc. In addition, the committee also looks into matters, which can facilitate better investor services and relations.

INFORMATION ON GENERAL BODY MEETINGS

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

Year	Location	Date	Time
2005-2006	Hotel Crown Palace, 12-A, Kanchan Bagh, Indore - 452 001	25th August, 2006	4.00 P. M.
2006-2007	Hotel President Planet, 3, R.N.T. Marg, Indore - 452 001	29th September, 2007	4.00 P. M.
2008-2009	Hotel Crown Palace, 12-A, Kanchan Bagh, Indore - 452 001	29th September, 2008	4.00 P. M.

GENERAL SHAREHOLDER INFORMATION

Annual General Meeting

The 19th Annual General Meeting of the Company will be held on Wednesday, the 30th September 2009 at 4.00 P.M. at 4th Floor Chetak Chambers, 14 R. N. T. Marg, Indore.

Financial Calendar for the year 2009-10 (Provisional)

a.	Results for the first quarter ending 30th June, 2009	By end of July, 2009
b.	Results for the second quarter ending 30th September, 2009	By end of October, 2009
c.	Results for the Third quarter ending 31st December, 2009	By end of January, 2010
d.	Results (Audited) for the fourth quarter ending 31st March, 2010	By end of June, 2010
e.	Annual General Meeting for the year ending March, 2010	By end of September, 2010

Book Closure Dates

The Company's Share Transfer Book will remain closed from 23rd September 2009 to 30th September 2009 (both days inclusive) for purpose of Annual General Meeting.

Listing on Stock Exchanges

The Company's shares are presently listed on the Bombay Stock Exchange Limited, Mumbai and Madhya Pradesh Stock Exchange, Madhya Pradesh. The Company has paid annual listing fee for the year 2009-10.

Stock Code

BSE : - 526423

NSDL & CDSL-ISIN : - INE 479D1020

Market Price Data (Rs.)

The monthly high and low quotations of shares of the Company traded at the Stock Exchange, Mumbai during the financial year 2008-09 are given below.

Month	High (Rs.)	Low (Rs.)
April, 2008	14.45	10.71
May, 2008	14.30	10.03
June, 2008	13.05	7.60
July, 2008	11.90	5.85
August, 2008	10.89	8.50
September, 2008	10.10	7.25

Kriti Industries (India) Ltd.

October, 2008	8.90	4.40
November, 2008	6.49	3.65
December, 2008	5.28	3.67
January, 2009	6.17	3.95
February, 2009	5.97	3.10
March, 2009	4.30	3.01

Share Transfer System

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

Ankit Consultancy Pvt. Limited

2nd Floor, Alankar Point,
4-A, Rajgarh Kothi,
Geeta Bhawan Chouraha,
A.B. Road, Indore- 452 001 (M.P)
Tel. 0731-2491298, Fax 0731-4065798

E-mail: ankit_4321@yahoo.com

Shareholding Pattern & Distribution of Shareholding

Shareholding Pattern as on 31.03.2009

Category	No. of Shares held	Percentage of Shareholding
A. Promoter's holding		
1. Promoters		
a. Indian Promoters	43992759	70.95
b. Foreign Promoters		
2. Persons acting in concert		
Sub-Total	43992759	70.95
B. Non-Promoter's holding		
3. Institutional Investors		
a. Financial Institution and Banks	2000	0.00
b. FIIs		
Sub-Total	2000	0.00
4. Others		
a. Corporate Bodies	551773	0.89
b. Indian Public	17618336	27.69
c. NRIs/OCBs	289532	0.47
Sub-Total	1796656	29.05
GRAND TOTAL	6200440	100.00

Distribution of Shareholding as on 31st March, 2009

No. of Shares	No. of Shareholders	% of Shareholders
1-1000	4141	66.27
1001-2000	1109	17.75
2001-3000	325	5.20
3001-4000	265	4.24
4001-5000	123	1.97
5001-10000	136	2.18
10001 above	150	2.40
Total	6249	100.00



Dematerialisation of Shares & Liquidity

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

Details of Demat Shares as on 31st March 2009

	No. of Shareholders/Beneficial Owners	No. of Shares	% of Capital
NSDL	2296	55241052	89.09
CDSL	983	1702248	2.75
Sub-Total	3229	56943300	91.84
Shares in physical form	3020	5061100	8.16
Grand Total	6249	62004400	100.00

Outstanding Convertible Instruments

There are no outstanding warrants or any convertible instruments.

Plant locations of the Company

Division	Location
Solvent Division	Industrial Area No. 3, Dewas (M.P)
Telecom Networking Equipment Sector II, Components Division	Plot No. 75-86 & 13/1, Tarpura, 75-86 Pithampur, Dist. Dhar (M.P)
Moulding Division	Plot No. C-9, C-10, MIDC, Ranjangaon Near Sirpur, Pune -10 (MS)

Address for communication

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

Ankit Consultancy Pvt. Limited

2nd Floor, Alankar Point,
4-A, Rajgarh Kothi, Geeta Bhawan Chouraha,
A.B. Road, Indore- 452 001 (M.P)
Tel. 0731-2491298, Fax 0731-4065798

E-mail: ankit_4321@yahoo.com

Auditors' Certificate on Corporate Governance

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

Auditor's Report

To the Members of
Kriti Industries (India) Limited

1. We have audited the attached Balance Sheet of Kriti Industries (India) Limited as at 31st March, 2009 and also the Profit and Loss Account and the Cash Flow statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. Further to our comments in Annexure referred to above, we report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of such books.
 - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
 - e) On the basis of the written representations received from the directors as on 31st March 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2009 from being appointed as a director in terms of clause (g) of sub section (1) of section 274 of the Companies Act, 1956.
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with significant accounting policies and other notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2009;
 - ii) in the case of Profit and Loss Account, of the loss for the year ended on that date; and
 - iii) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.
4. (i) As required by the Companies (Auditor's Report) Order, 2003 as amended by Companies (Auditors Report) (Amendment) order, 2004 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 and according to information & explanation given to us and on the basis of such checks we considered appropriate, we further state that:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) The Company has physically verified certain assets during the year in accordance with a programme of verification, which in our opinion provides for physical verification of the fixed assets at reasonable intervals. According to the information and explanations given to us no material discrepancies were noticed on such verification.
 - (c) In our opinion and according to the information and explanations given to us, the Company has not made any disposal of fixed assets during the year.
- (ii) (a) As explained to us, inventories were physically verified during the year by the management at reasonable intervals.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management were reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) In our opinion and according to the information and explanations given to us, the company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iii) (a-d) As informed, the Company has neither granted nor taken any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956, hence clauses there under are not applicable.
- (e) The Company had taken unsecured loan, from one company, covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs 2 crores (previous year Rs 3 crores) and the year end balance of loan is Rs nil (previous year Rs 2 crores).
- (f) In our opinion and according to the information and explanation to us, the rate of interest and other terms & conditions for such loans are not prima facie prejudicial to the interest of the Company.
- (g) Since the entire loan has been paid there is no overdue and interest has been paid as and when due.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and



fixed assets and for the sale of goods and services Further, the basis of our examination of the books and records of the Company and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.

- (v) (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act that needs to be entered into the register maintained under that Section, have been so entered.
- (b) According to the information and explanations given to us, there is no transaction in excess of Rs. 5 lakhs in respect of any party and hence the question of reasonable prices in respect of such transactions regards to the prevailing market prices does not arise.
- vi) The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the act and the rules framed there under and therefore clause is not applicable to the company.
- vii) In our opinion, the Company has an adequate internal audit system commensurate with the size and the nature of its business.
- viii) The Company is not required to maintain cost records in terms of Sec 209(1)(d) of the Companies Act, 1956.
- ix) (a) According to the information and explanation given to us and the records of the Company examined by us, in our opinion, the Company has been generally regular in depositing undisputed statutory dues, including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income-tax, Sales-tax, Wealth Tax, Custom Duty, Excise Duty, cess and any other statutory dues with the appropriate authorities during the year.
- (b) According to the records of the Company, the disputed dues in respect of Sales Tax, Entry Tax and Income Tax are as under :

S.No.	Nature of dues	Related Period	Amount (Rs.)	Forum where dispute is pending
1	M.P. Commercial Tax	2001-02	29299	Dy. Commissioner
2	M.P. Commercial Tax	2002-03	850800	Appellate Board
3	Central Sales Tax	2004-05	2296995	Appellate Board
4	Entry Tax	2001-02	553159	Appellate Board
5	Entry Tax	2002-03	65866	Appellate Board
6	M.P. Commercial Tax	2004-05	3014787	Dy. Commissioner
7	Entry Tax	2004-05	1111081	Dy. Commissioner
8	Entry Tax	2007-08	27026918	Dy. Commissioner
9	Entry Tax	2007-08	2738273	Dy. Commissioner
10	Entry Tax	2008-09	2933408	Dy. Commissioner
11	Central Excise Duty	2004-05	775000	CESTAT
12	Central Excise Duty	2004-05	1700000	CESTAT

- (x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses during the current and the immediately preceding financial year.
- (xi) Based on our audit procedures and as per the information and explanation given by the management, we are of the opinion that the company has not defaulted in the repayment of dues to financial institutions, banks or debenture holders.
- (xii) According to the information and explanations given to us and based on the documents and records produced before us, the Company has not given any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The provisions of any special statute applicable to chit fund/nidhi/mutual benefit fund/societies are not applicable to the Company.
- (xiv) In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other Investments.
- (xv) Company has not given any guarantees for loans taken by others from banks or institutions, and therefore commenting over terms and conditions does not arise.
- (xvi) To the best of our knowledge and belief and according to the information and explanations given to us, term loans availed by the Company were, prima facie, applied by the Company for the purposes for which the loans were obtained.
- (xvii) According to the cash flow statement and other records examined by us and the information and explanations given to us, on an overall basis, funds raised on short term basis have, prima facie, not been used during the year for long term investment (fixed assets, etc).
- (xviii) The Company has not made preferential allotment of shares to the parties and companies covered under section 301 of the Act.
- (xix) The Company has not issued any debentures during the year.
- (xx) The Company has not raised any money by public issue during the year, and therefore question of endure does not arise.
- (xxi) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the company was noticed or reported during the year.

For **Subhash Deshpande & Co.**
Chartered Accountants

(R.D. Asawa)
Partner
M.No.16562

Place : Indore
Date : 30/06/2009

Kriti Industries (India) Ltd.

BALANCE SHEET AS AT 31ST MARCH, 2009

(Amt in Rs.)

PARTICULARS	SCHEDULE	31.03.2009 (Audited)	31.03.2008 (Audited)
I. SOURCES OF FUNDS			
1. Share Holders' Fund			
(a) Share Capital	A	62004400	62004400
(b) Reserves & Surplus	B	247279216	274409051
2. Loan Funds			
(a) Secured Loans	C	588238148	1051823125
(b) Unsecured loan	C-1	0	20000000
3. Deferred Tax Liability/Assets (Net)		78314572	78314572
	Total	<u>975836336</u>	<u>1486551148</u>
II. APPLICATION OF FUNDS			
1. Fixed Assets	D		
(a) Gross Block		913621883	870862094
(b) Less: Depreciation		<u>345038433</u>	<u>299806971</u>
(c) Net Block		568583450	571055123
(d) Add: Capital Work in Progress		<u>54053278</u>	<u>0</u>
		622636728	571055123
2. Investment (At Cost)	E	942600	1842600
3. Current Assets, Loans & Advances	F		
(a) Inventories		538518814	982308818
(b) Sundry Debtors		211000729	330912237
(c) Cash & Bank Balances		63218794	60125895
(d) Loans & Advances		<u>201729417</u>	<u>228258986</u>
		1014467754	1601605936
Less: Current Liabilities & Provisions	G		
(a) Current Liabilities		662210746	670500095
(b) Provisions		<u>0</u>	<u>17452416</u>
		662210746	687952511
Net Current Assets (F-G)		<u>352257008</u>	<u>913653425</u>
	Total	<u>975836336</u>	<u>1486551148</u>
Accounting Policies & Notes on Accounts	P		

As per our report of even date attached.

For **Subhash Deshpande & Co.**

Chartered Accountants

for and on behalf of the Board of Directors

R.D. Asawa
(Partner)
M.No. 16562

Shiv Singh Mehta
(Managing Director)

Sajjan Singh Mehta
(Director)

S.C.Jajoo
(Company Secretary)

Place: Indore
Date : 30th June, 2009



PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

PARTICULARS	SCHEDULE	(Amt in Rs.)	
		31.03.2009 (Audited)	31.03.2008 (Audited)
INCOME			
Income from Operations (Gross)		5689969302	5017122582
Less : Excise Duty		<u>242513956</u>	<u>285645032</u>
Income from Operations (Net)	H	5447455346	4731477550
Miscellaneous Income	I	6609258	11891144
Increase/ (Decrease) in Stock	J	<u>(194845453)</u>	<u>334047271</u>
Total		<u>5259219151</u>	<u>5077415965</u>
EXPENDITURE			
Cost of Material	K	4399663219	4175218699
Manufacturing Expenses	L	235618344	203710863
Employees Remuneration & Benefits	M	104604851	79713960
Administrative & Selling Expenses	N	311077459	327180234
Financial Charges	O	<u>187640933</u>	<u>141927659</u>
Total		<u>5238604806</u>	<u>4927751415</u>
Profit/ (Loss) before Depreciation		20614344	149664550
Less : Depreciation for the year	D	45231462	34941580
Profit/ (Loss) before Tax		(24617118)	114722970
Profit/ (Loss) from continuing operations before tax		48226845	57162984
Current Tax		0	9640000
Fringe Benefit Tax		930000	835000
Deferred Tax		0	6431499
Profit/ (Loss) from continuing operations after tax (A)		47296845	40256485
Profit/ (Loss) from discontinuing operations of Solvent division before tax		(69852887)	78591691
Current Tax		0	15860000
Fringe Benefit Tax		380000	515000
Deferred Tax		0	4651489
Profit/ (Loss) from discontinuing operations of Solvent division after tax (B)		(70232887)	57565202
Profit/ (Loss) from discontinuing operations of Engineering Moulding Division before tax		(2991076)	(21031704)
Current Tax		0	0
Fringe Benefit Tax		165000	160000
Deferred Tax		0	1677964
Profit/ (Loss) from discontinuing operations of Engineering Moulding Division after tax (C)		<u>(3156076)</u>	<u>(22869668)</u>
Net Profit after Tax (A+B+C)		<u>(26092118)</u>	<u>74952019</u>
Less: Prior Year Exp/(Income) - Net		1037715	647370
Add : Transfer from Genral Reserve		20000000	0
Add : Transfer from Contingency Reserve		3500000	0
Add : Previous Year Profit Brought forward		<u>72522049</u>	<u>21589649</u>
Profit available for appropriation	Total	<u>68892216</u>	<u>95894298</u>
Proposed Dividend		0	7440528
Corporate Dividend Tax		0	1264518
Transferred to General Reserve		0	14267203
Transferred to Contingency Reserve		0	400000
Balance carried over to Balance Sheet		<u>68892216</u>	<u>72522049</u>
Total		<u>68892216</u>	<u>95894298</u>
Earning Per Shares (Face Value of Rs 1/- each)			
Basic & Diluted		(0.42)	1.20

As per our report of even date attached.

For **Subhash Deshpande & Co.**
Chartered Accountants

for and on behalf of the Board of Directors

R.D. Asawa
(Partner)
M.No. 16562

Shiv Singh Mehta
(Managing Director)

Sajjan Singh Mehta
(Director)

S.C.Jajoo
(Company Secretary)

Place : Indore
Date : 30th June, 2009

Kriti Industries (India) Ltd.

Schedules forming part of the Balance Sheet and Profit & Loss Account

(Amt in Rs.)

	31.03.2009	31.03.2008
SCHEDULE -A		
SHARE CAPITAL		
AUTHORISED		
(8000000 Equity Shares of Rs 1/- each and 2000000 Optional Convertible Preference Shares of Rs 10/- each. Total of Rs.100000000/-)	<u>100000000</u>	<u>100000000</u>
ISSUED, SUBSCRIBED AND PAID UP		
(62004400 Equity Shares of Rs 1/- each Previous year 62004400 Equity Shares of Rs 1/- each)	<u>62004400</u>	62004400
	<u>62004400</u>	<u>62004400</u>
SCHEDULE -B		
RESERVES & SURPLUS		
General Reserve		
Opening Balance	150000000	135732797
Less : Transfer to P&L	20000000	0
Add: Transfer from P&L	<u>0</u>	<u>14267203</u>
Closing Balance	<u>130000000</u>	<u>150000000</u>
Contingency Reserve		
Opening Balance	5000000	4600000
Add: Transfer from P&L	0	400000
Less :Transfer to P&L	<u>3500000</u>	<u>0</u>
Closing Balance	<u>1500000</u>	5000000
Share Premium Account	46614000	46614000
Share forfeiture Account	273000	273000
Profit & Loss Account		
(As per annexed account)		
Opening Balance	72522049	21589650
Add: Transfer from P&L	(27129833)	65599604
Add: Transfer from General Reserve	20000000	0
Add: Transfer from Contingency Reserve	3500000	0
Less: Transfer to Reserves	<u>0</u>	<u>14667203</u>
Closing Balances	<u>68892216</u>	<u>72522049</u>
Total	247279216	274409051



Schedules forming part of the Balance Sheet and Profit & Loss Account

(Amt in Rs.)

	31.03.2009	31.03.2008
SCHEDULE-C		
SECURED LOAN		
A. LONG TERM LOAN		
(Secured by First Charge/Mortgage created/to be created on Fixed Assets of the Company and Personal Guarantee of Directors.For loan of Rs.5.90 lacs Promoters' Group Shares pledged)	389384634	310556005
	<u>389384634</u>	<u>310556005</u>
B. WORKING CAPITAL LOAN		
(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 Directors)	198853514	601430833
C. WORKING CAPITAL AGRI LOAN		
- Secured by Pledge of Stock	0	139836287
	<u>198853514</u>	<u>741267120</u>
Total	<u>588238148</u>	<u>1051823125</u>
SCHEDULE-C-1		
UNSECURED LOAN		
(Inter-Corporate Loan)	0	20000000
Total	<u>0</u>	<u>20000000</u>



Schedules Forming Part of The Balance Sheet and Profit & Loss Account

(Amt in Rs.)

	31.03.2009	31.03.2008
SCHEDULE-F		
A. CURRENT ASSETS		
1. Inventories		
a) Raw Materials	162016443	410576326
b) Finished Goods	324545836	519391289
c) Stores, Spares & Others	51956535	52341204
Total	<u>538518814</u>	<u>982308818</u>
2. Sundry Debtors (Unsecured Considered Good)		
Over Six months	22514028	20152344
Others	188486701	310759893
Total	<u>211000729</u>	<u>330912237</u>
3. Cash & Bank Balances		
Cash in hand	880004	874607
Balance with Scheduled Bank		
On Current Account	2758507	8558575
On Deposits Account	59580283	50692713
Total	<u>63218794</u>	<u>60125895</u>
Total (A)	<u>812738337</u>	<u>1373346950</u>
B. LOAN AND ADVANCES (Unsecured, Considered Good)		
a) Advances recoverable in cash or in kind or for value to be received	66233899	58599819
b) Sundry Deposits	23734502	20611806
c) Accrued Interest\Income	53226811	82203551
d) Advance Tax/Tax Deducted at Source(Net of Provision)	9053587	0
e) Cenvat	49480618	66843810
Total(B)	<u>201729417</u>	<u>228258986</u>
Total(A+B)	<u>1014467754</u>	<u>1601605936</u>
SCHEDULE-G		
(A) CURRENT LIABILITIES		
1. Sundry Creditors	601830392	594787514
2. Outstanding Expenses	21559748	22125499
3. Statutory Liabilities	28034854	38820237
4. Dealership Deposit	10400879	9813147
5. Bank O/D	384873	4615128
6. Advance from Customers	0	338570
Total(A)	<u>662210746</u>	<u>670500095</u>
(B) PROVISIONS		
Advance Tax/Tax Deducted at Source(Net of Provision)	0	8747370
Proposed dividend	0	7440528
Corporate Dividend Tax	0	1264518
Total (B)	<u>0</u>	<u>17452416</u>
Total (A+B)	<u>662210746</u>	<u>687952511</u>

Kriti Industries (India) Ltd.

Schedules Forming Part of The Balance Sheet and Profit & Loss Account

	(Amt in Rs.)	
	31.03.2009	31.03.2008
SCHEDULE-H		
INCOME FROM OPERATIONS		
Gross Domestic Sales	3962999780	3707889641
Less:Excise duty	242513956	285645032
Net Domestic sales	3720485824	3422244609
Export Sales	1709004050	1280481767
Job Work Receipts	<u>17965472</u>	<u>28751174</u>
Total	<u>5447455346</u>	<u>4731477550</u>
SCHEDULE- I		
MISCELLANEOUS INCOME		
Other Operating Income		
Insurance Claim	567699	221653
Sundry Balance Written Back	601046	0
Foreign Exchange Fluctuation A/c	<u>0</u>	<u>8607009</u>
Sub Total (a)	<u>1168745</u>	<u>8828662</u>
Other Income		
Interest Received/Receivable	5244139	2061963
Miscellaneous Income	196374	1000519
Profit on Sale of Assets	<u>0</u>	<u>0</u>
Sub Total (b)	<u>440513</u>	<u>3062482</u>
Total (a+b)	<u>6609258</u>	<u>11891144</u>
SCHEDULE-J		
INCREASE / (DECREASE) IN STOCKS		
(Finished Goods and Stock in Process)		
Closing Stock	324545836	519391289
Less : Opening Stock	<u>519391289</u>	<u>185344018</u>
Total	<u>(194845453)</u>	<u>334047271</u>
SCHEDULE-K		
COST OF MATERIAL		
Opening Stock of Raw Material	403599640	142306456
Add: Purchases (Includes loss on account of hedge transaction Rs.53902250 (previous year gain Rs.41051089)	<u>3981505078</u>	<u>4096843451</u>
	4385104718	4239149907
Less: Closing Stock	<u>162016443</u>	<u>403599640</u>
Consumption	4223088275	3835550266
Add:Finished Goods Consumed	18181116	198440682
Add:Packing Material Consumed	<u>158393828</u>	<u>141227751</u>
Total	<u>4399663219</u>	<u>4175218699</u>
SCHEDULE-L		
DIRECT MANUFACTURING EXPENSES		
Stores and Spares Consumed	26387419	20170988
Coal Consumed	51524165	42856170
Power Charges	86138968	88892012
Job Work Charges	5437191	0
Freight & Cartage	25781648	29013850
Repairs & Maintenance	6023173	4689944
Insurance Charges	3797190	3474895
Water Charges	6913029	4855063
Miscellaneous Manufacturing Expenses	<u>23615561</u>	<u>9757941</u>
Total	<u>235618344</u>	<u>203710863</u>



Schedules Forming Part of The Balance Sheet and Profit & Loss Account

	(Amt in Rs.)	
	31.03.2009	31.03.2008
SCHEDULE-M		
EMPLOYEES REMUNERATION & BENEFITS		
Salaries and Wages	82520498	60228422
Provident Fund & ESI	5395003	4740458
Bonus	3943627	3000783
Employees Benefits	9823974	11260706
Gratuity	<u>2921749</u>	<u>483591</u>
Total	<u>104604851</u>	<u>79713960</u>
SCHEDULE-N		
OTHER EXPENSES		
A. ADMINISTRATIVE EXPENSES		
Stationery & Printing	875416	4633096
Computer expenses	862422	0
Rent, Rates and Taxes	7270903	6439386
Postage, Telegram and Telephones	2670886	2637258
Auditor's Fees	137875	140540
Conveyance Expenses	5366369	3673527
Legal & Professional Charges	7347418	6106276
Miscellaneous Expenses	2484010	3596364
Director's Remuneration	3900000	3000000
P.F on Director Remuneration	374400	302400
Director's Meeting Fee	28000	22000
Director's Commission	0	1145000
Loss on Sale of Shares	200000	0
Foreign Currency Transaction Loss	<u>41842628</u>	<u>0</u>
Total (A)	<u>73360327</u>	<u>31695847</u>
B. SELLING & DISTRIBUTION EXPENSES		
Advertisement & Publicity	6977919	6622493
Sales Promotion Expenses	3563814	3853910
Brokerage & Commission	11358497	8284421
Freight Outward	104522798	115162202
Sales Tax & Octroi	983884	2084392
Travelling Expenses		
a) Directors	374866	535888
b) Others	10650098	10670116
Export Expenses	98043594	141547353
Sundry Balances Written off	8017	1116751
Bad Debts	<u>1233645</u>	<u>5606863</u>
Total (B)	<u>237717132</u>	<u>295484387</u>
Total (A+B)	<u>311077459</u>	<u>327180234</u>
SCHEDULE-O		
FINANCIAL CHARGES		
Interest on Term Loans	45433522	23218577
Interest to Banks	107901192	88662912
Interest to Others	2893109	1536024
Bank Charges/Commission	<u>31413110</u>	<u>28510146</u>
Total	<u>187640933</u>	<u>141927659</u>

SCHEDULE - P

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS

1. Significant Accounting Policies

1.1 Basis of Preparation of Financial Statements

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

1.2 Use of Estimates

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

1.3 Fixed assets and depreciation

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

Depreciation is provided on the straight-line method ('SLM') as per the depreciation rates prescribed in Schedule XIV of the Act.

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

1.4 Impairment of Assets

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

1.5 Investments

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

1.6 Inventories

1. Stores and Spares parts, etc: At estimated Cost.
2. Raw materials: At cost, (net of excise duty) with moving average price on FIFO basis.
3. Finished Goods: At estimated cost or net realizable value (whichever is lower)
4. By Products: At net realizable value.

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

1.7 Revenue recognition

- (a) Revenue from sale of products is recognized on transfer of all significant risk and rewards of ownership of products to the customers, which is generally on dispatch of goods. Sales are stated exclusive of Value Added Tax.
- (b) Dividend income is recognized when the right to receive the dividend is established.
- (c) Interest income is recognized on the time proportion basis.
- (d) Export incentives receivable are accrued for when the right to receive the credit is established and there is no significant uncertainty regarding the ultimate collection of export proceeds.



1.8 Employee Benefits

(a) Short Term Employee Benefits

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

(b) Post- Employment Benefits

(i) **Defined Contribution Plans:** The Employee State Insurance Scheme and Contributory Provident Fund administered by Provident Fund Commissioner are defined contribution plans. The Company's contribution paid/payable under the schemes is recognized as expense in the profit and loss account during the period in which the employee renders the related service.

(ii) **Defined Benefit Plans:** The Company has taken Group Gratuity and Cash Accumulation Policy issued by the Life Insurance Corporation of India (LIC). The present value of the obligation under such defined benefit plans is determined based on actuarial valuation as advised by LIC, using the Projected Unit Credit method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

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

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

1.9 Foreign Currency Transactions

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

Monetary assets and liabilities in foreign currency, which are outstanding as at the year-end, are translated at the closing exchange rate and the resultant exchange differences are recognized in the profit and loss account.

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

1.10 Borrowing Costs

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

1.11 Taxation

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

1.12 Fringe Benefit Tax

Provision for Fringe Benefit Tax (FBT) has been recognized on the basis of harmonious contextual interpretation of the provisions of Income Tax Act, 1961.

1.13 Earning Per Share

Basic and diluted earnings per share are computed by dividing the net profit attributable to equity shareholders for the year, by the weighted average number of equity shares outstanding during the year. There are no diluted potential equity shares.

1.14 Provisions for contingencies

Provisions comprise liabilities of uncertain timing or amount. Provisions are recognized when the company recognizes it has a present obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reasonably estimated.

Kriti Industries (India) Ltd.

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

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

Contingent assets are not recognized in the financial statements.

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

3 Contingent liabilities

- a. Estimated amount of contracts remaining to be executed on Capital Account Rs.181.43lacs (Previous Year Rs.45.20Lacs)
- b. Bank has given guarantee on behalf of the Company to various parties to the extent of Rs.333.54lacs (Previous Year Rs.376.79lacs)
- 4 Installments of term loans from Financial Institutions falling due within one year are Rs.744.45lacs (Previous year Rs.774.10lacs)

5 Remuneration Paid/Payable to Managing Director / Director

Paid / Payable (Rs. In Lacs)	Current Year	Previous year
Salary	42.74	33.02
Commission	0.00	11.45

In view of the inadequacy of profit payment of remuneration for the current year has been made in accordance with Schedule-XIII of the Companies Act,1956.

6 Micro, Small and Medium Enterprises Development Act, 2006:

Under the Micro, Small and Medium Enterprises Development Act, 2006 which came into force from 2nd October 2006, certain disclosures are required to be made relating to Micro, Small and Medium Enterprises. The Company is in the process of compiling relative information from its suppliers about their coverage under the said act since the relevant information is not readily available; no disclosures have been made in the accounts. However, the Management is of the view that, the impact of interest, if any, that may be payable in accordance with the provisions of this act is not expected to be material.

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

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

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

	31/03/2009	31/03/2008
Present value of obligations as at beginning of the year	2528895	1835855
Interest Cost	202311	208419
Current Service Cost	646451	755804
Benefit Paid	(819366)	Nil
Actuarial (gain)/loss on obligations	2295727	-271183
Present value of obligations as at end of the year	4854018	2528995

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

	31/03/2009	31/03/2008
Fair value of plan assets at beginning of the year	2409648	2026746
Expected return on plan assets	222740	166423
Contribution	4028926	733309
Benefit Paid	(819366)	(516830)
Actuarial gain/ (loss) on plan assets	NIL	NIL
Fair value of the plan assets at the end of the year	5841948	2409648



(d) Table showing fair value of plan assets as on	31/03/2009	31/03/2008
Fair value of plan assets at beginning of the year	2409648	2026746
Actual return on plan assets	222740	166423
Contribution	4028926	733309
Benefit Paid	(819366)	516830
Fair value of the plan assets at the end of the year	5841948	2409648
Funded status	987930	(119247)
Excess of actual over estimated return on plan assets	NIL	NIL
(Actual Rate of return= estimated rate of return as ARD falls on 31/03/2009)		
(e) Actuarial Gain/Loss recognized as on	31/03/2009	31/03/2008
Actuarial (Gain)/Loss for the year-obligation	(2295727)	271183
Actuarial (Gain)/Loss for the year-plan assets	NIL	NIL
Total (Gain)/Loss for the year	2295727	(271183)
Actuarial (Gain)/Loss recognized for the year	2295727	(271183)
(f) Expenses recognized in statement of profit and loss	31/03/2009	31/03/2008
Current Service Cost	646451	755804
Interest cost	202311	208419
Expected return on Plan Asset	(222740)	(166423)
Net Actuarial (Gain)/Loss recognized in the year	2295727	(271183)
Expenses recognized in the statement of profit & loss	2921749	526617
(g) Assumption		
Discount rate	8%	8%
Salary Escalation	5%	4%

8 The amount of borrowing cost capitalized during the year Rs 26.75 lacs (Previous Year Rs 45.57 lacs).

9 SEGMENT INFORMATION FOR THE YEAR ENDED 31ST MARCH, 2009

(Rs in Lacs)					
S. No.	PARTICULARS	SOLVENT DIVISION	PLASTIC DIVISION	ENGINEERING MOULDING DIVISION	TOTAL
1	REVENUE				
	External Sales				
	Export Turnover	17090.04	0.00	0.00	17090.04
	Domestic Turnover	17008.13	21955.06	846.46	39809.65
	Less: Excise Duty	24.43	2321.63	79.08	2425.14
	Segment Revenue (Net)	34073.74	19633.43	767.38	54474.55
	Inter-segment Sales	0.00	0.00	0.00	0.00
	Total Revenue	34073.74	19633.43	767.38	54474.55
2	RESULT				
	Segment Results	95.49	1499.72	35.03	1630.24
	Unallocated Corporate Expenses	0.00	0.00	0.00	0.00
	Operating Profit	95.49	1499.72	35.03	1630.24
	Less: Interest Expense	794.01	1017.45	64.94	1876.41
	Less: Provision for Tax	0.00	0.00	0.00	0.00
	Less: Provision for Fringe Benefit tax	3.80	9.30	1.65	14.75
	Less: Deferred tax	0.00	0.00	0.00	0.00
	Net Profit	(702.33)	472.97	(31.56)	(260.92)
3	OTHER INFORMATION				
	Segment Assets	6344.61	8833.26	1193.18	16371.04
	Segment Liabilities	5821.78	6146.03	536.68	12504.49
	Capital Expenditure	484.61	482.76	0.75	968.13
	Depreciation	177.22	233.28	41.82	452.31

Kriti Industries (India) Ltd.

10 EARNING PER SHARE

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

Sr	No.	Nature of Transaction	This Year	Previous Year
	1.	Number of Shares at the Commencement	62004400	62004400
	2.	Shares issued during the year	NIL	NIL
	3.	No. of Shares at the end of the Year	62004400	62004400
	4.	Profit contribution for Basic EPS (Rs in lacs)	(260.92)	743.05
	5.	Extra Ordinary Items (Within the meaning of AS-5, Net Profit or loss for the period, Prior Period items and Changes in the Accounting Policies)	NIL	NIL
	6.	Basic Earning Per Share	(0.42)	1.20
	7.	Diluted Earning Per Share	(0.42)	1.20
	8.	Nominal Value per Share	1.00	1.00

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

(a) Name of the related party and description of relationship:

i. Key Management Personnel:

Shri Shiv Singh Mehta, Managing Director

Smt. Purnima Mehta, Executive Director

ii. Relatives of Key Managerial Personnel

Miss Devki Mehta (Daughter of Managing Director/ Executive Director)

iii. Companies/entities under the control of Key Management personnel

1) M/s. Chetak Builders Pvt. Ltd.

2) M/s. Kriti Corporate Services Pvt. Ltd.

3) M/s. Shipra Pipes Pvt.Ltd.

4) M/s. Sakam Trading Pvt.Ltd.

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

(Rs. In lacs)

Sr. No.	Transaction	Key Management Personnel	Relatives of Key Management Personnel	Companies/entities under the control of Key Management Personnel
1.	Unsecured Loan Repaid	NIL (NIL)	(NIL) (NIL)	200 (NIL)
2.	Remuneration	42.74 (33.02)	2.80 (2.87)	NIL (NIL)
3.	Commission	0.00 (11.45)	NIL (NIL)	NIL (NIL)
4.	Rent	Nil	Nil	15.60 (15.60)

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

12. In accordance with the Accounting Standard (AS) 22 "Accounting for Taxation" & notified Accounting Standard Deferred tax liability at Rs. 41.67 lacs on account of timing difference has not been provided in the Books of Accounts due to availability of deferred tax assets to the limit of Rs 124.61lacs on account of availability of losses. However balance of deferred tax assets has not been credited to the Profit & Loss account taking a conservative view.

13. Pursuant to the resolution passed by the Board of Director's Meeting held on 29th August 2007 and by the shareholders of the Company in the Annual General Meeting held on 29th September, 2007, and consequent permission from the Stock Exchanges, the Company has filed an application under Section 391 and 394 of the Companies Act, 1956 before Hon'ble High Court, Indore Bench (M.P.) on 12th May, 2008, to demerge its Solvent division into another company, Kriti Nutrients Limited and to hive off/disinvest the Engineering Moulding division into a company, Kriti Auto & Engineering Plastics Private Limited. The petition is pending before Hon'ble High Court, Indore Bench (M.P.)

a) Segments are:

Solvent Division

Engineering Moulding Division

b) The date of initial Disclosure: 29th August 2007

c) The demerger would be completed after order of Hon'ble High Court



- d) The amount of total asset & liabilities as of balance sheet date and amount of revenue and expenses in respect of the activities of continuing operation (Plastic Division) and discontinuing operations (solvent division and Engineering Moulding Division) are as under

(Rs. In lacs)

Particular	Continuing Operation		Discontinuing Operation			
	Plastic Division		Solvent Division		Engineering Moulding Div.	
	As on 31/03/2009	As on 31/03/2008	As on 31/03/2009	As on 31/03/2008	As on 31/03/2009	As on 31/03/2008
LIABILITY						
Loans	2023.81	2992.42	3478.21	7056.76	380.36	669.05
Deferred Tax Liability	423.23	423.23	278.15	278.15	81.77	81.77
ASSETS						
Fixed Assets						
Net Block (Including CWIP)	2843.71	2594.22	2689.22	2381.83	693.44	734.50
Investments	2.05	2.05	7.38	16.38	0.00	0.00
Currents Assets, Loans & Advances						
Inventories	3597.58	6006.18	1702.34	3780.25	85.27	36.66
Accounts Receivables	916.66	1329.81	847.59	1804.39	345.75	174.93
Cash & Bank Balances	533.22	401.87	78.59	152.41	20.38	46.98
Loans & Advances	1241.02	1064.57	1628.32	2464.66	48.34	62.41
Less:- Currents Liabilities & Provisions	4122.22	5853.49	2343.57	1744.15	1056.71	590.93
Net Currents Assets	2166.26	2948.93	1913.28	6457.55	(556.97)	(269.95)

Particular	Continuing Operation		Discontinuing Operation			
	Plastic Division		Solvent Division		Engineering Moulding Div.	
	As on 31/03/2009	As on 31/03/2008	As on 31/03/2009	As on 31/03/2008	As on 31/03/2009	As on 31/03/2008
INCOME						
Gross Turnover	21955.06	20530.41	34098.17	29011.60	846.46	629.22
Less:- Excise Duty	2321.63	2810.05	24.43	2.73	79.08	43.67
Net Turnover	19633.43	17720.35	34073.74	29008.87	767.38	585.55
Other Income	58.28	25.60	7.57	92.58	0.24	0.73
Increase/(Decrease) in Stocks	(1643.41)	2376.22	(319.35)	960.38	14.31	3.87
Total Income	18048.31	20122.17	33761.95	30061.83	781.93	590.15
EXPENDITURE						
Cost of Material	14075.15	16515.65	29540.02	24864.40	381.46	372.14
Manufacturing Expenses	903.26	834.26	1291.63	1066.93	161.29	135.91
Employees Remuneration & Benefits	601.27	453.90	344.19	247.68	100.59	86.66
Administrative & Selling Expenses	735.62	864.64	2313.41	2326.72	61.75	89.35
Profit Before Depreciation & Interest	1733.00	1453.73	272.70	1556.10	76.85	(93.90)
Depreciation	233.28	192.22	177.22	119.51	41.82	37.68
Profit Before Interest & Tax	1499.72	1261.51	95.49	1436.58	35.03	(131.59)
Financial Charges	1017.45	689.88	794.01	650.67	64.94	78.73
Profit Before Tax	482.27	571.63	(698.53)	785.92	(29.91)	(210.32)
Income Tax Expenses						
Current Tax	0.00	96.40	0.00	158.60	0.00	0.00
Fringe Benefit Tax	9.30	8.35	3.80	5.15	1.65	1.60
Deferred Tax	0.00	64.31	0.00	46.51	0.00	16.78
Profit After Tax	472.97	402.56	(702.33)	575.65	(31.56)	(228.70)

- e) Statement showing the Cash flow in respect of the activities of continuing operation Plastic Division) and discontinuing operations (solvent division and Engineering Moulding Division) are given separately in cash flow statement.

Kriti Industries (India) Ltd.

5 RAW MATERIAL CONSUMED				
SOYA BEAN SEEDS	108453	23397.45	110931	18498.01
SOYA CRUDE OIL PURCHASED	9528	4616.08	6475	3059.55
PLASTIC POLYMERS	29516	14119.57	31774	16483.87
OTHER		1283.77		314.07
	147498	43416.87	149180	38355.50
6 VALUE OF IMPORTED MATERIAL CONSUMED AND PERCENTAGE TO THE TOTAL CONSUMPTION	Value	%	Value	%
I IMPORTED	2122.12	4.89%	1841.20	4.80%
II INDIGENOUS	41294.75	95.11%	36514.30	95.20%
	43416.87	100%	38355.50	100%
7 CIF VALUE OF IMPORT				
RAW MATERIAL	2067.63		1841.20	
CAPITAL GOODS	54.49		0	
	2122.12		1841.20	
8 EARNING IN FOREIGN CURRENCY				
FOB/FOR BASIS(EXPORT OF GOODS)	12596.45		11305.60	
9 EXPENDITURE IN FOREIGN CURRENCY				
INTEREST	3.80		21.83	
OTHERS	41.97		38.27	

15 Previous year figures have been regrouped and reclassified wherever necessary

Signature to schedule A to P forming part of the Balance Sheet & Profit and loss Account

As per our report of even date attached

For **Subhash Deshpande & Co.**

For and on behalf of the Board of Directors

R.D. Asawa
(Partner)
M.No. 16562

Shiv Singh Mehta
(Managing Director)

Sajjan Singh Mehta
(Director)

S.C.Jajoo
(Company Secretary)

Place:- Indore
Date - 30th June 2009



Information required as per part IV of Schedule VI of the Companies Act, 1956.

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE.

1. Registration Details

Registration No.	L25206MP1990PLC005732	State Code	10
Balance Sheet Date	31.03.2009		

2. Capital Raised During the year (Amount in Rs. Thousand)

Public Issue	Right Issue
NIL	NIL
Bonus Issue	Private Placement
NIL	NIL

3. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousand)

	Total Liabilities	Total Assets
	975836	975836
Sources of Fund	Paid-up Capital	Total Reserves
	62004	247279
	Secured Loans	Deferred Tax Liability
	588238	78314
Applications of Funds	Net Fixed Assets	Investments
	568583	943
	Net Current Assets	Misc. Expenditure
	352257	-
	Capital Work in Progress	
	54053	

4. Performance of Company (Amount in Rs. Thousands)

Turnover	Total Expenditure
5689969	5238605
Profit/Loss Before Tax	Profit/Loss After Tax
-24617	-26092
Earning Per Share In Rs.	Dividend Rate %
-0.42	-

5. Generic Names of Three Capital Products/Services of Company. (As per monetary terms)

Item Code No	15079000
(ITC Code)	Refined Oil
Item Code No.	23040003
(ITC Code)	De Oiled Cake
Item code No	3917
(ITC Code)	PVC Pipes & Fittings

**CASH FLOW STATEMENT AS ON
31ST MARCH, 2009**

The Following Statement shows the Cashflows from continuing and discontinuing operations of the company.

(Rs. In lacs)

Particular	Continuing Operation		Discontinuing Operation				Grand	Grand
	Plastic Division		Solvent Division		Engineering Moulding Div..		Total	Total
	Year ended 31/3/2009	Year ended 31/3/2008	Year ended 31/3/2009	Year ended 31/3/2008	Year ended 31/3/2009	Year ended 31/3/2008	Year ended 31/3/2009	Year ended 31/3/2008
A. Cash Flow from operating activity								
Net Profit Before Tax & Extraordinary Items	482.27	571.63	(698.53)	785.92	(29.91)	(210.32)	(246.17)	1147.23
Adjustments for:								
Depreciation	233.28	192.22	177.22	119.51	41.82	37.68	452.31	349.42
Loss/(profit) on Sale of Fixed Asset	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Dividend Income	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Miscellaneous Income	(58.28)	(25.61)	(7.57)	(7.58)	(0.24)	(0.73)	(66.09)	(33.92)
Financial Charges	1017.45	689.88	794.01	650.67	64.94	78.73	1876.41	1419.28
Prior Period Income/(Expenses)	(2.55)	(1.42)	0.00	0.00	(7.83)	(5.05)	(10.38)	(6.47)
Operating Profit Before Working Capital Changes	1672.17	1426.71	265.14	1548.51	68.78	(99.68)	2006.08	2875.54
Adjustment for Working Capital Changes								
Trade & Other Receivables	332.12	132.76	1780.69	(2057.44)	(149.19)	226.44	1963.62	(1698.24)
Inventories	2408.60	(3597.83)	2077.91	(2599.39)	(48.61)	41.87	4437.90	(6155.35)
Trade Payables	(1644.23)	2652.71	599.41	917.97	465.78	183.02	(579.04)	3753.71
Cash Generated from Operation	1096.49	(812.36)	4458.01	(3738.86)	267.98	451.33	5822.48	(4099.88)
Financial Charges	(1017.45)	(689.88)	(794.01)	(650.67)	(64.94)	(78.73)	(1876.41)	(1419.28)
Taxes paid	(117.37)	(377.56)	8.65	(38.90)	(9.21)	(8.95)	(117.93)	(425.41)
Net Cash from Operating Activities (A)	(1134.82)	(1067.45)	(785.37)	(689.56)	(74.15)	(87.68)	(1994.34)	(1844.69)
B. Cash Flow from Investing Activities								
Purchase of Fixed Assets/ Capital	(482.76)	(600.66)	(484.61)	(1459.23)	(0.75)	(17.16)	(968.13)	(2077.04)
Sale of Fixed Assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Sale/(Purchase) of Investments	0.00	0.00	9.00	0.00	0.00	0.00	9.00	0.00
Miscellaneous Income	58.28	25.61	7.57	7.58	0.24	0.73	66.09	33.92
Dividend Income	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net Cash for used Investing Activities (B)	(424.48)	(575.05)	(468.05)	(1451.64)	(0.51)	(16.43)	(893.04)	(2043.12)
C. Proceeds from Issue of Shares	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Proceeds /(Repayment) from Long Term Borrowings	255.32	(65.51)	846.95	1468.25	(313.98)	(238.32)	788.29	1164.43
Short Term Loan movement	(1223.93)	1268.48	(4225.49)	2790.07	25.29	22.98	(5424.14)	4081.52
Effect of Exchange Rate Change	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Unsecured loan	0.00	0.00	(200.00)	200.00	0.00	0.00	(200.00)	200.00
Dividend paid	(74.41)	(62.00)	0.00	0.00	0.00	0.00	(74.41)	(62.00)
Net Cash for used Financing Activities (C)	(1043.01)	1140.97	(3578.55)	4458.32	(288.70)	(215.34)	(4910.26)	5383.95
Net Decrease in Cash & Cash Equivalents (A)+(B)+(C)	166.35	112.81	(108.81)	126.77	(26.60)	32.20	30.93	271.79
Opening Balance of Cash & Cash Equivalents	401.87	289.07	152.41	25.64	46.98	14.77	601.27	329.48
Closing Balance of Cash & Cash Equivalents	568.22	401.87	43.60	152.41	20.38	46.98	632.19	601.27

Last year figures has been regrouped and reclassified wherever applicable

For Subhash Deshpande & Co.
Chartered Accountants

For & on the behalf of Board of Directors

R.D.Asawa
(Partner)
M.No. 16562

Shiv Singh Mehta
(Managing Director)

Sajjan Singh Mehta
(Director)

S.C.Jajoo
(Company Secretary)



KRITI INDUSTRIES (INDIA) LIMITED

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

ADMISSION - SLIP

Folio No. :

Please bring your copy of the Annual Report to the Meeting

No. of Shares Held :

I hereby record my presence at the 19th Annual General Meeting of the Company being held at Chetak Chambers, 4th Floor, 14, R.N.T. Marg, Indore - 452 001 (M.P.) on Wednesday the 30th September, 2009 at 4.00 P.M.

Name of the Shareholder _____

Name of the Proxy Holder/Authorised Representative _____

Signature of the Shareholder/Proxy/Authorised Representative _____

Notes :

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

KRITI INDUSTRIES (INDIA) LIMITED

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

PROXY - FORM

I/We _____ of _____ being a member/members of **KRITI INDUSTRIES (INDIA) LIMITED** hereby appoint Shri/ Smt. /Km. _____ of _____ or failing him/her Shri /Smt. /Km. _____ of _____ failing him/her Shri /Smt./Km. _____ of _____ as my/our proxy in my/our absence to attend and vote for me/us and on my/our behalf at the 19th Annual General Meeting of the Company to be held on Wednesday the 30th September, 2009 at 4.00 P.M. and at any adjournment thereof.

Signed this day of2009

Folio No :
No. of Shares Held :

Signatures

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

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