



NOTICE

NOTICE IS HEREBY GIVEN that the 20th Annual General Meeting of the Members of KRITI INDUSTRIES (INDIA) LIMITED will be held on Monday the 27th of September, 2010 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 2010 and the Profit and Loss Account for the year ended on that date together with the Directors' report and Auditors' report thereon.
2. To declare Dividend for the Financial Year ended on 31st March 2010.
3. To appoint a Director in place of Mr. Rakesh Kalra, who is liable to retire by rotation, and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Dr. Somnath Ghosh, who is liable to retire by rotation, and being eligible offers himself for re-appointment.
5. 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

6. 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 Sections 269, 309, 314 316 read with Schedule XIII thereof (including any statutory modification or re-enactment thereof, for the time being in force) and other applicable provisions, if any, of the Companies Act 1956 the members of the Company hereby accord their approval to the re-appointment of Mr. Shiv Singh Mehta who is already the Managing Director of another company, namely Kriti Nutrients Limited, as the Managing Director of the Company for a further period of three years with effect from 1st October, 2010 on the remuneration and terms and conditions mentioned in the explanatory statement annexed hereto.

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

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

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 subject to the approval of Central Government and the rules and regulations thereto, the consent of the members be and is hereby accorded to the re-appointment of Ms. Devki Mehta, a relative of the directors of the company, to hold and continue to hold the office or place of profit as an employee of the company w.e.f 1st October 2010 on remuneration and terms and conditions mentioned in the explanatory statement annexed hereto."

Place : Indore

Date : 31.07.2010

By order of the Board,

Shiv Singh Mehta
Managing Director

Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER 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 21st September 2010 to 27th September 2010 (both days inclusive) for the purpose of Annual General Meeting.
3. **DIVIDENDS**
The Dividend, if approved by members at the ensuing Annual General Meeting, will be paid to those members whose names stand registered on 27th September 2010.
 - i. As members in the Register of Members; and
 - ii. As beneficial owners as per details furnished by the Depositories for this purpose.

Members are requested to inform the Company immediately, if not already informed, particulars of Bank Account, i.e, Name and address of the Bank and its Branch and the type of account and its number for the purpose of inclusion of particulars on the Dividend Warrant to minimise the risk of fraudulent encashment.
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 in 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 is 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. 6 & 7 as set out above is annexed hereto.

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

ITEM NO. 6

The existing tenure of Mr. Shiv Singh Mehta as Managing Director of the company is expiring on 30th September, 2010. Upon the recommendation of Remuneration Committee of the board, the Board of Directors at its meeting held on 31st July 2010 has passed the resolution for his re-appointment as the Managing Director w.e.f. 1st October, 2010 for a further period of three years.

Mr. Shiv Singh Mehta is a founder and key promoter of the Company and under his dynamic leadership, initiatives and directions, the Company has benefited in its overall operations. His devotion, vision and experience are essential for the continuing growth of the Company. Hence the Board of Directors recommends the resolution for the re-appointment of Mr. Shiv Singh Mehta w.e.f. 1st October, 2010 for the approval of member in ensuing Annual General Meeting of the Company on the following terms and conditions.

- a) Salary : Rs. 250000/- per month
- b) Perquisites and allowances: Rs. 50000/- per month
The perquisites and allowances shall include House Rent Allowances, Medical Allowances and Leave travel concession.
- c) Commission: Payable for each financial year subject to the overall maximum ceiling of 5% of the net profit as computed in accordance with the provisions of Section 349 & 350 of the Companies Act, 1956 inclusive of salary, perquisites and allowances as per (a) and (b) above.
- d) Reimbursement and other facilities; not considered as perquisites :
 - i. Reimbursement of expenses incurred for travelling, boarding and lodging during business trips; expenses of telephone at residence and cell phone;
 - ii. Provision of car with driver;
 - iii. Payment of club fees.
- e) Minimum Remuneration: In the event of loss or inadequacy of profits in any financial year during

the tenure, the company has no profit or its profits are inadequate, the remuneration as set above in (a) & (b) shall be the minimum remuneration payable.

- f) No sitting fees shall be payable for attending the board meeting or committee meeting thereof.

The notice and explanatory statement may be treated as an abstract of the terms and conditions of appointment and remuneration payable to Mr. Shiv Singh Mehta, as required under Section 302 of the Companies Act. 1956.

Mr. Shiv Singh Mehta himself, Mrs. Purnima Mehta, Mr. Sajjan Singh Mehta and Mr. S.S. Kothari being relatives of Mr. Shiv Singh Mehta may be deemed to be interested in the resolution.

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

1. General Information:

- a. Nature of Industry: The Company is engaged in manufacturing, processing, buying, selling, reselling, export, import of pipes and fitting P.V.C. extrusions, LDPE, HDPE etc.
- b. Date or expected date of commencement of commercial production: The Company was incorporated on 12th March, 1990 and the commercial production is carried out since then.
- c. Financial performance as per Audited Financial Results for the year ended 31st March, 2010 and for the year ended 31st March, 2009 are:

Particular	31.03.2010 (Rs. In crores)	31.03.2009 (Rs. In crores)
Income from operation	415.50	570.53
Profit before depreciation	16.73	20.61
Profit Before Tax	12.32	(2.46)
Profit after tax	9.11	(2.61)

- d. Export Performance:
 - * Foreign exchange earned for the financial year ended 31st March 2010: Rs. 5563.65 Lacs
 - * Foreign exchange expenditure for the financial year ended 31st March 2010: Rs. 26.86 Lacs

2. Information about the appointee:

- a. Background Details: Mr. Shiv Singh Mehta is a B.E. and M.B.A. He has over 33 years of diverse experience in the Corporate Sector.
- b. Past Remuneration drawn (during 2009-2010) : Rs. 32.88 Lacs
- c. Job Profile and suitability: Mr. Shiv Singh Mehta exercises substantial powers of management, subject to the superintendence, control and direction of the Board of Directors/Chairman of the Company. He is responsible for the operations and affairs of the Company. Taking into consideration his qualifications and expertise, Mr. Shiv Singh Mehta is best suited for the responsibilities assigned to him by the Board of Directors.
- d. Remuneration Proposed : as above



- e. Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person: The remuneration proposed is commensurate with the remuneration packages paid to similar senior level appointees in other Companies.

3. Other information:

- a. Steps taken or proposed to be taken for improvement of profitability: The company has taken the following steps for improvement in performance during the past Two years.
- * Improved market service and customer interaction
 - * Sharp focus on big scale cost reduction.
 - * Dealer rationalization and emphasis on collection.
 - * Training program for employees.
 - * Continuous product improvement.
- b. Expected increase in productivity and profits in measurable terms: The above steps taken by the company have resulted in increase in company's profit. The improvement is expected to continue in the current year and beyond.

Your Board proposes resolution, as set out in Item No 6 as a

Special Resolution.

ITEM NO. 7

Ms. Devki Mehta is working in the company as Manager-Special projects and her present tenure will end on 30th September 2010. The Board of Directors at their meeting held on 31st July 2010 re-appointed Ms. Devki Mehta as an "Assistant General Manager- Special Projects" w.e.f. 1st October 2010 on a consolidated monthly salary slab (cost to the company) of Rs. 70000-10000-90000 for a period of 2 years i.e. up to 30th September 2012.

Ms. Devki Mehta is a BE (Civil) Gold Medalist from SGSITS, Indore and MBA 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. 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. Shiv Singh Mehta, Mrs. Purnima Mehta, Mr. Sajjan Singh Mehta and Dr. S. S. Kothari are interested in the said resolution.

Details of the directors seeking reappointment at the Annual General Meeting

Name of the Director	Mr. Rakesh Kalra	Dr. Somnath Ghosh	Mr. Shiv Singh Mehta
Date of Birth	11.09.1949	31.05.1953	03.03.1954
Date of appointment	24.06.2006	03.03.2009	12.03.1990
Expertise in Specific areas	Mechanical	Human Resource Management, Organizational Design and Institutional Development	Finance, Marketing, Technical and Business Administration.
Qualification	B.E.	M.A., M.Phil, Ph.D.	B.E. , M.B.A.
List of Outside Directorship held	1. Mahindra Navistar Automotives Ltd. 2. Mahindra Navistar Engines Pvt. Ltd.	1. KBS Bank Ltd. 2. PAN Network Pvt. Ltd. 3. Kriti Nutrients Ltd.	Rajratan Global Wires Ltd. Kriti Nutrients Ltd. Kriti Auto & Engineering Plastics Pvt. Ltd. Sakam Trading Pvt. Ltd.
Chairman/ Member of the committees of the Board of Directors of the Company	Audit Committee - Member; Remuneration Committee- Chairman	Remuneration Committee - Member Investors' Grievance Committee- Member	Investor's Grievance Committee- Member Financial Committee -Chairman
Chairman / member of the Committees of Director of other companies in which he/she is a Director			
(a) Audit Committee	Nil	Nil	Rajratan Global Wires Limited
(b) Investors' Grievance Committee	Nil	Kriti Nutrients Limited	Rajratan Global Wires Limited Kriti Nutrients Limited
(c) Remuneration Committee	Nil	Kriti Nutrients Limited	Rajratan Global Wires Limited



DIRECTORS' REPORT

Your Directors have the pleasure in presenting the 20th Annual Report together with Audited Accounts of the Company for the year ended on 31st March, 2010.

FINANCIAL RESULTS

The performance of the Company for the financial year ended 31st March 2010 is summarized below:

PARTICULARS	(Rs. In Lacs)	
	CURRENT YEAR 2009-10	PREVIOUS YEAR 2008 - 09
Total Income	41689.19	57118.78
Profit before Interest, Depreciation & Taxes	3034.06	2082.55
Less: Interest	1361.48	1876.41
Profit before depreciation	1672.58	206.14
Less: Depreciation	440.83	452.31
Profit/ (Loss) after depreciation	1231.75	(246.17)
Provision for Taxation	320.82	14.75
Net Profit/(loss)	910.93	(260.92)
Less: Prior year Income/Expenditure	0.00	10.37
Add: Transfer from reserves	0.00	235.00
Add: Balance Brought Forward	688.92	725.22
Profit available for Appropriation	1599.85	688.93
Proposed Dividend	74.41	0.00
Corporate Dividend Tax	12.64	0.00
Transferred to General Reserve	782.72	0.00
Transferred to Contingency Reserve	35.00	0.00
Balance Carried over to Balance Sheet	695.08	688.92

YEAR IN RETROSPECT

Year 2008-09 was a difficult year. Company felt strain of global economic upheaval. The year under review was an important milestone. Company improved its working and overall performance. It also demerged solvent division and engineering moulding division into separate companies pursuant to High Court order. Hence the above results comprises of first nine months of solvent and engineering moulding division and twelve months of plastic division.

DIVIDEND

In view of the improved performance of the company, your directors are pleased to recommend a dividend of 15% for the year ended 31.03.2010 on 49603520 equity shares of Rs. 1/- each aggregating to Rs. 74.41 lacs.

CORPORATE GOVERNANCE:

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

SECRETARIAL COMPLIANCE CERTIFICATE:

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

DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors hereby confirm that: -

1. In the preparation of Annual Accounts, the applicable accounting standards have been followed along with the proper explanation relating to material departures.
2. The Directors have selected such accounting policies and applied them consistently and have made judgment and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company as at end of the financial year ended 31st March, 2010 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 2010 on a going concern basis.

SUBSIDIARY COMPANY:

Post demerger for three months, Kriti Auto & Engineering Plastics Private Limited, Company's wholly owned subsidiary, achieved gross turnover of Rs. 549.04 lacs representing a profit after tax of Rs. 32.48 lacs.

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

DIRECTORS:

Mr. Rakesh Kalra and Dr. Somnath Ghosh retire by rotation and being eligible offers themselves for re-appointment.

Mr. Prakash M. Pethe resigned as a director of the company w.e.f 27.01.2010. The Board places on record its appreciation for the valuable services rendered by him during his tenure.

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 : 31st July, 2010

ANNEXURE

Information as per Section 217(1) (e) read with the Companies (Disclosure of Particulars in the report of Board of Directors) Rules 1988 and forming part of the Directors' Report for the year ended 31st March 2010.

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:
ii) 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)

7104.96

11572

Total Cost

25639686.05

46288480

Average Rate

3608.69

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
A. POWER AND FUEL CONSUMPTION

	2009-10	2008-09
1. Electricity		
a) Purchased Units	15034497	18890789
Total Amount	71215960	84650272
Rate/Unit (Average Rs.)	4.74	4.48
b) Own Generation		
i) Units	146204	59247
Units per ltr. of Diesel Oil	2.73	3.38
Cost per unit (Rs.)	14.12	10.10

	EXTRACTION	REFINERY	LECITHIN
Electricity			
(Units per ton)	45.56	67.96	112.91
Coal (Specify quality)			
(Kg. per ton)	97.50	167.60	332.89

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 is being 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)****2009-10 2008-09**

1. Earning		
FOB rate of Export	5563.65	12596.45
2. Outgoing		
a) CIF Value of Imports	11712.04	2122.12
b) Expenditure in Foreign Currency	26.86	45.77



Corporate Governance Report

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Kriti group is committed to the adoption of best governance practices and is instill in company's vision, processes, and structures to make decisions that ensure long term sustainability and thus creating value for all its stakeholders continuously. On the same lines the Company has always followed fair business and corporate practices while dealing with the shareholders, employees, customers, creditors, lenders and the society at large.

In line with this philosophy, the company continuously strives for excellence through adoption of best governance. Your company is compliant with all the provisions of Clause 49 of the Listing Agreement of the Stock Exchange. The details of compliance are as follows:

1. BOARD OF DIRECTORS

Composition of Board

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 eight Directors. Out of which six are non-executive directors. Four out of the six non-executive directors are independent.

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

Directors retiring by rotation and seeking for re-appointment

Mr. Rakesh Kalra and Dr. Somnath Ghosh are the directors liable to retire by rotation and being eligible offer themselves for re-appointment.

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

Name of the Director	Mr. Rakesh Kalra	Dr. Somnath Ghosh
Date of Birth	11.09.1949	31.05.1953
Date of appointment	24.06.2006	03.03.2009
Expertise in Specific areas	Mechanical Engineeering	Human Resource Management, Organizational Design and Institutional Development
Qualification	B.E.	M.A., M.Phil, Ph.D.
List of Outside Directorship held	1. Mahindra Navistar Automotives Ltd. 2. Mahindra Navistar Engines Pvt. Ltd.	1. KBS Bank Ltd. 2. PAN Network Pvt. Ltd. 3. Kriti Nutrients Ltd.
Chairman/ Member of the committees of the Board of Directors of the Company	Audit Committee - Member; Remuneration Committee- Chairman	Remuneration Committee - Member Investors' Grievance Committee- Member
Chairman / member of the Committees of Director of other companies in which he/she is a Director		
(a) Audit Committee	Nil	Nil
(b) Investors' Grievance Committee	Nil	Kriti Nutrients Limited
(c) Remuneration Committee	Nil	Kriti Nutrients Limited

The composition of the Board of Directors and the number of board committee in which they are chairman/ member as on 31.03.2010 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 V. Bhole	Nominee Director- IDBI	Nil	Nil	Nil
Smt. Purnima Mehta	Promoter & Executive Director	One	Nil	One
Shri Shiv Singh Mehta	Promoter & Executive Director	Two	One	Two
Shri Manoj Fadnis	Independent & Non-Executive Director	Four	Two	One
Shri Rakesh Kalra	Independent & Non-Executive Director	One	Nil	Nil
Dr. Somnath Ghosh	Independent & Non-Executive Director	Two	Nil	Two

Board Procedure

During the year under review, six meetings of the Board of Directors were held. The dates of the meetings were decided in advance and key information was placed before the Board. The Board of Directors meetings were held on 30th June, 2009; 29th July, 2009; 21st August, 2009; 26th October, 2009; 12th January, 2010; 27th January, 2010.

Attendance record of Directors

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

Name	No. of Board Meetings held during the year	No. of Board Meetings Attended	Attendance at the last AGM held on 30th September 2009
Shri Sajjan Singh Mehta	6	6	Yes
Dr. S. S. Kothari	6	1	No
Shri Vinod Bhole	6	6	No
Smt. Purnima Mehta	6	6	Yes
Shri Shiv Singh Mehta	6	6	Yes
Shri Manoj Fadnis	6	6	Yes
Shri Rakesh Kalra	6	0	No
Dr. Somnath Ghosh	6	4	Yes
Shri Pravin Kasliwal*	6	2	No
Shri Prakash Pethe#	6	2	Yes

*Resigned from the directorship w.e.f. 30.09.2009

Resigned from the directorship w.e.f. 27.01.2010

AUDIT COMMITTEE

(A) Terms of reference

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

(B) Constitution and Composition

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

The Audit Committee of the Company as on 31st March 2010 comprises of the following Directors of the Company.

Name of the Director	Designation
Shri Manoj Fadnis	Chairman
Shri V. M. Bhole	Member
Shri Rakesh Kalra	Member
Shri Prakash M. Pethe*	Member*

* W.E.F. 27.01.2010, Shri Prakash M. Pethe ceases to be the member of the audit committee.

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


(c) Meeting and attendance during the year

Four meetings were held during the financial year 2009-10 on 29th June 2009, 29th July, 2009, 26th October, 2009 and 27th January, 2010. The attendance of each member of the committee is as under:

Name of the Director	No. of Meeting attended
Shri Manoj Fadnis	4
Shri Prakash M. Pethe	2
Shri V. Bhole	4
Shri Rakesh Kalra	0

III. SUBSIDIARY COMPANY

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

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, 2010 comprises of the following Directors of the Company.

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

All the three members of the remuneration committee are non-executive and independent director.

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 2009-10, 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	-	12.50	3 years starting from 1st October 2007
Mrs. Purnima Mehta	10.04	-	-	5 years starting from 1st July 2006
Total	42.92	-	12.50	

Remuneration of Non- Executive Directors.

The details of remuneration paid to the Non-Executive Directors during the financial year 2009-10 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	Shri Sajjan Singh Mehta	6000
2	Dr. S.S. Kothari	1000
3	Shri Pravin Kasliwal	2000
4	Shri V. Bhole	10000
5	Shri Manoj Fadnis	10000
6	Dr. Somnath Ghosh	4000
7	Shri Prakash M. Pethe	4000

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 website. 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
Shri Sajjan Singh Mehta	Chairman
Dr. Somnath Ghosh	Member
Shri Shiv Singh Mehta	Member
Shri Pravin Kasliwal*	Member

*Resigned w.e.f. 30.09.2009

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
2006-2007	Hotel President Planet, 3, R.N.T. Marg, Indore - 452 001	29 th September, 2007	4.00 P. M.
2007-2008	Hotel Crown Palace, Indore - 452 001	29 th September, 2008	4.00 P. M.
2008-2009	" Chetak Chambers", 4th Floor, 14 R.N.T. Marg, Indore - 452 001	30 th September, 2009	4.00 P. M.

GENERAL SHAREHOLDER INFORMATION**Annual General Meeting**

The 20th Annual General Meeting of the Company will be held on Monday, the 27th September 2010 at 4.00 P.M. at 4th Floor Chetak Chambers, 14 R. N. T. Marg, Indore.

Financial Calendar for the year 2010-11 (Provisional)

a.	Results for the first quarter ending 30th June, 2010	By end of July, 2010
b.	Results for the second quarter ending 30th September, 2010	By end of October, 2010
c.	Results for the Third quarter ending 31st December, 2010	By end of January, 2011
d.	Results (Audited) for the fourth quarter ending 31st March, 2011	By end of May, 2011

Book Closure Dates

The Company's Share Transfer Book will remain closed from 21st September 2010 to 27th September 2010 (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 2010-11.

**Stock Code**

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

Market Price Data (Rs.)

The monthly high and low quotations of shares of the Company traded at the Stock Exchange, Mumbai during the financial year 2009-10 are given below.

Month	High (Rs.)	Low (Rs.)
April, 2009	5.75	3.76
May, 2009	6.80	4.21
June, 2009	8.22	6.24
July, 2009	6.75	5.42
August, 2009	7.65	5.80
September, 2009	9.13	7.04
October, 2009	9.50	7.35
November, 2009	9.50	7.37
December, 2009	8.66	7.00
January, 2010#	14.90	7.24
February, 2010#	14.70	7.14
March, 2010#	9.30	6.86

Prices after demerger

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 31.03.2010**

Category	No. of Shares held	Percentage of Shareholding
A. Promoter's holding		
1. Promoters		
a. Indian Promoters	32593678	65.71
b. Foreign Promoters		
2. Persons acting in concert		
Sub-Total	32593678	65.71
B. Non-Promoter's holding		
3. Institutional Investors		
a. Financial Institution and Banks	1600	0.00
b. FIIs		
Sub-Total	1600	0.00



4. Others		
a. Corporate Bodies	799635	1.61
b. Indian Public	16035735	32.32
c. NRIs/OCBs	157923	0.32
d. Clearing Members	14949	0.03
Sub-Total	17009842	34.29
GRAND TOTAL	49603520	100.00

Distribution of Shareholding as on 31st March, 2010

No. of Shares	No. of Shareholders	% of Shareholders
1-1000	4319	67.26
1001-2000	1153	17.96
2001-3000	291	4.53
3001-4000	363	5.65
4001-5000	27	0.42
5001-10000	137	2.14
10001 above	131	2.04
Total	6421	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 2010

	No. of Shareholders/Beneficial Owners	No. of Shares	% of Capital
NSDL	2389	44084158	88.87
CDSL	1149	1625682	3.27
Sub-Total	3538	45709840	92.15
Shares in physical form	2883	3893680	7.85
Grand Total	6421	49603520	100.00

Outstanding Convertible Instruments

There are no outstanding warrants or any convertible instruments.

Plant locations of the Company

Kriti Industries (India) Limited
13/1, Tarpura,
75-86, Sector II, Industrial Area
Pithampur, Dist. Dhar (M.P)

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.



AUDITORS' REPORT ON COMPLAINT 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, 2010 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
(FRN-000476c)

Place : Indore
Date : 31st July, 2010

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



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

1. INDUSTRY STRUCTURE AND DEVELOPMENT

Plastics are penetrating in every segment of life. They are creeping into every nook and corner of our homes and offices. The Indian plastics industry has been growing at a phenomenal rate of 15 per cent over the years. The demand for pipes in India is also increasing at a fast pace. The rapid growth in construction, Government's efforts to increase the agriculture and growth of segments like electronics and telecommunication are giving good boost to our Industry.

Opportunity

- ◆ For the Eleventh Five Year Plan, the GoI is aiming to add 11 mn hectares of irrigational facilities, entailing an investment of Rs. 1,580 bn.
- ◆ Continuation of subsidy schemes from the Government agencies will also help to generate good volume and fast growth of Micro irrigation.

Threat

The Pipe Industry is highly Raw Material (RM) intensive with the RM cost accounts for more than 70-80% of the total cost for PVC pipe. The industry relies heavily on imports.

Local / unrecognized sector creating stiff competition by offering lower rates & compromising in quality aspects of products.

Business Strategy

The company is conscious of its brand value and enhancing it by offering newer and better quality products, advertising and promotions. Company is also increasing its customers based in agriculture and building sector. The Company has entered in a big way in Drip Irrigation under Micro Irrigation Projects of various State Governments' subsidy scheme. Further the company has introduced new range of accessories for the piping system. There is also a greater focus on institutional sales in infrastructure, telecommunication and building construction sectors. The company has defined its product vertical into Irrigation, Building Products

and Micro Irrigation & Infrastructure to develop & focus each activity separately.

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

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The company has 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.

DEVELOPMENT IN HUMAN RESOURCES AND 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.



COMPLIANCE CERTIFICATE

CIN: L25206MP1990PLC005732

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

I have examined the registers, records, books and papers of KRITI INDUSTRIES (INDIA) LIMITED as required to be maintained under the Companies Act, 1956, and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended 31st March, 2010. In my opinion, and to the best of my information and according to the examinations carried out by me and explanations and certifications furnished to me by the Company and its officers, I certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions of the Act and the rules made there under and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, as per due date of filing and the date of filing mentioned in the Annexure
3. The Company, being a Public Limited Company no comment is required on maximum number of members and invitation to public for subscription of shares and acceptance of deposits.
4. The Board of Directors duly met Six(6) times respectively on 30th June, 2009; 29th July, 2009; 21st August, 2009; 26th October, 2009; 12th January, 2010; 27th January, 2010. The Company closed its Register of Members from 23rd September, 2009 to 30th September, 2009 in respect of which meetings proper notices were given and the proceedings were properly recorded in the Minutes Book maintained for the purpose.
5. The Company has made all necessary compliance of Section 154 of the Act.
6. The Annual General Meeting for the financial year ended on 31st March, 2009 was held on 30th September, 2009 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No Extra Ordinary General Meeting was held during the financial year.
8. The Company has not advanced any loans to its Directors or persons or firms or companies referred to under Section 295 of the Act
9. The Company has not entered into any contract attracting with the provision of Section 297 of the Act.
10. The Company has made necessary entries in the register maintained under Section 301 of the Act.
11. Mr. Saugarbh Singh Mehta son of Managing Director and Executive Director was appointed on the office of Assistant General Manager (Operations) of the company with effect from 1st July, 2009 after due approval from Board of Directors in their meeting dated 30th June, 2009. The same was approved by Members in the Annual General Meeting dated 30th September, 2009.
12. The Company has issued the following duplicate certificates during the financial year under consideration

S.No.	Name	No. Of shares	Folio No.
1.	Mr. Pradip P. Abhyankar Mrs. Sandhya P. Abhyankar	2000	14589
2.	Mrs. Sandhya P. Abhyankar Mr. Pradip P. Abhyankar	2000	13946

13. The Company :
 - a. Pursuant to the order dated 25th November, 2009 by Hon'ble High Court of Madhya Pradesh Bench at Indore, the company allotted 8 equity shares against every 10 equity shares held by equity shareholders of the company. However, the Company has delivered all the Share Certificates on lodgement thereof for transfer/transmission of securities in accordance with the provisions of the Act
 - b. has not deposited any amount in a separate bank account as no dividend was declared during the financial year.
 - c. was not required to post warrants for dividends to the members since no dividend was declared.



- d. Has duly transferred Rs. 97587.00 in Investor Education and Protection Fund.
- e. Has duly complied with the requirements of Section 217 of the Act.
- 14. The Board of Directors of the Company is duly constituted and the appointment of Directors has been duly made.
- 15. The Company has not appointed any Managing Director/Whole-Time Director/Manager during the financial year.
- 16. The Company has not appointed any sole selling agents during the financial year.
- 17. The Company made an application to the Central Government for approval under Section 314(1B) in respect of appointment of Mr. Saurabh Singh Mehta as specified in point number 11. However, the approval so sought was granted by the Government not exceeding Rs. 50000 with certain conditions through a letter dated 01st April 2010. The Company has obtained all required approval and order from Registrar of Companies, Regional Director and Hon'ble High Court of Madhya Pradesh Bench at Indore, for approving the scheme of arrangement, the company allotted 8 equity shares against every 10 equity shares held by equity shareholders of the company.
- 18. The Directors have disclosed their interest in other firms/ companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
- 19. Pursuant to the scheme of arrangement as approved by the Hon'ble High Court of Madhya Pradesh , Bench at Indore, the company has allotted eight Equity shares of Rs. 1/- each for every existing ten shares held by the shareholders on the record date.
- 20. The Company has not bought back any shares during the financial year.
- 21. The Company has not issued Preference Shares and Debentures so there was no redemption of preference shares or debentures during the financial year.
- 22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
- 23. On the basis of information and explanation given to me the Company has not invited/accepted any deposits including any unsecured loans falling within the purview of Section 58A during the financial year.
- 24. The amount borrowed by the Company from Financial Institutions, Banks and others during the financial year ending is within the borrowing limits of the company.
- 25. The Company has made loans, advances, given guarantees and provided securities to other bodies corporate, and has made necessary entries in the register kept for the purpose.
- 26. The Company has not altered the provisions of the Memorandum with respect to the situation of the Company's registered office from one state to another during the year under scrutiny.
- 27. The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the year under scrutiny.
- 28. The Company has not altered the provisions of the Memorandum with respect to the name of the Company during the year under scrutiny.
- 29. The Company has not altered the provisions of the Memorandum with respect to the Share Capital of the Company during the year under scrutiny.
- 30. The Company has not altered its Articles of Association during the year under scrutiny.
- 31. There were no prosecution initialed against or show cause notices received by the company and no fines or penalties or any other punishment was imposed on the Company during the financial year for offences under the Act.
- 32. The Company has not received any moneys as security from its employees during the financial year.
- 33. The Company has deposited both employees and employers contribution to Provident Fund with prescribed authorities pursuant to the provisions of Section 418 of the Companies Act, 1956.

ASHISH KARODIA
Company Secretary
C.P. No. 6375

Place: Indore
Date: 19.05.2010

**SECRETARIAL COMPLIANCE CERTIFICATE - ANNEXURE - "A"**

Registers as maintained by the Company:

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

SECRETARIAL COMPLIANCE CERTIFICATE - ANNEXURE - "B"

Forms and Returns as filed by the Company with Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ended 31st March 2010.

S. No.	Form No./ Return	Date of Filing	Receipt No.	Whether filed within prescribed time	Whether additional fees paid (if delay in filing)
1.	Annual Return as on 30.09.2009	11.11.09	P40486730	Yes	N.A.
2.	Annual Accounts for 31.03.2009	12.10.09	P35795830	Yes	N.A.
3.	Form 23B	7.10.09	S01072289	N.A.	N.A.
4.	Form 8	24.10.09	A71360564	Yes	N.A.
5.	Form 17	02.04.09	A59167031	Yes	N.A.
6.	Form 17	02.04.09	A59167064	Yes	N.A.
7.	Form 17	02.04.09	A59166991	Yes	N.A.
8.	Form 32	25.04.09	A60650470	Yes	N.A.
9.	Form 17	29.04.09	A60810553	Yes	N.A.
10.	Form 17	02.06.09	A62831698	Yes	N.A.
11.	Form 17	02.06.09	A62831896	Yes	N.A.
12.	Form 23	20.10.09	A71088892	Yes	N.A.
13.	Form 32	20.10.09	A71088595	Yes	N.A.
14.	Form 1 INV	24.10.09	A71363451	Yes	N.A.
15.	Form 23	14.12.09	A74518671	No	Yes
16.	Form 32	15.02.10	A78497112	Yes	N.A.
17.	Form 17	22.01.10	A76931914	Yes	N.A.
18.	Form 17	22.01.10	A76931955	Yes	N.A.
19.	Form 17	22.01.10	A76931997	Yes	N.A.
20.	Form 21	11.01.10	A76216514	Yes	N.A.
21.	Form 8	29.12.09	A75459883	Yes	N.A.
22.	Form 17	27.01.10	A77175982	Yes	N.A.
23.	Form 32	08.03.10	A79966875	Yes	N.A.
24.	Form 24B	12.11.09	A72542426	Yes	N.A.

ASHISH KARODIA
Company Secretary
C.P. No. 6375

Place: Indore
Date: 19.05.2010



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, 2010 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 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2010 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, 2010.
 - ii) In the case of Profit and Loss Account, of the profit 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. 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 on our enquiries and in consideration of the scheme of arrangement as per note No 17 to the notes on accounts and on the basis of such checks we considered appropriate, we further state that:
 - (i) (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) On the demerger of the company's solvent division with Kriti Nutrients Ltd, and hived off of engineering and moulding division with Kriti Auto & Engineering Plastic Pvt. Ltd. as Per note no. 17 to the Notes on Accounts, Company's going concern concept is not effected since pipe division is independent and still with company.
 - (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) Company has granted unsecured loans to a subsidiary company, Maximum amount outstanding during the year Rs.16.39 lacs, however closing balance was Rs.1.25 lacs.
 - (b) Rate of interest and other terms and conditions of loan given are not prima-facie prejudicial to the interest of company.
 - (c) Receipt of principal and interest are regular as stipulated.
 - (d) Since receipt of principal and interest is regular as stipulated and therefore question of overdue does not arise.
 - (e) Company has taken unsecured loan from a company covered in the register maintained U/S 301 of the Act, amount involved 368.04lacs, maximum outstanding during the year 1031.30 lacs.
 - (f) Rate of interest and other terms and conditions of loan taken are not prima-facie prejudicial to the interest of the company.
 - (g) Payment of principal and interest is regular as stipulated.
 - (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 need to be entered into the register maintained under that Section, have been so entered.
- (b) According to the information and explanations given to us, there 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 as applicable 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	Central Sales Tax	2004-05	1836995	Appellate Board
2	Central Sales Tax	2005-06	7238189	Deputy commissioner
3	Central Sales Tax	2006-07	1335795	Deputy commissioner
4	Entry Tax	2006-07	63822	Deputy commissioner
5	Entry Tax	2007-08	1808843	Appellate Board
6	Central Excise Duty	2004-05	775000	CESTAT
7	Central Excise Duty	2004-05	1700000	CESTAT
8	Central Excise Duty	2006-07	2329153	CESTAT
9	Central Excise Duty	2007-08	520544	CESTAT
10	Central Excise Duty	2008-09	1825043	CESTAT
11	Central Excise Duty	2008-09	3165657	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 end use 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 detected during the year.

For Subhash Deshpande & Co.
Chartered Accountants
(FRN-000476c)

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

Place : Indore
Date : 19th May 2010



BALANCE SHEET AS AT 31st MARCH, 2010

(Amt in Rs.)

PARTICULARS	SCHEDULE	31.03.2010	31.03.2009
I. SOURCES OF FUNDS			
1. Share Holders' Fund			
(a) Share Capital	A	49603520	62004400
(b) Reserves & Surplus	B	271395459	247279216
2. Loan Funds			
(a) Secured Loans	C	308515213	588238148
(b) Unsecured Loans	C-1	36679858	0
3. Deferred Tax Liability/Assets (Net)		<u>45442087</u>	<u>78314572</u>
	Total	<u>711636137</u>	<u>975836336</u>
II. APPLICATION OF FUNDS			
1. Fixed Assets	D		
(a) Gross Block		492421576	913621883
(b) Less: Depreciation		<u>210761945</u>	<u>345038433</u>
(c) Net Block		281659631	568583450
(d) Add: Capital Work in Progress		<u>1236135</u>	<u>54053278</u>
		282895766	622636728
2. Investment (At Cost)	E	77904600	942600
3. Current Assets, Loans & Advances	F		
(a) Inventories		630283790	538518814
(b) Sundry Debtors		142454454	211000729
(c) Cash & Bank Balances		88973007	63218794
(d) Loans & Advances		<u>149439502</u>	<u>201729417</u>
		1011150753	1014467754
Less: Current Liabilities & Provisions	G		
(a) Current Liabilities		630609936	662210746
(b) Provisions		<u>29705046</u>	<u>0</u>
		660314982	662210746
Net Current Assets (F-G)		<u>350835771</u>	<u>352257008</u>
	Total	<u>711636137</u>	<u>975836336</u>
Accounting Policies & Notes on Accounts	P		

As per our report of even date attached.
For Subhash Deshpande & Co.
Chartered Accountants
FRN 000467C

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)

Place: Indore
Date : 19th May, 2010



PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2010

(Amt in Rs.)

PARTICULARS	SCHEDULE	31.03.2010	31.03.2009
INCOME			
Income from Operations (Gross)		4154976877	5705269094
Less : Excise Duty		<u>169743516</u>	<u>257813748</u>
Income from Operations (Net)	H	3985233361	5447455346
Miscellaneous Income	I	13941780	6609258
Increase/ (Decrease) in Stock	J	<u>70299650</u>	<u>(194845453)</u>
Total		<u>4069474791</u>	<u>5259219151</u>
EXPENDITURE			
Cost of Material	K	3292607101	4399663219
Manufacturing Expenses	L	199138497	235618344
Employees Remuneration & Benefits	M	102210615	104604851
Other Expenses	N	172112682	311077459
Financial Charges	O	<u>136147685</u>	<u>187640933</u>
Total		<u>3902216580</u>	<u>5238604806</u>
Profit/ (Loss) before Depreciation		<u>167258211</u>	<u>20614345</u>
Less : Depreciation for the year	D	<u>44083135</u>	<u>45231462</u>
Profit/ (Loss) before Tax		<u>123175076</u>	<u>(24617117)</u>
(Refer Note No.17 of Schedule P)			
Profit/ (Loss) from continuing operations before tax		122998234	48226845
Current Tax		21000000	0
Fringe Benefit Tax		0	930000
Deferred Tax		<u>3119497</u>	<u>0</u>
Profit/ (Loss) from continuing operations after tax (A)		<u>98878737</u>	<u>47296845</u>
Profit/ (Loss) from Discontinuing operations of Solvent division before tax		(4042681)	(69852887)
(Refer Note No.17 of Schedule P)			
Current Tax		0	0
Fringe Benefit Tax		0	380000
Deferred Tax		<u>6453234</u>	<u>0</u>
Profit/ (Loss) from Discontinuing operations of Solvent division after tax (B)		<u>(10495915)</u>	<u>(70232887)</u>
Profit/ (Loss) from Discontinuing operations of Engineering Moulding Division before tax		4219520	(2991076)
(Refer Note No.17 of Schedule P)			
Current Tax		0	0
Fringe Benefit Tax		0	165000
Deferred Tax		<u>1509272</u>	<u>0</u>
Profit/ (Loss) from Discontinuing operations of Engineering Moulding Division after tax (C)		<u>2710248</u>	<u>(3156076)</u>
Net Profit after Tax (A+B+C)		<u>91093070</u>	<u>(26092118)</u>
Less: Prior Year Income Exp/(Income) - Net		0	1037715
Add : Transfer from General Reserve		0	20000000
Add : Transfer from Contingency Reserve		0	3500000
Add : Previous Year Profit Brought forward		<u>68892216</u>	<u>72522049</u>
Profit available for appropriation	Total	<u>159985286</u>	<u>68892216</u>
Proposed Dividend		7440528	0
Corporate Dividend Tax		1264518	0
Transferred to General Reserve		78271781	0
Transferred to Contingency Reserve		3500000	0
Balance carried over to Balance Sheet		<u>69508459</u>	<u>68892216</u>
Total		<u>159985286</u>	<u>68892216</u>
Earning Per Shares (Face Value of Rs 1/- each)		1.55	(0.42)
Basic & Diluted (Refer to note 14 of Notes on accounts)			

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
Place: Indore
Date : 19th May, 2010

Shiv Singh Mehta
(Managing Director)

Sajjan Singh Mehta
(Director)



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

(Amt in Rs.)

	31.03.2010	31.03.2009
SCHEDULE -A		
SHARE CAPITAL		
AUTHORISED		
(80000000 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	49603520	62004400
(49603520 Equity Shares of Rs 1/- each fully paid up allotted on 27.01.2010 in lieu of existing 62004400 equity shares of Rs.1/- each pursuant to the Scheme of Arrangement approved by the Hon'ble High Court of M.P.)		
(Previous year 62004400 equity shares of Rs 1/- each fully paid up)	<u>49603520</u>	<u>62004400</u>
SCHEDULE-B		
RESERVES & SURPLUS		
General Reserve		
Opening Balance	130000000	150000000
Add : Transfer from Oil Division		
Less : Appropriation pursuant to the Scheme of Arrangement	<u>58271781</u>	<u>0</u>
	71728219	150000000
Add: Transfer from P&L approved by the Hon'ble High Court of M.P	<u>78271781</u>	<u>0</u>
	150000000	150000000
Less : Transfer to P & L	<u>0</u>	<u>20000000</u>
Closing Balance	150000000	130000000
Contingency Reserve		
Opening Balance	1500000	5000000
Less: Transfer to P&L	0	3500000
Add: Transfer from P&L	<u>3500000</u>	<u>0</u>
Closing Balance	5000000	1500000
Share Premium Account	46614000	46614000
Capital Reserve		
Share Forefeiture Account	273000	273000
Profit & Loss Account	69508459	68892216
Total	<u>271395459</u>	<u>247279216</u>



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

(Amt in Rs.)

	31.03.2010	31.03.2009
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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).

138575214 389384634

138575214 389384634

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 Guarantee
of Director and his relative)

169939999 198853514

169939999 198853514

Total (A+B) 308515213 588238148

SCHEDULE-C-1**UNSECURED LOAN**

(Inter-Corporate Deposits)

36679858 0

Total 36679858 0



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

SCHEDULE - D
FIXED ASSETS

(Amt in Rs.)

SN.	PARTICULARS	GROSS BLOCK					DEPRECIATION					NET BLOCK	
		01.04.09	Additions	Deduction	Transfer on Demerger	Total Gross Block	01.04.09	For the Year	Deduction	Transfer on Demerger	Total Accumulated Depreciation	31.03.2010	31.03.2009
1.	Land	21368157	0	0	9679968	11688189	0	0	0	0	0	11688189	21368157
2.	Goodwill	797770	0	0	797770	0	797770	0	0	797770	0	0	0
3.	Factory Building	167364675	17073405	0	105281332	79156748	43623222	5043933	0	27241895	21425260	57731488	123741453
4.	Plant & Machinery	606367208	110537688	3551879	415168322	298184695	230517650	29779152	2712547	138197908	119386347	178798348	375849559
5.	Dies & Moulds	77695468	560745	0	4061498	74194715	50944898	5855209	0	1942266	54857841	19336674	26750570
6.	Vehicles	3725518	0	0	607994	3117524	1887616	311412	0	408221	1790807	1326717	1837903
7.	Furniture & Fixture	13512965	0	318410	5659498	7535057	5675819	681269	306713	3035680	3014695	4528362	7837145
8.	Computer	22790119	145583	1605119	2785935	18544648	11591458	2412160	1170804	2545819	10286995	8257653	11198661
	TOTAL RS.	913621883	128317421	5475408	544042317	492421576	345038433	44083135	4190064	174169559	210761945	28469631	568583448
	Previous Balance	870862094	42759788	0	458795848	913621883	299806972	45231462	0	160317405	345038433	568583448	571055121

(Amt in Rs.)

31.03.2010 31.03.2009

SCHEDULE - E

INVESTMENTS (At cost) -Non Trade

(Quoted)

Industrial Development Bank of India.

0 234000

(2880 Equity Shares of Rs.10/- each,

Market Price as on 31.03.09 Rs.130752/-

S.B.I.Mutual Fund

0 500000

(50000 units of Rs. 10 each, Market

Price as on 31.03.09 Rs.273500/-

S.B.I.Mutual Fund

200000 200000

(200 Bonds of Rs.1000 each

Price as on 31.03.10 Rs.200000/-)

Previous Year Rs.200000/-)

(Unquoted)

National Saving Certificates

4100 8100

Kriti Auto & Engineering Plastics Pvt.Ltd. (Wholly owned Subsidiary)

77700000 0

(3875000 Shares of Rs.10/- each)

Sahkari Audhyogik Vasahat Limited

500 500

(1 Share of Rs.500/-)

Total

77904600

942600



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

(Amt in Rs.)

31.03.2010

31.03.2009

SCHEDULE-F

A. CURRENT ASSETS

1. Inventories

- a) Raw Materials
- b) Finished Goods
- c) Stores, Spares & Others

Total

261313833	162016443
328694623	324545836
40275334	51956535
<u>630283790</u>	<u>538518814</u>

2. Sundry Debtors

(Unsecured Considered Good)

Over Six months

Others

Less: Provision for bad & doubtful debts

Total

24760128	22514028
117854576	190705766
160250	2219065
<u>142454454</u>	<u>211000729</u>

3. Cash & Bank Balances

Cash in hand

Balance with Scheduled Bank

In Current Account

In Deposits Account

Total

Total (A)

404343	880004
348804	2758507
<u>88219860</u>	<u>59580283</u>
<u>88973007</u>	<u>63218794</u>
<u>861711251</u>	<u>812738337</u>

B. LOANS AND ADVANCES

(Unsecured, Considered Good)

a) Advances recoverable in cash or in kind or for value to be received

b) Sundry Deposits

c) Advance Tax/Tax Deducted at Source(Net of Provision)

d) Cenvat

Total(B)

Total(A+B)

48196254	119460710
15708869	23734502
29562657	9053587
55971722	49480618
<u>149439502</u>	<u>201729417</u>
<u>1011150753</u>	<u>1014467754</u>

SCHEDULE-G

(A) CURRENT LIABILITIES

1. Sundry Creditors

2. Outstanding Expenses

3. Statutory Liabilities

4. Dealership Deposit

5. Bank O/D

Total (A)

560710330	601830392
21944115	21559748
39448037	28034854
8507454	10400879
0	384873
<u>630609936</u>	<u>662210746</u>

(B) PROVISIONS

Provision of Income Tax for the year

Proposed dividend

Corporate Dividend Tax

Total (B)

Total (A+B)

21000000	0
7440528	0
1264518	0
<u>29705046</u>	<u>0</u>
<u>660314982</u>	<u>662210746</u>



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

		(Amt in Rs.)	
	31.03.2010	31.03.2009	
SCHEDULE-H			
INCOME FROM OPERATIONS			
Gross Domestic Sales	3559803561	3978299572	
Less:Excise duty	<u>169743516</u>	<u>257813748</u>	
Net Domestic sales	3390060045	3720485824	
Export Sales	589405189	1709004050	
Job Work Receipts	<u>5768127</u>	<u>17965472</u>	
Total	<u>3985233361</u>	<u>5447455346</u>	
SCHEDULE- I			
MISCELLANEOUS INCOME			
Other Operating Income	40141	567699	
Insurance Claim	80242	601046	
Sundry Balance Written Back	<u>4432184</u>	<u>0</u>	
Foreign Exchange Fluctuation A/c	<u>4552567</u>	<u>1168745</u>	
Sub Total (a)			
Other Income	9065016	5244139	
Interest Received/Receivable	<u>324197</u>	<u>196374</u>	
Miscellaneous Income	<u>9389213</u>	<u>5440513</u>	
Sub Total (b)			
Total (a+b)	<u>13941780</u>	<u>6609258</u>	
SCHEDULE-J			
INCREASE / (DECREASE) IN STOCKS			
(Finished Goods and Stock in Process)			
Closing Stock	328694623	324545836	
Add : Transfer on account of demerger			
Kriti Nutrients Limited	61690485		
Kriti Auto Engineering and Plastic Private Ltd.	<u>4460379</u>	<u>66150864</u>	
		<u>394845487</u>	
Less : Opening Stock		<u>324545837</u>	<u>519391289</u>
Total		<u>70299650</u>	<u>(194845453)</u>
SCHEDULE-K			
COST OF MATERIAL			
Opening Stock of Raw Material	162016443	403599640	
Add: Purchases (Includes loss on account of hedge transaction Rs.6708322 (previous year loss Rs.53902250)	<u>3435457563</u>	<u>3981505078</u>	
Less: Closing Stock	3597474006	4385104718	
Add : Transfer on account of demerger	261313833		
Kriti Nutrients Limited	184380735		
Kriti Auto Engineering and Plastic Private Ltd.	<u>5187104</u>	<u>189567839</u>	
		<u>450881672</u>	<u>162016443</u>
Consumption	3146592334	4223088275	
Add:Finished Goods Consumed	40335997	18181116	
Add:Packing Material Consumed	<u>105678770</u>	<u>158393828</u>	
Total	<u>3292607101</u>	<u>4399663219</u>	
SCHEDULE-L			
DIRECT MANUFACTURING EXPENSES			
Stores and Spares Consumed	24637712	26387419	
Coal Consumed	25639686	51524165	
Power Charges	72264696	86138968	
Job Work Charges	1294936	5437191	
Freight & Cartage	22739727	25781648	
Repairs & Maintenance	4663464	6023173	
Insurance Charges	2555369	3797190	
Water Charges	4665298	6913029	
Miscellaneous Manufacturing Expenses	<u>40677609</u>	<u>23615561</u>	
Total	<u>199138497</u>	<u>235618344</u>	



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

(Amt in Rs.)

	31.03.2010	31.03.2009
SCHEDULE-M		
EMPLOYEES REMUNERATION & BENEFITS		
Salaries and Wages	82576577	82520498
Provident Fund & ESI	5829683	5395003
Bonus	3531584	3943627
Employees Benefits	9059971	9823974
Gratuity	1212800	2921749
Total	<u>102210615</u>	<u>104604851</u>
SCHEDULE-N		
OTHER EXPENSES		
Stationery & Printing	952970	875416
Computer expenses	1098928	862422
Rent, Rates and Taxes	5746087	7270903
Postage, Telegram and Telephones	2217774	2670886
Auditor's Fees	125000	125000
Conveyance Expenses	3623883	5366369
Legal & Professional Charges	7911518	7347418
Miscellaneous Expenses	2875935	2496885
Director's Remuneration	3917904	3900000
P.F on Director Remuneration	374400	374400
Director's Meeting Fee	37000	28000
Director's Commission	1250000	0
Loss on Sale of Shares	0	200000
Foreign Currency Transaction Loss	0	41842628
Advertisement & Publicity	3280814	6977919
Sales Promotion Expenses	10140869	3563814
Brokerage & Commission	15724692	11358497
Freight Outward	70043464	104522798
Sales Tax & Octroi	1348992	983884
Travelling Expenses		
a) Directors	650824	374866
b) Others	10605654	10650098
Export Expenses	17262108	98043594
Sundry Balances Written off	736610	8017
Bad Debts	12187256	1233645
Total	<u>172112682</u>	<u>311077459</u>
SCHEDULE-O		
FINANCIAL CHARGES		
Interest on Term Loans	42000301	45433522
Interest to Banks	61024538	107901192
Interest to Others	3472540	2893109
Bank Charges/Commission	29650306	31413110
Total	<u>136147685</u>	<u>187640933</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 Earning Per Share

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

1.13 Provisions for contingencies

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



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

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

Contingent assets are not recognized in the financial statements.

- 2.1 Pursuant to the order of the Hon'ble High Court of M.P. Bench at Indore solvent division of the Company was demerged with Kriti Nutrients Limited (KNL) and engineering moulding division of the company was hived-off with Kriti Auto & Engineering Plastics Private Limited (KAEPL) w.e.f.1st January 2010. Thus, the financial statements for the year are inclusive of nine months results (31.12.09) of solvent and engineering moulding division.
- 2.2 Documentation for Bank facilities with various banks are pending for execution due to demerger Scheme implemented during the year.
3. In the opinion of the Board of Directors of the Company, the Current Assets, Loans and Advances have a value realizable in the ordinary course of business at least equal to the amount at which they are stated and provisions for all known liabilities are adequate and not in excess of the amount reasonably necessary.

4. Contingent liabilities

- 4.1 Estimated amount of contracts remaining to be executed on Capital Account Rs. 23.30 lacs (Previous Year Rs.181.43Lacs)
- 4.2 Bank has given guarantee on behalf of the Company to various parties to the extent of Rs.64.58 lacs (Previous Year Rs.333.54lacs.)
5. Installments of term loans from financial institutions falling due within one year are Rs 414.60.lacs (Previous year Rs.744.45lacs).
6. Company's Income tax assessments have been completed up to Assessment year 2007-2008. In the opinion of Board of Director's provision made for Income Tax is adequate.
7. **Computation of Net Profit under Section 198 (1)/349 of the Companies Act-1956.**

	(Rs. in Lacs)
Net Profit before Tax as per Profit & Loss A/c	1231.75
Add: Director Sitting Fees	0.37
Add: Director's Remuneration	<u>42.92</u>
Net Profit for the calculation of Commission	<u>1275.04</u>
Commission payable upto 1% of the net profit	12.75
Restricted	12.50

8. Remuneration Paid/Payable to Managing Director / Director

Paid / Payable (Rs. In Lacs)	Current Year	Previous year
Remuneration	42.92	42.74
Commission	12.50	0.00

9. 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.

10. The amount of Foreign Exchange gain included in the profit & loss account is Rs.44.32 lacs (Previous Year loss Rs.418.42lacs).
11. The disclosure required as per Accounting Standard (AS) 15 "Employees Benefit" issued by the Institute of Chartered Accountants of India (ICAI) and notified under the Companies Accounting Standards Rules, 2006 and based on the report generated by Life Insurance Corporation of India (LIC) is as under



(a) The company has taken Group Gratuity and Cash Accumulation Policy issued by the LIC, which is a defined benefit plan.		
(b) Table showing changes in present value of obligations as on	31/03/2010	31/03/2009
Present value of obligations as at beginning of the year	4854018	2528895
Less: Transfer pursuant to scheme of arrangement	2805521	NIL
Balance Present value of obligations as at beginning of the year	2048497	2528895
Interest Cost	163880	202311
Current Service Cost	645499	646451
Benefit Paid	(272993)	(819366)
Actuarial (gain)/loss on obligations	(142476)	2295727
Present value of obligations as at end of the year	2442407	4854018
(c) Table showing changes in the fair value of plan assets as on	31/03/2010	31/03/2009
Fair value of plan assets at beginning of the year	5841948	2409648
Less: Transfer pursuant to scheme of arrangement	3039819	NIL
Balance Present value of obligations as at beginning of the year	2802129	2409648
Expected return on plan assets	245906	222740
Contribution	634436	4028926
Benefit Paid	(272993)	(819366)
Actuarial gain/ (loss) on plan assets	NIL	NIL
Fair value of the plan assets at the end of the year	3409478	5841948
(d) Table showing fair value of plan assets as on	31/03/2010	31/03/2009
Fair value of plan assets at beginning of the year	5841948	2409648
Less: Transfer pursuant to scheme of arrangement	3039819	NIL
Balance Fair value of plan assets at beginning of the year	2802129	2409648
Actual return on plan assets	245906	222740
Contribution	634436	4028926
Benefit Paid	(272993)	(819366)
Fair value of the plan assets at the end of the year	3409478	5841948
Funded status	967071	987930
Excess of actual over estimated return on plan assets	NIL	NIL
(Actual Rate of return= estimated rate of return as ARD falls on 31/03/2010)		
(e) Actuarial Gain/Loss recognized as on	31/03/2010	31/03/2009
Actuarial (Gain)/Loss for the year-obligation	142476	(2295727)
Actuarial (Gain)/Loss for the year-plan assets	NIL	NIL
Total (Gain)/Loss for the year	(142476)	2295727
Actuarial (Gain)/Loss recognized for the year	(142476)	2295727
(f) Expenses recognized in statement of profit and loss	31/03/2010	31/03/2009
Current Service Cost	645499	646451
Interest cost	163880	202311
Expected return on Plan Asset	(245906)	(222740)
Net Actuarial (Gain)/Loss recognized in the year	(142476)	2295727
Expenses recognized in the statement of profit & loss	420997	2921749
(g) Assumption		
Discount rate	8%	8%
Salary Escalation	7%	5%



12. SEGMENT INFORMATION FOR THE YEAR ENDED 31st MARCH, 2010.

(Rs in Lacs)

S. No.	PARTICULARS	SOLVENT DIVISION Upto 31.12.2009	MOULDING DIVISION Upto 31.12.2009	PLASTIC DIVISION Upto 31.03.2010	TOTAL
1	SEGMENT REVENUE				
	Export Turnover	5894.05	0.00	0.00	5894.05
	Domestic Turnover	12479.72	1072.72	22103.28	35655.72
	Less: Excise Duty	6.44	84.74	1606.25	1697.43
	Segment Revenue (Net)	18367.33	987.98	20497.03	39852.33
2	RESULT				
	PROFIT BEFORE INTEREST, DEPRECIATION & TAXATION	619.42	97.28	2317.36	3034.06
	Less: Depreciation & Amortisation	145.86	31.18	263.79	440.83
	PROFIT AFTER DEPRECIATION	473.56	66.10	2053.57	2593.23
	Less: Interest Expense	513.99	23.90	823.58	1361.47
	Less: Provision for Tax	0.00	0.00	210.00	210.00
	Less: Deferred tax	64.53	15.09	31.20	110.82
	PROFIT	(104.96)	27.10	988.79	910.93
3	OTHER INFORMATION				
	Segment Assets as on 31.03.2010	0.00	0.00	12940.47	12940.47
	Segment Liabilities as on 31.03.2010	0.00	0.00	10055.10	10055.10
	Capital Expenditure during 2009-2010	781.77	117.73	383.67	1283.17

Note: a) There are no non-cash expenses, other than depreciation and amortization in respect of segment assets.
b) There are no inter segment sales.
c) The segment assets are situated in India.

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

14. EARNING PER SHARE

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

Sr. No.	Nature of Transaction	Current Year	Previous Year
1.	Number of Shares at the Commencement UP TO 31.12.2009	62004400	62004400
2.	Shares issued during the year pursuant to the scheme of arrangement approved by the Hon able high court of M.P. in Jan-2010	49603520	NIL
3.	Weighted average No. of Shares for the Year	58904180	62004400
4.	Profit contribution for Basic EPS (Rs in lacs)	910.93	(260.92)
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	1.55	(0.42)
7.	Diluted Earning Per Share	1.55	(0.42)
8.	Nominal Value Per Share	1.00	1.00

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

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

i. Key Management Personnel:

Shri Shiv Singh Mehta, Managing Director
Smt. Purnima Mehta, Executive Director

ii. Relatives of Key Managerial Personnel

Shri Sajjan Singh Mehta (Father of Managing Director)
Miss Devki Mehta (daughter of Managing Director/ Executive Director)
Shri Saurabh Singh Mehta (son of Managing Director/ Executive Director)


iii. Subsidiary Company

Kriti Auto & Engineering Plastics Pvt. Ltd. (Wholly owned Subsidiary Company)

iv. 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.
- 5) M/s. Kriti Nutrients Ltd.

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

(Rs. In lacs)

Sr. No.	Nature of Transaction	Subsidiary	Key Management Personnel	Relatives of Key Management Personnel	Companies/entities under the control of Key Management Personnel
1.	DEPB License purchased	NIL (NIL)	NIL (NIL)	NIL (NIL)	58.54 (NIL)
2.	Remuneration	NIL (NIL)	55.42 (42.74)	8.77 (2.80)	NIL (NIL)
3.	Rent	NIL (NIL)	NIL (NIL)	2.11 (NIL)	NIL (15.60)
4.	Investments	777.00 (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)
5.	Unsecured Loan Given Taken	1.25 (NIL)	NIL (NIL)	NIL (NIL)	368.04 (NIL)
6.	Interest (Net)	0.20 (NIL)	NIL (NIL)	NIL (NIL)	20.60 (NIL)

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

16. In accordance with the Accounting Standard (AS) 22 "Accounting for Taxation" issued by The Institute of Chartered Accountants of India (ICAI) and notified under the Companies Accounting Standards Rules, 2006 the details of Deferred Tax items are as under:

2009-10
2008-09

Deferred Tax Liabilities:

On Account of Tax effect on timing difference

arising due to difference in Depreciation

110.82 lacs

Nil

17. Pursuant to the order of the Hon'ble High Court of M.P. Bench at Indore solvent division of the Company was demerged with Kriti Nutrients Limited (KNL) and engineering moulding division of the company was hived-off with Kriti Auto & Engineering Plastics Private Limited (KAEPL) w.e.f.1st January 2010. Thus, the financial statements for the year are inclusive of nine months results (31.12.09) of solvent and engineering moulding division.

a) Segments are:

Plastics

Solvent

Moulding

b) The Company has completed the Scheme of Arrangement on 1st January 2010.

c) The amount of total assets and liabilities as of balance sheet date and amount of revenue and expenses in respect of continuing operation (Plastics Division) and discontinuing operations (Solvent Division & engineering moulding division) are as under:



(Rs. In lacs)

Particular/Year	Continuing Operation		Discontinuing Operation			
	Plastic Division		Solvent Division		Engineering Moulding Div.	
	As on 31/03/2010	As on 31/03/2009	As on 31/12/2009	As on 31/03/2009	As on 31/12/2009	As on 31/03/2009
LIABILITY						
Loans	3451.95	2023.81	4103.72	3478.21	400.08	380.36
Deffered Tax Liability	454.42	423.23	342.68	278.15	96.86	81.77
ASSETS						
Fixed Assets						
Net Block (Including CWIP)	2828.96	2843.71	2918.73	2689.22	779.99	693.44
Investments	779.05	2.05	7.38	7.38	0.00	0.00
Currents Assets, Loans & Advances						
Inventories	6302.84	3597.58	2681.02	1702.34	132.83	85.27
Accounts Receivables	1424.54	916.66	623.21	847.59	509.37	345.75
Cash & Bank Balances	889.73	533.22	111.16	78.59	10.58	20.38
Loans & Advances	1494.40	1241.02	682.25	1628.32	106.66	48.34
Less:- Currents Liabilities & Provisions	6603.15	4122.22	1828.80	2343.57	1341.05	1056.71
Net Currents Assets	3508.36	2166.26	2268.85	1913.28	(581.61)	(556.97)

Particular/Year	Continuing Operation		Discontinuing Operation			
	Plastic Division		Solvent Division		Engineering Moulding Div.	
	As on 31/03/2010	As on 31/03/2009	As on 31/12/2009	As on 31/03/2009	As on 31/12/2009	As on 31/03/2009
INCOME						
Gross Turnover	22103.28	21955.06	18373.77	34098.17	1072.72	846.46
Less:- Excise Duty	1606.25	2321.63	6.44	24.43	84.74	79.08
Net Turnover	20497.03	19633.43	18367.33	34073.74	987.98	767.38
Other Income	109.83	58.28	27.87	7.57	1.72	0.24
Increase/(Decrease) in Stocks	1047.91	(1643.41)	(362.00)	(319.35)	17.08	14.31
Total Income	21654.76	18048.31	18033.20	33761.95	1006.78	781.93
EXPENDITURE						
Cost of Material	16522.44	14075.15	15746.11	29540.02	657.52	381.46
Manufacturing Expenses	1200.03	903.26	670.54	1291.63	120.81	161.29
Employees Remuneration & Benefits	646.37	601.27	287.37	344.19	88.37	100.59
Other Expenses	968.56	735.62	709.75	2313.41	42.81	61.75
Profit Before Depreciation & Interest	2317.36	1733.00	619.43	272.70	97.27	76.85
Depreciation	263.79	233.28	145.86	177.22	31.18	41.82
Profit Before Interest & Tax	2053.57	1499.72	473.57	95.49	66.09	35.03
Financial Charges	823.58	1017.45	514.00	794.01	23.90	64.94
Profit Before Tax	1229.98	482.27	(40.43)	(698.53)	42.19	(29.91)
Income Tax Expenses						
Current Tax	210.00	0.00	0.00	0.00	0.00	0.00
Fringe Benefit Tax	0.00	9.30	0.00	3.80	0.00	1.65
Deferred Tax	31.19	0.00	64.53	0.00	15.09	0.00
Profit After Tax	988.79	472.97	(104.96)	(702.33)	27.10	(31.56)



18 Additional information as required under Part II of Schedule VI to the Companies Act, 1956 is as under
(Figures of solvent division and engineering moulding division given upto 31/12/2009, since after that date these division have been demerged/hived off under scheme of arrangement)

PARTICULAR	31/03/2010		31/03/2009	
	Qty M.T	Value Rs. In lacs	Qty M.T	Value Rs. In lacs
1 CAPACITY				
A INSTALLED CAPACITY (As certified by the Management)				
SOLVENT PLANT	360000		360000	
REFINERY	42000		36000	
PVC/HDPE PIPES/DUCT	63600		61000	
PVC FITTINGS	1800		1400	
ENGINEERING PLASTIC PRODUCTS	3600		3600	
B PRODUCTION				
SOYA MEAL	23674		81935	
SOYA CRUDE OIL	5588*		19187*	
REFINED OIL	20627		25962	
PVC/HDPE PIPES/DUCT	30580**		27451	
PVC /HDPE FITTING	1764**		1526	
ENGINEERING PLASTIC PRODUCTS				
* Includes 5587.75 M.T. (Previous year 18308.853 M.T.) issued for captive consumption (SOYA OIL)				
** Including job work receipt 53.00 M.T.				
2 TURNOVER				
A PRODUCT				
SOYA MEAL	25613	6651.64	84561	16897.85
SOYA CRUDE OIL	0	0	818	336.27
REFINED OIL	20432	10803.6	26156	15377.01
PVC/HDPE PIPES/DUCT	29930	18526.29	28684	20283.41
PVC /HDPE FITTING	1918	1817.73	1486	1540.31
ENGINEERING PLASTIC PRODUCTS		1072.72**		846.45**
OTHERS		980.35*		1381.32*
		<u>39852.33</u>		<u>56662.63</u>
*includes sale of seed sold 505.25M.T. Rs.107.91 lacs (previous year NIL)				
** Including job work receipt Rs57.68 lacs (Previous year Rs. 179.65 lacs)				
3 OPENING STOCK				
SOYA MEAL	3162	722.05	5787	984.12
SOYA CRUDE OIL	42	16.89	265	136.05
REFINED OIL	336	163.78	295	166.1
PVC/HDPE PIPES/DUCT	3760	1612.8	4992	3248.44
PVC /HDPE FITTING	362	328.9	322	300.47
ENGINEERING PLASTIC PRODUCTS		27.52		13.21
OTHERS		373.51		345.53
		<u>3245.45</u>		<u>5193.92</u>



4	CLOSING STOCK OF FINISHED GOODS				
	SOYA MEAL	0	0	3162	722.05
	SOYA CRUDE OIL	0	0	42	16.89
	REFINED OIL	0	0	336	163.78
	PVC/HDPE PIPES/DUCT	4410	2744.38	3760	1612.8
	PVC /HDPE FITTING	208	201.07	362	328.9
	ENGINEERING PLASTIC PRODUCTS		0		27.52
	OTHERS		<u>341.50</u>		<u>373.51</u>
			<u>3286.95</u>		<u>3245.45</u>
5	RAW MATERIAL CONSUMED				
	SOYA BEAN SEEDS	32510	7621.13	108453	23397.45
	SOYA CRUDE OIL PURCHASED	16005	6666.53	9528	4616.08
	PLASTIC POLYMERS	28288	14594.57	29516	14119.57
	OTHER		<u>2583.69</u>		<u>1283.77</u>
		<u>76803</u>	<u>31465.92</u>	<u>147497</u>	<u>43416.87</u>
6	VALUE OF IMPORTED MATERIAL CONSUMED AND PERCENTAGE TO THE TOTAL CONSUMPTION	Value	%	Value	%
	I IMPORTED	11712.04	37.22	2122.12	4.89
	II INDIGENOUS	<u>19753.88</u>	<u>62.78</u>	<u>41294.75</u>	<u>95.11</u>
		<u>31465.92</u>	<u>100.00</u>	<u>43416.87</u>	<u>100.00</u>
7	CIF VALUE OF IMPORT				
	RAW MATERIAL	11712.04		2067.63	
	CAPITAL GOODS	<u>0.00</u>		<u>54.49</u>	
		<u>11712.04</u>		<u>2122.12</u>	
8	EARNING IN FOREIGN CURRENCY FOB/FOR BASIS(EXPORT OF GOODS)	5563.65		12596.45	
9	EXPENDITURE IN FOREIGN CURRENCY				
	INTEREST	21.36		3.80	
	OTHERS	5.50		41.97	

19. Previous figures have been reclassified/regrouped wherever necessary, however due to the effect of scheme of arrangement in the current year, previous figures are not comparable.

For Subhash Deshpande & Co.
Chartered Accountants

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

Place: Indore
Date : 19th May, 2010

for and on behalf of the Board of Directors

Shiv Singh Mehta
(Managing Director)

Sajjan Singh Mehta
(Director)



CASH FLOW STATEMENT AS ON FOR THE YEAR ENDED AS AT 31st MARCH, 2010

Particular	TOTAL		PLASTIC		SOLVENT DIVISION		ENGINEERING & MOULDING		(Rs. In lacs)
	Year ended 2010	Year ended 2009	Continuing Year ended 2010	Operation Year ended 2009	Discontinued Year ended 2010	Operation Year ended 2009	Discontinued Year ended 2010	Operation Year ended 2009	
A. Cash Flow from operating activity									
Net Profit Before Tax & Extraordinary Items	1231.75	(246.17)	1229.98	482.27	(40.43)	(698.53)	42.20	(29.91)	
Adjustments for:									
Depreciation	440.83	452.31	263.79	233.28	145.86	177.22	31.18	41.82	
Loss/(profit) on Sale of Fixed Asset	12.73	0.00	4.21	0.00	8.52	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	(139.42)	(66.09)	(109.83)	(58.28)	(27.87)	(7.57)	(1.72)	(0.24)	
Financial Charges	1361.48	1876.41	823.58	1017.45	513.99	794.01	23.90	64.94	
Prior Period Income/(Expenses)	0.00	(10.38)	0.00	(2.55)	0.00	0.00	0.00	(7.83)	
Operating Profit Before Working Capital Changes	2907.37	2006.08	2211.74	1672.17	600.08	265.13	95.55	68.78	
Adjustment for Working Capital Changes									
Trade & Other Receivables	1413.45	1554.95	(561.05)	332.12	2488.36	1780.69	386.53	(149.19)	
Inventories	(917.65)	4437.90	(2705.26)	2408.60	1702.34	2077.91	85.27	(48.61)	
Trade Payables	(18.95)	(82.89)	2480.93	(1644.23)	(2343.57)	599.41	(1056.71)	465.78	
Cash Generated from Operation	3384.23	7916.04	1426.36	2768.66	2447.22	4723.14	(489.36)	336.76	
Net Cash from Operating Activities (A)	3179.14	7710.64	1226.16	2651.29	2434.77	4731.79	(481.80)	327.55	
B. Cash Flow from Investing Activities									
Purchase of Fixed Assets/ Capital	(234.18)	(968.13)	(234.18)	(517.75)	0.00	(449.63)	0.00	(0.75)	
Sale of Fixed Assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Transfer on Account of Demerger	3382.67	0.00	0.00	0.00	2689.23	0.00	693.44	0.00	
Sale/(Purchase) of Investments	(769.62)	9.00	(777.00)	0.00	7.38	9.00	0.00	0.00	
Miscellaneous Income	139.42	66.09	109.83	58.28	27.87	7.57	1.72	0.24	
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)	2518.28	(893.04)	(901.36)	(459.47)	2724.47	(433.06)	695.16	(0.51)	
C. Cashflow from Financing Activities									
Effect of Demerger	(1647.97)	0.00	(760.19)	0.00	(1131.67)	0.00	243.89	0.00	
Proceeds/(Repayment) from Long Term Borrowings	(2508.09)	788.29	196.17	255.32	(2409.69)	846.95	(294.57)	(313.98)	
Short term Loan movement	(289.14)	(5424.14)	865.17	(1223.93)	(1068.52)	(4225.49)	(85.79)	25.29	
Financial Charges	(1361.48)	(1876.41)	(823.58)	(1017.45)	(513.99)	(794.01)	(23.90)	(64.94)	
Effect of Exchange Rate Change	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Unsecured loan	366.80	(200.00)	366.80	0.00	0.00	(200.00)	0.00	0.00	
Dividend paid	0.00	(74.41)	0.00	(74.41)	0.00	0.00	0.00	0.00	
Net Cash for used Financing Activities (C)	(5439.88)	(6786.67)	(155.63)	(2060.47)	(5123.88)	(4372.55)	(160.37)	(353.63)	
Net Decrease in Cash & Cash Equivalents (A)+(B)+(C)	257.54	30.93	169.17	131.35	35.37	(73.82)	52.99	52.99	
Opening Balance of Cash & Cash Equivalents	632.19	601.27	533.22	401.87	78.59	152.41	20.38	20.38	
Transfer of Cash Equivalents on account of demerger	0.00	0.00	187.34	0.00	(113.96)	0.00	(73.38)	(73.38)	
Closing Balance of Cash & Cash Equivalents	889.73	632.20	889.73	533.22	0.00	78.59	0.00	73.38	

Note :- This Cash Flow includes non cash items pursuant to the scheme of arrangement approved during the year by the Hon'ble High Court of M.P.

For Subhash Deshpande & Co.
Chartered Accountants
E.R.N. 000476C

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

P'ace : Indore
Date : 19th May, 2010

For & on behalf of the Board of Directors

Shiv Singh Mehta
(Managing Director)

Sajjan Singh Mehta
(Director)



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	31.03.2010		

2. Capital Raised During the year

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

3. Position of Mobilisation and Deployment of Funds

Sources of Fund	Total Liabilities	Total Assets
	711636137	711636137
	Paid-up Capital	Total Reserves
	49603520	271395459
Applications of Funds	Secured Loans	Deferred Tax Liability
	308515213	45442087
	Net Fixed Assets	Investments
	281659631	77904600
	Net Current Assets	Misc. Expenditure
	350835771	-
	Capital Work in Progress	
	1236135	

4. Performance of Company

Turnover	Total Expenditure
4154976877	3902216580
Profit/Loss Before Tax	Profit/Loss After Tax
123175076	91093070
Earning Per Share In Rs.	Dividend Rate %
1.55	15%

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

Item code No	3917
(ITC Code)	PVC Pipes & Fittings



**Auditors' Report to the Board of Directors of Kriti Industries (India) Ltd,
on the Consolidated Financial Statement of
Kriti Industries (India) Ltd and its Subsidiary**

1. We have audited the attached consolidated balance sheet of Kriti Industries (India) Ltd (the company) and Kriti Auto & Engineering Plastics Pvt. Ltd. (its subsidiary) as at 31st March 2010, the consolidated Profit and Loss Account for the year ended on that date annexed thereto, which we have signed under reference to this report. These consolidated financial statements are the responsibility of Kriti Industries (India) Limited's management. Our responsibility is to express an opinion on these consolidated financial statement based on our audit.
2. We conducted our audit in accordance with the 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 prepared, in all material respects, in accordance with an identified financial reporting framework and 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 estimated 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. We have audited the financial statement of Kriti Auto & Engineering Plastics Pvt. Ltd, a subsidiary whose financial statement reflect total assets of Rs.122196552/- as at 31st March 2010 and total revenues of Rs.49560735/- for the year ended on that date.
4. We report that the consolidated financial statement have been prepared by the Company in accordance with the requirements of Accounting Standard 21, Consolidated Financial Statement, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statement of Kriti Industries (India) Ltd and its subsidiary included in the consolidated financial statement.
5. On the basis of the information and explanation given to us and on consideration of the separate audit report on individual audited financial statement of Kriti Industries (India) Ltd and its aforesaid subsidiary, in our opinion, the consolidated financial statement together with the notes thereon and attached thereto give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) In the case of consolidated balance sheet, of the consolidated state of affairs of Kriti Industries (India) Ltd and its subsidiary as at 31st March 2010.
 - (b) In case of the consolidated Profit and Loss Account, of the consolidated Result of operation of Kriti Industries (India) Ltd and its subsidiary for the year ended on that date.

For Subhash Deshpande & Co.
Chartered Accountants
(FRN-000476c)

Place : Indore
Date : 19th May 2010

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

CONSOLIDATED BALANCE SHEET AS AT 31st MARCH, 2010

(Amt in Rs.)

PARTICULARS	SCHEDULE	31.03.2010	31.03.2009
I. SOURCES OF FUNDS			
1. Share Holders' Fund			
(a) Share Capital	A	49603520	0
(b) Reserves & Surplus	B	274595974	0
2. Loan Funds			
(a) Secured Loans	C	349181945	0
(b) Unsecured Loans	C-1	36804513	0
3. Deferred Tax Liability/Assets (Net)		<u>53054106</u>	<u>0</u>
	Total	<u>763240058</u>	<u>0</u>
II. APPLICATION OF FUNDS			
1. Fixed Assets	D		
(a) Gross Block		598255423	0
(b) Less: Depreciation		<u>231728579</u>	<u>0</u>
(c) Net Block		366526844	0
(d) Add: Capital Work in Progress		<u>1236136</u>	<u>0</u>
		367762980	0
2. Investment (At Cost)	E	304600	0
3. Current Assets, Loans & Advances	F		
(a) Inventories		644806206	0
(b) Sundry Debtors		203614138	0
(c) Cash & Bank Balances		90390825	0
(d) Loans & Advances		<u>157732195</u>	<u>0</u>
		1096543364	0
Less: Current Liabilities & Provisions	G		
(a) Current Liabilities		671415840	0
(b) Provisions		<u>29955046</u>	<u>0</u>
		701370886	0
Net Current Assets (F-G)		<u>395172478</u>	<u>0</u>
	Total	<u>763240058</u>	<u>0</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)

Place: Indore
Date : 19th May, 2010

CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2010

(Amt in Rs.)

PARTICULARS	SCHEDULE	31.03.2010	31.03.2009
INCOME			
Income from Operations (Gross)		4209880600	0
Less : Excise Duty		<u>174342666</u>	<u>0</u>
Income from Operations (Net)	H	4035537934	0
Miscellaneous Income	I	14036070	0
Increase/ (Decrease) in Stock	J	<u>69461521</u>	<u>0</u>
Total		<u>4119035525</u>	<u>0</u>
EXPENDITURE			
Cost of Material	K	3323194253	0
Manufacturing Expenses	L	205945089	0
Employees Remuneration & Benefits	M	106045349	0
Other Expenses	N	176190964	0
Financial Charges	O	<u>137359364</u>	<u>0</u>
Total		<u>3948735019</u>	<u>0</u>
Profit/ (Loss) before Depreciation		170300506	0
Less : Depreciation for the year	D	<u>45701938</u>	<u>0</u>
Profit/ (Loss) before Tax		124598568	0
(Refer Note No.13 of Schedule P)			
Profit/ (Loss) from continuing operations before tax		128641249	0
Current Tax		21250000	0
Deferred Tax		<u>2554467</u>	<u>0</u>
Profit/ (Loss) from continuing operations after tax (A)		104836782	0
Profit/ (Loss) from Discontinuing operations of Solvent division before tax		(4042681)	0
(Refer Note No.13 of Schedule P)			
Deferred Tax		6453234	0
Profit/ (Loss) from Discontinuing operations of Solvent division after tax (B)		<u>(10495915)</u>	<u>0</u>
Net Profit after Tax (A+B)		94340867	0
Add : Previous Year Profit Brought forward		<u>68844934</u>	<u>0</u>
Profit available for appropriation	Total	<u>163185801</u>	<u>0</u>
Proposed Dividend		7440528	0
Corporate Dividend Tax		1264518	0
Transferred to General Reserve		78271781	0
Transferred to Contingency Reserve		3500000	0
Balance carried over to Balance Sheet		<u>72708974</u>	<u>0</u>
Total		<u>163185801</u>	<u>0</u>
Earning Per Shares (Face Value of Rs 1/- each)		1.60	
Basic & Diluted			

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)

Place: Indore
 Date : 19th May, 2010



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

(Amt in Rs.)

PARTICULARS	SCHEDULE	31.03.2010	31.03.2009
SCHEDULE -A			
SHARE CAPITAL			
AUTHORISED			
(80000000 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			
(49603520 Equity Shares of Rs 1/- each fully paid up allotted on 27.01.2010 in lieu of existing 62004400 equity shares of Rs.1/- each pursuant to the Scheme of Arrangement approved by the Hon'ble High Court of M.P.)		49603520	0
		<u>49603520</u>	<u>0</u>
SCHEDULE-B			
RESERVES & SURPLUS			
General Reserve			
Opening Balance		130000000	0
Less : Appropriation on account of demerger scheme		<u>58271781</u>	<u>0</u>
		71728219	0
Add: Transfer from P&L		<u>78271781</u>	<u>0</u>
Closing Balance		150000000	0
Contingency Reserve			
Opening Balance		1500000	0
Add: Transfer from P&L		<u>3500000</u>	<u>0</u>
Closing Balance		5000000	0
Share Premium Account		46614000	0
Capital Reserve			
(Share Forefeiture Account)		273000	0
Profit & Loss Account			
		<u>72708974</u>	<u>0</u>
	Total	<u>274595974</u>	<u>0</u>



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

(Amt in Rs.)

	31.03.2010	31.03.2009
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.)	163640881	0
	<u>163640881</u>	<u>0</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 Guarantee of Director and his relative)	185541064	0
	<u>185541064</u>	<u>0</u>
Total	<u>349181945</u>	<u>0</u>
SCHEDULE-C-1		
UNSECURED LOAN		
(Inter-Corporate Deposits)	36804513	0
Total	<u>36804513</u>	<u>0</u>



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

SCHEDULE - D
FIXED ASSETS

(Amt in Rs.)

S. No.	PARTICULARS	GROSS BLOCK					DEPRECIATION					NET BLOCK 31.03.2010
		01.04.09	Additions	Deduction	Transfer Pursuant to Scheme of Arrangement- Oil Div.	Total Gross Block	01.04.09	For the Year	Deduction	Transfer Pursuant to Scheme of Arrangement- Oil Div.	Total Accumulated Depreciation	
1.	Land	21368157	0	0	4082846	17285311	0	0	0	0	0	17285311
2.	Goodwill	797770	8486598	0	797770	8486598	797770	424330	0	797770	0	8486598
3.	Factory Building	167364675	17073405	0	83985134	100452946	43623222	5221756	0	23561919	25283060	75169885
4.	Plant & Machinery	506367208	110537688	3551879	349909364	363443653	230517650	30640570	2712547	124237815	134207858	229235795
5.	Dies & Moulds	77695468	560745	0	1510084	76746129	50944898	5958606	0	1006167	55897336	20848792
6.	Vehicles	3725518	0	0	577140	3148378	1887616	312145	0	392837	1806924	1341454
7.	Furniture & Fixture	13512965	0	318410	3441712	9752843	5675819	716366	306713	2524675	3560797	6192047
8.	Computer	22790119	145583	1605119	2391019	18939565	11591458	2428164	1170804	2300545	10548273	8391291
	TOTAL RS.	913621882	136804020	547540	446695069	598255424	345038434	45701936	4190064	154821727	231728579	366526844

(Amt in Rs.)

31.03.2010 31.03.2009

SCHEDULE - E

INVESTMENTS (At cost) -Non Trade

(Quoted)

S.B.I.Mutual Fund

200000

0

(200 Bonds of Rs.1000 each

Price as on 31.03.10 Rs.200000/-)

(Unquoted)

National Saving Certificates

4100

8100

KAEPL (100% Subsidiary)

100000

0

(3875000 Shares of Rs.10/- each)

Sahkari Audhyogik Vasahat Limited

500

500

(1 Share of Rs.500/-)

Total

304600

0



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

		(Amt in Rs.)
	31.03.2010	31.03.2009
SCHEDULE-F		
A. CURRENT ASSETS		
1. Inventories		
a) Raw Materials	269072675	0
b) Finished Goods	332316874	0
c) Stores, Spares & Others	43416657	0
Total	644806206	0
2. Sundry Debtors		
(Unsecured Considered Good)		
Over Six months	31825172	0
Others	171949216	0
Less: Provision for bad & doubtful debts	160250	0
Total	203614138	0
3. Cash & Bank Balances		
Cash in hand	462396	0
Balance with Scheduled Bank		
In Current Account	1708569	0
In Deposits Account	88219860	0
Total	90390825	0
Total (A)	938811169	0
B. LOANS AND ADVANCES		
(Unsecured, Considered Good)		
a) Advances recoverable in cash or in kind or for value to be received	48617641	0
b) Sundry Deposits	17699555	0
c) Accrued Interest/Income	1113236	0
d) Advance Tax/Tax Deducted at Source(Net of Provision)	29562657	0
e) Cenvat	60739106	0
Total(B)	157732195	0
Total(A+B)	1096543364	0
SCHEDULE-G		
(A) CURRENT LIABILITIES		
1. Sundry Creditors	598137749	0
2. Outstanding Expenses	23989356	0
3. Statutory Liabilities	40781281	0
4. Dealership Deposit	8507454	0
Total (A)	671415840	0
(B) PROVISIONS		
Advance Tax/TDS (Net of provision)	21250000	0
Proposed dividend	7440528	0
Corporate Dividend Tax	1264518	0
Total (B)	29955046	0
Total (A+B)	701370886	0



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

		(Amt in Rs.)	
		31.03.2010	31.03.2009
SCHEDULE-H			
INCOME FROM OPERATIONS			
Gross Domestic Sales		3613865625	0
Less: Excise duty		<u>174342666</u>	0
Net Domestic sales		3439522959	0
Export Sales		589405188	0
Job Work Receipts		<u>6609786</u>	0
Total		<u>4035537933</u>	0
SCHEDULE- I			
MISCELLANEOUS INCOME			
Other Operating Income		40141	0
Insurance Claim		80242	0
Sundry Balance Written Back		<u>4432184</u>	0
Foreign Exchange Fluctuation A/c		<u>4552567</u>	0
Sub Total (a)			0
Other Income		9065016	0
Interest Received/Receivable		<u>418487</u>	0
Miscellaneous Income		<u>9483503</u>	0
Sub Total (b)			0
Total		<u>14036070</u>	0
SCHEDULE-J			
INCREASE / (DECREASE) IN STOCKS			
(Finished Goods and Stock in Process)			
Closing Stock		332316873	0
Add : Transfer on account of demerger			
Kriti Nutrients Limited	61690485		
Kriti Auto Engineering and Plastic Private Ltd.	<u>4460379</u>	<u>66150864</u>	
		398467737	
Less : Opening Stock		<u>329006216</u>	0
Total		<u>69461521</u>	0
SCHEDULE-K			
COST OF MATERIAL			
Opening Stock of Raw Material		167203548	0
Add: Purchases (Includes loss on account of hedge transaction Rs.6708322 (previous year loss Rs.53902250)		<u>3467150627</u>	0
Less: Closing Stock		3634354175	0
Add : Transfer on account of demerger		269072675	
Kriti Nutrients Limited	184380735		
Kriti Auto Engineering and Plastic Private Ltd.	<u>5187104</u>	<u>189567839</u>	
		<u>458640514</u>	0
Consumption		3175713661	0
Add: Finished Goods Consumed		40335997	0
Add: Packing Material Consumed		<u>107144595</u>	0
Total		<u>3323194253</u>	0
SCHEDULE-L			
DIRECT MANUFACTURING EXPENSES			
Stores and Spares Consumed		26425624	0
Coal Consumed		25639686	0
Power Charges		74924716	0
Job Work Charges		1454123	0
Freight & Cartage		24036477	0
Repairs & Maintenance		4961446	0
Insurance Charges		2598985	0
Water Charges		4738816	0
Excise duty on finished goods		33319439	0
Miscellaneous Manufacturing Expenses		<u>7845777</u>	0
Total		<u>205945089</u>	0



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

(Amt in Rs.)

	31.03.2010	31.03.2009
SCHEDULE-M		
EMPLOYEES REMUNERATION & BENEFITS		
Salaries and Wages	85494223.91	0
Provident Fund & ESI	5940151.70	0
Bonus	3630546.64	0
Employees Benefits	9752584.84	0
Gratuity	1227841.49	0
Total	<u>106045349</u>	<u>0</u>
SCHEDULE-N		
OTHER EXPENSES		
Stationery & Printing	1136878	0
Computer expenses	1101228	0
Rent, Rates and Taxes	5816587	0
Postage, Telegram and Telephones	2381343	0
Auditor's Fees	135000	0
Conveyance Expenses	3673030	0
Legal & Professional Charges	8082923	0
Miscellaneous Expenses	2889161	0
Director's Remuneration	3917904	0
P.F on Director Remuneration	374400	0
Director's Meeting Fee	37000	0
Director's Commission	1250000	0
Advertisement & Publicity	3298814	0
Sales Promotion Expenses	10143869	0
Brokerage & Commission	15724692	0
Freight Outward	71544497	0
Sales Tax & Octroi	1425858	0
Travelling Expenses		
a) Directors - Foreign	650824	0
b) Others - Domestic	10649832	0
Export Expenses	17262108	0
Sundry Balances Written off	751436	0
Bad Debts	13943580	0
Total	<u>176190964</u>	<u>0</u>
SCHEDULE-O		
FINANCIAL CHARGES		
Interest on Term Loans	42721369	0
Interest to Banks	61487091	0
Interest to Others	3492110	0
Bank Charges/Commission	29658794	0
Total	<u>137359364</u>	<u>0</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 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. Reduction of Capital is due to implementation of Demerger scheme.

1.13 Provisions for contingencies

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

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



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

Contingent assets are not recognized in the financial statements.

- 2.1 Pursuant to the order of the Hon'ble High Court of M.P., Bench at Indore solvent division of the Company was demerged with Kriti Nutrients Limited (KNL) and engineering moulding division of the company was hived-off with Kriti Auto & Engineering Plastics Private Limited (KAEPPL) w.e.f.1st January 2010. Thus, the financial statements for the year are inclusive of nine months results (31.12.09) of solvent and engineering moulding division.
- 2.2 Documentation for Bank facilities with various banks are pending for execution due to demerger Scheme implementation during the year.
3. In the opinion of the Board of Directors of the Company, the Current Assets, Loans and Advances have a value realizable in the ordinary course of business at least equal to the amount at which they are stated and provisions for all known liabilities are adequate and not in excess of the amount reasonably necessary.
4. **Contingent liabilities**
 - 4.1 Estimated amount of contracts remaining to be executed on Capital Account Rs. 23.30 lacs.
 - 4.2 Bank has given guarantee on behalf of the Company to various parties to the extent of Rs.64.58 lacs.
5. Installments of term loans from financial institutions falling due within one year are Rs 414.60 lacs.
6. The amount of Foreign Exchange gain included in the profit & loss account is Rs.31.83 lacs.
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	31/03/2010
Present value of obligations as at beginning of the year	4854018
Less: Transfer pursuant to scheme of arrangement	2915489
Balance Present value of obligations as at beginning of the year	2158465
Interest Cost	172656
Current Service Cost	715759
Benefit Paid	(272993)
Actuarial (gain)/loss on obligations	(125001)
Present value of obligations as at end of the year	2648666

(c) Table showing changes in the fair value of plan assets as on	31/03/2010
Fair value of plan assets at beginning of the year	3206552
Less: Transfer pursuant to scheme of arrangement	404423
Balance Present value of obligations as at beginning of the year	3206552
Expected return on plan assets	282304
Contribution	634436
Benefit Paid	(272993)
Actuarial gain/(loss) on plan assets	NIL
Fair value of the plan assets at the end of the year	3850299

(d) Table showing fair value of plan assets as on	31/03/2010
Fair value of plan assets at beginning of the year	5841948
Less: Transfer pursuant to scheme of arrangement	2217931
Balance Fair value of plan assets at beginning of the year	4028440
Actual return on plan assets	282304
Contribution	634436
Benefit Paid	(272993)
Fair value of the plan assets at the end of the year	3850299
Funded status	1201633



Excess of actual over estimated return on plan assets (Actual Rate of return= estimated rate of return as ARD falls on 31/03/2010)	NIL
(e) Actuarial Gain/Loss recognized as on	31/03/2010
Actuarial (Gain)/Loss for the year-obligation	125001
Actuarial (Gain)/Loss for the year-plan assets	NIL
Total (Gain)/Loss for the year	(125001)
Actuarial(Gain)/Loss recognized for the year	(125001)
(f) Expenses recognized in statement of profit and loss	31/03/2010
Current Service Cost	715809
Interest cost	172656
Expected return on Plan Asset	(282304)
Net Actuarial (Gain)/Loss recognized in the year	(125001)
Expenses recognized in the statement of profit & loss	481160
(g) Assumption	
Discount rate	8%
Salary Escalation	7%

8 SEGMENT INFORMATION FOR THE YEAR ENDED 31st MARCH, 2010

(Rs in Lacs)

S. No.	PARTICULARS	SOLVENT DIVISION Upto 31.12.2009	MOULDING Upto 31.03.2010	PLASTIC Upto 31.03.2010	TOTAL
1	SEGMENT REVENUE				
	Export Turnover	5894.05	0.00	0.00	5894.05
	Domestic Turnover	12479.72	1621.76	22103.28	36204.75
	Less: Excise Duty	6.44	130.73	1606.25	1743.43
	Segment Revenue (Net)	18367.33	1491.02	20497.03	40355.38
2	RESULT				
	PROFIT BEFORE INTEREST, DEPRECIATION & TAXATION	619.42	139.82	2317.36	3076.60
	Less: Depreciation	145.86	47.36	263.79	457.02
	PROFIT AFTER DEPRECIATION	473.56	92.45	2053.57	2619.58
	Less: Interest Expense	513.99	36.02	823.58	1373.59
	Less: Provision for Tax	0.00	2.50	210.00	212.50
	Less: Provision for Fringe Benefit tax	0.00	0.00	0.00	0.00
	Less: Deferred tax	64.53	(5.65)	31.19	90.08
	PROFIT	(104.96)	59.58	988.79	943.41
3	OTHER INFORMATION				
	Segment Assets as on 31.03.2010	0.00	1702.52	12940.47	14642.99
	Segment Liabilities as on 31.03.2010	0.00	818.40	10055.10	10873.50
	Capital Expenditure during 2009-2010	781.77	117.73	383.67	1283.17

Note: a) There are no non-cash expenses, other than depreciation and amortization in respect of segment assets.
b) There are no inter segment sales.
c) The segment assets are situated in India.

9. The amount of borrowing cost capitalized during the year NIL.

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	Current Year
1.	Number of Shares at the Commencement up to 31.12.2009	62004400
2.	Shares issued during the year pursuant to the scheme of arrangement approved by the Hon'ble High Court of M.P. in Jan-2010	49603520
3.	Weighted average no. of shares for the Year	58904180
4.	Profit contribution for Basic EPS (Rs in lacs)	943.40
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
6.	Basic Earning Per Share	1.60
7.	Diluted Earning Per Share	1.60
8.	Nominal Value Per Share	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**
Shri Sajjan Singh Mehta (Father of Managing Director)
Miss Devki Mehta (daughter of Managing Director/ Executive Director)
Shri Saurabh Singh Mehta (son of Managing Director/ Executive Director)
- iii. **Subsidiary Company**
Kriti Auto & Engineering Plastics Pvt. Ltd. (Wholly owned Subsidiary Company)
- iv. **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.
 - 5) M/s. Kriti Nutrients Ltd.

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

(Rs. In lacs)

Sr. No.	Transaction Personnel	Key Management Personnel	Relatives of Key Management Personnel	Companies/entities under the control of Key Management Personnel
1.	DEPB License purchased	NIL	NIL	58.54
2.	Remuneration	55.42	8.77	NIL
3.	Rent	NIL	2.11	NIL
4.	Investments	NIL	NIL	NIL
5.	Unsecured Loan	NIL	NIL	367.87
6.	Interest (Net)	NIL	NIL	20.60

12. In accordance with the Accounting Standard (AS) 22 "Accounting for Taxation" issued by The Institute of Chartered Accountants of India (ICAI) and notified under the Companies Accounting Standards Rules, 2006 the details of Deferred Tax items are as under:

2009-10

Deferred Tax Liabilities:

On Account of Tax effect on timing difference
arising due to difference in Depreciation 90.08 lacs

13. Pursuant to the order of the Hon'ble High Court of M.P. Bench at Indore solvent division of the Company was demerged with Kriti Nutrients Limited (KNL) w.e.f. 1st January 2010. Thus, the financial statements for the year are inclusive of nine months results (31.12.09) of solvent division.
- a) The Company has completed the Scheme of Arrangement on 1st January 2010.



- b) The amount of total assets and liabilities as of balance sheet date and amount of revenue and expenses in respect of continuing operations (Plastics & Moulding) and discontinuing operation (Solvent) are as under:

(Rs. In lacs)

Particular/Year	Continuing Operation as on 31/03/2010	Discontinuing Operation as on 31/12/2009
LIABILITY		
Loans	3859.79	4103.72
Deffered Tax Liability	530.54	342.68
ASSETS		
Fixed Assets		
Net Block (Including CWIP)	3677.63	2918.73
Investments	3.05	7.38
Currents Assets, Loans & Advances		
Inventories	6448.06	2681.02
Accounts Receivables	2036.14	623.21
Cash & Bank Balances	903.91	111.16
Loans & Advances	1577.25	682.25
Less:- Currents Liabilities & Provisions	7013.71	1828.80
Net Currents Assets	3951.65	2268.85

Particular/Year	Continuing Operation as on 31/03/2010	Discontinuing Operation as on 31/12/2009
INCOME		
Gross Turnover	22626.96	18373.77
Less:- Excise Duty	1736.99	6.44
Net Turnover	21988.05	18367.33
Other Income	112.49	27.87
Increase/(Decrease) in Stocks	1056.61	(362.00)
Total Income	23157.16	18033.20
EXPENDITURE		
Cost of Material	17485.83	15746.11
Manufacturing Expenses	1388.91	670.54
Employees Remuneration & Benefits	773.09	287.37
Other Expenses	1052.15	709.75
Profit Before Depreciation & Interest	2457.18	619.42
Depreciation	311.16	145.86
Profit Before Interest & Tax	2146.02	473.56
Financial Charges	859.60	513.99
Profit Before Tax	1286.41	(40.43)
Income Tax Expenses		
Current Tax	212.50	0.00
Fringe Benefit Tax	0.00	0.00
Deferred Tax	25.54	64.53
Profit After Tax	1048.37	(104.96)

14. Pursuant to the scheme of arrangement, Kriti Auto & Engineering Plastics Private Limited (KAEPPL) became wholly owned subsidiary of Kriti Industries (India) Limited (KIIL) during the year; hence Consolidated Financial Statements are prepared for the first time and therefore previous figures are not available.

For Subhash Deshpande & Co.
Chartered Accountants

for and on behalf of the Board of Directors

R.D. Asawa

(Partner)

M.No. 16562

Place: Indore

Date : 19th May, 2010

Shiv Singh Mehta
(Managing Dircetor)

Sajjan Singh Mehta
(Director)



Statement pursuant to Section 212 of the Companies Act, 1956.

Name of the subsidiary company	Financial year ending of the subsidiary company	Nature of Equity shares held	Extent of holding	For the financial year of the subsidiary		For the previous financial years since it became a subsidiary	
				Profit/(losses) so far as it concerns the members of the holding company and not dealt with in the holding company accounts	Profit/(losses) so far as it concerns the members of the holding company and dealt with in the holding company accounts	Profit/(losses) so far as it concerns the members of the holding company and dealt with in the holding company accounts	Profit/(losses) so far as it concerns the members of the holding company and dealt with in the holding company accounts
Kriti Auto & Engineering Plastics Pvt. Ltd.	31.03.2010	38,85,000 of Rs 10/- each	100%	Rs in Lacs - 32.82	Rs in Lacs -	Rs in Lacs -	Rs in Lacs -

For Subhash Deshpande & Co.
Chartered Accountants
F.R.N. 000476C

R.D. Asawa
(Partner)

Place : Indore
Date : 19th May, 2010

Shiv Singh Mehta
(Managing Director)

Sajjan Singh Mehta
(Director)

For & on behalf of the Board of Directors



DIRECTORS' REPORT

To,
The Members,

Your Directors have pleasure in presenting their Annual Report on the Audited Accounts for the financial period ended on 31st March 2010.

1. FINANCIAL RESULTS AND OPERATION:

The brief financial results are as under:	Current Year	Previous Year
Total Income	49560735.00	0.00
Total Expenditure	46483948.00	25307.00
Profit/ (Loss) before tax	1457986.00	(25307.00)
Profit/ (Loss) after Tax	3282288.00	(25307.00)

2. DIVIDEND:

In order to strengthen the financial resources of the Company, your Directors do not recommend any dividend for the year under consideration.

3. PUBLIC DEPOSITS:

The Company has neither invited nor accepted any deposit from the public with in the Section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposit) Rules, 1975 during the year.

4. AUDITORS:

M/s. Subhash Deshpande & Co., Chartered Accountants retires at the conclusion of the Annual General Meeting and being eligible offer themselves for reappointment. The Company has received a letter from M/s. Subhash Deshpande & Co., to the effect that their appointment, if made, would be within the limits under Section 224(1B) of the Companies Act, 1956. Yours Directors recommend their appointment as auditors of the Company in ensuing Annual General Meeting.

5. AUDITOR'S REPORT:

The Auditors Report on the accounts for this accounting period ended on 31st March 2010 is self-explanatory, therefore does not require any further explanation.

6. SCHEME OF ARRANGEMENT:

The Hon'ble High Court of M.P. Bench at Indore has duly approved the scheme of Arrangement w.e.f. 01.01.2010. Pursuant to the scheme, the engineering moulding division of the Kriti Industries (India) Limited is transferred and vested into the company.

7. MANAGEMENT:

During the year under review, Mrs. Purnima Mehta resigned as a director of the company. Mr. Manoj Fadnis was appointed as an additional director in the company and he holds the office till the date of ensuing Annual General Meeting. Your directors recommend his re- appointment at the ensuing Annual General Meeting.

8. ALLOTMENT OF SHARES

Pursuant to the order of Hon'ble High Court of M.P. Bench at Indore, Engineering Moulding division of Kriti Industries (India) Limited (KIIL) was hived off into the company w.e.f. 01.01.2010. As per the scheme of Arrangement the company has issued 3875000 Equity shares of Rs. 10/- each at a premium of Rs. 10/- each to KIIL. The 10000 equity shares held by the promoters were also transferred during the year to KIIL. Thus the company has become a wholly owned subsidiary of KIIL.

9. DIRECTOR'S RESPONSIBILITY STATEMENT:

Pursuant to the provision of Section 217 (2AA) of the Companies Act, 1956 as amended with respect to Director's responsibility statement and subject to where so ever otherwise contained in the Audit Report, your Directors hereby confirm.



1. That in the preparation of the annual accounts for the financial year ended on 31st March, 2010 the applicable accounting standards had been followed, along with proper explanation relating to material departures;
2. That the Director have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial period ended and of the profit or loss of the Company for the year under review;
3. That 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. That the Directors have prepared the annual accounts on a going concern basis.

10. PARTICULARS OF EMPLOYEES

The information as required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are not applicable to the Company as the Company does not have any employee receiving remuneration exceeding Rs. 24,00,000.00 per annum or Rs. 2,00,000.00 per month or part thereof.

11. DISCLOSURE OF CONSERVATION OF ENERGY, TECHNOLOGY, ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO.

The information in respect of Conservation of Energy as required U/s 217 (1) (e) of the Companies Act, 1956 read with the Companies (disclosure of particulars in the report of the Director) Rules, 1988 is not required to be given.

The Company has no specific Research & Development department.

There was no foreign exchange earning & outgo in during the year.

12. ACKNOWLEDGEMENT

Your Directors wish to place on record their immense appreciation for the assistance and co-operation extended by the various statutory authorities, Banks, Shareholders and Employee of the Company.

For and on Behalf of the Board.

Place : Indore

Date : 18th May 2010.

Director

Director



Auditor's Report

To the Members of

Kriti Auto & Engineering Plastic Pvt. Ltd.

1. We have audited the attached Balance Sheet of Kriti Auto & Engineering Plastic Pvt. Ltd., as at 31st March, 2010 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 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2010 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, 2010.
 - ii) in the case of Profit and Loss Account, of the profit 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. 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 on our enquiries and in consideration of the scheme of arrangement as per note No 2.1 to the notes on accounts and on the basis of such checks we considered appropriate, we further state that:
 - (i) (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) Since company has not granted any loans to any company, firm or other party specified in section 301 of Companies Act and therefore clauses (a) to (d) are not applicable.
 - (e) Company has taken unsecured loan from its holding company, amount involved Rs.1.25 lacs maximum outstanding during the year 16.39lacs.
 - (f) Rate of interest and other terms and conditions are not prima-facie prejudicial to the interest of the company.



- (g) Payment of principal amount and interest is regular as stipulated.
- (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 need to be entered into the register maintained under that Section, have been so entered.
- (b) According to the information and explanations given to us, there 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 as applicable with the appropriate authorities during the year.
- (b) According to the records of the Company, there are no disputed dues in respect of Sales Tax, Entry Tax and Income Tax
- (x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses during the current financial year, however company has incurred a cash loss of Rs.25307/- in the immediately preceeding 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 end use 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 detected during the year.

For Subhash Deshpande & Co.
Chartered Accountants
(FRN-000476c)

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

Place : Indore
Date : 18th May 2010



KRITI AUTO & ENGINEERING PLASTICS PVT. LTD.

(100% Subsidiary of Kriti Industries (India) Limited)

BALANCE SHEET AS AT 31st MARCH, 2010

(Amt in Rs.)

PARTICULARS	SCHEDULE	31.03.2010	31.03.2009
SOURCES OF FUNDS			
Share Capital	A	38850000	100000
Reserves & Surplus	B	41950513	0
LOAN FUNDS			
Secured Loans	C	40666732	0
Unsecured Loan	C-1	124655	0
DEFERRED TAX LIABILITY (NET)		<u>7612019</u>	<u>0</u>
Total		<u>129203919</u>	<u>100000</u>
APPLICATION OF FUNDS			
FIXED ASSETS	D		
Gross Block		105833846	0
Less: Depreciation		<u>20966631</u>	<u>0</u>
Net Block		84867215	0
Capital Work in Progress			
INVESTMENT (AT COST)	E	0	0
CURRENT ASSETS, LOANS & ADVANCES	F		
Inventories		14522415	0
Accounts Receivables		61159683	0
Cash & Bank Balances		1417818	21848
Loans & Advances		<u>8292693</u>	<u>42000</u>
		<u>85392609</u>	<u>63848</u>
LESS: CURRENT LIABILITIES & PROVISIONS	G		
Current Liabilities		40805905	11133
Provisions		<u>250000</u>	<u>0</u>
		<u>41055905</u>	<u>11133</u>
NET CURRENT ASSETS		44336704	52715
PROFIT & LOSS ACCOUNTS		<u>0</u>	<u>47285</u>
Total		<u>129203919</u>	<u>100000</u>

Accounting policies & Notes on Accounts
As per our report of even date attached.

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
(Director)

Manoj Fadnis
(Director)

Place: Indore
Date : 18th May, 2010

**KRITI AUTO & ENGINEERING PLASTICS PVT. LTD.**

(100% Subsidiary of Kriti Industries (India) Limited)

BALANCE SHEET AS AT 31st MARCH, 2010

(Amt in Rs.)

PARTICULARS	SCHEDULE	31.03.2010	31.03.2009
INCOME			
Income from Operations (Gross)	H	54903723	0
Less : Excise Duty		<u>4599150</u>	<u>0</u>
Income from Operations (Net)		50304573	
Miscellaneous Income	I	94290	0
Increase/ (Decrease) in Stock	J	<u>(838129)</u>	<u>0</u>
		<u>49560734</u>	<u>0</u>
EXPENDITURE			
Cost of Material	K	30587152	0
Manufacturing Expenses	L	6806593	0
Employees Remuneration & Benefits	M	3834734	0
Administrative & Selling Expenses	N	4078280	24702
Financial Charges	O	<u>1211679</u>	<u>605</u>
		<u>46518438</u>	<u>25307</u>
Profit before Depreciation		3042296	(25307)
Less : Depreciation for the year	D	<u>1618800</u>	<u>0</u>
Profit before Tax		1423496	(25307)
Less : Provision for Taxation		250000	0
Less : Provision for Fringe Benefit Tax		0	0
Add/Less : Deferred Tax Assets/(Deferred Tax Liability)		<u>2074302</u>	<u>0</u>
Net Profit after Tax		3247798	(25307)
Add : Previous Year Profit brought forward		<u>(47285)</u>	<u>(21978)</u>
Profit available for appropriation		<u>3200513</u>	<u>(47285)</u>
Balance carried over to Balance Sheet		<u>3200513</u>	<u>(47285)</u>
		<u>3200513</u>	<u>(47285)</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
 (Director)

Manoj Fadnis
 (Director)

Place: Indore
 Date : 18th May, 2010

**KRITI AUTO & ENGINEERING PLASTICS PVT. LTD.**

(100% Subsidiary of Kriti Industries (India) Limited)

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

(Amt in Rs.)

PARTICULARS	SCHEDULE	31.03.2010	31.03.2009
SCHEDULE-A			
SHARE CAPITAL			
AUTHORISED			
1,00,00,000 Equity Shares of Rs 10/- each		100000000	100000
(Previous Year-10,000 Equity Shares of Rs 10/- each)			
	Total	<u>100000000</u>	<u>100000</u>
ISSUED, SUBSCRIBED & PAID UP			
38,85,000 Equity Shares of Rs 10/- each		38850000	100000
(Previous Year-10,000 Equity Shares of Rs 10/- each)			
(All the above shares are held by Kriti Industries (India) Limited, Holding Company)			
	Total	<u>38850000</u>	<u>100000</u>
SCHEDULE-B			
RESERVES & SURPLUS			
General Reserve		0	0
Contingency Reserve		0	0
Share Premium Account		38750000	0
(Excluding Calls in Arrears)			
Capital Subsidy		0	0
Share Forfeiture A/C		0	0
Profit & Loss Account		3200513	(47285)
(As per Annexed account)			
	Total	<u>41950513</u>	<u>(47285)</u>
SCHEDULE-C			
SECURED LOAN			
A. LONG TERM LOAN FROM BANKS			
(Secured by First Charge/Mortgage on Fixed Assets of the Company and Personal Guarantee of Directors)		25065667	0
B. WORKING CAPITAL LOAN FROM BANKS			
(Secured by Hypothecation of Finished Goods, Raw Material, Stock in process, Store and Spares, Sundry Debtors, Export Bills, Receivables and Second Charge on Fixed Assets of the Company and Personal Guarantee of Directors)		15601065	0
	Total	<u>40666732</u>	<u>0</u>
SCHEDULE-C-1			
UNSECURED LOAN			
(Intercompany Deposits)		124655	0
	Total	<u>124655</u>	<u>0</u>



KRITI AUTO & ENGINEERING PLASTICS PRIVATE LIMITED

(100% Subsidiary of Kriti Industries (India) Limited)

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

SCHEDULE - D FIXED ASSETS

(Amt in Rs.)

SN. PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK		
	01.04.09	Additions on demerger	Deduction	Total	01.04.09	Additions on demerger	For the Period	Back	Total	31.03.2010	31.03.2009
1. Land	0	5597122	0	5597122	0	0	0	0	0	5597122	0
2. Goodwill	0	8486598	0	8486598	0	0	424330	0	424330	8062268	0
3. Factory Building	0	21296198	0	21296198	0	3679976	177823	0	3857799	17438399	0
4. Plant & Machinery	0	65258958	0	65258958	0	13960094	861418	0	14821512	50437446	0
5. Dies & Moulds	0	2551414	0	2551414	0	936099	103396	0	1039495	1511919	0
6. Vehicles	0	30854	0	30854	0	15384	733	0	16117	14737	0
7. Furniture & Fixture	0	2217786	0	2217786	0	511004	35096	0	546101	1671685	0
8. Computer	0	394916	0	394916	0	245273	16004	0	261277	133639	0
TOTAL RS.	0	105833846	0	105833846	0	19347830	1618800	0	20966631	84867215	0
Previous Balance	0	0	0	0	0		0	0	0	0	0

Note-1. Addition excluding Goodwill represents assets aquired pursuant to the scheme of demerger/hiveoff.

(Amt in Rs.)

	31.03.2010	31.03.2009
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SCHEDULE-F

A. CURRENT ASSETS

1. Inventories

- a) Raw Materials
- b) Finished Goods WIP
- c) Stores & Spares

	7758842	0
	3622250	0
	3141323	0
Total	14522415	0

2. Sundry Debtors

- (Unsecured Considered Good)
- Over Six months
- Others
- Doubtful debts

	7065043	0
	54094640	0
	0	0
Total	61159683	0

3. Cash & Bank Balances

- Cash in hand
- Balance with Scheduled Bank
- On Current Account
- On Deposits Account

	58053	10113
	1359765	11735
	0	0
Total	1417818	21848
Total (A)	77099916	21848



KRITI AUTO & ENGINEERING PLASTICS PRIVATE LIMITED

(100% Subsidiary of Kriti Industries (India) Limited)

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

(Amt in Rs.)

	31.03.2010	31.03.2009
B. LOANS AND ADVANCES		
(Unsecured, Considered Good)		
a) Advances recoverable in cash or in kind or for value to be received	421387	42000
b) Sundry Deposits	1990686	0
c) Advance Tax/Tax Deducted at Source	4767384	0
d) Cenvat	1113236	0
f) Inter Division	0	0
Total(B)	8292693	42000
Total(A+B)	85392609	63848
SCHEDULE-G		
(A) CURRENT LIABILITIES		
1. Sundry Creditors	37427420	11133
2. Outstanding Expenses	2045241	0
3. Statutory Liabilities	1333244	0
4. Advance from Customers	0	0
5. Inter Division	0	0
Total(A)	40805905	11133
(B) PROVISIONS		
Provision for Income Tax (Earlier Year)	0	0
Provision of Income Tax for the Year	250000	0
Provision of Fringe benefit Tax	0	0
Less : Advance Income Tax/Tax Deducted at Source	0	0
	250000	0
Corporate Dividend Tax	0	0
Proposed dividend	0	0
Total (B)	250000	0
Total (A+B)	41055905	11133
SCHEDULE-H		
Gross Sales	54062064	0
Less: Excise Duty	4599150	0
Net Sales	49462914	0
Job Work Receipts	841659	0
Total	50304573	0
SCHEDULE- I		
MISCELLANEOUS INCOME		
Interest Received/Receivable	0	0
Miscellaneous Income	94290	0
Profit on Sale of Assets	0	0
Foreign Exchange Fluctuation A/c	0	0
Sundry Balance Written Back	0	0
Total	94290	0
SCHEDULE-J		
INCREASE / (DECREASE) IN STOCKS		
(Finished Goods and Stock in Process)		
Closing Stock	3622250	0
Less : Opening Stock	4460379	0
Total	(838129)	0


KRITI AUTO & ENGINEERING PLASTICS PRIVATE LIMITED

(100% Subsidiary of Kriti Industries (India) Limited)

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

(Amt in Rs.)

	31.03.2010	31.03.2009
SCHEDULE-K		
COST OF MATERIAL		
Opening Stock of Raw Material	5187105	0
Add:Purchases	<u>31693064</u>	<u>0</u>
	36880169	0
Less: Closing Stock	<u>7758842</u>	<u>0</u>
	29121326	0
Add:Finished Goods Purchased	0	0
Add:Packing Material Consumed	<u>1465825</u>	<u>0</u>
Total	<u>30587152</u>	<u>0</u>
SCHEDULE-L		
DIRECT MANUFACTURING EXPENSES		
Stores and Spares Consumed	1787912	0
Power Charges	2660020	0
Job Work Charges	159188	0
Freight & Cartage	1296750	0
Repairs & Maintenance	297982	0
Insurance Charges	43616	0
Water Charges	73518	0
Miscellaneous Manufacturing Expenses	<u>487607</u>	<u>0</u>
Total	<u>6806593</u>	<u>0</u>
SCHEDULE-M		
EMPLOYEES REMUNERATION & BENEFITS		
Salaries and Wages	2917647	0
Provident Fund & ESI	110469	0
Bonus	98963	0
Employees Benefits/Staff Welfare	692614	0
Gratuity	<u>15041</u>	<u>0</u>
Total	<u>3834734</u>	<u>0</u>
SCHEDULE-N		
OTHER EXPENSES		
A. ADMINISTRATIVE EXPENSES		
Stationery & Printing	183907	0
Rent, Rates and Taxes	70500	1600
Postage, Telegram and Telephones	163569	87
Conveyance Expenses	49147	0
Legal & Professional Charges	171405	19155
Audit Fees Payable	10000	3860
Computer Expenses	2300	0
Miscellaneous Expenses	13226	0
Foreign Currency Fluctuation A/c	<u>0</u>	<u>0</u>
Total (A)	<u>664054</u>	<u>24702</u>

**KRITI AUTO & ENGINEERING PLASTICS PRIVATE LIMITED**

(100% Subsidiary of Kriti Industries (India) Limited)

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

(Amt in Rs.)

	31.03.2010	31.03.2009
B. SELLING & DISTRIBUTION EXPENSES		
Advertisement & Publicity	18000	0
Sales Promotion Expenses	3000	0
Brokerage & Commission	0	0
Freight Outward	1501033	0
Sales Tax & Octroi	76866	0
Bad Debts	1756323	0
Sundry Balances Written off	14826	0
Travelling Expenses		
a) Directors	0	
b) Others	44178	0
Total (B)	3414226	0
Total (A+B)	4078280	24702

SCHEDULE-O**FINANCIAL CHARGES**

Interest on Term Loans	721068	0
Interest to Banks	462553	0
Interest to Others	19570	0
Bank Charges/Commission	8488	605
Total	1211679	605

**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 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.

1.10 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.

1.11 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.

1.12 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.

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.

- 2.1 Pursuant to the order of the Hon'ble High Court of M.P. Bench at Indore engineering moulding division of Kriti Industries (India) Limited (KIIL) was hived off into the company w.e.f.1st January 2010. As per the scheme of arrangement the company has issued 38,75,000 Equity Shares of Rs 10/- each at a premium of Rs 10/- each to KIIL. The 10,000 Equity shares held by the promoters were also transferred during the year to KIIL. Thus the company has become a wholly owned subsidiary of KIIL.

- 2.2 Documentation for Bank facilities with State Bank of India is pending for execution under the demerger scheme.



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

4. Contingent liabilities

- 4.1 Installments of term loans from financial institutions falling due within one year are Rs 250.66 lacs (Previous year Rs.NIL).

5. Company's Income tax assessments have been completed up to Assessment year 2008-2009. In the opinion of Board of Director's provision made for Income Tax is adequate.

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	31/03/2010	31/03/2009
Present value of obligations as at beginning of the year	NIL	NIL
Add:- Transfer pursuant to scheme of arrangement	109698	NIL
Total Present value of obligations	109698	NIL
Interest Cost	8776	NIL
Current Service Cost	70310	NIL
Benefit Paid	0	NIL
Actuarial (gain)/loss on obligations	17475	NIL
Present value of obligations as at end of the year	206259	NIL

(c) Table showing changes in the fair value of plan assets as on	31/03/2010	31/03/2009
Fair value of plan assets at beginning of the year	NIL	NIL
Add:- Transfer pursuant to scheme of arrangement	404423	NIL
Total Present value of obligations	404423	NIL
Expected return on plan assets	36398	NIL
Contribution	0.00	NIL
Benefit Paid	0.00	NIL
Actuarial gain/(loss) on plan assets	NIL	NIL
Fair value of the plan assets at the end of the year	440821	NIL

(d) Table showing fair value of plan assets as on	31/03/2010	31/03/2009
Fair value of plan assets at beginning of the year	NIL	NIL
Add:- Transfer pursuant to scheme of arrangement	404423	NIL
Total Present value of obligations	404423	NIL
Actual return on plan assets	36398	NIL
Contribution	0	NIL
Benefit Paid	0	NIL
Fair value of the plan assets at the end of the year	440821	NIL



Funded status	234562	NIL
Excess of actual over estimated return on plan assets	NIL	NIL
(Actual Rate of return= estimated rate of return as ARD falls on 31/03/2010)		
(e) Actuarial Gain/Loss recognized as on	31/03/2010	31/03/2009
Actuarial (Gain)/Loss for the year-obligation	(17475)	NIL
Actuarial (Gain)/Loss for the year-plan assets	NIL	NIL
Total (Gain)/Loss for the year	17475	NIL
Actuarial (Gain)/Loss recognized for the year	17475	NIL
(f) Expenses recognized in statement of profit and loss	31/03/2010	31/03/2009
Current Service Cost	70310	NIL
Interest cost	8776	NIL
Expected return on Plan Asset	(36398)	NIL
Net Actuarial (Gain)/Loss recognized in the year	17475	NIL
Expenses recognized in the statement of profit & loss	60163	NIL
(g) Assumption		
Discount rate	8%	8%
Salary Escalation	7%	7%

8. SEGMENT INFORMATION FOR THE YEAR ENDED 31st MARCH, 2010.

Company has only one segment i.e. Moulding Division.

9. The amount of borrowing cost capitalized during the year NIL (Previous Year NIL).

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	Current Year	Previous Year
1.	Number of Shares at the Commencement upto 31.12.2009	10000	10000
2.	Shares issued during the year pursuant to the scheme of arrangement approved by the Hon able high court of M.P. in Jan-2010	3875000	NIL
3.	Weighted average No. of Shares for the Year	978750	10000
4.	Profit contribution for Basic EPS (Amount in Rs.)	3247799	(25307)
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	3.32	(2.53)
7.	Diluted Earning Per Share	3.32	(2.53)
8.	Nominal Value Per Share	10.00	10.00

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

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

Shri Shiv Singh Mehta, Director

Shri Saurabh Singh Mehta, Director

ii. Holding Company

M/s Kriti Industries (India) Limited

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.

5) M/s. Kriti Nutrients Ltd.

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



(Rs. In lacs)

Sr. No.	Nature of Transaction	Holding Company	Key Management Personnel	Relatives of Key Management Personnel	Companies/entities under the control of Key Management Personnel
1.	O/s Unsecured Loan taken	1.17 (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)
2.	Interest paid	0.20 (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)

12. In accordance with the Accounting Standard (AS) 22 "Accounting for Taxation" issued by The Institute of Chartered Accountants of India (ICAI) and notified under the Companies Accounting Standards Rules, 2006 the details of Deferred Tax items are as under:

2009-102008-09

Deferred Tax Liabilities/Assets:

On Account of Tax effect on timing difference

arising due to difference in Depreciation

20.74 lacs

Nil

13. Previous year figures have been regrouped and reclassified wherever necessary, however due to the effects of scheme of arrangement in the current year, previous figures are not comparable.

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

(Director)

Manoj Fadnis

(Director)

Place: Indore

Date : 18th May, 2010



CASH FLOW STATEMENT
FOR THE YEAR ENDED AS AT 31st MARCH, 2010

Rs. In lacs

PARTICULAR	Period ended 31.03.2010	Period ended 31.03.2009
A. Cash Flow from operating activity		
Net Profit Before Tax & Extraordinary Items	14.23	(0.25)
Adjustments for:		
Depreciation	16.19	0.00
Loss/(profit) on Sale of Fixed Asset	0.00	0.00
Dividend Income	0.00	0.00
Miscellaneous Income	(0.94)	0.00
Financial Charges	12.12	0.00
Prior Period Income/(Expenses)	0.00	0.00
Operating Profit Before Working Capital Changes	41.60	(0.25)
Adjustment for Working Capital Changes		
Trade & Other Receivables	(694.10)	0.23
Inventories	(145.22)	0.00
Trade Payables	504.81	0.06
Cash Generated from Operation	292.92	0.03
Financial Charges	(12.12)	0.00
Taxes paid	0.00	0.00
Net Cash from Operating Activities (A)	(305.04)	0.03
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets/ Capital	(864.85)	0.00
Sale of Fixed Assets	0.00	0.00
Sale/(Purchase) of Investments	0.00	0.00
Miscellaneous Income	0.94	0.00
Dividend Income	0.00	0.00
Net Cash used for Investing Activities (B)	(863.91)	0.00
C. Proceeds from issue of shares	775.00	0.00
Proceeds /(Repayment) from Long Term Borrowings	250.66	0.00
Short Term Loan movement	156.00	0.00
Effect of Exchange Rate Change	0.00	0.00
Unsecured loan	1.25	0.00
Dividend paid	0.00	0.00
Net Cash used for Financing Activities (C)	1182.91	0.00
Net Decrease in Cash & Cash Equivalents (A)+(B)+(C)	13.96	0.03
Opening Balance of Cash & Cash Equivalents	0.22	0.19
Closing Balance of Cash & Cash Equivalents	14.18	0.22

Note :- This Cash Flow includes non cash items pursuant to the scheme of arrangement approved during the year by the Hon'ble High Court of M.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
(Director)

Manoj Fadnis
(Director)

Place: Indore
Date : 18th May, 2010



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 20th Annual General Meeting of the Company being held at "Chetak Chambers", 4th Floor, 14, R.N.T. Marg, Indore - 452 001 (M.P.) on Monday the 27th September, 2010 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 20th Annual General Meeting of the Company to be held on Monday the 27th September, 2010 at 4.00 P.M. and at any adjournment thereof.

Signed this day of2010

Folio No :
No. of Shares Held :

Signatures

Affix One
Rupee
Revenue
Stamp

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.