



KRITI INDUSTRIES (INDIA) LIMITED

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CIN : L25206MP1990PLC005732

KIIL/SE/2021-22

16th July, 2021

Online filing at: www.listing.bseindia.com

To,
The Listing Department
Bombay Stock Exchange Limited
PhirozeJeejeebhoy Tower,
Dalal Street, Mumbai (M.H.) 400 001

BSE Scrip Code: 526423

Sub: Submission of 31st Annual Report alongwith Notice of Annual General Meeting (AGM) to be held on 7th August, 2021 through Video Conferencing or Other Audio Video Means (OAVM) at 3:00 P.M. pursuant to Regulation 34(1) of SEBI (LODR) Regulations, 2015.

Dear Sir/Ma'am,

We wish to inform you that the 31st Annual General Meeting of the Members of Kriti Industries(India) Limited is scheduled to be held on 7th August, 2021 at 3:00 P.M., **through Video Conferencing or Other Audio Video Means (OAVM)** for which purposes the corporate office of the company situated at 8th Floor, Brilliant Sapphire Plot No.10, PSP, IDA, Scheme No.78, Part II, Indore (M.P.) shall be deemed as the venue for the Meeting.

Pursuant to Regulation 34(1)(a) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclose herewith the soft copy of the Annual Report for the financial year ended on 31st March, 2021 along with the Notice of 31st Annual General Meeting to be held on Saturday, 7th August, 2021 at 3:00 P.M.

You are requested to please take on record the above said document of the Company for your reference and further needful.

Thanking You.

Yours Faithfully,

For, KRITI INDUSTRIES (INDIA) LIMITED

**APEKSHA BAISAKHIYA
COMPANY SECRETARY &
COMPLIANCE OFFICER**

Encl.: 31st Annual Report for financial year 2020-21 alongwith Notice of AGM.



DO RIGHT

Our long-term approach to
business sustainability

KRITI INDUSTRIES (INDIA) LIMITED
ANNUAL REPORT 2020-21

Forward looking statement

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

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We have four messages to communicate in this annual report.

One, the PVC pipes industry is expected to grow at 10% per year to emerge as a ₹50,000 Cr sector by 2025.

Two, Kriti Industries expects to deliver consistent growth.

Three, the company is rapidly evolving from a manufacturing-driven to a marketing-centric focus.

Four, the company intends to graduate from a regional play into a zonal, then multi-zonal and eventually into a national polymer pipes company.



**DO
RIGHT**

India is the second most populous country, adding the largest annual population increment by any single nation.

India's priority is to generate more food from the same land area. In turn, there is a growing need to aggregate and allocate available water to where it is most required to enhance crop output.

At Kriti Industries (India) Limited, we are engaged in a business that addresses this national priority. We manufacture a range of polymer pipes trusted by farmers that transport water to their farms or crops.

In doing so, we play the role of a responsible farm infrastructure provider, strengthening India's agricultural sector and food security.

KRITI INDUSTRIES (INDIA) LIMITED.

Driven to 'Do Right', do it well and do it now

Vision

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

Mission

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

Values

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

Personality

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



Promoters

The Company was promoted by Shri Shiv Singh Mehta in 1982 who is Chairman and Managing Director. He is assisted by senior executives and more than 500 employees.



Product mix

The Company widened its product range to address a majority of sizes (small to large diameter across classes and ratings). The Company possesses the capability to manufacture a variety of complementary PVC/HDPE fittings.



Listing

The Company is listed on the Bombay Stock Exchange. The Company's market capitalisation was ₹363.10 Cr as on 31st March, 2021. The promoters accounted for a 66.34% stake in the Company's equity capital.



The Group governance

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



Presence

The Company's headquarters are based in Indore; its manufacturing facility is located in Pithampur. The Company's sales footprint extends largely across Madhya Pradesh, Rajasthan, Maharashtra and Telangana.



Brand

The Company's proprietary brand Kasta commands a superior recall and traction for consistency, quality and service.



Businesses

The Company is engaged in the manufacture of polymer pipes. These comprised Poly Vinyl Chloride (PVC) and Poly Ethylene (PE) used in the downstream applications of potable water supply, irrigation, building construction and infrastructure.



Performance

The Company registered revenues of ₹590.23 Cr and Profit after Tax of ₹38.23 Cr.

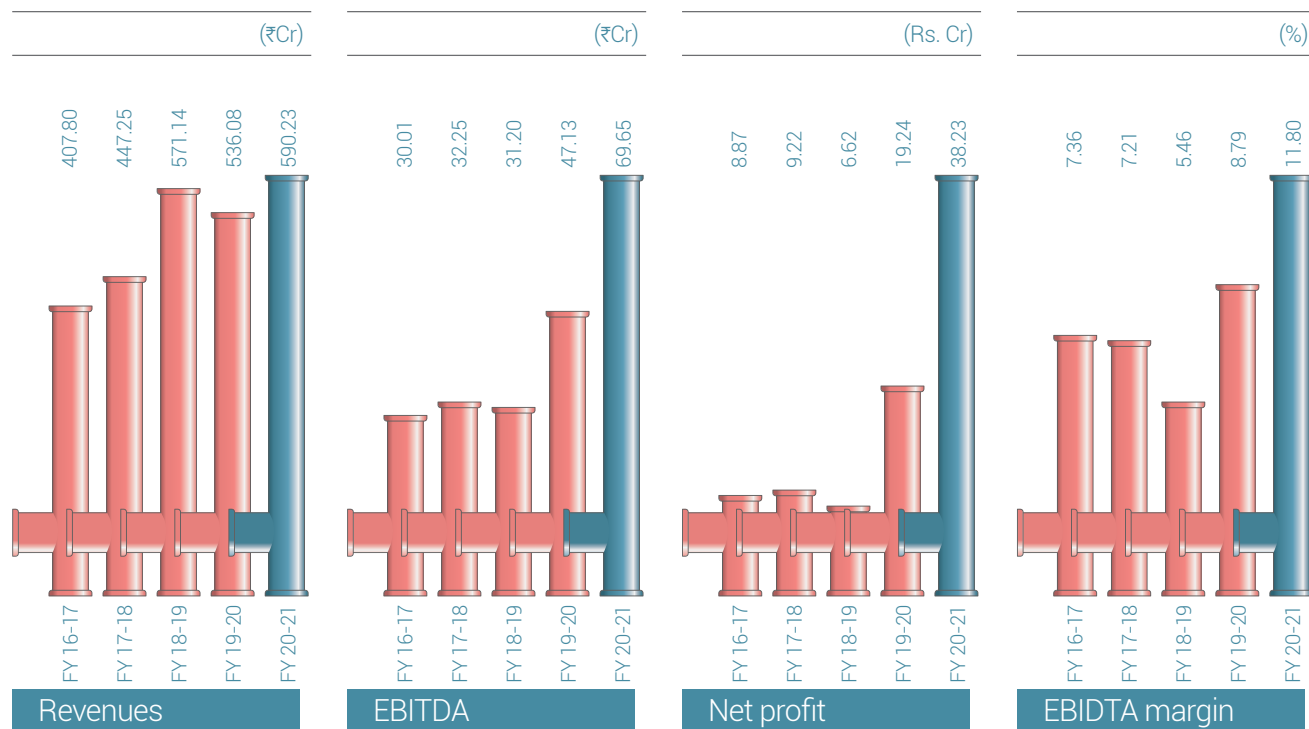
The Company reported a cash profit of ₹46 Cr and EBIDTA margin of 11.80% in 2020-21.



Responsibility

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

'Do Right' has translated into growing numbers



Definition

Growth in sales, net of taxes.

Why this is measured

It is an index that showcases the Company's ability to maximise revenues, which provides a basis against which the company's performance can be compared with sectoral peers.

What this means

Aggregate sales increased 10% during the year under review on account of a wider marketing footprint.

Value impact

The volume offtake remained creditable in an otherwise challenging year for the economy, protecting the Company's industry visibility.

Definition

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

Why this is measured

It is an index that showcases the Company's ability to generate a surplus after operating costs, creating a base for comparison with sectoral peers.

What this means

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

Value impact

The Company reported a 46% growth in EBITDA in FY 20-21 due to better price realisations.

Definition

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

Why this is measured

It highlights the strength of the business model to enhance shareholder value.

What this means

This ensures the quantum of cash available for reinvestment.

Value impact

Wider footprint and higher sales helped strengthen PAT to the highest ever in the company's existence, nearly 100% over the previous year – an instance of profitable growth.

Definition

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

Why this is measured

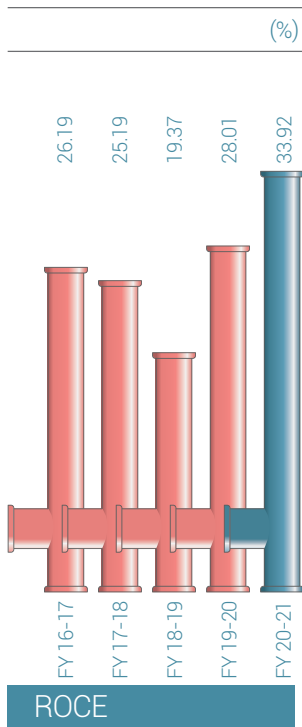
The EBITDA margin provides an index of how much a company earns (before interest and taxes) on each rupee of sales.

What this means

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

Value impact

The Company reported a near-300 bps increase in EBITDA margin in FY 20-21 (highest in 5 years) on account of a superior product mix, higher revenues and payback of business development costs.



Definition

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

Why this is measured

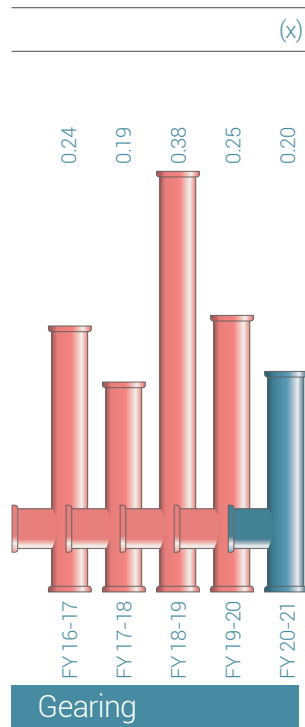
ROCE is an insightful metric to compare profitability across companies based on their capital efficiency.

What this means

Enhanced ROCE can potentially drive valuations and market perception.

Value impact

The Company reported 600+ bps increase in ROCE in FY 20-21 following increased volumes, recovery of business development costs and economies of scale (manufacturing, distribution and brand).



Definition

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

Why this is measured

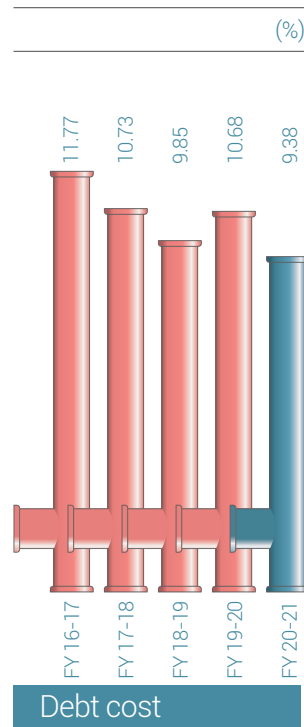
This is one of the defining measures of a company's solvency and liquidity.

What this means

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

Value impact

The Company's gearing stood improved at 0.20 in FY 20-21 compared to 0.25 in FY 19-20 following debt repayment and increased net worth. This ratio should ideally be read in conjunction with net debt/EBITDA (lower the better).



Definition

This is derived through the computation of the average cost of the consolidated debt on the Company's books.

Why this is measured

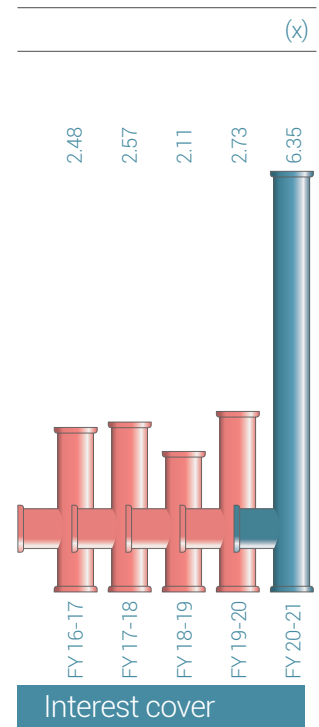
This indicates the company's ability in convincing debt providers of the robustness of the business model and negotiating a lower debt cost (leading to higher margins).

What this means

This translates into enhanced cash flows and strengthens credit rating leading to declines in debt cost.

Value impact

The Company's debt cost was 9.38% in FY 20-21, lowest in five years. This ratio should ideally be read in conjunction with net debt/operating profit (a decline indicating higher liquidity).



Definition

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

Why this is measured

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

What it means

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

Value impact

The Company's interest cover strengthened from 2.73x in FY 19-20 to 6.35x in 2020-21, which was largely on account of superior cost management, higher realisation, projects payback and increased business growth through accruals.



**DO
RIGHT**

'Do Right' and Kriti Industries (India) Limited



'DO RIGHT'

A beacon

A guiding principle - a credo

A go to place..... when in doubt

Meaningful

Evocative and provocative

CHAIRMAN'S PERSPECTIVE



We positioned our company ahead of the curve; we focused on being opportunity-ready.

Overview

Seldom does one consider a polymer pipe embedded in the soil to be 'infrastructure'; seldom has any infrastructure segment across any national sector played as much of a role in enhancing national security.

The importance of this infrastructure is emphasised by a pertinent reverse question: 'What kind of a world would

be without polymer pipes servicing the country's agriculture sector?'

The answer: Rain-fed areas would it be more prosperous over rain-deficient ones; cross-country income inequity would be wide and influenced by precipitation; the number of crops raised by farmers would be fewer on account of fewer months of water availability; farm productivity and nutritional intake would be lower;

poverty would be more extensive; the number of economically active individuals would be lower; national GDP growth would be modest at best; 'brain drain' would be among the most frequently used terms; families would scatter and splinter across cities.

In view of this, the simple facility of transporting water from the point of landing and collection to the point of consumption is probably one of the most critical infrastructure contributions to the progress of humankind.

Indian agriculture's inflection point

At India, we see water transportation infrastructure at the cusp of an inflection opportunity.

There are a number of reasons for this.

One, we have always believed that when a country's national direction has been secured by a transparent long-term policy, the transformation is quicker and more enduring.

Two, when a farmer – the lowest common denominator – begins to see the laying of a brand new pipe as an investment and not as an expense, you see the beginning of an unprecedented cultural transformation in possibly the oldest occupation known to humanity.

Three, when you see a number of farmers aggregate themselves into a co-operative with the objective to pool resources and commission piped infrastructure, you recognise that times are changing.

Four, when a farmer uses his or her smartphone to get periodic downloads on how to enhance farm productivity, you recognise that this is start of a national grassroots revolution.

In view of this ground-level traction, we believe that agriculture reform will continue to be at the core of national prosperity irrespective of changes in geo-political, social or economic realities across the coming years.

How infrastructure companies will need to change

At growth-driven agriculture infrastructure companies, it will be more than business as usual.

There will be a greater premium on the need for scale; the small and marginal polymer pipe companies are likely to be out-competed by the larger brands.

There will be a bigger focus on de-risking, marked by a strong global cum Indian supply chain, anytime access to imported raw material, the ability to sustain the business without building large raw material stocks, the ability to sustain the business without a disproportionately long working capital cycle, the capacity to withstand raw material price swings and the ability to enhance capacity utilisation through the year by servicing the needs of non-seasonal sectors and applications.

There will be a need to manufacture a broader product mix that addresses different needs, making it possible to carve out a larger share of the dealer's wallet.

There will be a growing requirement for manufacturers to build on the platform of products and graduate towards service-driven solutions, graduating one-off transactions towards multi-year relationships.

Rethinking the corporation

At Kriti Industries, we initiated a sweeping transformation of our

CHAIRMAN'S PERSPECTIVE

personality a few years ago.

We positioned our company ahead of the curve; we focused on being opportunity-ready.

We modularised our company into a number of small teams.

We transformed our operating style around objectives.

We engaged an external agency to transform our HR process.

We balanced our employee mix around experience and youthfulness.

We energised our teams around challenging targets.

We delegated responsibilities and authority.

Positive realities

I am pleased to report a number of positive realities.

Even though we effectively operated for three quarters of the last financial year on account of the Covid-19 pandemic, we reported a 10% increase in revenues to ₹590.23 Cr in 2020-21. We reported profitable growth: EBIDTA

increased 46% and profit after tax strengthened 98.71%.

This improvement was reflected in our financial metrics. Return on Capital Employed strengthened from 16% in 2019-20 to 24% in 2020-21; EBIDTA margin strengthened nearly 300 bps to 11.80% in the last financial year.

The company's sales throughput was driven by a deepening presence in relatively new markets. The company increased the proportion of revenues from markets entered into after 2018 from 7% to 16%; the proportion of revenues from the company's largest market of presence was consciously moderated from 93% to 84% following broad-basing.

Industry optimism

At Kriti Industries, our momentum continues to be positive.

In a post COVID-19 world, the reverse migration from cities to villages is likely to strengthen India's agriculture sector. The Indian farmer is now more connected to global and Indian developments through the smartphone.

India's government is focused on agriculture reform through various interventions that support the introduction of superior technologies, production of resources that moderate India's carbon intensity, enhance food output and increase disintermediation. Besides, the government announced increased minimum selling prices (MSP) across a number of crops, strengthening farmer cash flows.

Optimism

At Kriti Industries, we are opportunity-ready.

We are optimistic of carving out a larger share in the markets of our presence.

As an extension, we continue to believe that we should be able to maintain consistent growth, enhancing value for all our stakeholders.

Shiv Singh Mehta,
Chairman and Managing Director



My optimism about India's agriculture story

- The new generation has brought a new entrepreneurial zeal to India's farm sector
- The new wave is being driven by enhanced farmer aspirations for better life quality
- There is a greater receptivity to modern technologies in India's farm sector
- The Indian government is committed to enhance rural infrastructure standards
- 'Work from home' is leading to responsible de-urbanisation that could strengthen the farm sector

Operations review

“Kriti has touched an inflection point in its existence; from this point onwards, the company expects to grow faster”

Operational review of the company's 2020-21 performance by the Managing Director

Q: Was the management pleased with the performance of the company in 2020-21?

A: The management was pleased with the performance for various reasons.

One, the company reported a breakout performance during a pandemic year, which indicates that the demand destruction within the Indian economy (for however long it lasted) had virtually no impact on the company.

Two, the company reported its best every quarter during the third quarter in terms of profits, which provides the company with profit visibility of what it can achieve going ahead.

Three, even as a part of the improvement was derived from one-off raw material inventory gains, a part of the improvement was also derived from a reduction in interest outflow and shorter receivables cycle, which indicates that the company strengthened its financial hygiene during the last financial year.

So on the overall, the company did not just report a considerably better

financial year but also strengthened its business model to reinforce business sustainability.

Q: What was impressive about the numbers?

A: The company reported profitable growth. Even as revenues increased 10%, net profit increased nearly 100%. This profitable divergence indicates that the company did not compromise realisations or its brand for a short-term opportunistic advantage. Besides, interest outflow (based on short-term debt) declined from ₹17.25 Cr to ₹10.96 Cr; correspondingly, interest cover (EBIDTA divided by interest outflow) strengthened to 6.35. EBIDTA margin strengthened by 300 bps to 11.80% in 2020-21. This all-round improvement in our financials provides the company with the foundation to graduate to the next round of its existence.

Q: What is the principal message that you wish to convey related to

the performance of the company?

A: The principal message is that there has been a strategic structural shift within the company over the last couple of years, but more so in the last financial year. This shift transpired at various levels: from responsible de-risking when the company was relatively small to a more entrepreneurial approach; from a focus on scaling volumes in the past to a stronger focus on enhancing return on employed capital; from a focus on manufacturing to marketing effectiveness; from a focus on manufacturing efficiency to holistic financial hygiene.

The initial results in 2020-21 reflected in a lower working capital drawal from banks (only 40% of the sanctioned amount), greater utilisation of accruals for growing the business, increased employee productivity, project-driven decline in processing costs, capex deployment only for efficiency-enhancement (as opposed to capacity increase), focus on recovering old

receivables, increasing funding through the Letter of Credit route (as opposed to higher-priced borrowings from commercial banks) and a strong bankers' consortium to address long-term financing needs.

The result is that the company strengthened its RoCE by 800 bps to 24% in 2020-21, which was arguably among the highest in India's polymer pipes sector.

Q: How does the company intend to make this improvement sustainable?

A: There is a progressive movement to generate more with less: selective automation that increases our worker productivity; generating quicker receivables, increasing the proportion of accruals in our growth capital and graduating from a company with a seasonal sales focus to a company with a perennial revenue-generating model.

At Kriti, we believe that the last point holds potential. Going ahead, the company will broadbase its farm sector focus to pipes for the building sector. At a time when the country's real estate sector is reporting an attractive rebound, we believe that there is a large pan-national market waiting to be explored. We believe that revenue broadbasing across sectors does not just hold the key to generating sales through the year, but holds the key to enhanced brand visibility and valuation on the stock exchanges. Besides, the ability to market products across various downstream sectors is expected to reinforce our long-term recall as a polymer pipes solution provider,

Revenues
we achieved
in 5 years

590

₹ cr, 2020-21

resulting in cross-sale across applications and a robust foundation for sustainable growth.

We intend to increase institutional sales, which generates round-the-year offtake. We intend to deepen our presence in the micro-irrigation segment by entering into win-win tripartite arrangements with commercial banks to fund the purchases by farmers.

Within our farm-focused segment, we are engaged in the development of a wider range of pipes, reinforcing our position as a one-stop solution provider.

We believe that these initiatives should help us increase the proportion of non-farm revenues from around 20% to 40% with a corresponding improvement in margins across the foreseeable future.

Q: You indicated a structural shift within the organisation.

A: One of the upsides of our performance during the last financial year was the achievement (or near-achievement) of our sales targets

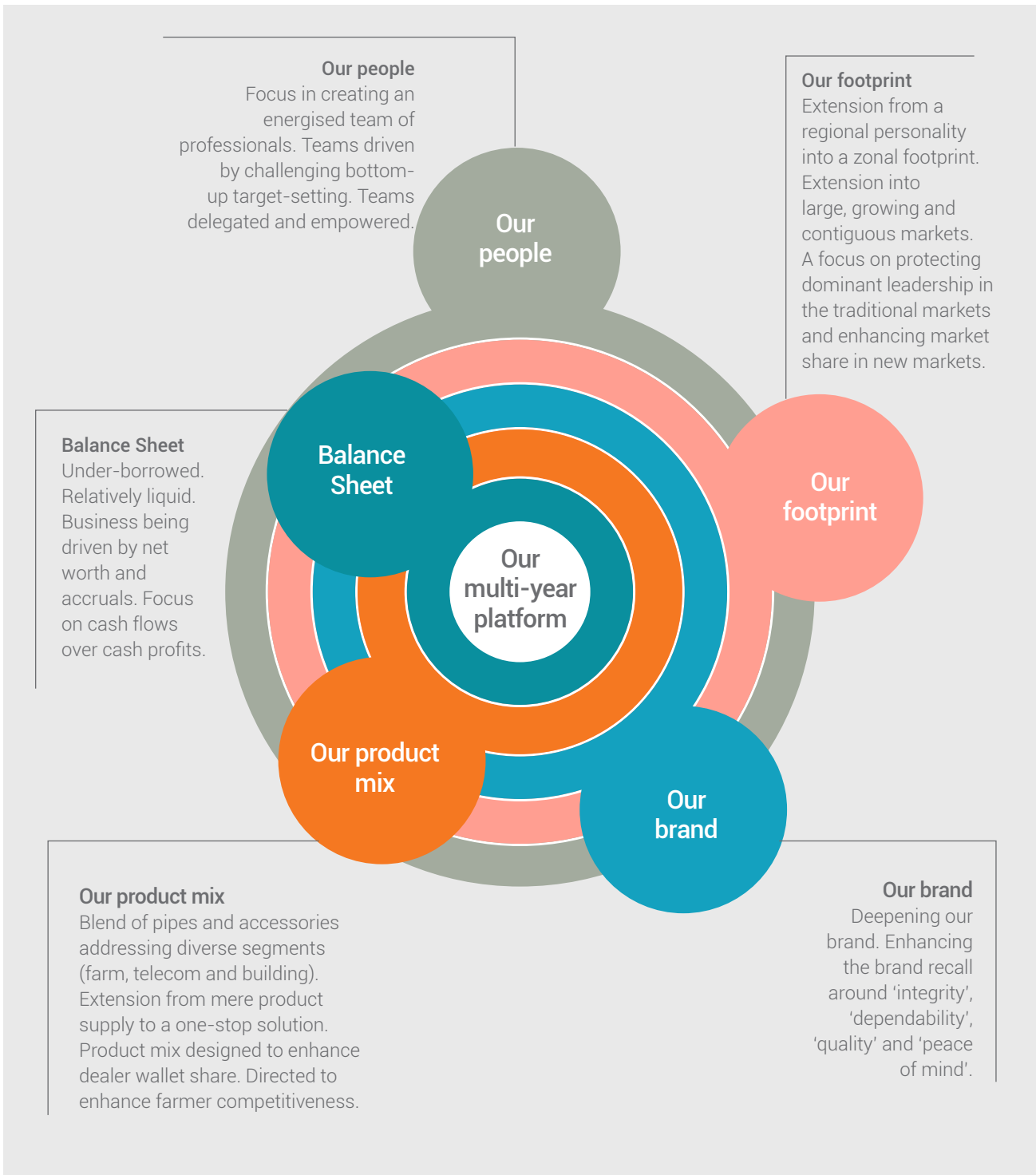
across various markets, which was the result of a project-driven momentum across various business segments. The company took this initiative a decisive step ahead during the last financial year: it enunciated an annual operating plan across three years (monitored for sales, costs and profit each week for enhanced effectiveness and course-correction) which provides a medium-term perspective of where we are headed. Besides, the management decentralised responsibility and authority to the respective business heads, which will permit the company to respond faster to ground-level realities; the promoters will address the strategic direction and focus on enhancing profitability.

Q: What provides you with the optimism that this approach will work?

A: The company possesses an under-borrowed Balance Sheet that will support business growth without the need to raise additional long-term debt or change its gearing. Besides, its operations are now being funded by three large banks that should translate into better responsiveness to opportunities.

Secondly, once the fixed costs have been recovered around relatively low volumes, the company can price its products competitively, which means that it can grow faster and larger.

In view of these realities, we believe that Kriti has touched an inflection in its existence; from this point onwards, the company expects to grow faster.



Our 2021-22 aspiration

- Consistent revenue growth on YoY basis
- EBIDTA and profit growth higher than revenue growth
- Enhanced operating margins

How we intend to grow attractively in 2021-22

- Strengthen the product mix (volume and margin winners)
- Enhance market share and volumes
- Institutionalised management of raw material volatility



'Do Right' represents the DNA of who we are

Overview

There is a growing priority the world over on the need to conduct oneself in business like a responsible corporate citizen.

In a world marked by unexpected and unforeseen changes of magnitude, there is a conviction that governance makes it possible to smoothen the corporate curve: abbreviated downcycles coupled with extended up-cycles. Besides, companies with deep governance inevitably enhance stakeholder confidence leading to the creation of long-term shareholder value.

In view of this, governance is not incidental to business but integral to it.

Kriti and ESG

At Kriti Industries, we believe that environment-social-governance (ESG) represents the heart of our business.

This is particularly so in a business where the product needs to be embedded inside the earth and any under-performance usually entails a cost for detection, extraction and replacement.

The environment component addresses the world's priority that a business consumes environmentally responsible

resources, consumes an optimal quantum, recycles waste, consumes a modest quantum of finite fossil fuels and builds resistance to climate change, leading to a declining carbon footprint.

The social component addresses the need to invest in people, culture, strong customer relationships and social responsibility.

The governance component enunciates strategic clarity,

prioritises the values with which the business is conducted, highlights codes of conduct, explains Board composition and indicates alignment with UNGC principles, evoking a responsible expectation across stakeholders.

The combination – environment, social and governance – provides a platform for doing the right things the right way leading to secure, scalable and sustainable long-term growth.

Environment

Our environment approach has been woven around the elements of Plan-Mitigate-Adapt-Resilience.

Strengthen internal controls:

There is a growing commitment to environmental management systems, conduct environmental due diligence and build disaster planning & response systems across our manufacturing facility. At Kriti, we believe that growth can be best derived when the promoter charts out a strategic direction and leaves day-to-day management to professionals. The

company deepened an investment in processes and systems, especially information technology. Besides, the company strengthened an audit-driven and compliance-driven approach, enhancing the predictability of processes (the company has not incurred statutory penalties in its existence)

Building resilience towards climate change:

There is a commitment to reduce energy intensity, reduce greenhouse gas emission intensity and graduate to cleaner processes

and fuels

Reduce our impact on environment and nature:

The Company intends to achieve zero waste to landfill and zero effluent discharge targets while moderating water consumption intensity

At Kriti, we have strengthened an audit-driven and compliance-driven approach, enhancing the credibility of our reported numbers and strength of our processes. The result is that the company has not incurred statutory penalties in its existence.

Social

At Kriti Industries, we believe that business transformation is accelerated by a passionate team mix that reconciles youth and experience. In the last few years, this people-driven ferment has progressively enriched, resulting in sectorial outperformance.

Employees: At Kriti, we have created an organisation where the 'good' is not good enough; we have invested in a culture of overarching excellence directed towards emerging as the sectorial benchmark in terms of

quality (product and process) as well as resource productivity leading to continuous cost management and sustainability across market cycles. We made prudent investments (recruitment, retention and training) to enhance efficiency and effectiveness across all our business functions. Besides, we invested in practices that have enhanced safety – training, protocols, certifications, investment in supports and awareness-building.

Customers and vendors: The company deepened relationships

with vendors (who provided capital equipment and spares as well as with primary customers (trade partners). Given the complex nature of material, the company selected to work with a large Indian vendor.

Community: The Company engaged with the community around its manufacturing location with the objective to widen the circle of prosperity through relevant interventions in line with Sustainable Development Goals.

Governance

At Kriti, our governance platform comprises clarity on the way we intend to do business. At our Company, governance comprises the commitment to do things the right way in addition to doing the right things. This combination enhances organisational predictability and consistency, attracting stakeholders in turn who believe in doing business our way. This is visibly reflected in the fact that a large proportion of our dealers have remained with us for years, enhancing revenue predictability.

Controlled growth: At Kriti, we believe that business sustainability is best derived from controlled growth as opposed to one-off profitability spikes. In line with this conviction, the company has allocated accruals into incremental investments without stretching the Balance Sheet. The

result is that the company has grown revenues every single year across the last number of years.

Balanced approach: At Kriti, we have selected to balance caution and aggression (strategic aggression and tactical conservatism), resulting in a relatively de-risked approach. As a part of this approach, we focus on capital investments generating an attractively short-term payback, maximising cash flows over mere paper profits and reinvesting into the business. The measure of our strategic balance is an attractively low gearing and our ability to largely fund our expansions through accruals.

Board of Directors: At Kriti, we believe that our strategic direction is largely influenced by our Board of Directors. In view of this, we have placed a

premium on our Board composition, which comprises professionals and industrialists of standing. These individuals have enriched our values, experience, multi-sectoral business understanding and strategic quality.

Trust: At Kriti, we have selected to build our business around long-term patience and commitment. This approach has influenced our investments in assets, technologies, brands, people, locations, products and trade partners. We believe that this approach has translated into the highest standards of technology, integrity and competencies. Clearly the focus of our business is to 'Do Right', which has translated into business robustness and stability.

Think long-term: At Kriti, we have selected to build the business around

long-term patience and commitment. This approach has influenced our investments in assets, technologies, brands, people, locations, products and trade partners. We believe that this approach has translated into the highest standards of technology, integrity and competencies. Clearly the focus of our business is to 'Do Right', which has translated into business robustness and stability.

Singular focus: At Kriti, we believe that core competence is the biggest insurance against cyclical downturns.

In view of this, the company selected to position itself not as much as a polymer pipes and fittings company as much as a fluid transmission products company (that also manufactures PVC/HDPE pipes and fittings). We believe that our extrusion competence has been leveraged to manufacture pipes of large diameters across a range of applications (water transmission / telecom / gas / building products). This holistic positioning has enhanced the company's strategic clarity, opening it to emerging

opportunities, attracting knowledge professionals and strengthening product / process research.

Data-driven: At Kriti, we are an analytics-driven organisation that generates data-driven ground realities resulting in informed decision-making. In turn, the management provides this data and information to executives and distribution partners. This has helped mature the organisation to one driven largely by technology-aided information sharing.

Kriti and shareholder value creation

Overview

Central India's largest polymer pipes company

Sustained and succeeded across a number of market cycles

Reported an EBIDTA margin in excess of 5% on five occasions in the last five years

The broad elements of how we enhanced shareholder value over the years

Integrity

- Focus on ethical engagements with trade partners
- Widening products portfolio; enhanced trade partner wallet share
- Growing % of revenues from trade partnerships of 5+ years

Scale

- Among the 5 largest Indian polymer pipe extrusion companies
- Presence in 200 districts in 9 states
- 30% of districts accessed in the last 3 years

Efficiency

- Increased EBIDTA margin 300 bps across 3 years ending 2020-21
- Sustained cost leadership derived from capex cum procurement efficiency
- Strengthening working capital management

Responsibility

- Deep governance commitment; de-risked approach; established corporate credibility
- Net debt/EBIDTA declined attractively; growth funded out of free cash flows
- Investment in business platforms for sustainable scalability

Kriti's value-enhancing model

At the heart of Kriti's value-enhancement lies a balance of prudent conservatism and selective aggression.

This is best reflected in the company's geographic footprint: the company selected to focus on opportunities coming out of Madhya Pradesh and Rajasthan for a number of years. Only after the business had acquired a

critical mass of brand visibility, geographic breadth, revenues, profits and gearing moderation did the company select to widen its presence in large contiguous states.

This wider geographic footprint was sustained without compromising the company's financial integrity – gearing was 0.20 as on 31st March, 2021

coupled with a net worth of ₹ 141.33 cr.

We believe that the company possesses a platform for sustainable growth that can withstand and absorb short-term time and investment mismatches (as transpired following the COVID-19 outbreak) on the one hand and capitalise on emerging opportunities on the other.

| How we strengthened our business | How we generated superior financial hygiene | How we delivered a superior market valuation |
|---|---|---|
| Number of trade partners 388 Trade partners, 2019-20 416 Trade partners, 2020-21 | Capital productivity 7.43 Revenue per rupee employed, 2015-16 4.50 Revenue per rupee employed, 2019-20 3.75 Revenue per rupee employed, 2020-21 | Earnings 30.01 EBITDA, ₹ cr, 2016-17 47.13 EBITDA, ₹ cr, 2019-20 69.65 EBITDA, ₹ cr, 2020-21 |
| Manufacturing capacity 125,000 Manufacturing capacity, Tons per annum, 2019-20 134,320 Manufacturing capacity, Tons per annum, 2020-21 | Margins 7.38 % EBITDA margin, 2016-17 8.92 % EBITDA margin, 2019-20 11.80 % EBITDA margin, 2020-21 400 bps growth, five years ending 2020-21 | Capital appreciation 44.99 ₹ cr, market capitalisation, 31 st March, 2010 32.24 ₹ cr, market capitalisation, 31 st March, 2015 363.10 ₹ cr, market capitalisation, 31 March 2021 707 % growth in market capitalisation (2010-2021) 182 % growth in BSE Sensex (2010-2021) |
| | Gearing 0.25 Net debt/ equity, 2019-20 0.20 Net debt/equity, 2020-21 | Cumulative dividend payout 10.06 ₹cr, following listing until FY 20-21 2.59 % payout ratio in 2020-21 |

Foundation

How we intend to strive for consistent growth on a YoY basis

Overview

At Kriti, the one aspect of our operations that we expect will enhance our effectiveness will be capital efficiency.

Across the last few years, the company invested in its business with clarity on the minimum hurdle rate required to address the needs of lenders and risk capital providers.

The company's biggest achievement in the last few years has been its ability to protect and enhance its capital efficiency (measured through the RoCE) even as the company passed through a dynamic growth phase by an aggressive increase in employed capital.

Going ahead, the company will continue to focus on RoCE as the central measure of its value-enhancing approach. This focus on capital efficiency will help in shrinking or maintaining the size of the Balance Sheet on the one hand while growing its Profit & Loss Account on the other.

This priority will cascade from an organisational perspective to shift the profitability needle higher through various initiatives directed towards sweating the company's infrastructure better, generating progressively higher revenues from existing infrastructure and amortising fixed costs more effectively.

Complement of initiatives

At Kriti, we intend to enhance revenues and profitability through focused initiatives.

One, the company intends to moderate discretionary capital expenditure across the next five years. This decision is expected to increase cash flows available for reinvestment in footprint expansion, broadbasing revenues and profitability.

Two, the company intends to improve its credit rating, which should empower the company to continue mobilising debt (should, it need) at a lower cost.

Three, the company intends to broaden its product portfolio from farm to non-farm sectors, focus on building, institutional and micro-irrigation segments and increase the non-farm segment of revenues from 20% to 40%.

Four, the company expects to protect its liquidity even as it continues to grow (organic or inorganic), maintaining its net debt/EBIDTA around the lowest levels of FY 20-21 even as the company continues to expand.

Five, the company expects that a maturing of its investments in distribution should enhance throughput that could enhance RoCE to the desired level by 2024.

The result: the company intends to deliver consistent growth across the foreseeable future.

Our growth pillars



Balance Sheet

Pipes-plus approach (towards solutions)
Moving progressively from a manufacturing focus to marketing
High liquidity; net debt/EBIDTA of 0.20 unlikely to change
High credit rating of BBB+
Efficient capital cost per Ton of manufacturing capacity
Reduction in average debt cost from 10.68% to 9.38% in 2020-21



People

Deep capabilities in product development, quality manufacture, branding and marketing
Established capability across different states
Scaled presence in new states from scratch to critical mass with speed



Footprint

Presence in agriculture growth States of India
States enjoy a deep farming tradition
Presence in contiguous districts



Portfolio

Ability to address the needs of farm, real estate, micro-irrigation, institutional and telecom sectors
Proprietary product development; manufacture a widening range of pipes



Transparency

Engage periodically with analysts and investors
Focus on an NSE listing
Enhance business reporting through the annual report



Kriti. Riding the India story

Overview

The principal driver of Kriti's optimism is the projected growth of India across the coming decade.

We see India's agriculture story being driven by demographics, increased government support, economic growth and social transformation.

Economic growth

India is likely to emerge as a \$5 trn economy by the later part of the third decade of this century, adding nearly 70% to its existing GDP.

Demographic advantage

India's average age at around 29 is younger than the comparable average age in China at 38 and in USA at 38.5, indicating that a consumption-driven India is likely to be a multi-decade phenomenon

Vast under-consumption

India is an under-consumed country across most products when compared with the global average. When this second largest global population raises its consumption even marginally, there could be a sizable appetite expansion for years.

Increased population

India is the world's second largest population, adding the largest annual people increment in the world. By the later part of this decade, the country is expected to emerge as the world's largest country (by population), catalysing food appetite, farm productivity and need for food security

Increase in incomes and aspirations

India is passing through an unprecedented increase in incomes and aspirations, transforming a country of savers into spenders (a large part of this being allocated towards enhanced food consumption).

Technology absorption

India's farmers are embracing cutting-edge global technologies, enhancing farm yields, output, incomes and prosperity – a virtuous cycle.

Water stress

There is a nationwide water stress, marked by declining water tables virtually all across the country, putting a premium on the need to transport water from where it is in excess to where it is critically needed.

Irrigation and micro-irrigation can help narrow India's yield gap



WHEAT



RICE



BARLEY



COTTON



* All figures are in metric Tons per hectare, 2019-20. Source: USDA



The world, India, farmers and Kriti Industries

Overview

The under-consumption in rural India – 65% of India's population – represents the next major global economic opportunity.

In no country is there such a large population of economically active aspirers.

The one sector that represents the core of these aspirers is agriculture.

There is a growing conviction that any improvement in the prospects of India's agriculture could have positive implications for India and the world.

There is a second conviction: the greater the water security for India's agriculture, the higher the farm productivity and the greater the reinvestment in the moderation of the sector.

At Kriti Industries, we are playing a critical role in strengthening farm

infrastructure, enhancing water security for the country's agricultural sector.

Over the last three decades, the company has been engaged in the manufacture of branded quality polymer pipes, accessories and other services.

The company has been driven by the objective to provide solutions that take India ahead.

Agriculture visibility

Agriculture contributes ~16% (US\$2,842 Bn in 2018 at constant 2010 US\$) to the Indian GDP that generates employment to 43% of the workforce.

Global scale

India ranks second after China, accounting for 11.9%* of the global agriculture Gross Value Added* (GVA) of US\$3,320.4 Bn. Agriculture contributes around 12% to India's exports.

Status

India is one of the largest producers of fresh fruits and vegetables, milk, major spices, several crops such as jute, staples such as millets and castor oil seed. India is also the second largest producer of wheat and rice.

Agriculture productivity

India is marked by legacy farm practices and traditions that have translated into a cereal yield that is among the lowest across the large economies. India's cereal yield stood at 3,161 Kg per hectare compared to 8281 Kg per hectare of USA and 6029 Kg per hectare of China.

Overview

The world contains 1400 Mn cubic Km of water, of which only 0.003% or 45,000 cubic Km comprise fresh water resources

Varied precipitation

In India, precipitation varies from Cherrapunji (>11000mm) to the lowest in western Rajasthan (<100 mm). In India, annual precipitation is nearly 4000 BCM and the average flow of rivers is estimated to be 1869 BCM. But nearly 75% of rainfall occurs during the monsoons (June-September), which has restricted utilisable quantum of surface water to 690 BCM. The ratio of the minimum, average and maximum is of the order of 1:10:100 with the maximum being around 11000 mm in Cherrapunji (Meghalaya) to 100 mm in the Thar Desert. The number of rainy days can vary from 4 days to over 300 days a year and the intensity can vary anywhere from <1 cm/hr up to 15 cm/hr. It has also been estimated that almost 80% of the rain occurs in only 100 hours in a year. Soil and nutrients loss due to run-off is of the order of 5.34 Bn Tons and 6 Mn Tons, respectively, resulting in

production losses in excess of ₹115 Bn.

Frequent droughts and ground water overuse

The frequency of occurrence of drought years has significantly increased in India. The period between 1950 and 1989 had 10 drought years, while there have been five droughts in the last 16 years (since 2000). According to meteorologists, the frequency is set to increase between 2020 and 2049.

Declining water availability

The average annual per capita water availability has declined from 5000 cubic metres in 1950 to 1545 cubic metres in 2011 and estimated at 1341 and 1140 cubic metres in 2025 and 2050 respectively.

Agriculture vulnerable

India's agriculture sector (54.6% of total employment) consumes more than 90% of total groundwater draft in irrigation. Groundwater has emerged as the dominant source of irrigation due to its independent access and timely availability of water. This groundwater dependence led to water table depletion in 64%

The under-consumption in rural India – 65% of India's population – represents the next major global economic opportunity.



districts between 2002 and 2016. In India, nearly half of the net sown area comes under rainfed lands. Even after achieving ultimate irrigation potential, 31% of cultivable area will remain under rainfed cultivation.

Growing water relevance

The efficient utilisation of available water resources is crucial for India, which accounts for 17% of the global population with only 2.4% of its land and 4% water resources. Per capita availability in terms of average utilisable water resources was 5247 m³ in 1951 (presently 1453 m³) and expected to decline to 1170 m³ by 2050. On the other hand, to address the food security, income and nutritional needs of the projected Indian population in 2050, national food production will need to almost double.

Water availability

The average annual water availability in India is estimated to be 1869 Bn cubic meters (BCM). However, due to hydrological, topographic and other constraints, the utilisable water is expected to be about 1123 BCM, out of which 690 BCM could be from surface water and 433 BCM from replenishable groundwater⁴.

Growing irrigation role

The utilised irrigated potential using surface and ground water increased to 87 Mha while ultimate

irrigation potential touched 140 Mha. Net irrigated area (%) in India increased from nearly 18% to 48% in recent times due to government interventions. Groundwater irrigation has been identified as a reliable and independent source of irrigation. India targeted food grain production of 298 Mn Tons in 2020-21.

Virtual water trade

Indian farmers use 2-4 times more water to produce a unit of grain compared to China and Brazil. Virtual water flow from states like Punjab (facing depletion of ground water) needs attention. India is a net importer of one per cent of available water every year in the form of virtual water. The ratio of virtual water export to import is 4 and 0.1 for India and China respectively. India exports water-intensive commodities like rice, cotton, sugarcane and soybean. India requires 3000- 3500 Litres of water to produce 1 Kg of rice, making it imperative to revisit trade policies.

Status of micro-irrigation in India

The Pradhan Mantri Krishi Sinchayee Yojana (PMKSY) was launched on 1st July, 2015 with the motto of 'Har Khet Ko Paani' for providing end-to end solutions in irrigation supply chain, viz. water sources, distribution network and farm level applications. Per Drop More Crop component of PMKSY (PMKSY-PDMC) is operational from

2015-16 in the country focussing on water use efficiency at the farm level. In spite of many initiatives and schemes by Government of India, the status of Micro-Irrigation is not encouraging. The total area covered under MI is 10.3 Mn ha while the potential is of 69.5 Mn ha.

Water stress

National Institution for Transforming India (NITI Aayog) stated that around 600 Mn Indians face high-to-extreme water stress because of a growing population and increasing food demand.

Policy direction

The National Water Policy (NWP), 2012 states that water saving in irrigation is of utmost importance¹⁰. The Goal 4 of National Water Mission, 2008 of India highlights the main objective of NWM, is to improve water use efficiency at least by 20% in all sectors, including domestic, industrial, agricultural and commercial.

India took note of the water insecurity and launched Jal Shakti Abhiyan – an intensive water conservation campaign built on citizens' participation. The focus is on integrated demand and supply-side management of water at the local level – rainwater harvesting, ground water recharge, and management of household waste water for reuse. The Government launched Jal Jeevan



Mission, assuring piped water supply to all rural households by 2024.

Large potential

The potential micro irrigation in India is projected to be about 70 Mha (Mn hectares); the micro irrigation coverage achieved by 2018 was only around 9 Mha in 15 years. Therefore, at the current coverage rate of 0.6 Mha/ annum, it would take more than 100 years to achieve the potential target of micro irrigation in India.

Role of technology

There has been a steady increase in hybrid and genetically modified crops, seed quality, irrigating methods, crop diversification and value chains. However, the use of technology using sensors and GIS-based soil, weather forecast, water resources data, mobile-based farming, extensive market information data, data services and the automation of farming using robots appears unachievable.

Outlook

The World Water Development Report 2019 highlighted that more than 2 Bn people are currently living in countries with a high water distress; by 2050, water demand will increase by 20 to 30% while supply will dwindle rapidly.

- Demand for nutritious food like fruits and vegetables is on the rise (share has increased from 24% in 2012 to 30% in 2018)
- Every 1 degree centigrade rise in temperature could result in a loss of 4-5 MMT in wheat production
- This can further result in a drop of 15%-18% in annual agriculture income and can be up to 20%-25% for un-irrigated areas
- Declining groundwater and erratic rainfall patterns necessitate the use of data-driven technologies; groundwater in India has declined 61% between 2007 and 2017



Our business model

Sectoral overview

Rain-fed: Indian agriculture is largely rain-fed, with only a third of agriculture activities in India depending on groundwater for irrigation (Census 2011)

Water-stress: Nearly 600 Mn Indians face high-to-extreme water stress due to inadequate potable water.

Depletion: Critical groundwater resources (40% of India's water supply) are being depleted at 'unsustainable' rates and up to 70% of India's water supply is 'contaminated', making water transportation critical.

Climate: India's Economic Survey warned that climate change could shrink India's agricultural income 25% in un-irrigated farmlands and 18% in irrigated areas in the eight decades. An IMF study says that for emerging market economies, a 1°C increase in temperature could reduce agricultural growth 1.7%, and a 100 mm reduction in rain could reduce growth 0.35%.

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

Water table: India's water table is declining rapidly – ground water levels declined by ~61% between 2007 and

2017, making the use of submersible pumps and PVC pipes necessary.

Monsoon-dependence: The monsoon season is the lifeline for India's farm economy. India gets around ~70% of its annual rainfall during the monsoon season and nearly ~55% of India's arable land is dependent on it.

Irrigation investments: The Indian government has allocated ₹2.83 lakh Cr for agriculture and allied activities, irrigation and rural development in the Union Budget 2020-21.

Government policy: The government intends to double farm incomes by 2022. Favourable policies like the Pradhan Mantri Krishi Sinchai Yojana, Swachh Bharat Mission and introduction of more Smart Cities are projected to catalyse the demand for PVC pipes.

Telecom: The optical fibre market in India is projected at USD424 Mn by 2020 on account of growing adoption of smartphones, broadband services and 5G rollout. The optic fibre cable comprises tens of strands of glass fibre, each no thicker than a human hair and capable of transmitting the entire Encyclopaedia Britannica's contents in less than a second.

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

Taxation implications: The introduction of Goods & Services Tax in 2017 helped correct a long standing skew in the taxation of polymer products manufactured by organised and unorganised players. Following the introduction of the GST, the tax disadvantage that organised players had long suffered declined. This transition is reflected in the growth of India's polymer processing sector. This provides long-term players with an incentive to invest wider and deeper in their businesses, strengthening their business sustainability.

(Source: TechSci Research, Economic times, Live Mint)

The optical fibre market in India is projected at USD 424 Mn by 2020 on account of growing adoption of smartphones, broadband services and 5G rollout.

Kriti's competitiveness

Strategic

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

National relevance: The Company grew its business in national priority areas likely to attract government policies and consumer traction. In view of this, our polymer extrusion business addresses increasingly relevant downstream interventions (water transmission, gas

transportation and optic fibre ducts).

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

State-of-the art: The Company consciously invested in state-of-the-art manufacturing facilities - a higher one-time investment in exchange for

a sustainable advantage (productivity, quality and efficiency).

Financial conservatism: The Company believes in any-market competitiveness derived from a conservative Balance Sheet. The Company invested in building its business through accruals, paying down long-term debt and moderating its receivables.

Brand: The Company's Kasta brand generates a consumer pull without any price discount. The brand stands for positive attributes ('expert ka vishwaas', 'bharosa', 'superior', 'best' and 'peace of mind').

Product

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

Manufacturing capacity: The Company broad-based its manufacturing capacity by 25% in 2018-19 and kept its capacity at a constant in 2020-21. This is one of the largest capacities at a single location across the polymer pipe

sector in India. This capacity has been structured for peak requirement during the post-monsoon season. The plant usually operates at peak utilisation during this period. The objective of the company is to enter new sectors with round-the-year applications that could strengthen the company's capacity utilisation (and profitability).

Product mix: The Company leveraged its rich experience in product design and manufacture to graduate to larger-diameter pipes. The company possesses capabilities to manufacture pipes up to 710 mm diameter, addressing larger water throughput

requirements and larger government outlays. The Company also developed larger diameter pipes addressing the gas sector.

Quality: The Company manufactured around a high consistent quality standard (across narrow tolerances), resisting the use of a lower price/quality of raw material to enhance profitability. This addressed the growing emergence of discerning farmers who would prefer to invest in a premium quality product when making a long-term capital expenditure (as opposed to buying low-priced products of suspect quality).

The Company's equity is largely held by the promoters (66.34%) ensuring that they possess a high engagement in the company's prosperity.

Presence

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

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

Geographic footprint: The Company's geographic broadbasing extended from a longstanding presence in Madhya Pradesh, Rajasthan, Uttar Pradesh and Haryana to contiguous states like Maharashtra and Telangana, the most decisive expansion after 35 years of being present principally in two Indian states. The organisation has matured to a point – scale, brand, bandwidth, distribution and Balance Sheet – where a wider geographic footprint will accelerate its competitiveness and transform it from a regional brand into a multi-zonal organisation and pan-India presence. This project (Project Udaan or Project Flight) is expected to graduate the company into multiple States with a corresponding distribution network.

Micro focus: The Company has

treated each district as a unique market, helping map the growing needs of individual farmers. The Company is directly present through trade partners at tehsil levels (as opposed to taluka levels for most). The result is that the company is a market leader in Madhya Pradesh (65%) and Rajasthan (45%).

Distribution radius: The Company is engaged in the manufacture of a hollow product, making it competitive to market as close to the plant as possible. The company prefers to route products out of the single unit but deliver with speed to its primary customers (trade partners). The company maximised sales within 500 Kms of its manufacturing facility.

Distribution intensity: The Company does not just market products wide; it has also selected to market products deep within its existing footprint. This priority has been manifested in the company reaching products down to towns, enhancing proximity to consumers and making it a preferred vendor.

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



Markets

Customer mix: The Company is largely a retail-focused company, accounting for 89% of revenues in 2020-21. The institutional sales generate volumes marked by longer receivables; the rest of the business is largely cash and carry, strengthening the company's cash flow.

Sectoral mix: The Company is broad-basing its personality beyond water transportation applications towards fluid transportation. The Company intends to manufacture extruded products for application in the rapidly growing gas sector. The Company will manufacture pipes of a larger diameter for this application.

Primary customers: In the Company's markets of Madhya Pradesh and Rajasthan, the primary customers (trade partners) are Kasta's biggest ambassadors: they have worked with the company for years, experienced virtually no product returns and

provided the opportunity to add other dealerships to their profile. The result is that the Krita association has proved beneficial for their respect, status and business. The company embarked on the creation of a similar network in the new States of its presence through a prudent selection of distribution partners based on their integrity, financial depth and long-term commitment to the business.

New market selection: The Company entered new States that represent the springboard of its future, accounting for a sizable share of the Indian extruded polymer products market. Some of these States have been affected by drought and erratic monsoons, making water storage and transmission imperative for their agricultural survival. Besides, irrigation coverage accounted for 16.80% of Maharashtra and 63% of Telangana, indicating adequate prospects.

The Company is largely a retail-focused company, accounting for 89% of revenues in 2020-21.

Financial outcomes of our business model

Equity: The Company has not diluted its equity since its IPO in 1993, indicating a conservative dilution approach.

Ownership: The Company's equity is largely held by the promoters (66.34%), ensuring that they possess a high engagement in the company's prosperity.

Profits: The Company has generated profits and paid dividends in every

single year of the last decade, indicating business sustainability.

Credit rating: The Company's business fundamentals resulted in a superior credit rating – from BBB to BBB+ (CARE), which helped moderate the cost of funds.

EBIDTA margins: The Company's EBIDTA margins stood at 11.80% in 2020-21.

Debt cost: There was a decline in debt cost following a superior leverage of the credit rating.

Gearing: The Company's gearing (including working capital) was 0.52 during the year under review, reflecting the investment in enhanced manufacturing capacity. The total long-term debt during the year under review was ₹16.05 Cr (as on 31st March, 2021).

Kriti, Project Udaan and transformation

Our institutionalised approach towards adaptability, competitiveness and sustainable value-creation

Overview

The Indian economy, farm sector, irrigation segment and stakeholder mind sets are rapidly evolving. This dynamic environment has put a premium on the need for players to transform with proactive speed and stay ahead of the curve. Besides, there is a wider recognition that a fleeting commitment to transformation will not work; what is (and will be) sustainably required is a commitment to institutionalise the subject of transformation and make it integral to the organisational agenda.

Kriti and Project Udaan

In a competitive business where raw material costs are generally the same for the sector and where end product realisations cannot be changed at will, there is a premium on being able to enhance offtake, moderate costs and enhance competitiveness.

There was another priority that the company needed to address: efficiency improvements could not be derived by managers addressing their functional responsibilities. There emerged a need for the company to create a special team that would be objective-driven around projects with clearly defined deadlines and outcomes.

This is how Project Udaan was launched within the company a couple of years ago, where two functions would operate in real time: one to

address the 'business as usual' requirements of the company that would keep revenues moving and the other to engage in easily-addressable projects with a high upside potential and the objective to enhance profitability.

The team was initially assigned the responsibility to accelerate pipe sales growth through a widening product portfolio and presence in different geographies. Following initial success in specific sales projects, the team was seeded in the manufacturing segment and the other group company (oil sales) to enhance operating efficiency and cost optimisation.

During the last few years, the team helped align line functions with management expectations; in turn, the team empowered CXOs to achieve demanding targets. Gradually the team earned the trust of the management for effective problem-solving, diagnostic surveys, platform creation and process standardisation. To accelerate growth and implement breakthrough initiatives, the team was named Business Transformation Office (BTO) in December 2020.

The BTO structure

At Kriti Industries, the BTO initiative comprises sales and manufacturing professionals - data analyst, sales / plant associates, sales / technical consultants, project leads, business



development and operational excellence managers and business transformation managers - to address bottlenecks.

Effectively, the BTO serves as an internal consulting team that actualises the management's vision of small empowered teams, multi-skilled workforce, collaborative engagement and informed data-based decision making in the pursuit of sustainable growth.

As a catalyst of sales and manufacturing line functions, the BTO targets unambiguous topline and bottom line deliverables; following successful achievement, a monitoring framework that ensures that these projects become a part of the working culture, ensuring business sustainability.

Advantage

At BTO, the project-based approach enhances team focus around deadlines and costs in addition to addressing day-to-day deliverables. The result is that even as the organisation continues to sustain its retrospective momentum, it builds additional revenue engines that make growth sustainable and enhance stakeholder confidence.

Achievements

The various projects addressed under the flagship of Mission Udaan:

- Phase – I from 2018-19 to pilot product-specific initiatives in Madhya Pradesh and Rajasthan for increased pipe sales

- Phase – II from 2019-20 to enter Maharashtra, Telangana and Gujarat for enhanced pipe offtake

- Enhanced manufacturing focus from 2019-20 to increase the Pithampur plant throughput

- Phase - III from 2020-21 to increase share in the established markets of Madhya Pradesh and Rajasthan

The results proved positive in the last few years, validating the relevance of the project-driven approach. Following the implementation of Mission Udaan, the company's pipe business registered annual double-digit growth, which cumulatively translated into 31% growth in the space of three years in the face of sluggish economic growth, erratic rainfall, volatile resource (resin) costs and demand volatility.

Outlook

The company is optimistic of Mission Udaan growing and maturing.

Across the next two years, the company intends to enter Andhra Pradesh and Karnataka, gain pole premium position across all product segments in Madhya Pradesh and Rajasthan and establish the company as a full-range solution provider in Maharashtra, Telangana and Gujarat.

Besides, the company intends to enhance capabilities in value-added products (building products and water tanks) with leadership aspirations in both.

The interplay of volume and value is expected to enhance profitability for the company across the foreseeable future.

How Mission Udaan is transforming realities within the company

A Mission Udaan focus

Strengthen revenues
Increase margins

B Mission Udaan drivers

Deepen penetration in the existing markets
Enhance sales from new geographies
Increase % of value-added products
Generate higher plant throughput
Enhance Kasta brand visibility

C Mission Udaan outcomes

Peak capacity utilisation

45

% capacity utilisation, 2019-20

37

% capacity utilisation, 2020-21

Revenue from value-added products

23

Percentage of overall revenues, 2016-17

23

Percentage of overall revenues, 2019-20

24

Percentage of overall revenues, 2020-21

Overview: Decreased output by 6534 MT in current year with increase in capacity by 9320 MT inspite of one month of complete lockdown.

Overview: 23% increase in 3 years (excluding RPVC)

Revenue from new States

7

Percentage of overall revenues from new states (MH, TS and GJ) under Mission Udaan, 2018-19

13

Percentage of overall revenues from new states (MH, TS and GJ) under Mission Udaan, 2019-20

16

Percentage of overall revenues from new states (MH, TS and GJ) under Mission Udaan, 2020-21

Overview: The three new States generated ₹76.79 Cr revenues in 2020-21

Mission Udaan and enhanced shareholder value

Terrain entry

Andhra Pradesh and Karnataka

Premiumisation

All product segments in Madhya Pradesh and Rajasthan

Full-range solution provider

Maharashtra, Telangana and Gujarat

Value-addition / leadership

Building products and water tanks

Enhancing BTO effectiveness



Culture at Kriti

“Kriti Industries is the perfect platform for learning. From proper completion of tasks to maintaining relationship with stakeholders to mental growth and multi-dimensional thinking, the organisation provides growth opportunities. I have been in Kriti Industries for 10 years and continue to be a growing student.”

Surbhi Pujari, *Assistant Manager - Marketing*

“The management creates a motivating environment for employees: within 5 to 10 days of my joining Kriti Industries, I was handed a critical project that comprised round-the-clock time management. How many companies would have trusted a newcomer so extensively?”

Paresh Somani, *Manager - Commercial*

“With the introduction of new products and development of new models, the Company has achieved all-round progress. The company installed SAP Hana model way before its peers.”

Smitha Nair, *Sales Administrator*

“With an increase of 25% in the production capacity and 20% in sales over the last 6 years, the Company is progressing rapidly on the back of a young workforce.”

Mohan Gehlot, *Assistant Manager - Accounts*

“I joined Kriti Industries in September 2020. This is one of the most ethical companies I have worked for.”

Paresh Somani, *Manager - Commercial*

Kriti. Broadbasing from a regional to zonal company

Overview

In the business of polymer pipes, success is derived from the ability to market a progressively larger volume. This ability makes it possible to amortise fixed expenses more effectively and extend from sales largely concentrated in one season to a larger calendar spread.

For a number of years, Kriti Industries was largely present in Madhya Pradesh and Rajasthan where increased growth was generated through presence in a larger number of districts and the appointment of more dealers to cover mutually exclusive catchment areas.

Over the years, the company emerged as the market leader for polymer pipes and fittings in Madhya Pradesh and an attractive position in Rajasthan before extending its presence to Maharashtra, Andhra Pradesh and Telangana where the company expanded in a controlled manner following a holistic survey of prospects, mapping every dealer in the areas of its presence, encouraging dealers (and consumers) to switch from non-organised to branded products, engaging management trainees to connect directly with farmers and inviting farmers to visit the company's manufacturing plant.

Strengths

The company established an intensive network (as opposed to extensive) that resulted in stronger terrain coverage, brand visibility and offtake.

The company's patient approach translated into a granular understanding of markets and strong control on ground-level activities.

The company's contiguous cluster-based approach enhanced economies of distribution, goodwill and visibility.

The company established a model of controlled geographic rollout without discounting its brand.

The company strengthened traction through a solution-driven approach wherein it educated farmers in water flow management as opposed to a limited approach in marketing more pipes.

The company highlighted its capacity to work with stakeholders into the long-term, attracting new dealers.

The company entered new sub-markets and attracted a large number of exclusive dealers (higher shelf share).

Achievements, 2020-21

The company reported an appreciable increase in offtake from the markets of Maharashtra, Andhra Pradesh and Telangana, which cumulatively accounted for 16% of revenues within 3 years of entry. The company reported an increase in penetration and offtake that was largely in line with its annual operating plan, the pandemic-induced slowdown notwithstanding. The company reported referral and repeat offtake, enhancing revenue visibility.

The company enhanced offtake without compromising its brand through discounting. As a result, the increased offtake proved margins-accretive.

The company established an effective operational momentum, marked by the capacity to manufacture in time, service terrain demand (on time and in

full), enhance stakeholder throughput and widen geographic footprint.

The company prioritised the importance of one-on-one engagements between the management (starting from the Chairman-Managing Director) and farmers, enhancing confidence

The company implemented project-based growth with a corresponding investment of resources, resulting in time-based rollout and monetisation of the sales and distribution network

The company carved away 8% market share in Maharashtra, a state marked by the presence of the largest national polymer pipe brands.

Outlook, 2021-22

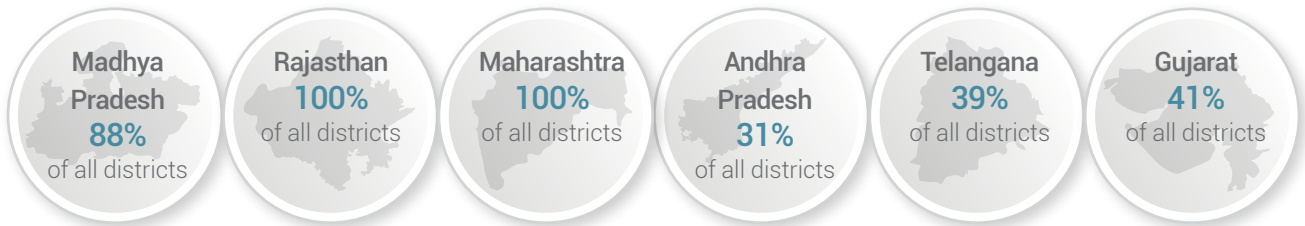
The company intends to deepen its footprint in the States of its presence in 2021-22, regions marked by a large headroom. By the virtue of a wider presence, the company expects to address the needs of diverse farmers engaged across different crops and hence needing to invest in infrastructure across different times of the year. As an extension of this reality, the company expects to smoothen its production skew from being concentrated across a few months to a wider spread, moderating the need to sustain finished products inventory.

The company intends to enter Karnataka towards the end of the current financial year, accelerating its evolution from a regional play into a zonal (and thereafter multi-zonal) company across the foreseeable future.

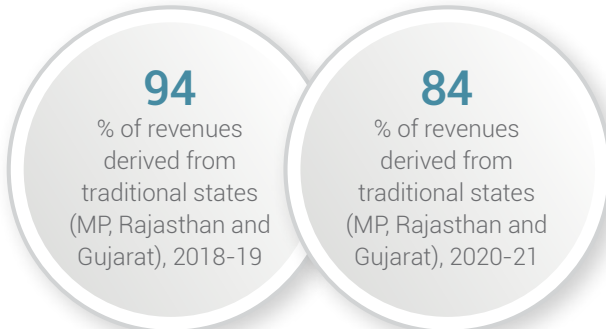
In doing so, the company expects to leverage its presence across seven States.

The company reported an appreciable increase in offtake from the markets of Maharashtra, Andhra Pradesh and Telangana, which cumulatively accounted for 16% of revenues within 3 years of entry.

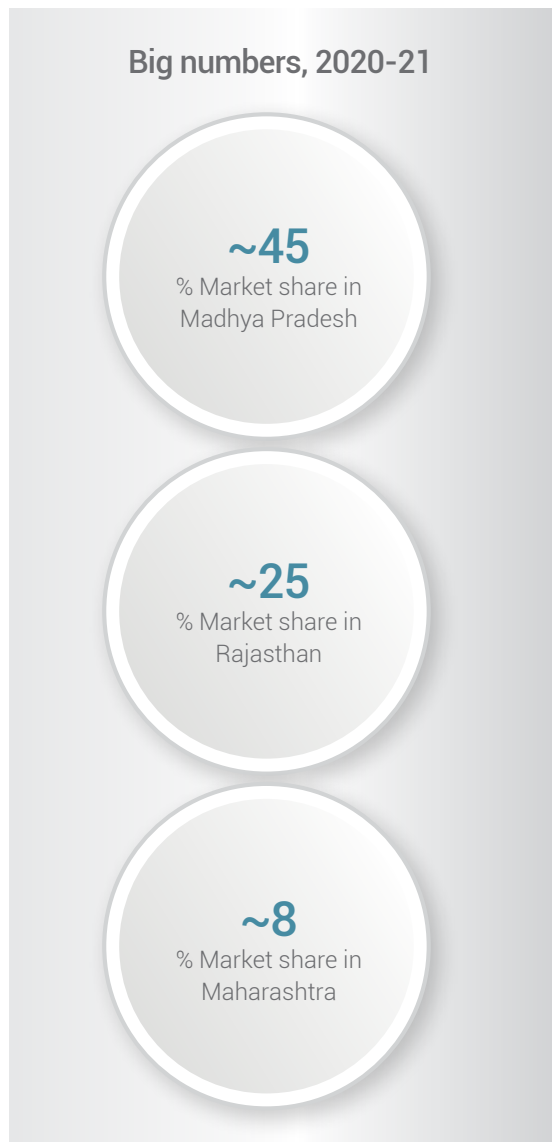
Where we are present



Declining dependence on traditional markets



Big numbers, 2020-21



Business enabler

Our manufacturing excellence

Overview

In a business where products need to be used across decades and are marketed on the basis of trust, there is

a premium on manufacturing around a consistently high quality standard. Over the years, this trust has been derived through a preference to use the highest quality of raw materials

(resins), resist the temptation to moderate consumption during periods of cost inflation, protect process integrity and explore ways of enhancing quality and productivity.

Strengths

Cutting-edge

The Company invested in state-of-the-art technology (equipment, automation, process control and gauges), enhancing quality and cost-effectiveness.

Diversification

The Company intends to develop new product applications to broad-base revenues and moderate demand seasonality

Product range

The Company manufactures a range of pipes for bore/tubewell, electrical conduit, gaseous fuels, sewerage, sprinkler and portable water applications

Certifications

The Company's products are certified for a range of national and international certifications, validating process and material integrity

HSE initiatives

The Company implemented IMS addressing ISO 14001 and ISO 45001 certifications, enhancing its position as a responsible corporate citizen

Challenges and counter-challenges, 2020-21

The Company was required to manage product weight around the standard level with the objective to protect quality and material consumption. The company was required to manufacture around a high standard that would catalyse offtake and minimise inventory. It was required to enhance plant utilisation with an increased

proportion of the RPVC product. It was required to overcome capacity constraints to address the growing demand for moulded fittings.

The Company embarked on a number of initiatives to overcome manufacturing constraints. The team engaged in small group activities to achieve project-driven improvements.

It introduced a raw material inventory buffer to enhance resin availability that addressed demand fluctuations. Streamlined planning and material movement strengthened moulding production by 70%. There was an 80% decline in non-moving products through alternative uses and focused marketing.



Achievements, 2020-21

The Company reduced processing costs through project-driven initiatives; it embarked on to reduce costs through solar power extension, material spillage control, better finished goods storage to reduce damage, enhanced moulding capacity through machine addition and mould development, replacement of

high power consuming equipment with energy-efficient alternatives, increased automation, stronger controls, intelligence-based preventive maintenance and infrastructure improvements.

Besides, the Company strengthened its quality assurance through the

implementation of IMS standards and certification. Stronger online secondary operations improved productivity and quality. OEE-focused projects improved efficiency. Waste water treatment and process impacts were strengthened through administrative control.

Outlook, 2021-22

The Company is optimistic of extracting incremental value from its manufacturing facility through strong systems orientation.

The extended use of solar energy is expected to enhance power availability, consistency and competitiveness.

The initiatives related to product weight control are expected to generate long-term upsides.

The implementation of TQM and TPM are expected to enhance quality.

Capacity utilisation (expressed in percentage terms) is expected to

improve 1200 bps, generating nearly 30% addition throughput from the same infrastructure.

Increased automation is expected to enhance people productivity, an effective hedge against people availability and related inflation.

Business enabler

Strengthening our prospects through consistent brand investment

Overview

The Company manufactures premium quality piping products and solutions, accessories, gas piper,

telecom ducts, submersible pipes and casing pipes. The brand 'Kasta' is respected for durability, longevity and supreme quality. Over the years, the Company has differentiated itself from

industry peers in a highly competitive market with continual changes in its marketing and branding strategies, and aligning its offerings to the customer's needs.

Challenges and counter measures

Fluctuation in prices impacted product offtake.

The Company constantly monitored the market situation and strategically increased prices in a phased manner. Keeping the best interests of the

customers in mind, the Company re-structured its pricing strategy.

Brand building initiatives, 2020-21



Investments

The Company invested ₹13.9 Lakhs in brand building. Due to the Covid-imposed lockdown, >40% of these initiatives were virtual.



Engagements

The Company stayed connected with its dealers, farmers, influencers and plumbers through digital platforms; it provided a digital COVID-19 precautionary booklet to all channel partners and employees. During the year under review, a Farmers' Meet and Annual Dealer Conference were organised virtually.



Communication

The Company's brand communication is focused on developing an emotional connection with the end consumer.



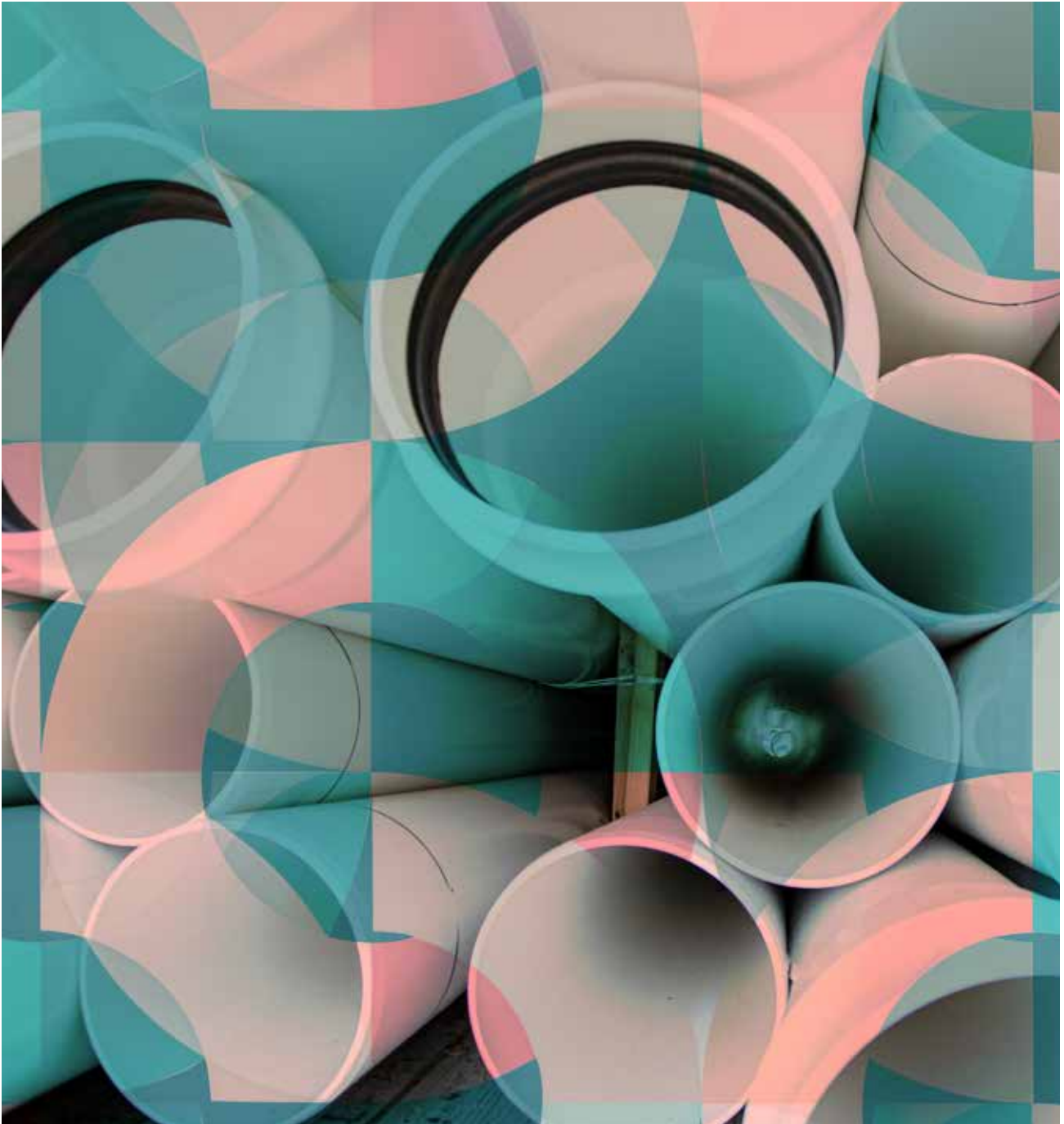
Value-added products

The Company introduced value-added products - grey casing pipes, 12.5 Kg heavy fittings, long socket pipe, BP fittings ISI, spray pipe, BP CPVC fittings in its product mix.



Social media

The brand connected to customers through the social media handles of Facebook and Instagram.



Achievements, 2020-21

The brand maintained its position among the top five polymer pipe solution providers in Madhya Pradesh, accounting for 70% market share.

The brand deepened its relevance across its customers on the back of promotional activities and constant engagement.

The Company strengthened the value-for-money proposition to strengthen brand relevance at a time of the pandemic-induced weakness.

Outlook, 2021-22

Going forward, the Company will focus on brand-building, which will help the Company increase visibility;

the choice of communication media will be mostly digital. The Company intends to strengthen its engagement

with plumbers and farmers, the key customer base.



Building our business the responsible way

Overview

A growing number of manufacturers across the world are recognising financial and environmental benefits from sustainable business practices. Besides, stringent environmental norms regulating agencies are helping reduce resource depletion, water scarcity, pollution and other harmful impacts.

The result of these realities is a greater emphasis on sustainable manufacture. This comprises the manufacture of products through economically sound processes that moderate the consumption of energy and natural resources while reducing negative environmental impact, in addition to enhancing employee, community and product safety.

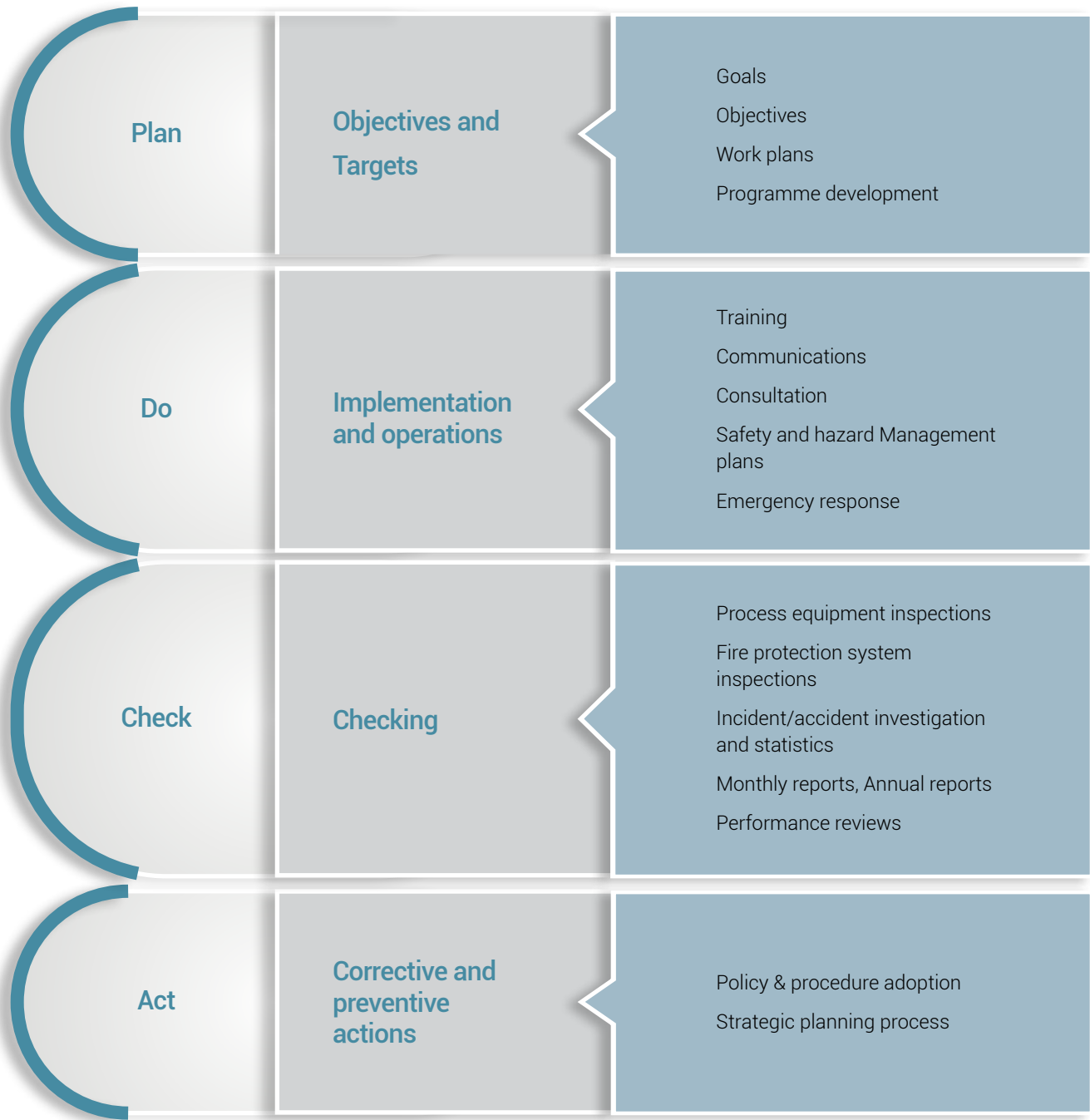
Besides, there is a growing emphasis on aligning business existence with United Nations' 10 principles for manufacturing responsibility and environmental sustainability covering Human Rights, Labour interests, Environment responsibility and Anti-Corruption initiatives.

The management's approach

The Company moderated resource consumption through a proactive investment in the use of modern tools, practices, methodologies and standards.

The Company's commitment to improvement is demonstrated in its Plan-Do-Check-Act (PDCA) management system, which provides a framework of policies, processes

and procedures. It helps provide the structure of how the people, the information and the technology are integrated; it provides the workforce with a unique learning experience.



Sustainable Development Goals

During the last decade, the United Nations outlined sustainability principles for responsible product manufacture leading to environmental sustainability. These principles were

classified across the buckets of Human rights, Labour, Environment and Anti-corruption. At Kriti, our business model is benchmarked in line with a number of these sustainability

goals, reinforcing the Company's standing as a respected corporate citizen.

Health and safety initiatives

Ensuring the safety and health of our employees is at the forefront of our priorities; we take precautionary measures to secure the same, while conducting regular training sessions to increase awareness to prevent accidents.

Overview

The Company conducted safety training and drills across its manufacturing units every month.

The Company engaged firefighting professionals to train its labourers and employees.

All the Company's manufacturing units were certified under a comprehensive safety and health management system with ISO 45001 IMS policy.

The Company has been consistently focusing on equipment safety, lockout and tag out, behavioural safety, tool

box talks, and other industrial safety aspects.

The Company formed a dedicated safety committee with equal representatives of workers and employees. The committee takes feedback from all labourers and employees to implement the best ones.

If any safety violation occurs, the committee prepares a Corrective Action Plan to prevent recurrence.

Each quarter, meetings discuss safety measures and achievements.

The number of accidents declined to an average 2.33 accidents per quarter.

The Company conducted annual safety audits to remain compliant with safety norms.

The Company organised annual medical checks for employees.

The Company installed a water drinking facility across its manufacturing units.

The Company provided safety personal protecting equipment to workers in critical areas.



Environment

Kriti is committed to the interplay of people, planet and profits. The Company recognises the importance of reducing carbon footprint, which determines the way it sources, utilises and allocates resources. Kriti formed an environment team to supervise and co-ordinate environment-related activities/initiatives.

Key priorities

- Responsible management of natural resources
- Responsible utilisation of water and focus on reducing water consumption and water pollution
- Improved management of emissions, in turn, improving air quality index and reducing air pollution
- Enriched the biodiversity
- Grew access to renewable energy sources (solar, wind and biomass)

Initiatives, 2020-21

The Company engaged with an external agency to control and monitor the air and noise pollution generated from the plants.

The Company changed all the diesel generating sets to acoustic.

The Company regularly monitored stack emissions.

Over the years, the Company reduced pollution generation as charted by MP

Pollution Board.

The Company installed energy saving tools for lower electricity consumption.

The Company installed a sewage treatment plant to recycle the water used in the cooling process; the treated water is used for gardening.

The Company planted ~ 500 trees in and around its premises



The soul of our company

Employees of Kriti Industries explain their job satisfaction



The Company's principal recall comes down to just one word: ethics. There are so many ways in which we see this being played out; once a commitment has been made it can be cast in stone; it does not alter the territorial perimeter for a dealer to sell in so that every dealer feels happy that he is the only authorised dealer for that area."

Renganathan VS, National Sales, Kriti Industries (India) Limited



A 5 Km pipeline was laid in Telangana using our product. Some leakage emerged; the farmers were irate; they pelted stones at our dealer. We immediately addressed them, tested samples and convinced the farmers that the problem lay in the installation and not the product. The farmers demanded a refund but they soon got busy with cultivation and time passed. After a year, we went back to the farmers; we reopened the pipeline, operated the motor, identified the point of leak and proved that the pipe was not to blame. The once-abusive farmers now developed a respect for the 'Kasta brand'. All you need to do is mention the name of the brand today and you encounter a changed response."

Renganathan VS, National Sales Head, Kriti Industries (India) Limited



Culture at Kriti is driven by honesty. When the price of polymers rise, there could be a temptation to use a lower quantum of polymer, save money and deliver a product where the customer will never know the difference. We never

compromise. Period. What this has done is that it has enhanced respect among employees; it has sent out a message: Kriti will never cheat."

Ankur Jain, Senior Manager (Business Transformation), Kriti Industries (India) Limited



The foundation of Kriti's success is the stability of its engagement with trade partners. A number of them have been working with the company for more than 25 years. These are not multi-product relationships; they are exclusive relationships. The dealer does not sell any other brand; we do not appoint another dealer in that geography. The result is that the dealer grows with the company; we grow with the dealer."

Ankur Jain, Senior Manager
(Business Transformation),
Kriti Industries (India) Limited



The turning point in the company's fortunes was the launch of the strategic initiative called Udaan in FY 17-18. The result: when revenues declined for all industry players, we maintained the same topline growth rate. Even though there was a shrinkage in total volumes, Kriti increased market share. The reason: Kriti invested in direct customer communication than relying on the supply chain network."

Ankur Jain, Senior Manager
(Business Transformation),
Kriti Industries (India) Limited



We entered Telangana three years ago and the first reaction of most observers was 'How will you succeed in a terrain you don't understand?' Differences in culture and language were identified as the principal challenges. We succeeded because we did our business differently; when other players promised discounts, we went directly to customers and convinced them to buy from our dealers. In doing so, we created a sustainable advantage for the dealer."

Ankur Jain, Senior Manager
(Business Transformation),
Kriti Industries (India) Limited



"There are a number of small things that make up the Kriti culture: belief in doing the right things and waiting for the results to follow; respect for data; celebrating every small success; performance-based appraisal system; systems-driven company; small group activities to drive improvements; digitisation to enhance speed and accuracy and a debottlenecking-based Theory of Constraints concept."

Manash Ghosh, Vice President,
Kriti Industries (India) Limited

Managing risks at Kriti

At Kriti Industries, we have reinforced our business sustainability through a robust risk management framework

The Covid-19 pandemic

The year 2020-21 was a watershed for humankind as an infection transformed into a global pandemic, restricting cross-border travel, imposing lockdowns, halting commercial activity and destroying consumer sentiment.

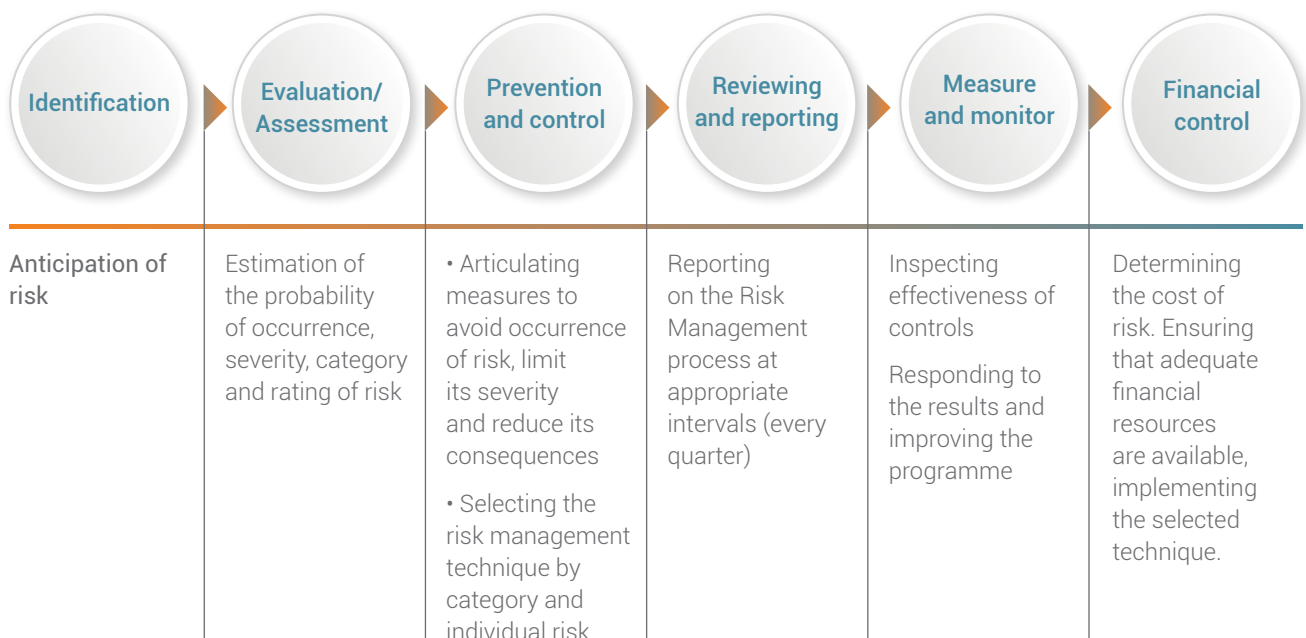
Global GDP declined from 2.9% in

2019-20 to -3.4% in 2020-21, the first instance of a global economic de-growth in years.

Quality of business

This scenario put a premium on protection, making it imperative for the business to never lose money. As a result, there is a greater focus on de-risking followed by growth.

This priority is synced with Kriti, whose positioning has been that of a conservatively aggressive Company, balancing growth and protection at all times. In such a scenario, the Company turned to its organisational foundation to absorb the full impact of the unexpected downside and reinforce its commitment to business quality.



| Financial risks | Risk mitigation |
|--|---|
| Credit and payment default risk | Credit profiling Regular monitoring of important developments, namely, payment history, change in credit rating, regulatory changes and industry outlook |
| Commodity price (resins) volatility risk | Maintaining optimal inventory through a sales quarterly forecast Selecting to purchase from a large credible vendor, securing supplies |
| Debt risk | Moderating the use of long-term debt through repayment; growing capacity and geographic expansion out of accruals Entering into secure terms of trade, protecting its working capital outlay |
| Working capital efficiency risk | Deepening brand investment, strengthening consumer pull and hence lower credit terms with dealers Optimising raw material inventory through engagement with a credible vendor Attempting to broadbase sales seasonality through footprint expansion |

| Supply chain risks | Risk mitigation |
|---|---|
| Lower or limited number of raw material suppliers | Built a long-term partnership with one of the largest Indian resource suppliers, ensuring an anytime polymer availability |
| Fluctuations in crude oil prices | Largely a sector-applicable risk that cannot be individually countered |

| Technology risks | Risk mitigation |
|-------------------|---|
| Obsolescence risk | Using technology that has been stable for years Hiring and retaining people possessing a rich related experience |

| Manufacturing risk | Risk mitigation |
|---|--|
| Generation of off-spec products (defects) | Implementation of Mission Udaan to identify the cause of process variations and taking pre-emptive action before the generation of off-specs |
| Equipment breakdown | Adherence to preventive / predictive / conditional monitoring programme and taking preventive action |

Marketing risks

Risk mitigation

Competition risk

Strengthening market intelligence and product differentiation

Availability of grades and quantities for respective customers

Detailed forecasting and inventory management

Customer support risks

Risk mitigation

Reduced customer base on account of ineffective customer feedback analysis and poor assessment

Ensuring customer satisfaction through feedback collection across various levels at regular intervals and taking action to address issues, if any

Material stock outs

Maintaining a buffer, factoring obsolescence

Human resource risk

Risk mitigation

Employee attrition and lower productivity

Conducting group discussions to understand employee perspectives

Organising workplace surveys at regular intervals

Ensuring safety of employees by strict adherence to safety rules and use of personal protective equipment

Environment Risk

Risk mitigation

Environment pollution

Using clean manufacturing processes

Preventive measures to arrest leakage

Adherence to quality and process certifications

Country and market risks

Risk mitigation

The country may encounter sustained sluggishness

India has staged a sharp economic rebound

The country's farm sector growth is integral to national prosperity

Irrigation and micro-irrigation are integral to farm prosperity

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



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

Management discussion and analysis

Global economic overview

The global economy reported de-growth of 3.5% in 2020 compared to a growth of 2.9% in 2019, the sharpest contraction since World War II. This steep decline in global economic growth was largely due to

the outbreak of the novel coronavirus and the consequent suspension of economic activities across the world. This led to global supply chain disruptions, resulting in a de-growth in some of the largest global economies.

Consequently, global FDI reported a significant decline from \$1.5 trillion in 2019 to \$859 Bn in 2020, the lowest since the 1990s and more than 30% below the investment trough that followed the 2008-09 global financial meltdown.

Regional growth %

| | 2020 | 2019 |
|-----------------------------------|-------|------|
| World output | (3.5) | 2.9 |
| Advanced economies | (4.9) | 1.7 |
| Emerging and developing economies | (2.4) | 3.7 |

(Source: IMF)

Performance of some major economies

United States: The country witnessed a GDP de-growth of 3.4% in 2020 compared to a growth of 2.3% in 2019.

China: The country's Gross Domestic Product grew 2.3% in 2020 compared to 6.1% in 2019 despite being the epicentre of the outbreak of the novel coronavirus.

United Kingdom: Britain's GDP shrank 9.9% in 2020 compared to 1.4% growth in 2019, 2x the annual contraction recorded in the aftermath of the global meltdown in 2009.

Japan: Japan witnessed a contraction of 4.8% in 2020, the first instance of a contraction since 2009. (Source:

CNN, IMF, Economic Times, trading economics, Statista, CNBC)

The global economy is projected to grow by 6% in 2021 largely due to the successful roll-out of vaccines across the globe, coupled with policy support in large economies. (Source: IMF)

Indian economic review

The Indian economy passed through one of the volatile periods in living memory in 2020-21.

At the start of 2020, India was among five largest global economies; its economic growth rate was the fastest among major economies (save China); its market size at 1.38 bn was the second largest in the world; its rural population of the under-consumed was the largest in the world.

The Indian government announced a complete lockdown in public

movement and economic activity from the fourth week of March 2020. As economic activity came to a grinding halt, the lockdown had a devastating impact on an already-slumping economy as 1.38 Bn Indians were required to stay indoors - one of the most stringent lockdowns enforced in the world.

The outbreak of the novel coronavirus and the consequent suspension of economic activities due to the pandemic-induced lockdown, coupled with muted consumer sentiment and investments, had a severe impact on

the Indian economy during the first quarter of the year under review. The Indian economy de-grew 23.9% in the first quarter of 2020-21, the sharpest de-growth experienced by the country since the index was prepared.

The Indian and state governments selectively lifted controls on movement, public gatherings and events from June 2020 onwards, each stage of lockdown relaxation linked to corresponding economic recovery. Interestingly, as controls relaxed what the country observed was a new normal: individuals were encouraged

to work from home; inter-city business travel was replaced by virtual engagement; a greater premium was placed on the ownership of personal mobility modes (cars and two-wheelers); there was a sharp increase in home purchase following the need to accommodate an additional room for home working.

The result is that India's relief consumption, following the lifting of

social distancing controls, translated into a full-blown economic recovery. A number of sectors in India – real estate, steel, cement, home building products and consumer durables, among others – reported unprecedented growth. India de-grew at a relatively improved 7.5% in the July-September quarter and reported 0.4% growth in the October-December quarter and a 1.6% growth in the last

quarter of the year under review.

The result is that India's GDP contracted 7.3% during 2020-21, largely on account of the sharp depreciation of the first two quarters. This sharp Indian recovery – one of the most decisive among major economies – validated India's robust long-term consumption potential.

Y-o-Y growth of the Indian economy

| | FY18 | FY19 | FY20 | FY21 |
|---------------------|------|------|------|------|
| Real GDP growth (%) | 7 | 6.1 | 4.2 | -7.3 |

(Source: IMF)

Growth of the Indian economy, 2020-21

| | Q1, FY21 | Q2, FY21 | Q3 FY21 | Q4, FY21 |
|---------------------|----------|----------|---------|----------|
| Real GDP growth (%) | (23.9) | (7.5) | 0.4 | 1.6 |

(Source: Economic Times, IMF, EIU, Business Standard, McKinsey)

Indian economic reforms and recovery

There were a number of positive features of the Indian economy during the year under review.

India reported improving Goods and Services Tax (GST) collections month-on-month in the second half of 2020-21 following the relaxation of the lockdown, validating the consumption-driven improvement in the economy.

The per capita income was estimated to have declined by 5% from ₹1.35 Lakh in 2019-20 to ₹1.27 Lakh in 2020-21, which was considered moderate in view of the extensive demand destruction in the first two quarters of 2020-21.

Despite the gloomy economic scenario, foreign direct investments (FDI) in India increased 13% to US\$57 Bn in 2020.

The gap between government expenditure and revenue was

estimated at ~₹12 trillion due to increased borrowing by the government in May 2020 to address the COVID-19 outbreak.

India jumped 14 places to 63 in the 2020 World Bank's Ease of Doing Business ranking and was the only country in the emerging market basket that received positive FPIs of \$23.6 Bn in 2020; the country ranked eighth among the world's top stock markets with a market capitalisation of \$2.5 trillion in 2020.

The Indian government initiated structural reforms in agriculture, labour laws and medium-small enterprise segments. The labour reforms were intended to empower MSMEs increase employment, enhance labour productivity and wages.

India extended the Partial Credit Guarantee Scheme by relaxing the criteria and allowing state-owned lenders more time to purchase liabilities of shadow banks. Under the

₹45,000 Cr partial credit guarantee scheme, announced as a part of the Atmanirbhar Bharat package, three additional months were given to banks to purchase the portfolio of non-banking financial companies.

The government approved amendments to the Essential Commodities Act and brought an ordinance to allow farmers to sell their crop to anyone; the changes to the Essential Commodities Act, 1955, were intended to 'deregulate' agricultural commodities (cereals, pulses, oilseeds, edible oils, onions and potatoes from stock limits). The government approved the Farming Produce Trade and Commerce (Promotion and Facilitation) Ordinance, 2020, to ensure barrier-free trade in agriculture produce.

The Government relaxed foreign direct investment (FDI) norms for sectors like defence, coal mining, contract manufacturing and single-brand retail trading.



The Union Cabinet approved the production-linked incentive (PLI) scheme for 10 sectors: pharmaceuticals, automobiles and auto components, telecom and networking products, advanced chemistry cell batteries, textile, food products, solar modules, white goods and specialty steel. These incentives could attract outsized investments,

catalysing India's growth journey.

India's foreign exchange reserves continue to be in record setting mode – FY 20-21 saw \$101.5 Bn dollars accretion in reserves, the steepest rise in foreign exchange reserves in any financial year; India's forex reserves are ranked third after Japan and China and can cover more than a year's import payments.

Outlook

The outlook for the country appears to be positive across the medium-term after India has successfully countered the pandemic, resulting in a revival of consumer demand. The Indian economy is expected to grow in the high single digits during the year under review as per advance estimates.

Indian polyvinyl chloride (PVC) market overview

The Indian polyvinyl chloride (PVC) market was pegged at US\$3539 Mn in 2018 and projected to grow at a CAGR of 4.5% between 2019 and 2027 to reach a market value of US\$ 5209.4 Mn. PVC pipes are light with a smooth surface, facilitating a faster flow of water compared to pipes made from iron or concrete. Plastic pipes are made of different types of polymers. The four main types are unplasticised polyvinyl chloride (UPVC), which represents 65% of industry demand, chlorinated polyvinyl chloride (CPVC) – 15%, HDPE – 15% and polypropylene (PPR) – 4%. Composite pipes, which have a mix of metal and plastic layers, are also used for similar applications.

UPVC pipes: These pipes are applicable for portable water supply and sewerage in agriculture and plumbing. Consistent replacement of galvanised iron pipes with these pipes has helped in achieving healthy demand growth in the past. Moreover, characteristics such as affordability and longevity compared with metal pipes have aided this segment. Government initiatives such as AIBP, along with the presence of various

brands and established players have ensured steady growth of this segment.

CPVC pipes: These pipes are mainly used in plumbing activities, as well as hot and cold, potable water distribution systems. The growth in demand for CPVC pipes has been the highest among pipes between FY 2014-19, as CPVC pipes in India are still at a beginning stage and possess huge potential due to factors such as longevity, corrosion free, fire resistance, being lead-free and the ability to withstand high temperatures. By FY 2024, the share of CPVC pipes in the overall plastic pipes industry is expected to rise above 20%, registering the highest growth of 20-21%.

HDPE pipes: The irrigation sector, sewerage and drainage, city-gas distribution and chemical and processing industries are the main fields where HDPE pipes are utilised. HDPE pipes account for 15% share in the total plastic pipes industry. Due to durability, low maintenance and longevity versus metal pipes, these pipes have been gaining prominence over traditional metal and cement pipes. Government schemes, such as

PMKSY, are expected to lend support to the segment, with an expected CAGR of 12-13% between FY 2019-24 in the sector.

PPR pipes: Accounting for 5% of Indian plastic pipes industry, PPR pipes are primarily utilised for various industrial purposes and are relatively costly compared with other plastic pipes, which restricts their usage. Demand from this segment is expected to grow at a CAGR of 6-7% from 1st April, 2019 to 31st March, 2024.

Preference and lifestyle changes by the Indian population are expected to drive the growth of the Indian pipes industry. Development of the agricultural sector has been the government's priority over the past years and could continue to be so for the foreseeable future as almost 58% of Indian population's livelihood depends on it. The government's intention of improving the national agricultural scenario is represented by its decision to double the farm incomes by the year 2022.

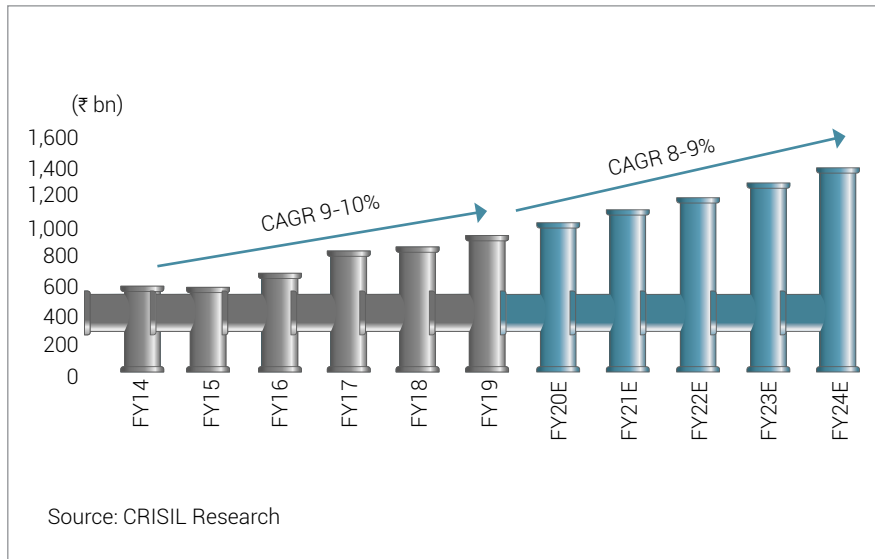
(Source: *The Insight Partners, the Policy Times, IBEF, Economic Times, GlobeNewsWire, CRISIL*)

Key end-user segments of plastic pipes

Irrigation: The irrigation sector covers majority of end-user segment for plastic pipes, accounting for a 45-50% share of the industry. Of India's 160 Mn hectare of cultivated land, almost 50% is irrigated. In FY 15-16, the central government converged irrigation schemes under the Pradhan Mantri Krishi Sinchayee Yojana (PMKSY) in order to expand the cultivated area by 2.85 Mn hectares in FY 16-17 and by 8 Mn hectares by 2020, outlining an expenditure target of ₹500 Bn until 2020. The key schemes converged are Accelerated Irrigation Benefits Programme (AIBP), Integrated Watershed Management Programme, On Farm Water Management, and Per Drop More

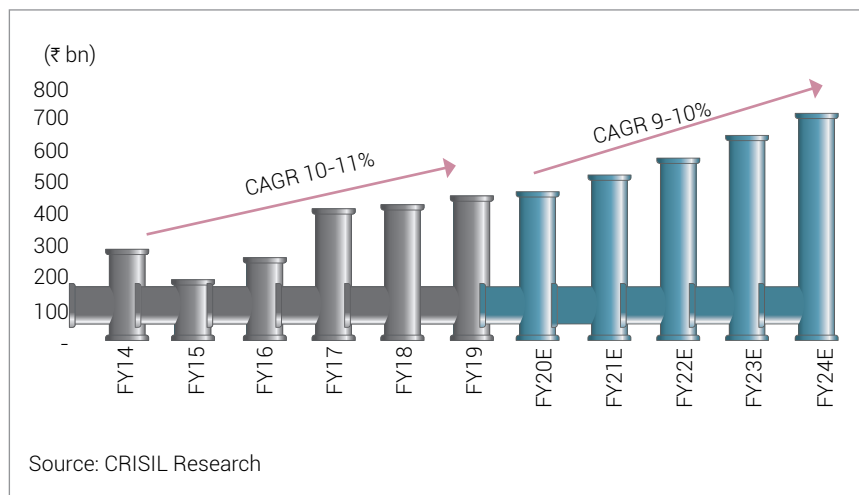
Crop. Additionally, investments in this sector are expected to rise in the next five years mainly due to the push

from state governments to increase irrigation penetration in states.



WSS and plumbing: This sector is the second largest end-user segment for plastic pipes, accounting for 35-40% share of the plastic pipes market. With a CAGR of 22% between FY 2014-19, the government expenditure on this sector stood at ₹ 624 Bn in FY 18-19. Several central government schemes and rising emphasis by municipal authorities, such as Mumbai Metropolitan Region Development Authority, Mumbai and Pune municipal corporations have been the key reasons for this increase. The overall WSS investments are projected to be ₹ 2,924 Bn for the time span of five years between FY 18-19 and FY 23-24.

Investment trajectory in WSS



Real estate: This sector is a key end-user sector for plastic pipes and fittings in India. However, over the last few years, real estate demand has been sluggish. With the implementation of Real Estate Regulatory Authority (RERA) and schemes like 'Housing for All', the confidence of end-users could strengthen in the near future.



Growth drivers

Increased focus on agriculture:

The agricultural sector accounts for the livelihood of nearly 58% of the population. The agriculture sector is the largest consumer of water in India. It accounts for approximately 90% of 761,000 Bn litres of annual freshwater withdrawn in the country. Every year the per capita consumption of water in agriculture sector lies between 4913 to 5800 kilolitres. The Government made an allocation of ₹2.83 Lakh for the Ministry of Agriculture in the Union Budget 2020-21, with plans of doubling farm incomes by 2022, a major driver of the Indian pipe industry. India is amongst the 15 leading exporters of agricultural products in the world with exports to US being USD 41.25 bn in 2020 as compared to USD 28.93 bn in 2019.

Water management: It is estimated India uses 2-3x extra water per unit of crop compared to major agricultural nations like China, Brazil and United States. The country is expected to make a transition from conventional flood irrigation to drip irrigation, which in turn, would strengthen the demand for pipes and fittings.

Rising investments in real estate sector: Growing demand for commercial office space and a rise in nuclear families has caused a growth in demand for real estate investments.

Micro-irrigation: Yields are increased, water is decreased and fertiliser and labour requirements are made through micro-irrigation. By applying water directly to the root zone, micro-irrigation saves water loss from conveyance, run-off and evaporation, usually caused more by the traditional method. Thus, it has resulted in higher efficiency of water use of approximately 75-90%. A national-level survey carried out for the Union government showed that farmers were successful in bringing 519.43 hectares of degraded land under cultivation through micro-irrigation. It has also assisted in using saline water for irrigation without causing salinity or osmotic stress to plants. This is expected to bring benefits in the agricultural sector with better harvests and in turn, causing a growth in pipes industry.

Rainfall: India witnessed above average rainfall during the four-month monsoon season (June to September) in 2020, resulting in the second highest precipitation recorded in the last 30 years, according to the India Meteorological Department (IMD). The country received 109% rainfall of the Long Period Average (LPA) in these four months with three of them- June (107%), August (127%) and September (105%) - witnessing above average rainfall and July recording deficiency

in rainfall. This rainfall is expected to have influenced the growth of agricultural sector massively, resulting in higher utilisation of pipes and growth of the pipes industry.

Population growth: The population in India is expected to grow from 1.38 Bn people in 2020 to 1.64 Bn people by the year 2050.

Land availability for agriculture: As of 2020, there is 159.7 Mn hectares of arable land for agriculture, with gross irrigated crop area amounting to 82.6 Mn hectares.

Increase in agricultural production: India has experienced an increase in yields of crops with rice, wheat, barley and corn productions amounting to 117.94, 103, 1.85 and 27.5 in terms of Mn metric Tons. This is expected to bring a rise in demand in the pipes industry.

Expected income growth: India's per capita GDP in dollar terms is expected to grow 8.2% in 2021, against an expected 5.4% growth for Bangladesh. This will grow India's per capita GDP to \$2,030 next year, against Bangladesh's \$1,990. Till five years ago, India's per capita GDP was nearly 40% higher than Bangladesh's.

(Source: IBEF, Downtoearth.org, NDTV, Business Insider, Business Standard, The Hindu)

Favourable government initiatives

Budget allocation: : An allocation of ₹2.83 Lakh has been made for agriculture and irrigation in the Union Budget 2020-21.

Smart City Mission: The Government has proposed the introduction of five Smart Cities in addition to the previous ones.

Krishi Udan Scheme: The Government plans on improving value realisations in the northern and tribal districts by boosting exports in national and international routes.

Pradhan Mantri Krishi Sinchai Yojana (PMKSY): The government plans on increasing rural prosperity by increasing availability of water to all agricultural farms, thereby increasing production and productivity.

Doubling farm income: The Government intends to double farm incomes by 2022.

Swachh Bharat Mission: The Government plans to accelerate universal sanitation coverage across >4000 towns and cities, enhancing cleanliness and sanitation.

Farmer's Bills: The Central Government introduced two new bills for the farmers- The Farmers'

Produce Trade and Commerce Bill, 2020 and the Farmers Agreement of Price Assurance and Farm Services Bill, 2020 in the month of October, 2020. The former bill enables barrier-free inter-state and intra-state trade outside the physical boundaries of markets. No cess, levy on sale or transportation costs would have to be paid by the farmers. An e-commerce platform has been proposed for the same.

Under the Farmers Agreement of Price Assurance and Farm Services Bill, Price assurance will be given to the farmers in dealings with wholesalers, retailers, processors and exporters

even before the sowing of crops. In case the market prices are high, farmers will be entitled to this profit. This current situation of profitability for farmers is expected to influence growth of the Indian pipes industry due to increase of use in agriculture.

Housing for all by 2022: Also known as the Pradhan Mantri Awas Yojana (PMAY), this scheme was launched on 25th June, 2015. The primary aim of it is to minimise the housing shortage of poor people in the urban areas, with the Ministry of Housing and Urban Poverty Alleviation projecting a shortage of nearly 20 Mn dwelling units for this group of

people. PMAY aims to address this by providing central assistance to the implementing agencies through states and union territories to all eligible families/beneficiaries by 2021-22.

(Source: The Times of India)

The Company's overview

Kriti Industries engages in the manufacturing of plastic polymer piping systems, moulded plastic products, and accessories. Over the years, the Company has established itself as one of the most reputable players in the industry. It operates in the polymer segment catering to agriculture, building products, micro irrigation and infrastructure.

Application of products

Agriculture: RPVC pipe and fittings, casing pipe, PE coils, sprinkler systems, submersible pipe, suction and garden pipe.

Building products: SWR and drainage pipe and fittings, CPVC

and plumb pipe and fittings, garden pipe and water tank.

Micro irrigation: Micro-irrigation lateral (inline and online), sprinkler systems, RPVC pipes and fittings.

Infrastructure and Datacom: RPVC ring fit pipe (elastomeric) and fittings, HDPE and MDPE (PE) Pipes and Fittings, PLB telecom duct and micro-ducts.

Financial performance

Revenues: Revenue during the year stood at ₹590.23 Cr, as compared to ₹536.08 Cr in FY 19-20.

Interest and finance costs: Net interest and finance costs reduced by 12.17% during the year.

Profit after tax: The Company registered a profit after tax of ₹38.23 Cr compared to ₹19.80 Cr in the previous year.

Key ratios and numbers

| Particulars | 2019-20 | 2020-21 |
|--------------------------|---------|---------|
| Turnover | 536.08 | 590.23 |
| Debt-equity ratio | 0.79 | 0.55 |
| Return on equity (%) | 18.53 | 27.05 |
| Book value per share (₹) | 20.92 | 28.49 |
| Earnings per share (₹) | 3.99 | 7.71 |

Subsidiary company (Impairment)

Due to COVID-19 Kriti Auto & Engineering Plastics Pvt. Ltd 100 % subsidiary of Kriti Industries (India) Limited is not having a sustainable business. The Board of Kriti Industries India Limited in its meeting dated 24th March, 2021 decided to discontinue the operations of the said subsidiary. Losses from the discontinued

operations have been disclosed separately as per the requirement of Ind AS 105 Non-current Assets Held For Sale and Discontinued Operations. Company has also classified these Non-current Assets as Held For Sale and liabilities towards such Non-current Assets have been presented in the Balance Sheet separately.

Kriti Industries (India) Limited had already provided for impairment loss on account of an investment in its wholly owned subsidiary of ₹116.55 Lakhs in the year ended 31-3-2020 and no further provision is considered necessary for the quarter and year ended on 31.03.2021

Risk management

Economic risk: The business may underperform as a result of the economic slowdown.

Mitigation: The GDP of the country de-grew 7.3% in 2020-21 but is expected to rebound to high single digits in 2021-22. This, along with the government's plans of doubling farm incomes by 2022, is projected to increase irrigational activity, causing a higher demand for pipes.

Product risk: The Company's inability

to manufacture different products could hurt offtake.

Mitigation: The Company is engaged in the manufacturing of polymer pipes, primarily Poly Vinyl Chloride (PVC) and Poly Ethylene (PE), suitable for portable water supply, irrigation, building construction and infrastructure. The wide portfolio of products enables the Company to enhance visibility by catering to the different market segments.

Competition risk: Increasing number of competitors could hurt profitability of the Company.

Mitigation: By providing quality service and product, the Company has established itself as one of the most reputed and trusted companies in the world over the course of time. Nearly 80% of its customers have stayed with the Company for more than 5 years.



Information technology

SAP HANA was successfully implemented by the company, which enabled the business in enhancing business analytics and efficiency, which in turn, increased operational efficiencies. The Company continues

to make investments in Information Technology (IT) viz. SAP Enterprising Resource Planning System, CRM, HRM and Sales Force Mobility with the objective of strengthening its infrastructural base and operational

efficiencies. Constant upgradation of technology will help in achieving growth of the Company for the foreseeable future.

Internal control systems and their adequacy

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

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

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

Human resources

The Company employed 519 officers and workmen as on 31st March, 2021. The development of individual and collective competencies has helped the company in increasing the value of human capital and in turn, stay

in step with market developments and requirements. The company implemented programs and projects related to skill development and up gradation of employee competence. Knowledge sharing programmes were

conducted. A number of innovative ideas received from employees were implemented, resulting in enhanced quality, cost optimization and productivity.

Cautionary statement

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

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

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

NOTICE

NOTICE is hereby given that the 31st Annual General Meeting (AGM) of the Members of Kriti Industries (India) Limited will be held on Saturday the 7th August, 2021 at 3:00 PM through Video Conferencing (VC) or Other Audio Video Means (OAVM) for which purposes the corporate office of the company situated at 8th Floor, Brilliant Sapphire Plot No.10, PSP, IDA, Scheme No.78, Part II, Indore (M.P.) shall be deemed as the venue for the Meeting and the proceedings of the Annual General Meeting shall be deemed to be made thereat, to transact the following businesses:

ORDINARY BUSINESSES

1. To receive, consider and adopt the Standalone and Consolidated Audited Financial Statements containing the Balance Sheet as at 31st March, 2021, the Statement of Profit & Loss, Cash Flow, Changes in Equity and notes thereto of the Company for the Financial Year ended 31st March 2021 and the reports of the Board of Directors and Auditors thereon as on that date.
2. To consider and declare dividend on 4,96,03,520 equity shares of ₹1/- each for the Financial Year ended 31st March, 2021.
3. To appoint a director in place of Mrs. Purnima Mehta (DIN: 00023632) who retires by rotation at this Annual General Meeting and being eligible offers herself for re-appointment.

SPECIAL BUSINESSSES

4. TO RATIFY THE REMUNERATION PAYABLE TO THE COST AUDITORS

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

"RESOLVED THAT pursuant to the provisions of section 148 and all other applicable provisions of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or reenactment(s) thereof, for the time being in force), the members of the Company be and hereby ratify the payment of remuneration of ₹30,000 (Rupees Thirty Thousand Only), plus applicable taxes and reimbursement of out of pocket expenses at actual to Shri S.P.S. Dangi, Cost Accountant, Indore (Registration No. 100004) appointed by the Board of Directors of Company on the recommendation of the Audit Committee, as the Cost Auditors to conduct the audit of the cost records of the Company for the Financial Year ending 31st March, 2022."

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

5. RE-APPOINTMENT OF SHRI SHIV SINGH MEHTA (DIN: 00023523) AS A CHAIRMAN AND MANAGING DIRECTOR:

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

"RESOLVED THAT pursuant to the recommendation of the Nomination and Remuneration Committee and Board of Directors and subject to the provisions of sections 196, 197, 198 and 203 and other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification or re-enactment thereof) read with Schedule V of the Companies Act, 2013 and Articles of Association of the company, the consent of the members be and is hereby accorded for the re-appointment of Shri Shiv Singh Mehta (DIN:00023523) as the Chairman and Managing Director of the company, who also hold the office of the Managing Director of Kriti Nutrients Limited for a further period of five years commencing w.e.f. 1st October, 2021 to 30th September, 2026 and shall also attain the age of 70 years during this term on such remuneration and terms and conditions as are annexed herewith as explanatory statement.

FURTHER RESOLVED THAT in the event of there being any loss or inadequacy of profit for any financial year the remuneration payable to Shri Shiv Singh Mehta shall be minimum remuneration payable by the Company.

FURTHER RESOLVED THAT there shall be clear relation of the Company with Shri Shiv Singh Mehta as "the Employer-Employee" and each party may terminate the above said appointment with six months notice in writing or salary in lieu thereof.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all such acts, deeds, matters and things and to decide breakup of his remuneration within the permissible limits in its absolute discretion as may considered necessary, expedient or desirable and to vary, modify the terms and conditions and to settle any question, or doubt that may arise in relation thereto in order to give effect to the foregoing resolution, or as may be otherwise considered by it to be in the best interest of the Company."

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

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

"RESOLVED THAT pursuant to the recommendation of the Nomination and Remuneration Committee and Board of

Directors and subject to the provisions of sections 196, 197, 198 and 203 and other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification or re-enactment thereof) read with Schedule V of the Companies Act, 2013 and Articles of Association of the company, consent of the members be and is hereby accorded to re-appoint and the remuneration Mrs. Purnima Mehta (DIN:00023632) as the Whole-time Director of the Company for a term of 3 years with effect from 1st July, 2022 to 30th June, 2025 on such remuneration and terms and conditions as are annexed herewith as explanatory statement.

FURTHER RESOLVED THAT in the event of there being any loss or inadequacy of profit for any financial year the remuneration payable to Mrs. Purnima Mehta shall be minimum remuneration payable by the Company.

FURTHER RESOLVED THAT there shall be clear relation of the Company with Mrs. Purnima Mehta as "the Employer-Employee" and each party may terminate the above said appointment with six months notice in writing or salary in lieu thereof.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all such acts, deeds, matters and things and to decide breakup of her remuneration within the permissible limits in its absolute discretion as may considered necessary, expedient or desirable and to vary, modify the terms and conditions and to settle any question, or doubt that may arise in relation thereto in order to give effect to the foregoing resolution, or as may be otherwise considered by it to be in the best interest of the Company.

Date: 15th May, 2021
Place: Indore

Kriti Industries (India) Limited
CIN: L25206MP1990PLC005732
Registered Office:
Mehta Chamber, 34 Siyaganj,
Indore-452007

By order of the Board

Apeksha Baisakhiya
Company Secretary
& Compliance officer
ACS 53813

NOTES:

1. In view of the massive outbreak of the COVID-19 pandemic, social distancing is a norm to be followed and pursuant to the Circular No. 14/2020 dated 8th April, 2020, Circular No.17/2020 dated 13th April, 2020 issued by the Ministry of Corporate Affairs (MCA) followed by Circular No. 20/2020 dated 5th May, 2020 and Circular No. 2/2021 dated 13th January, 2021, physical attendance of the Members to the AGM venue is not required and Annual General Meeting (AGM) be held through Video Conferencing (VC) or Other Audio Visual Means (OAVM). Hence, Members can attend and participate in the ensuing AGM through VC/OAVM only and no physical presence at the meeting is required.
2. Pursuant to the Circular No. 14/2020 dated 8th April, 2020 followed by Circular No. 2/2021 dated 13th January, 2021, issued by the MCA, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, the Body Corporates are entitled to appoint authorised representatives to attend the AGM through VC/OAVM and participate thereat and cast their votes through e-voting.
3. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available for 1000 members on first come first served basis. However, this number does not include the large Shareholders holding 2% or more share capital, Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors, Secretarial Auditors, Scrutinizers, etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
4. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under section 103 of the Companies Act, 2013.
5. Pursuant to the provisions of section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (as amended), and the Circulars issued by the MCA dated 8th April, 2020, 13th April, 2020, 5th May, 2020 and 13th January, 2021 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has made an arrangement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, and independent agency for providing necessary platform for Video Conference/OAVM and necessary technical support as may be required. Therefore, the facility of casting votes by a member using remote e-voting system as well as e-voting on the day of the AGM will be provided by CDSL.
6. The Notice calling the AGM alongwith complete Annual Report has been uploaded on the website of the Company. The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Ltd. at www.bseindia.com and the AGM Notice is also available on the website of CDSL (agency for providing the Remote e-Voting facility and providing necessary platform for Video Conference/OAVM) i.e. www.evotingindia.com.
7. This AGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated 8th April, 2020 and MCA Circular No. 17/2020 dated 13th April, 2020, MCA Circular No. 20/2020 dated 5th May, 2020 and Circular No. 2/2021 dated 13th January, 2021.
8. The recorded transcript of the forthcoming AGM shall also be made available on the website of the Company - <http://kritiindustries.com/> as soon as possible after the Meeting is over.
9. In compliance with the aforesaid MCA Circulars dated 5th May, 2020 and SEBI Circular dated 12th May, 2020, Notice of the AGM along with the Annual Report 2020-21 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. Members may note that the Notice and Annual Report 2020-21 will also be available on the Company's website - <http://kritiindustries.com>, websites of the Stock Exchanges i.e. BSE Limited at www.bseindia.com, and on the website of CDSL <https://www.evotingindia.com>. However, if any specific request received from the members for demanding of the physical copy of the Annual Report will be provided by the company but subject to time taken by the courier and Postal Department looking to the Covid-19.
10. Members joining the meeting through VC, who have not already cast their vote by means of remote e-voting, shall be able to exercise their right to vote through e-voting at the AGM. The Members who have cast their vote by remote e-voting prior to the AGM may also join the AGM through VC but shall not be entitled to cast their vote again.
11. Pursuant to Finance Act, 2020, dividend income if any declared by the Company will be taxable in the hands of shareholders w.e.f. 1st April, 2020 and the Company shall be required to deduct tax at source from dividend paid to shareholders at the prescribed rates. For the prescribed rates for various categories, the shareholders are requested to refer to the Finance Act, 2020 and amendments thereof. The shareholders are requested to update their PAN with the Ankit Consultancy Private Limited, the Share Transfer

Agent (in case of shares held in physical mode) and to the concerned depositories. (in case of shares held in demat mode)

A Resident individual shareholder with PAN and who is not liable to pay income tax can submit a yearly declaration in Form No. 15G/15H, to avail the benefit of non-deduction of tax at source by email to cs1@kritiindia.com by 11:59 p.m. IST on or before 1st August, 2021. Shareholders are requested to note that in case their PAN is not registered, the tax will be deducted at a higher rate of 20%.

Non-resident shareholders can avail beneficial rates under tax treaty between India and their country of residence, subject to providing necessary documents i.e. No Permanent Establishment and Beneficial Ownership Declaration, Tax Residency Certificate, Form 10F, any other document which may be required to avail the tax treaty benefits by sending an email to cs1@kritiindia.com. The aforesaid declarations and documents need to be submitted by the shareholders by 11:59 p.m. IST on or before 1st August, 2021.

12. The Explanatory Statement pursuant to section 102 of the Companies Act, 2013, which sets out details relating to special businesses at the meeting is annexed and forms part of the Notice.

13. Register of Members and Share Transfer Books of the Company will remain closed from Sunday, 1st August, 2021 to Saturday, 7th August, 2021 (both days inclusive) for the Annual General Meeting and ascertainment for entitlement of payment of dividend to the members whose names appear in the Register of members and the records of the beneficiaries of the CDSL and NSDL on the date of the Annual General Meeting.

The voting rights of members shall be in proportion to their shares of the paid-up equity share capital of the Company as on the cut-off date 31st July, 2021 (Saturday).

14. CS Ishan Jain, Practicing Company Secretary (F.R.No. S2021MP802300., M. No. FCS 9978 & C.P. No. 13032) and Proprietor of M/s. Ishan Jain & Co., Company Secretaries, Indore has been appointed as the Scrutinizer for providing facility to the members of the Company to scrutinize the voting at the AGM and remote e-voting process in a fair and transparent manner.

15. Members desirous of obtaining any information concerning Accounts and Operations of the Company are requested to address their questions in writing to the Company at least 7 days before the date of the Meeting at its email ID cs1@kritiindia.com so that the information required may be made available at the Meeting.

16. The Members are requested to:

a)- Intimate changes, if any, in their registered addresses immediately.

b) -Quote their ledger folio number in all their correspondence.

c) -Send their Email address to us for prompt communication and update the same with their D.P to receive softcopy of the Annual Report of the Company

17. Members are requested to notify immediately any change in their address and also intimate their active E-Mail ID to their respective Depository Participants (DPs) in case the shares are held in demat form and in respect of shares held in physical form to the Registrar and Share Transfer Agent Ankit Consultancy Pvt. Ltd., Plot No. 60, Electronic Complex, Pardeshipura, Indore (M.P.) having email Id ankit4321@yahoo.com, compliance@ankitonline.com to receive the soft copy of all communication and notice of the meetings etc., of the Company.

18. The report on the Corporate Governance and Management Discussion and Analysis also form part to the Board's Report.

19. The Register of Directors and Key Managerial Personnel and their shareholding, and the Register of Contracts or Arrangements in which the directors are interested, maintained under the Companies Act, 2013 will be available for inspection by the Members electronically during the 31st AGM. Members seeking to inspect such documents can send an email to cs1@kritiindia.com.

20. Pursuant to the Investors Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (Rules), the Company is in process to transfer the equity shares in respect of which (Dividend year 2013-14) dividend has not been claimed or encashed for 7 or more consecutive years to the Investor Education and Protection Fund Authority (IEPF) of the Central Government. The Company has sent letters to the concerning shareholders whose dividend has not been claimed/encashed for 7 or more consecutive years. The details of such shareholders are posted on the website of the Company at <http://kritiindustries.com>. Please note that the shares so transferred to the IEPF can be claimed from the IEPF Authority as per the procedure prescribed under the Rules.

21. As per SEBI Circular dated 20th April, 2018 such shareholders holding shares of the company in the physical form are required to provide details of the Income Tax Permanent Account No. and Bank Account Details to the Share Transfer Agent of the Company, Ankit Consultancy Pvt. Ltd., Plot No. 60, Electronic Complex, Pardeshipura, Indore (M.P.) having email Id ankit_4321@yahoo.com, compliance@ankitonline.com

22. Due dates for transfer of unclaimed/unpaid dividends and the amount remained unclaimed which may be transferred if continuing remain unpaid and or the balance amount if claimed by the shareholders for transfer thereafter the same to IEPF are as under:

| F.Y. Ended | Declaration Date | Due Date for transfer to IEPF | Amount remains unpaid/unclaimed as at 31.03.2021 (₹) |
|------------|------------------|-------------------------------|--|
| 2013-14 | 25/09/2014 | 01/11/2021 | 273279.60 |
| 2014-15 | N.A. | N.A. | - |
| 2015-16 | 11/08/2016 | 18/04/2023 | 325919.34 |
| 2016-17 | 12/09/2017 | 19/10/2024 | 291355.65 |
| 2017-18 | 31/07/2018 | 12/09/2025 | 194989.05 |
| 2018-19 | 14/08/2019 | 19/09/2026 | 165891.30 |
| 2019-20 | 08/08/2020 | 13/09/2027 | 157,900.15 |

23. Voting through electronic means

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

- (i) The voting period begins on 4th August, 2021 (Wednesday) and ends on 6th August, 2021, (Friday). During this period shareholders of the Company, holding shares either in physical form or in dematerialised form, as on the cut-off date (record date) may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) Pursuant to SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 09.12.2020, under Regulation 44 of SEBI (LODR) Regulations, 2015; listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions. However, it has been observed that the participation by the public non-institutional shareholders/retail shareholders is at a negligible level. Currently, there are multiple e-voting service providers (ESPs) providing e-voting facility to

listed entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders. In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to all the demat account holders, by way of a single login credential, through their demat accounts/ websites of Depositories/ Depository Participants. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.

- (iv) In terms of SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 9th December, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility. Pursuant to above said SEBI Circular, Login method for e-Voting and joining virtual meetings for Individual shareholders holding securities in Demat mode is given below:

| Type of shareholders | Login Method |
|--|--|
| Individual Shareholders holding securities in Demat mode with CDSL | <ol style="list-style-type: none"> 1) Users of who have opted for CDSL's Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URLs for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com and click on Login icon and select New System Myeasi. 2) After successful login the Easi / Easiest user will be able to see the e-Voting Menu. On clicking the e-voting menu, the user will be able to see his/her holdings along with links of the respective e-Voting service provider i.e. CDSL/ NSDL/ KARVY/ LINK INTIME as per information provided by Issuer / Company. Additionally, we are providing links to e-Voting Service Providers, so that the user can visit the e-Voting service providers' site directly. 3) If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a link in www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be provided links for the respective ESP where the e-Voting is in progress during or before the AGM. |

| Type of shareholders | Login Method |
|--|---|
| Individual Shareholders holding securities in demat mode with NSDL | <ol style="list-style-type: none"> 1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsd.com either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 2) If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsd.com. Select "Register Online for IDeAS "Portal or click at https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp 3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsd.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting |
| Individual Shareholders (holding securities in demat mode) login through their Depository Participants | You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider's website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. |

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL

| Login type | Declaration Date |
|--|---|
| Individual Shareholders holding securities in Demat mode with CDSL | Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022- 23058738 and 022-23058542-43. |
| Individual Shareholders holding securities in Demat mode with NSDL | Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30 |

- | | |
|---|---|
| <p>(v) Login method for e-Voting and joining virtual meeting for shareholders other than individual shareholders & physical shareholders.</p> <ol style="list-style-type: none"> (i) The shareholders should log on to the e-voting website www.evotingindia.com. (ii) Click on "Shareholders" module (iii) Now Enter your User ID <ol style="list-style-type: none"> a. For CDSL: 16 digits beneficiary ID, b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID, | <ol style="list-style-type: none"> c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company. (iv) Next enter the Image Verification as displayed and Click on Login. (v) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used. (vi) If you are a first time user follow the steps given below: |
|---|---|

For Shareholders holding shares in Demat Form and Physical Form

| | |
|--|--|
| PAN | Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> Shareholders who have not updated their PAN with the Company/Depository Participant the first two letters of their name and the 8 digits of the sequence number in the PAN field. |
| Dividend Bank Details OR Date of Birth (DOB) | Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. <ul style="list-style-type: none"> If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v). |

(vii) After entering these details appropriately, click on "SUBMIT" tab.

(viii) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, Shareholders holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(ix) For Shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(x) Click on the EVSN for the relevant "Kriti Industries (India) Limited" on which you choose to vote.

(xi) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xiii) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xiv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xv) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.

(xvi) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter

the details as prompted by the system.

(xvii) Facility for Non – Individual Shareholders and Custodians –Remote Voting

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves in the "Corporates" module.

- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.

- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.

- The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.

- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

- Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorised signatory who are authorised to vote, to the Scrutinizer and to the Company at the email address viz: cs1@kritiindia.com, if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

24. Instructions for shareholders attending the AGM through VC/ OAVM & E-Voting during meeting are as under:

(i) The procedure for attending meeting & e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.

- (ii) The link for VC/OAVM to attend meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned above for Remote e-voting.
- (iii) Shareholders who have voted through Remote e-Voting will be eligible to attend the meeting. However, they will not be eligible to vote at the AGM.
- (iv) Shareholders are encouraged to join the Meeting through Laptops/IPads for better experience.
- (v) Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
- (vi) Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
- (vii) Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance atleast 7 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at (company email id). The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance 7 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at (company email id). These queries will be replied to by the company suitably by email.
- (viii) Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.
- (ix) Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
- (x) If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.

PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL ADDRESSES ARE NOT REGISTERED WITH THE DEPOSITORIES FOR OBTAINING LOGIN CREDENTIALS FOR E-VOTING FOR THE RESOLUTIONS PROPOSED IN THIS NOTICE:

1. For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned

copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to Company/RTA email id.

2. For Demat shareholders -, please provide Demat account details (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to Company/RTA email id.

If you have any queries or issues regarding attending AGM & e-Voting from the CDSL e-Voting System, you can write an email to helpdesk.evoting@cdslindia.com or contact at 022-23058738 and 022-23058542/43.

All grievances connected with the facility for voting by electronic means may be addressed to Shri Rakesh Dalvi, Manager, (CDSL,) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call on 022-23058542/43.

24. Members can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
25. Any person, who acquires shares of the Company and become member of the Company after mailing of the notice and holding shares as on the cut-off date i.e. 31st July, 2021 (Saturday), may obtain the login ID and password by sending a request at rtaindore@gmail.com.
26. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date i.e. 31st July, 2021 (Saturday) only shall be entitled to avail the facility of remote e-voting as well as e- voting at the AGM.
27. The Chairman shall, at the AGM at the end of discussion on the resolutions on which voting is to be held, allow e-voting to all those members who are present/logged in at the AGM but have not cast their votes by availing the remote e-voting facility.
28. The Results of the voting on the resolutions along with the report of the Scrutinizer shall be declared and placed on the website of the Company - <http://kritiindustries.com> and on the website of CDSL immediately after the declaration of result by the Chairman or a person authorised by him in writing. The results shall also be immediately forwarded to the BSE Ltd.
29. For any other queries relating to the shares of the Company, you may contact the Share Transfer Agents at the following address:

M/s. Ankit Consultancy Pvt. Ltd.
60, Electronic Complex,
Pardeshipura, Indore (M.P.) 452010
Tel: 0731-4281333,4065797/99
E-mail: rtaindore@gmail.com;

30. As the 31st AGM is being held through VC, the route maps is not annexed to this Notice.

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

| Name of the Director | Shri Shiv Singh Mehta | Smt. Purnima Mehta |
|--|---|--|
| DIN | 00023523 | 00023632 |
| Date of Birth | 03.03.1954 | 25.05.1960 |
| Date of Appointment | 01.10.2010 | 01.10.1999 |
| Qualification | B.E., MBA | B.A. (Hons), PGDBM |
| Expertise in specific area | Finance, Marketing, Technical and Business Administration | Accounts, Purchase, HR and Administration |
| List of Outside Directorship held | Sakam Trading Private Limited, Rajratan Global Wire Limited, Kriti Nutrients Limited, Kriti Auto & Engineering Plastics Pvt. Ltd. | Sakam Trading Private Limited, Kriti Nutrients Ltd., Kriti Specialities Private Limited |
| Chairman / Member of the Committees of the Board of Directors of the Company | Chairman:-1. Corporate Social Responsibility Committee Member:- 1. Stakeholder Relationship Committee | Chairman:-Nil Member:- 1. Audit Committee 2. Stakeholder Relationship Committee 3. Corporate Social Responsibility |
| No. of Equity Shares held | 20,67,299 (4.17%) | 2,97,587 (0.60%) |

Brief Resume

Shri Shiv Singh Mehta

Shri Shiv Singh Mehta is the founder and Managing Director of the Kriti Group. Kriti Group of Industries with an annual turnover of ₹1280 Cr (approx.) comprises of Kriti Industries (I) Ltd., Kriti Nutrient Ltd. and Kriti Auto & Engineering Plastics Pvt. Ltd. These companies manufacture an umbrella of products under the brand names of 'Kasta', 'Kriti', 'Koresil', 'Mixwell' which are well known nationally & internationally in their respective spheres. The Kriti Group has a presence in over 17 states of India and is a recognised export house by Govt. of India.

Born on 3rd March 1954, Shri Mehta did his Bachelors of Engineering in Electronics with distinction and MBA. During these days he was involved in various sports activities at regional and national levels, social organizations and was also elected President of Student Council University of Indore (1975-1976)

He has been and continues to be actively involved with various associations:

1. Chairman: Indore Management Association, Indore
2. Past president: Organization of Plastic Processors of India (Apex body of Plastic Processors in India)
2. Member: Governing Board, Shri Sathya Sai Vidhya Vihar, Indore & Guna.
3. Member: Executive committee SOPA (Soybean Oil Processors Association)
4. Past President: All India Manufacturers Organization, MP State Board
5. Past President: Jain International Trade Organization, Indore

He has been conferred various awards by organizations like Rotary International, Jaycee, Management Marshal, Arya Chanakya Udhya-jak Shreshta Puraskar. He has also been awarded Chhavi Memorial Award for Excellence in Management

Shri Mehta is also a Chairman of CSR Committee and member of the Stakeholders Relationship Committee.

Mrs. Purnima Mehta

Mrs. Purnima Mehta is also one of the key founder and promoter of the company. Mrs. Mehta is an MBA, PGDPM and bachelor in Arts (Hons) in Economics and holding a rich experience in trade and industry. Mrs. Mehta has a vast knowledge and experience in Accounts & Finance, Purchase, IT, HR and Administration.

She is also holding the membership in Audit Committee, Financial Committee, Stakeholders Relationship Committee and CSR Committee.

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

Item No. 4:

Members are hereby informed that upon the recommendation of the Audit Committee, Board of Directors of your Company have re-appointed Shri S.P.S. Dangi, Cost Accountant, Indore as Cost Auditors of the Company for the year 2021-22 on the remuneration of ₹30,000/-, plus applicable taxes and reimbursement of out of pocket expenses at actual. The Cost Auditor has given his consent and eligibility for appointment as Cost Auditor.

As per section 148(3) read with Rule 14 of Companies (Audit and Auditors) Rules 2014, the remuneration payable to the Cost Auditors is to be ratified by the Shareholders in General Meeting. Thus, the Members approval is solicited for the resolution set out in Item No. 4 of the Notice by way of an Ordinary Resolution.

None of the Directors, Key Managerial Personal or their relatives are concerned or interested financial or otherwise in the aforesaid resolution.

Item No. 5

The existing tenure of Shri Shiv Singh Mehta as Chairman and Managing Director of the company is expiring on 30th September, 2021. Upon the recommendation of the Nomination and Remuneration Committee of the Board, the Board of Directors at its meeting held on 15th May, 2021 passed the resolution for his re-appointment as the Chairman and Managing Director w.e.f. 1st October, 2021 for a period of 5 (Five) years subject to approval of member in ensuing Annual General Meeting of the company on the terms and conditions as mentioned below:

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

The aforesaid salary, perks and incentives/ commission shall be subject to the maximum amount of 5% of the net profits of the Company in the financial year as determined under section 197 and 198 of the Companies Act, 2013 Shri Shiv Singh Mehta shall have the option from which company Kriti Industries (India) Ltd and/or Kriti Nutrients Ltd. he wants to take the amount of incentive /commission as recommended by Nomination & Remuneration Committee and approval by the Board, which shall be paid at the end of the financial year.

Shri Shiv Singh Mehta is going to attain the age of 70 years on 3rd March 2024 and he is eligible for re-appointment for period of five year after passing special resolution pursuant to the proviso of section 196(3)(a) of the Companies Act, 2013.

In view of his attaining the age of 70 years on 3rd March, 2024, and proposed re-appointment for a period of five years from 1st October, 2021 to 30th Sept., 2026 the company needs to seek approval of members by way of special resolution u/s 196(3)(a) read with Schedule V of the Companies Act, 2013.

Further the remuneration payable may be revised from time to time as may be deemed suitable by the Board upon recommendation of the Nomination and Remuneration Committee within the limits of schedule V subject to approval of the members at the Annual General Meeting.

The notice and explanatory statement may be treated as an abstract of the terms and conditions of appointment and remuneration payable to Shri Shiv Singh Mehta, as required under section 102 of the Companies Act, 2013 as set out in the Item No. 5 of the notice and recommend to pass necessary special resolution at the Meeting.

None of the directors except Shri Shiv Singh Mehta, being the appointee interested financially and Smt. Purnima Mehta and Shri Saurabh Singh Mehta, being his relative are concerned or interested otherwise in the resolution. Shri Shiv Singh Mehta is in a promoter group and also holding 20,67,299 equity shares of ₹1/- each consisting of 4.17% of the total paid up capital of the Company.

The Information as required under section II, Part 2 of the Schedule V is being given with the Item No. 6 being the information are in common nature.

Item No.6

The existing term of Mrs. Purnima Mehta as Whole-time Director is expiring on 30th June, 2022. Upon the recommendation of the Nomination and Remuneration Committee of the Board, the Board of Directors at its meeting held on 15th May, 2021 passed the resolution for her re-appointment as the Whole-time Director w.e.f. 1st July, 2022 to 30th June, 2025 for a period of the 3 (three) years subject to approval of members in ensuing Annual General Meeting of the company on the terms and conditions as mentioned below:

- a. Salary : ₹4.00 Lakhs per month
- b. Perquisites and allowances: ₹0.50 Lakh per month
- c. Incentive / Commission

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

Further the remuneration payable may be revised from time to time as may be deemed suitable by the Board upon recommendation of the Nomination and Remuneration Committee within the limits of Schedule V subject to approval of the members at the Annual General Meeting.

The notice and explanatory statement may be treated as an abstract of the terms and conditions of appointment and remuneration payable to Smt. Purnima Mehta, as required under Section 102 of the Companies Act, 2013 as set out in the Item No. 6 of the notice and recommends passing necessary special resolution at the Meeting.

None of the directors except Smt. Purnima Mehta, being the appointee interested financially and Shri Shiv Singh Mehta and Shri Saurabh Singh Mehta, being her relatives are concerned or interested otherwise in the resolution. Smt. Purnima Mehta is in a promoter group and also holding 2,97,587 equity shares of ₹1/- each consisting of 0.60% of the total paid up capital of the Company.

The Information as required under Section II, Part 2 of the Schedule V are as under:

I. General Information:

| S. No. | Particulars | Shri Shiv Singh Mehta Chairman & Managing Director | Smt. Purnima Mehta Whole-time Director |
|--------|---|---|---|
| (1) | Nature of industry | Manufacturing of Plastic Products and Pipes etc. | |
| (2) | Date or expected date of commencement of commercial production | Already in commercial operations since long | |
| (3) | In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus | N.A. | |
| (4) | Financial performance based on given indicators | The Company has achieved the following financial during the year 2019-20 and 2020-21 (₹ In Lakhs) | |
| | | Parameter | 2020-21 2019-20 |
| | | Turnover/ Income | 58916.50 53421.73 |
| | | Profit Before Tax | 5120.11 2155.85 |
| | | Profit after Tax | 3823.00 1923.92 |
| | | Dividend | 20% 15% |
| (5) | Foreign investments or collaborations, if any. | Nil | |

II. Information about the appointee:

| | | | |
|-----|---|--|--|
| (1) | Background details | As stated above | |
| (2) | Past remuneration | During the year 2020-21, Shri Shiv Singh Mehta was paid salary of ₹269.65 Lakhs which includes perquisites and commission of 5% of Net Profit of the company. | During the year 2020-21, Mrs. Purnima Mehta was paid salary of ₹269.65 Lakhs which includes perquisites and commission of 3% of Net Profit of the company. |
| (3) | Recognition or awards | As stated above | |
| (4) | Job profile and his suitability | He is Chairman and Managing Director subject to the superintendence, control and direction of Board of Directors, entrusted with substantial powers of management in respect of the whole of the affairs of the Company and shall perform such duties and exercise such powers as have been or may be entrusted to or conferred upon him by the Board from time to time. He has been associated with the business of the Company since inception. Considering his background and experience, he is eminently suitable to continue to hold the position of Chairman and Managing Director of the Company. | She is Whole Time Director subject to the superintendence, control and direction of Board of Directors and shall perform such duties and exercise such powers as have been or may be entrusted to or conferred upon her by the Board from time to time. She has been associated with the business of the Company since inception. Considering her background and experience, she is eminently suitable to continue to hold the position of Whole Time Director of the Company. |
| (5) | Remuneration proposed | As stated above | |
| (6) | Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin) | The proposed remuneration is in line with remuneration payable to the Directorial personnel holding similar stature/position in the Industry. | |
| (7) | Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any. | Besides remuneration, Shri Shiv Singh Mehta holds 20,67,299 (4.17%) of the Equity Shares of the Company. He is also relative of Mrs. Purnima Mehta (Wife) Whole-time Director. | Besides remuneration, Smt. Purnima Mehta holds 2,97,587 (0.60%) of the Equity Shares of the Company. She is also relative of Shri Shiv Singh Mehta (Husband) Chairman & Managing Director. |

III. Other information:

| | | |
|-----|---|---|
| (1) | Reasons of loss or inadequate profits | Not Applicable, since the Company reported a profit in the current year, and has been consistently earning profits since inception, and has a strong net worth and effective capital. |
| (2) | Steps taken or proposed to be taken for improvement | The Company is continuing making efforts for improvement of the financial results and create worth for the stakeholders and investors of the company. |
| (3) | Expected increase in productivity and profits in measurable terms | N.A. |

Date: 15th May, 2021

Place: Indore

Kriti Industries (India) Limited

CIN: L25206MP1990PLC005732

Registered Office:

Mehta Chambers, 34 Siyaganj,

Indore-452007

By order of the Board

Apeksha Baisakhiya

Company Secretary

& Compliance officer

ACS 53813

DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present their 31st Annual Report on the affairs of the Company together with the Consolidated and Standalone Audited Financial Statements for the Financial Year ended 31st March, 2021.

FINANCIAL HIGHLIGHTS

The summarised financial highlights for the year vis-a-vis the previous year are as follows:

(₹ in Lakhs)

| Particulars | Standalone | | Consolidated | |
|--|------------------|------------------|------------------|------------------|
| | 2020-21 | 2019-20 | 2020-21 | 2019-20 |
| Revenue from Operations | 58,916.50 | 53,421.73 | 58,916.50 | 53,421.73 |
| Other Income | 106.48 | 187.16 | 86.08 | 168.74 |
| Total Revenue | 59,022.98 | 53,608.89 | 59,002.58 | 53,590.47 |
| Operating Expenses | 52,057.63 | 48,895.62 | 52,057.63 | 48,895.62 |
| EBITDA | 6,965.35 | 4,713.27 | 6,944.95 | 4,694.85 |
| Finance Cost | 1,096.35 | 1,725.71 | 1,096.35 | 1,725.71 |
| Depreciation | 748.89 | 715.16 | 748.89 | 715.16 |
| Profit/ (Loss) before Exceptional Items and Tax | 5,120.11 | 2,272.40 | 5,099.71 | 2,137.43 |
| Exceptional Items (Impairment Loss) | - | 116.55 | - | 116.55 |
| Tax Expenses | 1,297.11 | 231.93 | 1,297.11 | 231.93 |
| Profit/ (Loss) after Tax | 3,823.00 | 1,923.92 | 3,802.60 | 1,905.50 |
| Profit/(Loss) from discontinued operations | - | - | (233.15) | (59.75) |
| Tax expenses on discontinued operations | - | - | (36.29) | (3.31) |
| Profit/(Loss) after discontinued operations | 3,823.00 | 1,923.92 | 3605.74 | 1849.06 |

OPERATIONAL PERFORMANCE

During the Financial Year ended 31st March, 2021, your Company has achieved on standalone basis an operational turnover of ₹58,916.50 Lakhs as compared to an operational turnover of ₹53,421.73 Lakhs in the previous Financial Year and the Profit after Tax is ₹3,823.00 Lakhs as compared to Profit after Tax of ₹1,923.92 Lakhs in the previous Financial Year. The profit margin of the company has been substantially increased as compared to the previous year due to the strict control of the operating and financial cost.

On a Consolidated basis, your Company has achieved operational turnover of ₹58,916.50 Lakhs as compared to an operational turnover of ₹53,421.73 Lakhs in the previous Financial Year and Profit After Tax of ₹3,802.60 Lakhs as compared to Profit after Tax of ₹1,905.50 Lakhs in the previous Financial Year.

IMPACT OF COVID-19 PANDEMIC

According to The Reserve Bank of India (RBI), the resurgence of Covid-19 has dented but not debilitated economic activity in the first half of the first quarter of 2021-22. Although still extremely tentative, the overall assessment is that the loss of momentum is not as severe as it was at this time a year ago. The impact of the second wave on the real economy seems to be limited so far in comparison with the first wave. Evidently, the localised

nature of lockdowns, better adaptation of people to work-from-home protocols, online delivery models, e-commerce, and digital payments, were at work. Real economy indicators moderated in April and May 2021, as many states-imposed restrictions to arrest the renewed surge in infections.

"The second wave" has intensified in metros/cities, and relative to the first wave, it has spread rapidly across states, regions, and into rural pockets. On the global front, a strong bounce back in the US economy appears to be underway, notching an annualised growth rate of 6.4% in Q1:2021 on the back of stimulus, vaccinations and easing of lockdowns.

The British economy has emerged out of lockdown from the onset of Q2:2021. New surges of the virus have pushed the Eurozone into a double-dip recession, with widely differentiated growth profiles among members.

MSME sector, the second highest employer after agriculture, has been impacted very much and would require financial assistance. The government might tweak the existing Emergency Credit Line Guarantee Scheme to provide immediate help to the sector, the sources added. Currently, around 6.5 Cr Micro, Small and Medium Enterprises (MSMEs) contribute 30% of the GDP. Recently, the RBI also announced a loan restructuring scheme for small borrowers amid the pandemic.

However, it is said that fiscal stimulus would be effective only once local lockdowns ease and restrictions on business due to curfews are lifted. Most of the states have imposed curfews in their states to contain spiraling COVID infections and deaths. Also, the second COVID wave has dealt a blow to both consumer and investor sentiments, which also need to be lifted.

It is understood that "Niti Aayog" is working on the focus areas of economy and what could be done to stimulate demand in sectors that have been impacted the most by COVID. However, rating agencies have lowered growth forecasts for India saying that the second wave of infections will hamper economic recovery. They, however, projected that the negative impact on economic output will be limited to the April-June quarter. Moody's has projected growth of 9.3% for current fiscal, lower than 13.7% estimated earlier.

S&P Global Ratings has said growth could drop to 9.8% in a 'moderate' scenario of infections, and could be even as low as 8.2% in a 'severe' scenario. S&P had earlier estimated growth of 11% for the current fiscal. According to Fitch Ratings, India's slow pace of vaccination could mean that the country remains vulnerable to further waves of the pandemic.

As per the official estimate, the country's economy is projected to contract by 8% in 2020-21.

Soon after the pandemic hit the country and a nationwide lockdown was imposed, the government, in March 2020, announced a ₹1.70 Lakh Cr- Pradhan Mantri Garib Kalyan Yojana (PMGKY) to protect the poor and vulnerable from the impact of the pandemic. It was followed by the "Aatmanirbhar Bharat Abhiyan" package in May 2020 largely focused on supply-side measures and long-term reforms. To boost consumption during the festival season, the government, in October 2020, announced measures that were worth close to ₹73,000 Cr to stimulate consumer spending in an effort to rein in the slowdown due to the pandemic. Aatmanirbhar Bharat Abhiyaan 3.0 unveiled in November 2020, ahead of Diwali, was worth ₹2.65 Lakh Cr. Of the total amount, the maximum of ₹1.45 Lakh Cr was allocated to give a boost to manufacturing activities.

The business of Kriti was affected more in second wave as compared to first wave during peak seasons, however, with a

focused attention on other non-seasonal products and better inventory management, Kriti has been able to maintain the volumes by registering marginal growth in different verticals and achieving better efficiency and cost reduction in FY 2020-21.

DIVIDEND

Your directors are pleased to recommend a dividend @ 20% (₹0.20 per equity shares of ₹1/- each on 4,96,03,520 Equity Shares) for the Financial Year 2020-21 aggregating to ₹99.21 Lakhs (Previous year @ 15% (₹0.15 per equity shares of ₹1/- each on 4,96,03,520 Equity Shares aggregating to ₹74.40 Lakhs)) payable to those Shareholders whose names appear in the Register of Members as on the Book Closure/Record Date i.e. 31st July, 2021.

CHANGE IN CONTROL AND NATURE OF BUSINESS

There is no change in control and nature of business activities during the period under review.

BUSINESS TRANSFER

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

TRANSFER TO RESERVES

During the year, the Company has transferred ₹200.00 Lakhs to the general reserves (previous year ₹100.00 Lakhs was transferred to the general reserves).

SHARE CAPITAL

The paid-up Equity Share Capital as on 31st March 2021 was ₹496.04 Lakhs divided into 4,96,03,520 equity shares of ₹1/- each. There is no change in Equity Share Capital of the Company during the year, the shares of the Company are listed and regularly traded at the trading platform of BSE Ltd.

DEPOSITS

Your Company has not accepted any deposit from the public falling within the ambit of section 73 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014 and there were no remaining unpaid or unclaimed deposits as on 31st March, 2021. Further, the Company has not accepted any deposit or loans in contravention of the provisions of the Chapter V of the Companies Act, 2013 and the Rules made there under.

| S. No. | Particulars | Amt in ₹ |
|---------------|---|-----------------|
| 1. | Details of Deposits accepted during the year | Nil |
| 2. | Deposits remaining unpaid or unclaimed at the end of the year | Nil |
| 3. | Default in repayment of deposits At the beginning of the year Maximum during the year At the end of the year | N.A. |
| 4. | Deposits not in compliance with law | N.A. |
| 5. | NCLT/ NCLAT orders w.r.t. depositors for extension of time and penalty imposed | N.A. |

There are no deposit which are not in compliance with the requirements of Chapter V of the Companies Act, 2013 and there rules made thereunder.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Directors liable to retire by rotation seeking re-appointment:

In accordance with the provisions of the Companies Act, 2013 and the Articles of Association of the Company, Mrs. Purnima Mehta (DIN 00023632), Director of the Company is liable to retire by rotation at the ensuing Annual General Meeting and being eligible has offered herself for re-appointment.

Managing and Whole-time Directors seeking their re-appointment at the ensuing Annual General Meeting:

Upon the recommendation of the Nomination and Remuneration Committee, your Board of Directors has recommended the re-appointment of the following directors by passing Special resolutions at the ensuing Annual General Meeting:-

1. Re-appointment of Shri Shiv Singh Mehta (DIN: 00023523) as the Chairman and Managing Director of the company for a further period of 5 (Five) years w.e.f. 1st October 2021 to 30th September 2026 and will also attaining the age of 70 years during the proposed tenure.
2. Re-appointment of Smt. Purnima Mehta (DIN: 00023632) as the Whole-time Director of the company for a further period of 3 (Three) years w.e.f. 1st July, 2022 to 30th June, 2025.

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

Independent Directors

During the period under review, Shri Chandrasekharan Bhaskar was re-appointed as the Independent Director for his second term of five consecutive years commencing from 12th May, 2021 to 11th May, 2026 by taking prior approval of members in the Annual General Meeting held on 8th Aug., 2020.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed under section 149(6) of the Companies Act, 2013 and the SEBI Listing Regulations. The Board considered and formed an opinion that all the independent directors meet the criteria of independence as required under the provisions of the Companies Act, 2013 and the SEBI (LODR) Regulations 2015. All the Independent Directors have also registered themselves with Independent Directors' Databank.

Key Managerial Personnel

The following are the Key Managerial Personnel (KMPs) of the Company:

- i) Shri Shiv Singh Mehta (DIN 00023523), Chairman and Managing Director;
- ii) Mrs. Purnima Mehta (DIN 00023632), Whole-time Director;
- iii) Shri Kamal Kanodia, Chief Financial Officer;
- iv) Ms. Apeksha Baisakhiya, Company Secretary and Compliance Officer.

There is no change in the KMPs of the Company during the financial year.

BOARD EVALUATION

The Board of Directors of the Company is committed to get its performance evaluated in order to identify its strengths and areas in which it may improve its functioning. To that end, the Nomination and Remuneration Committee (NRC) has established the process for evaluation of performance of Directors including Independent Directors, the Board and its Committees. The evaluation of performance of Executive Directors is done by Independent Directors.

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

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

MEETINGS

During the financial year five (5) Board Meetings were convened and held. The details of which are given in the Corporate Governance Report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013 and SEBI (LODR) Regulations, 2015.

NOMINATION & REMUNERATION POLICY

The Company has a policy for selection and appointment of Directors, Key Managerial Personnel and Senior Management Personnel and for determination of their remuneration. The salient features of Nomination and Remuneration Policy are stated in the Corporate Governance Report. The Nomination and Remuneration Policy duly approved by the Board has been posted on the Company's website <https://kritiindustries.com>

COMMITTEES OF THE BOARD

In accordance with the provisions of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015 the Board has the following four (4) committees:

- i). Audit Committee
- ii). Nomination and Remuneration Committee
- iii). Stakeholders' Relationship Committee
- iv). Corporate Social Responsibility Committee

The Company has also constituted Internal Complain Committee (ICC) under the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. A detailed note on the Committees is provided in the Corporate Governance Report.

HOLDING, SUBSIDIARY COMPANY AND ASSOCIATE COMPANY

Kriti Auto & Engineering Plastics Private Limited is the Wholly Owned Subsidiary of your Company, Statement in respect of the same, as required under section 129 of the Companies Act, 2013, read with Rule 5 of the Companies (Accounts) Rules, 2014 in Form AOC-1, is attached as "Annexure A" and forms part of this report. Due to COVID-19, the subsidiary was not having sustainable business. Accordingly, the Board of Directors of the Company at their meeting held on 24th March 2021 decided to discontinue the operations of the said subsidiary. An appropriate disclosure has been given in the notes to the Financial Statements.

Further, your company is a subsidiary of Sakam Trading Private Limited which holds about 52.10% of the total paid-up capital of the company.

RELATED PARTY TRANSACTIONS

During the period under review, all related party transactions that were entered were on an arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions made by the Company with Promoters, Directors, KMPs or other designated persons or their relative which may have a potential conflict with the interest of the Company at large. Since, there is no material related party transactions in the company. Therefore, the company is not required to annex Form AOC-2 with this report.

Separate disclosure as per regulation 34(3) of SEBI (LODR) Regulations, 2015 is made in the notes to the accounts attached with the financial statement, therefore not reproduced here under. The policy on Related Party Transactions duly approved

by the Board has been posted on the Company's website <http://kritiindustries.com/>.

CORPORATE SOCIAL RESPONSIBILITY

The Annual Report on CSR activities is attached as "Annexure B" and forms a part of this Report. The salient features of CSR policy are stated in aforesaid Report on CSR activities. The policy on CSR duly approved by the Board has been posted on the Company's website <http://kritiindustries.com/>.

DISCLOSURE FOR PARTICULARS OF EMPLOYEES

The information required pursuant to section 197(12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended in respect of employees of the Company forming part of Directors' Report is given in "Annexure C" to this Report. A statement of top-10 employees in terms of remuneration drawn as per rule 5(2) read with rule 5(3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended may be obtained by request to the Company Secretary of the Company at cs1@kritiindia.com.

Details of employees who received remuneration in excess of Rs. One crore and Two Lakh or more per annum:

During the year, following persons has drawn remuneration in excess of ₹102.00 Lakh or more per annum or ₹8.50 Lakhs per month for part of the year. In accordance with the provisions of section 197 of the Companies Act, 2013 read with Rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

| Name | Shri Shiv Singh Mehta | Smt. Purnima Mehta |
|---|---|---|
| Designation of Employee | Managing Director | Whole Time Director |
| Remuneration Received | ₹269.65 Lakhs | ₹269.65 Lakhs |
| Nature of employment | Contractual basis | Contractual basis |
| Qualification & Experience of the Employee | B.E., MBA | B.A. (Hons), PGDBM |
| Date of commencement of employment | 01.10.2010 | 01.10.1999 |
| Age | 67 years | 61 years |
| Past employment details | Nil | Nil |
| % of the Equity shares held by the Employee in the Company | 20,67,299 Equity Shares (4.17%) | 2,97,587 Equity Shares (0.60%) |
| Name of Director or Manager of the Company, relative of such Employee | - Smt. Purnima Mehta, Whole time Director and Spouse of Employee; - Shri Saurabh Singh Mehta, Non-Executive Director and Son | - Shri Shiv Singh Mehta, Chairman and Managing Director and Spouse of Employee; - Shri Saurabh Singh Mehta, Non-Executive Director and Son |

During the year, none of the employees received remuneration in excess of that drawn by the Managing Director or Whole-time director and none of the employees hold two percent of the equity shares of the Company.

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

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated

under section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014, is attached as "Annexure D" and forms part of this report.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

The details of Loans, Guarantees and Investment are given in the notes to the Financial Statements. Hence no further disclosure is being given here to avoid repetition.

CORPORATE GOVERNANCE

The report on Corporate Governance as stipulated under Regulation 34(3) read with Schedule V of the SEBI (LODR) Regulations, 2015 along with the requisite certificate from the Practicing Company Secretary of the Company confirming compliance with the conditions of the corporate governance is appended and forms a part of this report along with the certificate of Disqualification of Directors received from Practicing Company Secretary as the Annexure 1 and 2 of the Corporate Governance Report.

RISK MANAGEMENT

The Company has a well-defined process to ensure the risks are identified and mitigation steps are put in place. The Company's Risk Management process focus on ensuring that these risks are identified on a timely basis and reasonably addressed. The Audit Committee oversees financial risks and controls. Major risks are identified by the businesses and functions and these are systematically addressed through mitigating actions on continuing basis

VIGIL MECHANISM / WHISTLE BLOWER POLICY

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

- A. Adequate safeguards against victimization of persons who use the Vigil Mechanism; and
- B. Direct access to the Chairperson of the Audit Committee of the Board of Directors of the Company in appropriate or exceptional cases.

Details of the Vigil Mechanism Policy are made available on the Company's website <http://kritiindustries.com/> and have also been provided as "Annexure E" of this Report.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- a) that in the preparation of the annual financial statements for the year ended 31st March 2021, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- b) that the Directors have selected such accounting policies and applied them consistently and have made judgment and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended 31st March 2021 and of the profit of the Company for that period;
- c) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance

with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- d) that the annual financial statements have been prepared on a going concern basis;
- e) that proper internal financial controls were in place and that the financial controls were adequate and were operating effectively.
- f) that the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

INTERNAL CONTROL AND THEIR ADEQUACY

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

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

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

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

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

ANNUAL RETURN

Pursuant to Section 92(3) read with Section 134(3)(a) of the Act, the Annual Return as on 31st March, 2021 is available on the Company's website on <https://kritiindustries.com/form-mgt-7/>

AUDITORS & THEIR REPORT

The shareholders at their 30th Annual General Meeting (AGM) held on 8th August, 2020 upon the recommendation of Audit Committee and Board of Directors of the company had approved the re-appointment of M/s. Rakesh Kumar & Associates, Chartered Accountants (FRN: 002150C), Indore as Statutory Auditors to hold office for a second term of 5 consecutive years from the conclusion of 30th AGM till the conclusion of 35th Annual General Meeting to be held in the year 2025 at such remuneration as may be approved by the Audit Committee and Board of Directors of the company as per the provisions of section 139 of the Companies Act, 2013, As required under Regulation 33(d) of the SEBI (LODR) Regulation, 2015, the auditor has confirmed that they hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India.

The Auditors Report and the Notes on financial statement for the year 2020-21 referred to in the Auditor's Report are self-explanatory and does not contain any qualification, reservation or adverse remark, therefore, do not call for any further comments.

COST AUDITOR

Your company is maintaining the cost records as specified by the Central Government under section 148(1) of the Companies Act, 2013, is required to be maintained by the Company and

accordingly such accounts and records are made and maintained. In pursuance of Section 148 of the Companies Act, 2013, your Directors appointed Shri S.P.S. Dangi, Cost Accountant, (FRN 100004) Indore to conduct the Audit of the Cost Accounting records for the financial year 2020-21. The Company has filed the Cost Audit Report for the year 2019-20 to the Central Government.

The Board on the recommendation of the Audit Committee, at its meeting held on 15th May, 2021 has re-appointed Shri S.P.S. Dangi as the Cost Auditors to conduct the Audit of the Cost Accounting records for the financial year 2021-22. As required under section 148(3) of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors is to be ratified by the shareholders. Therefore, the Board of Directors recommend the remuneration payable to Shri S.P.S. Dangi, Cost Auditors for the financial year 2021-22 for the ratification by the Members in the ensuing Annual General Meeting.

SECRETARIAL AUDITOR

Pursuant to the provisions of section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 the Board has appointed M/s. Kaushal Agrawal & Co., Company Secretaries, Indore to conduct Secretarial Audit for the financial year 2020-21.

The Secretarial Audit Report for the financial year ended 31st March 2021 in Form MR-3 is attached as "Annexure F" and forms part of this Report. The observations made by secretarial auditor in their audit report are self explanatory for Para No. i to iv ; hence no further explanation is required.

| S. No. of the Report | Auditor's Observation | Management's Explanation |
|----------------------|--|--|
| v. | Number of shares transferred to Investor Education and Protection Fund as filled in Form IEPF-4 was not matched with number of shares disclosed at BSE under shareholding pattern for the quarter ended 31.03.2021 | The IEPF-4 disclose the total number of shares transferred by the company to IEPF authority whereas, the shareholding pattern states the shares available with the IEPF authority and the difference between these two figures due to sum of shares claimed by the claimant from the IEPF authority. |
| vi. | Under the head of "indebtedness" amount of ₹1005.00 Lakhs shown in Form MGT-9 under the head unsecured Loans for the financial year ended 31.03.2020 (enclosed with Board Report dated 29.06.2020) not matched with of the Audited Financial Statements for the Financial Year ended 31.03.2020. | There was typographical error in providing details in the Form MGT-9. However, in the Financial Statements the correct figures was shown. Further that, in the Form No. DPT-3 as well as Annual Return in Form no. MGT-7, correct figure was shown. |

Further, the Board of Directors of the Company on the recommendation of the Audit Committee, at its meeting held on 15th May, 2021 has appointed M/s. Ajit Jain & Co., Company Secretaries to conduct Secretarial Audit for the financial year 2021-22.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS

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

INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

Pursuant to the provisions of the Companies Act, 2013 read with the IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("the Rules") notified by the Ministry of Corporate Affairs, the unclaimed and unpaid dividends amount for the year 2013-14 is required to be transferred to IEPF in the due date as specified in the Notice of the AGM and shares of the respective shares on which no dividend is claimed for a consecutive 7 (Seven) years will also be transferred to IEPF Authority as per the requirement of the IEPF rules on due date. The details related to dividend remains unpaid-unclaimed in the Company has been given in

the Corporate Governance Report attached with the annual report of the Company. The details of the nodal officer appointed by the company under the provisions of IEPF is available on the Company's website at <http://kritiindustries.com/>

An amount of ₹2,68,980/- in respect of unpaid/unclaimed dividend declared for the FY 2012-2013 was transferred to the Investor Education and Protection Fund Authority as well as 1,04,287 equity shares of face value of ₹1 each, in respect of unpaid/unclaimed dividend declared in FY 2012-2013, was also transferred and credited to the IEPF Authority by the Company during the year ended 31st March, 2021.

The investors may claim their unpaid dividend and the shares from the IEPF Authority by applying in the Form IEPF-5 and complying with the requirements as prescribed.

SEXUAL HARASSMENT OF WOMEN AT THE WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013

The company has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy. There were no complaints received during the year:

PROVISION OF VOTING BY ELECTRONIC MEANS THROUGH REMOTE VOTING AND VOTING AT THE AGM:

Your Company is providing E-voting facility as required under section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Amendment Rules, 2015. The ensuing AGM will be conducted through Video Conferencing/OVAM and no physical meeting will be held and your company has make necessary arrangements with CDSL to provide facility for remote e-voting and e-voting at AGM. The

details regarding e-voting facility is being given with the notice of the Meeting.

GENERAL

Your Directors state that during the year under review:

- a) The Company has not issued shares (including sweat equity shares) to employees of the Company under any scheme.
- b) Neither the Managing Director nor the Whole-time Directors receive any remuneration or commission from its subsidiary.
- c) The Company has complied with the applicable Secretarial Standards under the Companies Act, 2013.
- d) There have been no material changes and commitments affecting the financial position of the Company which have occurred between financial year ended on 31st March, 2021, to which the financial statements relate and the date of this report.

ACKNOWLEDGEMENT

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

For and on behalf of the Board of Directors

Shiv Singh Mehta

Date: 15th May, 2021
Place: Indore

Chairman and Managing Director
(DIN: 00023523)

ANNEXURE A

Form AOC-I

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

STATEMENT CONTAINING SALIENT FEATURES OF THE FINANCIAL STATEMENT OF SUBSIDIARIES/ASSOCIATE COMPANIES/JOINT VENTURES AS ON 31.03.2021

Part "A": Subsidiaries

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

| S. No. | Name of Subsidiary | Kriti Auto Engineering & Plastics Private Limited |
|--------|--|---|
| 1. | The date since when subsidiary was acquired | 01/03/2007 |
| 2. | Reporting period for the subsidiary concerned, if different from the holding company's reporting period | NA |
| 3. | Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries. | NA |
| 4. | Paid up share capital | 3,88,50,000 |
| 5. | Reserves & surplus | (1,69,53,971) |
| 6. | Total assets | 9,75,77,053 |
| 7. | Total Liabilities | 9,75,77,053 |
| 8. | Investments | - |
| 9. | Turnover including other income | 0.00 |
| 10. | Profit/(Loss) before taxation | (0.00) |
| 11. | Profit/(Loss) before taxation from Discontinued Operations | (8,127,194) |
| 12. | Provision for taxation | 0.00 |
| 13. | Profit/(loss) after taxation | (8,127,194) |
| 14. | Proposed Dividend | - |
| 15. | % of shareholding | 100% |
| 16. | Names of subsidiaries which are yet to commence operations | N.A. |
| 17. | Names of subsidiaries which have been liquidated or sold during the year | N.A. |

Part "B": Associates and Joint Ventures

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

NOT APPLICABLE - The Company does not have any Associates and Joint Ventures as on 31st March, 2021.

As per our report of even date

M/s Rakesh Kumar and Associates

Chartered Accountants
FRN:002150C

Puneet Gupta
Partner
M.No:413168

Place: Indore
Date:15/05/2021

Shiv Singh Mehta
Chairman and Managing Director
DIN: 00023523

Purnima Mehta
Whole time Director
DIN: 00023632

Kamal Kanodia
Chief Financial Officer

ApekshaBaisakhiya
Company Secretary

ANNEXURE - B

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

1. Brief outline on CSR Policy of the Company.

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

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

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

2. Composition of CSR Committee:

| S. No. | Name of Director | Designation / Nature of Directorship | Number of meetings of CSR Committee held during the year | Number of meetings of CSR Committee attended during the year |
|--------|--|--------------------------------------|--|--|
| 1. | Shiv Singh Mehta Chairman and Managing Director | Chairperson | 1 | 1 |
| 2. | Purnima Mehta Whole-time Director | Member | 1 | 1 |
| 3. | Rakesh Kalra Independent Director | Member | 1 | 1 |

3. Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company at – www.kritiindustries.com

4. Details of Impact assessment of CSR projects carried out in pursuance of rule 8(3) of the Companies (Corporate Social Responsibility Policy) Rules, 2014 – **Not Applicable.**

5. Details of the amount available for set off in pursuance of rule 7(3) of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any

| S. No. | Financial Year | Amount available for set-off from preceding financial years (in ₹) | Amount required to be set-off for the financial year, if any (in ₹) |
|--------|--|--|---|
| | | NIL | |
| 6. | Average net profit of the company as per section 135(5) – ₹1718.54 Lakhs | | |
| 7. | (a) | 2% of average net profit of the company as per section 135(5) | ₹34.37 Lakhs |
| | (b) | Surplus arising out of the CSR projects or programmes or activities of the previous financial years. | Nil |
| | (c) | Amount required to be set off for the financial year, if any | Nil |
| | (d) | Total CSR obligation for the financial year (7a+7b-7c) | ₹34.37 Lakhs |
| | (e) | Total obligations including previous year for spent towards CSR | ₹34.37 Lakhs |

8. (a) CSR amount spent or unspent for the financial year:

| Total Amount Spent for the Financial Year. (in ₹) | Amount Unspent (in ₹) | | | | |
|---|--|-------------------|--|---------|-------------------|
| | Total Amount transferred to Unspent CSR Account as per section 135(6). | | Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5). | | |
| | Amount. | Date of transfer. | Name of the Fund | Amount. | Date of transfer. |
| ₹26.85 Lakhs | - | - | - | - | - |

8. (b) Details of CSR amount spent against ongoing projects for the financial year:

| (1) | (2) | (3) | (4) | (5) | | (6) | (7) | (8) | (9) | (10) | (11) | |
|---------|--------------------------|--|----------------------|--------|-------------|-------------------|--|--|---|---|--|--------------------------|
| Sl. No. | Name of the Project. | Item from the list of activities in Schedule VII to the Act. | Local area (Yes/No). | State. | District. | Project duration. | Amount allocated for the project (in ₹). | Amount spent in the current financial Year (in ₹). | Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹). | Mode of Implementation - Direct (Yes/No). | Mode of Implementation - Through Implementing Agency | |
| | | | | | | | | | | | Name | CSR Registration number. |
| 1. | Relief during Covid - 19 | (i) | Yes | M.P | Dhar/Indore | 1.5 Years | 10 Lakh | 0.00 | - | Yes/ No | - | - |

8. (c) Details of CSR amount spent against other than ongoing projects for the financial year:

| (1) | (2) | (3) | (4) | (5) | | (6) | (7) | (8) | | |
|---------|----------------------------|---|----------------------|--------|-----------|-----------------------------|-------------------------------------|---|---|--------------------------|
| Sl. No. | Name of the Project | Item from the list of activities in schedule VII to the Act. | Local area (Yes/No). | State. | District. | Location of the project. | Amount spent for the project (in ₹) | Mode of implementation - Direct (Yes/No). | Mode of implementation - Through implementing agency. | |
| | | | | | | | | | Name. | CSR registration number. |
| 1. | Relief during Covid - 19 | (i) Eradicating hunger | Yes | | | Pithampur (Dist: Dhar) , MP | 3,44,000/- | Yes | - | - |
| 2. | Promoting School education | (ii) Enhancing vocation Skills | Yes | | | Indore, MP | 25,000/- | Yes | - | - |
| 3. | Relief During Covid - 19 | (i) Eradicating hunger | Yes | | | Pithampur (Dist: Dhar) , MP | 27,811/- | Yes | - | - |
| 4. | Promoting Education | (ii) Promoting Education. | Yes | | | Indore, MP | 78,750/- | Yes | - | - |
| 5. | Promoting Education | (ii) Promoting Education | Yes | | | Indore, MP | 2,00,000/- | No | Social health & education development organisation | - |
| 6. | Welfare of Society | (viii) Contribution to funds setup by government | Yes | | | Indore, MP | 21,000/- | No | EFT Policy Awas Grah Marmmat Nidhi | - |
| 7. | Promotion of Music | (v) Protection of art and culture | Yes | | | Indore, MP | 1,00,000/- | No | Gautam Kale Sangeet Gurukul | - |
| 8. | Reduction of inequality | (iii) Reducing inequalities faced by economically and socially backward | No | | | Mumbai, Maharashtra | 25,000/- | No | Shree Hari stasang, Mumbai | - |

| (1) | (2) | (3) | (4) | (5) | | (6) | (7) | (8) | | |
|--------------|--|---|----------------------|--------------------------|--------|-----------|-------------------------------------|---|---|---|
| Sl. No. | Name of the Project | Item from the list of activities in schedule VII to the Act. | Local area (Yes/No). | Location of the project. | State. | District. | Amount spent for the project (in ₹) | Mode of implementation - Direct (Yes/No). | Mode of implementation - Through implementing agency. | |
| | | | | | | | | | Name. CSR registration number. | |
| 9 | Reduction of inequality | (iii) Reducing inequalities faced by economically and socially backward people. | No | Kolkata, West Bengal | | | 3,30,000/- | No | Friends of tribal society | - |
| 10. | Rural Development | (x) Rural development | Yes | Indore, M.P. | | | 7,00,000/- | No | Shiv Ganga Samgra Vikas Parishad | - |
| 11. | Rural Development | (x) Rural development | Yes | Indore, M.P. | | | 11,000/- | No | Abhyas Mandal | - |
| 12 | Reduction of inequality | (iii) Facilities for senior citizens | Yes | Indore, M.P. | | | 2,25,986/- | No | Kalyan Mitra Samiti | - |
| 13. | Promoting Health Care- Cancer Foundation | (i) Promoting health care | Yes | Indore, M.P. | | | 51,000/- | No | Cancer Foundation | - |
| 14. | Protection of art and culture | (v) Protection of art and culture | Yes | Indore M.P. | | | 3,00,000/- | No | Ahilya Utsav Samiti | - |
| 15. | Relief during Covid – 19 | (i) Eradicating hunger | Yes | Indore M.P. | | | 20,000/- | No | Police Welfare Fund | - |
| 16. | Rural Development - Abhyas Mandal | under clause (x) for rural developmen | No | Delhi | | | 1,25,000/- | No | Rural Development Foundation | - |
| 17. | Promoting Health Care | (i) Promoting health care | Yes | Indore M.P. | | | 1,00,000/- | No | Bhagwan Mahavir Relief Foundation | - |
| Total | | | | | | | 26,84,547/- | | | |

(d) Amount spent in Administrative Overheads -NIL

(e) Amount spent on Impact Assessment, if applicable – Not Applicable

(f) Total amount spent for the Financial Year (8b+8c+8d+8e) –₹26,84,547/-

(g) Excess amount for set off, if any

| S. No. | Particular | Amount (in ₹ Lakhs) |
|--------|---|---------------------|
| (i) | Two percent of average net profit of the company as per section 135(5) | 34.37 |
| (ii) | Total amount spent for the Financial Year | 34.37 |
| (iii) | Excess amount spent for the financial year [(ii)-(i)] | 0.00 |
| (iv) | Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any | 0.00 |
| (v) | Amount available for set off in succeeding financial years [(iii)-(iv)] | 0.00 |

9. (a) Details of Unspent CSR amount for the preceding three financial years:

| S. No. | Preceding Financial Year. | Amount transferred to Unspent CSR Account under section 135 (6) (in ₹) | Amount spent in the reporting Financial Year (in ₹). | Amount transferred to any fund specified under Schedule VII as per section 135(6), if any. | | | Amount remaining to be spent in succeeding financial years. (in ₹) |
|--------|---------------------------|--|--|--|----------------|-------------------|--|
| | | | | Name of the Fund | Amount (in ₹). | Date of transfer. | |
| 1. | 2017-18 | N.A. | N.A. | N.A. | N.A. | N.A. | N.A. |
| 2. | 2018-19 | N.A. | N.A. | N.A. | N.A. | N.A. | N.A. |
| 3. | 2019-20 | N.A. | N.A. | N.A. | N.A. | N.A. | N.A. |
| | Total | N.A. | N.A. | N.A. | N.A. | N.A. | N.A. |

9. (b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
|----------------|-------------|----------------------|--|-------------------|--|---|--|--|
| Sl. No. | Project ID. | Name of the Project. | Financial Year in which the project was commenced. | Project duration. | Total amount allocated for the project (in ₹). | Amount spent on the project in the reporting Financial Year (in ₹). | Cumulative amount spent at the end of reporting Financial Year. (in ₹) | Status of the project - Completed / Ongoing. |
| NOT APPLICABLE | | | | | | | | |

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year – Not applicable.

(asset-wise details).

- Date of creation or acquisition of the capital asset(s) - NA
- Amount of CSR spent for creation or acquisition of capital asset - NA
- Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. - NA
- Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset). - NA

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5).

Sd/-

Shiv Singh Mehta
Chairman of the Committee and Chairman and Managing Director

Date: 15/05/2021
Place: Indore

ANNEXURE – C

INFORMATION PURSUANT TO SECTION 197 (12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5 OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014 AS AMENDED AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2021.

(A) Particulars of Employees as per [Rule-5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

- (i) The ratio of the remuneration of each Executive Director to the median remuneration of the employees of the Company for the financial year 2020-21.

| S. No. | Name of Director | Ratio of remuneration of each Director/ to median remuneration of employees (in times) |
|--------|-----------------------|--|
| 1 | Shri Shiv Singh Mehta | 131.93 |
| 2 | Mrs. Purnima Mehta | 131.93 |

- (ii) The percentage increase in remuneration of each Executive Director, Chief Financial Officer and Company Secretary in the financial year 2020-21:

| S. No. | Name of Director /KMPs | Designation | % increase in remuneration |
|--------|------------------------|--------------------------------|----------------------------|
| 1 | Shri Shiv Singh Mehta | Chairman and Managing Director | 308.56 |
| 2 | Mrs. Purnima Mehta | Whole Time Director | 142.66 |
| 3 | Shri Kamal Kanodia | Chief Financial Officer | 15.50 |
| 4 | Ms. ApekshaBaisakhiya | Company Secretary1 | - |

1Ms. ApekshaBaisakhiya appointed w.e.f. 26.02.2020.

- (iii) The percentage increase in the median remuneration of employees in the financial year 2020-21 was 8.44%.
- (iv) There were 519 permanent employees on the rolls of the Company as on 31st March, 2021.
- (v) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration: % increase in Average salary of employees other than KMPs for Financial Year 2020-21 has given in point no. (A) (iii) above.

The increase in the salary of KMPs for Financial Year 2020-21 has given in point no. (A) (ii) above.

The increase in remuneration is not solely based on Company's performance but also includes various other factors like individual performance, experience, relevant expertise, skills, academic background, industry trends, economic situation and future growth prospects etc. besides Company's performance.

There were no exceptional circumstances for the increase in managerial remuneration in comparison to remuneration of other employees.

- (vi) It is hereby affirmed that the remuneration paid is as per the Remuneration Policy of the Company.

ANNEXURE -D

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

A. Conservation Of Energy

1) Steps taken or impact on conservation of energy:

1. Replacement of Cooling towers (Induced Type) to Mist Type (Power less) in RPVC done. This system does not need any power (Fan) to cool the water. Also cooling will be more effective. Also the capacity designed to have HDPE system also connected to the MIST Type Cooling Tower & the same is planned.
2. Further to installation of additional energy efficient Chiller in HDPE, this year Energy efficient Chiller was also installed in RPVC in order to meet the enhanced cooling need and thus reducing power cost. Better cooling of water will allow to improve performance of extruders in terms of output by 10-12% and thus reducing manufacturing cost.
3. After successfully installation & commissioning of Induction heaters in RPVC and HDPE in order to reduce running as well as initial heating power requirement in extruders, plan to install the same on Blow Moulding (Water Tank) machine. The Induction heaters have energy saving of approx. 15-20% of heating power load.
4. Also commissioned the Centralised Barrel vacuum system for Barrels of RPVC extruders to replace existing water based system. This system is not only power efficient, but also eliminate water contamination in the tank due to barrel vacuum and thus reduce breakdown of extruders as well as rejection. Also planned to extend the use of same (Power efficient Screw pumps) for Material conveying & replace the root blowers to reduce the power consumption & other maintenance cost.
5. Installed energy efficient water pump in RPVC for New Mixer & New Chiller to further achieve energy saving in Utility. Also planned to replace & renovate the complete Utility water distribution with energy efficient pumps & motors to optimize the power consumption even during variation in production (Season & Off season). This system will regulate the load of water pups as per water requirement & thereby optimize the power consumption.
6. After installation of LED (Power efficient) lights in Moulding plant, planning to install LED lights in yard & also replace old lights by LED lights in HDPE plant.
7. Planned to replace existing old motors and pumps with energy efficient pumps and motors.

8. Planned to install energy efficient air compressors to reduce power cost.

2) Steps taken by the company for utilizing alternate sources of energy

1. New PPA of Open access power (Solar) supply signed further more to the current capacity. The supply for the same also started.
2. Also planned to install captive solar panels on roof top through opex model.
3. Installation of transparent roof sheets to reduce use of conventional energy and use more of sunlight.

3) Capital investment on energy conservation equipment:

Approx. ₹7.02 Crores

B. Technology Absorption

1) Efforts made towards technology absorption

1. New Technology Mixer (Imported) with latest Technology Material conveying is under commissioning to improve further for the existing manual mixer and transfer of material to extruders with increased capacity. It is planned to automate all RPVC products to run on Auto Mixers.
2. New Technology cutters (4 Nos.) installed & commissioned to reduce the breakdown & wastage.
3. New Technology of Centralised Barrel vacuum system is being commissioned & running successfully. Also planned to extend the utilization of the vacuum system to material conveying.
4. With already utilizing the Lifters and conveyors for regular size pipe transferring to trolley after socketing (Auto trolley filling), planned to install the same system for Higher diameter RPVC pipes (Upto 315mm) and HDPE Sprinkler pipes. System has been made more robust and accurate to reduce breakdown and rejection.
5. All big coilers in HDPE has been upgraded for automatic opening of arms for easy changeovers and reduce damages.
6. HDPE Extruders and Plant upgraded in terms of water cooling system, water filtration, sizer finishing etc to produce MDPE (Gas pipelines) on multiple lines to enhance capacity for gas pipeline production and thus building flexibility.

7. Also planned to install online weighing system in RPVC to have the weighing data collection of each & every pipes.
8. Commissioning of Centralised Chiller for drinking water installed replacing area-wise water Coolers.
9. Installation of Encoder system planned on all RPVC Machines to have accurate pipe length cutting & display measurement of the same.
10. Also planned to have Central Data Console (Industry 4.0) for critical parameters of RPVC Plant with Auto SMS sent in case of deviations in parameters monitored.
11. Also planned to replace Inkjet printers (Ink Consumables) with Laser printing for Black HDPE Pipes & CPVC Pipes.

C. Foreign Exchange Earning & Outgo

(₹ in Lakhs)

| Sr. No. | Particulars | FY 2020-21. | FY 2019-20 |
|---------|--|-------------|------------|
| 1. | Foreign Exchange earned in terms of Actual Inflows | - | - |
| 2. | Foreign Exchange spent in terms of Actual Outflows | 5312.08 | 4389.98 |

ANNEXURE E

VIGIL MECHANISM / WHISTLE BLOWER POLICY

1. PREFACE

1.1 Section 177 of the Companies Act, 2013 requires every listed company and such class or classes of companies, as may be prescribed to establish a vigil mechanism for the directors and employees to report genuine concerns in such manner as may be prescribed. Such a vigil mechanism shall provide for adequate safeguards against victimization of persons who use such mechanism and also make provision for direct access to the chairperson of the Audit Committee in appropriate or exceptional cases.

2. POLICY OBJECTIVES

2.1 The Company is committed to adhere to the highest standards of ethical, moral and legal conduct of business operations. To maintain these standards, the Company encourages its employees who have concerns about suspected misconduct to come forward and express these concerns without fear of punishment or unfair treatment. A Vigil (Whistle Blower) mechanism provides a channel to the employees and Directors to report to the management concerns about unethical behavior, actual or suspected fraud or violation of the Codes of conduct or policy. The mechanism provides for adequate safeguards against victimization of employees and Directors to avail of the mechanism and also provide for direct access to the Chairman of the Audit Committee in exceptional cases.

2.2 This neither releases employees from their duty of confidentiality in the course of their work nor can it be used as a route for raising malicious or unfounded allegations against people in authority and / or colleagues in general.

3. SCOPE OF THE POLICY

3.1 This Policy covers malpractices and events which have taken place / suspected to have taken place, misuse or abuse of authority, fraud or suspected fraud, violation of company rules, manipulations, negligence causing danger to public health and safety, misappropriation of monies, and other matters or activity on account of which the interest of the Company is affected and formally reported by whistle blowers concerning its employees.

4. DEFINITIONS

4.1 "Alleged wrongful conduct" shall mean violation of law, Infringement of Company's rules, misappropriation of monies, actual or suspected fraud, substantial and specific danger to public health and safety or abuse of authority".

4.2 "Audit Committee" means a Committee constituted by the Board of Directors of the Company in accordance guidelines of Listing Agreement and Companies Act, 2013.

4.3. "Board" means the Board of Directors of the Company.

4.4. "Company" means the Kriti Industries (India) Limited, and all its offices.

4.5. "Code" means Code of Conduct for Directors and Senior Management Executives adopted by Kriti Industries (India) Limited

4.6. "Employee" means all the present employees and whole time Directors of the Company (Whether working in India or abroad).

4.7. "Protected Disclosure" means a concern raised by an employee or group of employees of the Company, through a written communication and made in good faith which discloses or demonstrates information about an unethical or improper activity under the title "SCOPE OF THE POLICY" with respect to the Company. It should be factual and not speculative or in the nature of an interpretation / conclusion and should contain as much specific information as possible to allow for proper assessment of the nature and extent of the concern.

4.8. "Subject" means a person or group of persons against or in relation to whom a Protected Disclosure is made or evidence gathered during the course of an investigation.

4.9. "Vigilance and Ethics Officer" means an officer appointed to receive protected disclosures from whistle blowers, maintaining records thereof, placing the same before the Audit Committee for its disposal and informing the Whistle Blower the result thereof.

4.10. "Whistle Blower" is an employee or group of employees who make a Protected Disclosure under this Policy and also referred in this policy as complainant.

5. ELIGIBILITY

All Employees of the Company are eligible to make Protected Disclosures under the Policy in relation to matters concerning the Company.

6. RECEIPT AND DISPOSAL OF PROTECTED DISCLOSURES.

6.1. All Protected Disclosures should be reported in writing by the complainant as soon as possible after the Whistle Blower becomes aware of the same so as to ensure a clear understanding of the issues raised and should either be typed or written in a legible handwriting in English.

6.2. The Protected Disclosure should be submitted in a closed and secured envelope and should be super scribed as "Protected disclosure under the Whistle Blower policy". Alternatively, the same can also be sent through email with the subject "Protected disclosure under the Whistle Blower

policy". If the complaint is not super scribed and closed as mentioned above, it will not be possible for the Audit Committee to protect the complainant and the protected disclosure will be dealt with as if a normal disclosure.

In order to protect identity of the complainant, the Vigilance and Ethics Officer will not issue any acknowledgement to the complainants and they are advised neither to write their name/address on the envelope nor enter into any further correspondence with the Vigilance and Ethics Officer. The Vigilance and Ethics Officer shall assure that in case any further clarification is required he will get in touch with the complainant.

6.3. Anonymous / Pseudonymous disclosure shall not be entertained by the Vigilance and Ethics Officer.

6.4. The Protected Disclosure should be forwarded under a covering letter signed by the complainant. The Vigilance and Ethics Officer / Chairman of the Audit Committee as the case may be, shall detach the covering letter bearing the identity of the Whistle Blower and process only the Protected Disclosure.

6.5. All Protected Disclosures should be addressed to the Vigilance and Ethics Officer of the Company or to the Chairman of the Audit Committee in exceptional cases. The contact details of the Vigilance and Ethics Officer is as under:-

Name and Address – Vigilance and Ethics Officer,
Kriti Industries (India) Limited

Brilliant Sapphire, 801-804, 8th Floor, Plot No. 10 Scheme no 78-II, Vijay Nagar, Indore (M.P.) 452010

Email- whistleblower@kritiindia.com

6.6. Protected Disclosure against the Vigilance and Ethics Officer should be addressed to the Chairman of the Audit Committee. The contact details of the Chairman, CEO and the Chairman of the Audit Committee are as under:

Name and Address of Chairman – Shri Manoj Fadnis

Chairman Audit Committee

Kriti Industries (India) Limited

15 HIG Vijay Nagar, AB Road, Indore – 452010

6.7. On receipt of the protected disclosure the Vigilance and Ethics Officer / Chairman of the Audit Committee, as the case may be, shall make a record of the Protected Disclosure and also ascertain from the complainant whether he was the person who made the protected disclosure or not. He shall also carry out initial investigation either himself or by involving any other Officer of the Company or an outside agency before referring the matter to the Audit Committee of the Company for further appropriate investigation and needful action. The record will include:

- a) Brief facts;
- b) Whether the same Protected Disclosure was raised previously by anyone, and if so, the outcome thereof;
- c) Whether the same Protected Disclosure was raised previously on the same subject;
- d) Details of actions taken by Vigilance and Ethics Officer / Chairman of the Audit Committee for processing the complaint
- e) Findings of the Audit Committee
- f) The recommendations of the Audit Committee/ other action(s).

6.8 The Audit Committee, if deems fit, may call for further information or particulars from the complainant.

7. INVESTIGATION

7.1. All protected disclosures under this policy will be recorded and thoroughly investigated. The Audit Committee may investigate and may at its discretion consider involving any other Officer of the Company and/ or an outside agency for the purpose of investigation.

7.2. The decision to conduct an investigation is by itself not an accusation and is to be treated as a neutral fact finding process.

7.3. Subject(s) will normally be informed in writing of the allegations at the outset of a formal investigation and have opportunities for providing their inputs during the investigation.

7.4. Subject(s) shall have a duty to co-operate with the Audit Committee or any of the Officers appointed by it in this regard.

7.5. Subject(s) have a right to consult with a person or persons of their choice, other than the Vigilance and Ethics Officer / Investigators and/or members of the Audit Committee and/or the Whistle Blower.

7.6. Subject(s) have a responsibility not to interfere with the investigation. Evidence shall not be withheld, destroyed or tampered with and witness shall not be influenced, coached, threatened or intimidated by the subject(s).

7.7. Unless there are compelling reasons not to do so, subject(s) will be given the opportunity to respond to material findings contained in the investigation report. No allegation of wrong doing against a subject(s) shall be considered as maintainable unless there is good evidence in support of the allegation.

7.8. Subject(s) have a right to be informed of the outcome of the investigations. If allegations are not sustained, the Subject should be consulted as to whether public disclosure of the investigation results would be in the best interest of the Subject and the Company.

7.9. The investigation shall be completed normally within 90 days of the receipt of the protected disclosure and is extendable by such period as the Audit Committee deems fit.

8. DECISION AND REPORTING

8.1. If an investigation leads the Vigilance and Ethics Officer / Chairman of the Audit Committee to conclude that an improper or unethical act has been committed, the Vigilance and Ethics Officer / Chairman of the Audit Committee shall recommend to the management of the Company to take such disciplinary or corrective action as he may deem fit. It is clarified that any disciplinary or corrective action initiated against the Subject as a result of the findings of an investigation pursuant to this Policy shall adhere to the applicable personnel or staff conduct and disciplinary procedures.

8.2. The Vigilance and Ethics Officer shall submit a report to the Chairman of the Audit Committee on a regular basis about all Protected Disclosures referred to him/her since the last report together with the results of investigations, if any.

8.3. In case the Subject is related to the Vigilance and Ethics Officer of the Company, the Chairman of the Audit Committee after examining the Protected Disclosure shall forward the protected disclosure to other members of the Audit Committee if deemed fit. The Audit Committee shall appropriately and expeditiously investigate the Protected Disclosure.

8.4. If the report of investigation is not to the satisfaction of the complainant, the complainant has the right to report the event to the appropriate legal or investigating agency.

8.5. A complainant who makes false allegations of unethical & improper practices or about alleged wrongful conduct of the subject to the Vigilance and Ethics Officer or the Chairman of the Audit Committee shall be subject to appropriate disciplinary action in accordance with the rules, procedures and policies of the Company.

9. SECRECY / CONFIDENTIALITY

9.1. The complainant, Vigilance and Ethics Officer, Members of Audit Committee, the Subject and everybody involved in the process shall:

9.1.1. Maintain confidentiality of all matters under this Policy

9.1.2. Discuss only to the extent or with those persons as required under this policy for completing the process of investigations.

9.1.3. Not keep the papers unattended anywhere at any time

9.1.4. Keep the electronic mails / files under password.

10. PROTECTION

10.1. No unfair treatment will be meted out to a Whistle Blower by virtue of his/ her having reported a Protected Disclosure

under this policy. The company, as a policy, condemns any kind of discrimination, harassment, victimization or any other unfair employment practice being adopted against Whistle Blowers. Complete protection will, therefore, be given to Whistle Blowers against any unfair practice like retaliation, threat or intimidation of termination / suspension of service, disciplinary action, transfer, demotion, refusal of promotion or the like including any direct or indirect use of authority to obstruct the Whistle Blower's right to continue to perform his duties / functions including making further Protected Disclosure. The company will take steps to minimize difficulties, which the Whistle Blower may experience as a result of making the Protected Disclosure. Thus if the Whistle Blower is required to give evidence in criminal or disciplinary proceedings, the Company will arrange for the Whistle Blower to receive advice about the procedure, etc.

10.2. A Whistle Blower may report any violation of the above clause to the Chairman of the Audit Committee, who shall investigate into the same and recommend suitable action to the management.

10.3. The identity of the Whistle Blower shall be kept confidential to the extent possible and permitted under law. The identity of the complainant will not be revealed unless he himself has made either his details public or disclosed his identity to any other office or authority. In the event of the identity of the complainant being disclosed, the Audit Committee is authorised to initiate appropriate action as per extant regulations against the person or agency making such disclosure. The identity of the Whistle Blower, if known, shall remain confidential to those persons directly involved in applying this policy, unless the issue requires investigation by law enforcement agencies, in which case members of the organization are subject to subpoena.

10.4. Any other Employee assisting in the said investigation shall also be protected to the same extent as the Whistle Blower.

10.5. Provided however that the complainant before making a complaint has reasonable belief that an issue exists and he has acted in good faith. Any complaint not made in good faith as assessed as such by the Audit Committee shall be viewed seriously and the complainant shall be subject to disciplinary action as per the Rules / certified standing orders of the Company. This policy does not protect an employee from an adverse action taken independent of his disclosure of unethical and improper practice etc. unrelated to a disclosure made pursuant to this policy.

11. ACCESS TO CHAIRMAN OF THE AUDIT COMMITTEE

11.1. The Whistle Blower shall have right to access Chairman of the Audit Committee directly in exceptional cases and the Chairman of the Audit Committee is authorised to prescribe suitable directions in this regard.

12. COMMUNICATION

- 12.1. A whistle Blower policy cannot be effective unless it is properly communicated to employees. Employees shall be informed through by publishing in notice board and the website of the company.

13. RETENTION OF DOCUMENTS

- 13.1. All Protected disclosures in writing or documented along with the results of Investigation relating thereto, shall be retained by the Company for a period of 7 (seven) years or such other period as specified by any other law in force, whichever is more.

14. ADMINISTRATION AND REVIEW OF THE POLICY

- 14.1. The Chief Financial Officer shall be responsible for the administration, interpretation, application and review

of this policy. The Chief Financial Officer also shall be empowered to bring about necessary changes to this Policy, if required at any stage with the concurrence of the Audit Committee.

15. AMENDMENT

- 15.1. The Company reserves its right to amend or modify this Policy in whole or in part, at anytime without assigning any reason whatsoever. However, no such amendment or modification will be binding on the Employees and Directors unless the same is notified to them in writing.

ANNEXURE F

KAUSHAL AGRAWAL & CO.
PRACTISING COMPANY SECRETARIES
218-219, Starlit Tower
29, Y.N. Road,
INDORE M.P. PIN 452001
PHONE (0731) 2432463: 4278756
MOBILE: 94250-55365; 8871110111
Email: kaushalk.agrawal@gmail.com

FORM NO. MR-3 SECRETARIAL AUDIT REPORT

For the financial year ended 31st March, 2021

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

Secretarial Audit Report

To
The Members
KRITI INDUSTRIES (INDIA) LIMITED
CIN: L25206MP1990PLC005732
Registered Office: Mehta Chambers,
34-Siyagunj,
Indore (M.P.) – 452007

Corporate Office.: 8th floor, Plot no.10, PSP,
IDA Scheme no. 78-II, Vijay Nagar
Indore (M.P.) 452010

We have conducted the Secretarial Audit of the compliances of applicable statutory provisions and the adherence to good corporate practices by KRITI INDUSTRIES (INDIA) LIMITED (hereinafter called the Company) having CIN-L25206MP1990PLC005732 subject to noted limitation of physical interaction and verification of records caused due to second wave of COVID-19 Pandemic thereby local lock down. While taking review after completion of financial year Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents, KMPs, Directors and authorised representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended 31st March, 2021, generally complied with the statutory provisions listed hereunder and also that the Company generally has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by KRITI INDUSTRIES (INDIA) LIMITED for the financial year ended on 31st March, 2021, according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') :-
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; (Not Applicable to the Company during the audit period)

- e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not Applicable to the Company during the audit period)
 - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and (Not applicable to the Company during the audit period)
 - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (Not applicable to the Company during the audit period)
- (vi) other laws are applicable specifically to the Company are as under:
- (a) The Environment (Protection) Act, 1986;
 - (b) The water (Prevention and Control of Pollution) Act, 1974;
 - (c) The Air (Prevention and Control of Pollution) Act, 1981;
 - (d) The Hazardous Waste (Management, Handling & Transboundary Movement) Rules, 2008;
 - (e) Factories Act, 1948;
 - (f) Industrial Dispute Act, 1947;
 - (g) The Payment of Wages Act, 1936;
 - (h) The Minimum Wages Act, 1948;
 - (i) The Employee State Insurance Act, 1948;
 - (j) The Employee Provident Fund and Miscellaneous Provision Act, 1952;
 - (k) The Payment of Bonus Act, 1965;
 - (l) The Payment of Gratuity Act, 1972;
 - (m) The Income Tax Act, 1961;
 - (n) Contract Labour (Regulation and Abolition) Act, 1970;
 - (o) The Industrial Employment (Standing Orders) Act, 1946;
 - (p) The Goods and Service Tax

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

1. Secretarial Standard issued by the Institute of Company Secretaries of India (ICSI) and applicable mandatorily.
2. Listing Obligations and Disclosure Requirements Regulations, 2015 as amended from time to time.

During the year under review and subject to limiting condition arising due to second wave of COVID-19 Pandemic note(s) given elsewhere in this report, the Company has complied with the provision of the Act, Rules, Regulations, Guidelines, standard etc. mentioned above subject to the following broad observations:

- i). Form AOC-2 Forming part of the Board Report disclosing details of transactions etc. entered into with the related parties during the financial year ended March 2020 has not been found as attached with the Boards Report for the financial year ended 31.03.2020 (Date of Signing 29.06.2020). As per Explanation by the management "there were no material related party transactions and all were in ordinary course of business and at arm's length price basis, hence the company has not required to therefore not attached Form AOC-2 with the Board's report".
- ii). There was mismatch in amounts of Related party transactions in various transactions held as disclosed in the information /explanation/ details /statement of accounts provided for the Financial Year Ended 31.03.2021 with that of the details of the Related Party Transactions disclosed at BSE pursuant to Regulation 23(9) of SEBI (Listing Obligation and Disclosure Requirement) 2015. The company has been advised to take cognizance and to take suitable action accordingly.
- iii). Figures filled in some heads (particularly Inter-company deposits) in Form DPT-3 being Annual return for the Financial Year ended 31.03.2020 (filed on 26.09.2020) were not falling in appropriate heads with that of Audited Financial Statements made for the same financial year, ended 31.03.2020 as the same has been shown under the head "loan from Director or Relative of Director" instead of "Inter-company deposits in the e-Form DPT-3. As per explanation received from the company the same it was insignificant typological error.
- iv). The company has filed e-form CHG-1 for modification of Charge being Charge ID:100314149 dated 29.01.2021. Date of Instrument modifying the charge as mentioned in Form CHG-1 is 30.01.2020 which is different from the date mentioned in the instruments modifying the charge attached with the said e-form i.e., Joint Deed of Hypothecation and Memorandum of Entry for Extension of Equitable Mortgage both dated 29.01.2021. As per Explanation received from the Management it was a typological error.
- v). Number of shares transferred to Investor Education and Protection Fund as filled in Form IEPF-4 was not matched with number of shares disclosed at BSE under shareholding pattern for the quarter ended 31.03.2021.
- vi). Under the head of "indebtedness" amount of ₹1005.00 Lakhs shown in Form MGT-9 under the head unsecured Loans for the financial year ended 31.03.2020 (enclosed with Board Report dated 29.06.2020) not matched with of the Audited Financial Statements for the Financial Year ended 31.03.2020.

Read with above we further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took

place during the period under review were carried out in compliance with the provisions of the Act.

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

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

compliance with applicable laws, rules, regulations and guidelines.

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

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

CS Kaushal Kumar Agrawal

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

Place: Indore

Dated: 15.05.2021

UDIN: F004985C000330475

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

Note: Due to complete Lockdown in the city by administrators for prevention of COVID which has resulted in many restrictions including free movement of People. Therefore, we have not checked Minutes Books, (board and committee etc.) Attendance Registers, and other Statutory Registers as it was not possible to personally visit the registered office of the company. We have relied on the explanation received from the listed entity either telephonically or electronically

'Annexure -1'

KAUSHAL AGRAWAL & CO.

PRACTISING COMPANY SECRETARIES

218-219, Starlit Tower

29, Y.N. Road,

INDORE M.P.PIN 452001

PHONE (0731) 2432463: 4278756

MOBILE: 94250-55365; 8871110111

Email: kaushalk.agrawal@gmail.com

To,

The Members

Kriti Industries (India)Limited

CIN-L25206MP1990PLC005732

Our report of even date is to be read along with this letter (forming part of the report)

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion. However, in the Covid-19 pandemic era, we express our apparent limitations of physical verification of the maintenance of record and cross verification of evidences. (Note)
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company and whether applicable reliance have been made on the reports, certificates etc. given to the company by other professionals, competent to issue those certificates to the company.
4. Where ever required, we have obtained the Management representation and certification about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For **Kaushal Agrawal & Co.,**

Practising Company Secretaries

CS Kaushal Kumar Agrawal

M. No. F4985C.P. No. 3457

Place: Indore

Dated: 15.05.2021

UDIN:F004985C000330475

CORPORATE GOVERNANCE REPORT

I. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Kriti Industries (India) Limited (Kriti) is committed to the adoption of best governance practices. The company's vision document spells out a direction for the policies and procedures which ensure long terms sustainability. Value creation for stakeholders is thus a continuous endeavor at Kriti.

On the same lines the Company has always followed fair business and corporate practices while dealing with the shareholders, employees, customers, creditors, lenders, all stakeholders and the society at large.

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

II. THE GOVERNANCE STRUCTURE

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

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

control by setting the goals & targets, policies, governance standards, reporting mechanism & accountability and decision making process to be followed.

(ii) **Committees of Directors** - The company is having mandatory committees such as Audit Committee, Nomination & Remuneration Committee, CSR Committee, Stakeholders and Relationship committee etc. are focused on financial reporting, audit & internal controls, compliance issues, appointment and remuneration of Directors and Senior Management Employees and shareholders grievances and implementation and monitoring of CSR activities.

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

III. BOARD OF DIRECTORS

The Board of directors of the company consists of an optimum combination of executive, non-executive and independent directors, ensure the independent functioning of the Board. The composition of the Board also complies with the provisions of the Companies Act, 2013 and the Listing Regulations. As at the end of financial year 2020-21, the Board consists of Six (6) directors, out of which Four (4) are Non-Executive Directors including Three (3) Independent Director.

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

| Sr. No. | Name of Directors | Category | Total number of Board Meetings eligible to attend during the year | No. of Board Meeting Attended | Attended last AGM held on 08.08.2020 | No. of Directorship in other public Companies As on 31.03.2021 | No. of Memberships/ Chairmanship in Committee of Directors in all Companies | | No. of shares held in the Company | Relationship of Directors Inter-se |
|---------|---|--------------------|---|-------------------------------|--------------------------------------|--|---|--------|-----------------------------------|---|
| | | | | | | | Chairman | Member | | |
| 1. | Shri Shiv Singh Mehta Chairman and Managing Director (DIN: 00023523) | Promoter Executive | 5 | 5 | Yes | 2 | 3 | 3 | 20,67,299 (4.17%) | 1) Spouse of Smt. Purnima Mehta-WTD; 2) Father of Shri Saurabh Singh Mehta-NED |

| Sr. No. | Name of Directors | Category | Total number of Board Meetings eligible to attend during the year | No. of Board Meeting Attended | Attended last AGM held on 08.08.2020 | No. of Directorship in other public Companies As on 31.03.2021 | No. of Memberships/ Chairmanship in Committee of Directors in all Companies | | No. of shares held in the Company | Relationship of Directors Inter-se |
|---------|---|---------------------------|---|-------------------------------|--------------------------------------|--|---|--------|-----------------------------------|--|
| | | | | | | | Chairman | Member | | |
| 2. | Mrs. Purnima Mehta Whole Time Director (DIN: 00023632) | Promoter Executive | 5 | 5 | Yes | 1 | 2 | 4 | 2,97,587 (0.60%) | 1) Spouse of Shri Shiv Singh Mehta-CMD; 2) Mother of Shri Saurabh Singh Mehta-NED |
| 3. | Shri Saurabh Singh Mehta Director (DIN: 00023591) | Promoter Non-Executive | 5 | 5 | Yes | 1 | 0 | 2 | 30,423 (0.06%) | Son of Shri Shiv Singh Mehta, CMD and Smt. Purnima Mehta-WTD. |
| 4. | Shri Rakesh Kalra Director (DIN: 00780354) | Independent Non-Executive | 5 | 5 | Yes | 4 | 1 | 8 | Nil | Not applicable |
| 5. | CA Manoj Fadnis Director (DIN: 01087055) | Independent Non-Executive | 5 | 5 | Yes | 4 | 3 | 2 | Nil | Not applicable |
| 6. | Shri Chandrasekharan Bhaskar Director (DIN: 00003343) | Independent Non-Executive | 5 | 5 | Yes | 3 | 1 | 3 | Nil | Not applicable |

| Sr. No. | Name of Director | Name of other Listed entities in which person is Director | Category of Directorship |
|---------|------------------------------|---|--|
| 1. | Shri Shiv Singh Mehta | Kriti Nutrients Limited | Chairman and Managing Director, Promoter, Executive |
| | | Rajratan Global Wire Limited | Non-Executive - Independent Director |
| 2. | Mrs. Purnima Mehta | Kriti Nutrients Limited | Non-Executive, Non Independent Director |
| 3. | Shri Saurabh Singh Mehta | Kriti Nutrients Limited | Whole-time Director, Promoter, Executive |
| 4. | Shri Rakesh Kalra | Kriti Nutrients Limited | Non-Executive - Independent Director |
| | | Jamna Auto Industries Limited | Non-Executive - Independent Director |
| | | Automotive Axles Limited | Non-Executive - Independent Director |
| 5. | CA Manoj Fadnis | Kriti Nutrients Limited | Non-Executive - Independent Director |
| | | The Federal Bank Ltd | Non-Executive - Independent and Shareholder Director |
| 6. | Shri Chandrasekharan Bhaskar | Kriti Nutrients Limited | Non-Executive - Independent Director |
| | | Xpro India Limited | Managing Director, Executive |

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

CS Apeksha Baisakhiya is Company Secretary & Compliance Officer of the Company as well as functioning as the Secretary of all committees.

During the financial year 2020-21 the Board of Directors met Five (5) times on (i) 29th June, 2020, (ii) 8th August, 2020, (iii) 27th October, 2020, (iv) 22nd January, 2021 and (v) 24th March, 2021.

Skills / Expertise / Competencies of the Board of Directors:

The following is the list of core skills / expertise / competencies identified by the Board of Directors as required in the context of the Company's business and that the said skills are available with the Board Members:

1. Knowledge on Company's businesses, policies and business culture major risks / threats and potential opportunities and knowledge of the industry in which the Company operates.
2. Behavioral skills - attributes and competencies to use their knowledge and skills to contribute effectively to the growth of the Company,
3. Business Strategy, Sales & Marketing, Corporate Governance, Forex Management, Administration, Decision Making,
4. Financial and Management skills,
5. Technical / Professional skills and specialised knowledge in relation to Company's business.

DIRECTORS HAVING SUCH SKILL AND COMPETENCIES

| Skills to be possessed by Directors | Shri Shiv Singh Mehta | Mrs. Purnima Mehta | Shri Saurabh Singh Mehta | Shri Rakesh Kalra | CA Manoj Fadnis | Shri Chandrasekharan Bhaskar |
|---|-----------------------|--------------------|--------------------------|-------------------|-----------------|------------------------------|
| Knowledge on Company's businesses, policies and business culture major risks / threats and potential opportunities and knowledge of the industry in which the Company operates. | Yes | Yes | Yes | Yes | Yes | Yes |
| Behavioral skills - attributes and competencies to use their knowledge and skills to contribute effectively to the growth of the Company. | Yes | Yes | Yes | Yes | Yes | Yes |
| Business Strategy, Sales & Marketing, Corporate Governance, Forex Management, Administration, Decision Making. | Yes | Yes | Yes | Yes | Yes | Yes |
| Financial and Management skills. | Yes | Yes | Yes | Yes | Yes | Yes |
| Technical / Professional skills and specialised knowledge in relation to Company's business. | Yes | Yes | Yes | Yes | Yes | Yes |

FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

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

CONFIRMATION THAT IN THE OPINION OF THE BOARD, THE INDEPENDENT DIRECTOR FULFILL THE CONDITION SPECIFIED IN THIS REGULATION AND ARE INDEPENDENT OF THE MANAGEMENT:

All Independent Directors have given disclosure as required under the Companies Act, 2013 and Listing Regulations that they are independent of the management and the Management do hereby confirms their independency.

DETAILED REASON FOR RESIGNATION OF INDEPENDENT DIRECTOR WHO RESIGNS BEFORE THE EXPIRY OF HIS TENURE ALONG WITH THE CONFIRMATION BY SUCH DIRECTOR THAT THERE ARE NO OTHER MATERIAL REASON OTHER THAN THOSE PROVIDED:

There is no resignation of any independent Director during the Financial Year.

IV. AUDIT COMMITTEE

The Board has constituted a well-qualified Audit Committee. Majority of the members of the Committee are Independent Directors including the Chairman. All the members are financially literate and possess sound knowledge on accounts, audit, finance, taxation, internal controls etc.

The Audit Committee is in compliance with Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements)

Regulations, 2015 and Section 177 of the Companies Act, 2013 as applicable.

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

| Sr. No. | Name of the Members | Designation in the Company | Position in the Committee | No. of Meetings Attended |
|---------|---------------------|----------------------------|---------------------------|--------------------------|
| 1. | CA Manoj Fadnis | Independent Director | Chairman | 5 |
| 2. | Shri Rakesh Kalra | Independent Director | Member | 5 |
| 3. | Mrs. Purnima Mehta | Whole-time Director | Member | 5 |

During the year under review, the Committee met on (i) 29th June, 2020, (ii) 08th August, 2020, (iii) 27th October, 2020, (iv) 22nd January, 2021 and (v) 24th March, 2021.

The Company Secretary is also functioning as the secretary to the Committee.

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

The terms of reference of the Audit Committee mandated by the statutory and regulatory requirements, which are also in line with the mandate given by your Board of Directors, are:

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the company;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
 - a. Matters required to be included in the Directors' Responsibility Statement to be included in the Board's/ Director's report in terms of Clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013.
 - b. Changes, if any, in accounting policies and practices and reasons for the same.
 - c. Major accounting entries involving estimates based on the exercise of judgment by management.
 - d. Significant adjustments made in the financial statements arising out of audit findings.

e. Compliance with listing and other legal requirements relating to financial statements.

f. Disclosure of any related party transactions.

g. Modified opinion(s) in the draft audit report.

5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;
7. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
8. Approval or any subsequent modification of transactions of the Company with related parties;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of assets of the Company, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
14. Discussion with internal auditors of any significant findings

and follow up there on;

15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. To review the functioning of the Whistle Blower mechanism;
19. Approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
21. Reviewing the utilization of loans and/ or advances from/ investment by the holding company in the subsidiary exceeding rupees 100 Cr or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision.
22. Consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders.

Review of information by Audit Committee

The Audit Committee reviews the following information:

1. Management discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions (as defined by the Audit Committee) submitted by management;
3. Management letters/letters of internal control weaknesses issued by the statutory auditors;
4. Internal audit reports relating to internal control weaknesses;
5. The appointment, removal and terms of remuneration of the internal auditor shall be subject to review by the Audit Committee;
6. The Audit Committee is also responsible for giving guidance and directions under the SEBI (Prohibition of Insider Trading) Regulations, 2015; and
7. Utilization of loan and advances, if any.

The Audit Committee reviewed the reports of the internal auditors, the reports of the statutory auditors arising out of the quarterly, half-yearly, and annual audit of the accounts; considered significant financial issues affecting the Company and held discussions with the internal and statutory auditors and the Company Management during the year.

V. NOMINATION & REMUNERATION COMMITTEE

The Nomination and Remuneration Committee of the Board of Directors in compliance with Regulation 19 of the SEBI (LODR) Regulations, 2015 and Section 178 of the Companies Act, 2013 as applicable.

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

| Sr. No. | Name of the Members | Designation in the Company | Position in the Committee | No. of Meetings Attended |
|---------|-----------------------------|----------------------------|---------------------------|--------------------------|
| 1. | Shri Rakesh Kalra | Independent Director | Chairman | 1 |
| 2. | CA Manoj Fadnis | Independent Director | Member | 1 |
| 3. | ShriChandrasekharan Bhaskar | Independent Director | Member | 1 |

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

During the year under review, the Committee met only once during the financial year on 29th June, 2020.

The Company Secretary is also functioning as the secretary to the Committee.

At the meeting held on 29th June, 2020, the Committee reviewed and made recommendation for Reappointment of Shri Chandrasekharan Bhaskar (DIN: 00003343) as an Independent Director of the company for a second term of Five Consecutive years.

PERFORMANCE EVALUATION CRITERIA FOR DIRECTORS INCLUDING INDEPENDENT DIRECTORS

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

POLICY FOR SELECTION AND APPOINTMENT OF DIRECTORS AND THEIR REMUNERATION

The Nomination and Remuneration Committee has adopted a policy which, inter-alia, deals with the manner of selection of members of the Board including Executive and Non-Executive Directors, Key Managerial Personnel and Senior Management Personnel and their remuneration. The said policy is available on the Company's Website at -<http://kritiindustries.com/policy/>.

DETAILS OF REMUNERATION PAID TO THE DIRECTORS:

The details of Remuneration to Directors during the financial year 2020-21 are as follows:

| Sr. No. | Name of the Directors | Designation | Service Contract | Remuneration drawn Amount (₹ in Lakhs) | | Stock Options Granted |
|---------|------------------------------|--------------------------------|------------------------------|--|--------------|-----------------------|
| | | | | Salary, Allowances, Perquisites & Commission | Sitting Fees | |
| 1. | Shri Shiv Singh Mehta | Chairman and Managing Director | 01.10.2016 to 30.09.2021* | 269.65 | - | - |
| 2. | Mrs. Purnima Mehta | Whole Time Director | 01.07.2019 to 30.06.2022** | 269.65 | - | - |
| 3. | Shri Saurabh Singh Mehta | Non Executive Director | Liable to retire by rotation | - | 1.00 | - |
| 4. | Shri Rakesh Kalra | Independent Director | 01.04.2019 to 31.03.2024 | - | 1.05 | - |
| 5. | CA Manoj Fadnis | Independent Director | 01.04.2019 to 31.03.2024 | - | 1.05 | - |
| 6. | Shri Chandrasekharan Bhaskar | Independent Director | 12.05.2016 to 11.05.2021*** | - | 1.00 | - |

*Shri Shiv Singh Mehta is proposed to be re-appointed as the Chairman and Managing Director by passing Special Resolution in the ensuing 31st AGM for a period of 5 years w.e.f. 01.10.2021 and will also attain age of 70 years during the proposed tenure.

**Mrs. Purnima Mehta is proposed to be re-appointed as the Whole-time Director of the Company in the ensuing 31st AGM for a period of 3 years w.e.f. 01.07.2022.

***Shri Chandrasekharan Bhaskar have been re-appointed as the Independent Director for a second term of consecutive 5 years w.e.f. 12.05.2021 as a Director not liable to retire by rotation at the 30th AGM held on 08.08.2020.

VI. STAKEHOLDERS' RELATIONSHIP COMMITTEE

The Company has Stakeholders Relationship Committee. The terms of reference of the Committee are to consider and approve the transfer of shares, consolidation / split of share certificates, issue of duplicate share certificates, non-receipt of dividend, claims of shares from the IEPF Authority, non-receipt of Annual Reports and other allied matters. The said Committee is also empowered to look into and address Shareholders, Security holders and Investors Grievances in compliance with the SEBI (LODR) Regulations, 2015.

During the financial year ended 31st March, 2021, Fifteen (15) Complaints were received from shareholders and the same were redressed to the satisfaction of the shareholders and no such complaints were pending as on 31st March, 2021.

Shri Chandrasekharan Bhaskar, Non-Executive- Independent Director, is the Chairman of the Committee. While Shri Shiv Singh Mehta, Chairman and Managing Director, Mrs. Purnima Mehta, Whole Time Director and Shri Saurabh Singh Mehta, Non-Executive Director are the Members.

CS Apeksha Baisakhiya Company Secretary of the Company shall act as Compliance Officer of the Committee and the Committee has periodic interaction with the representatives of the Registrar and Transfer Agent of the Company. During the financial year ended 31st March, 2021 the Committee met once on 8th October, 2020 in which all the members have attended the meeting.

VII. CORPORATE SOCIAL RESPONSIBILITY

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

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

| Sr. No. | Name of the Members | Designation in the Company | Position in the Committee | No. of Meetings Attended |
|---------|-----------------------|----------------------------|---------------------------|--------------------------|
| 1. | Shri Shiv Singh Mehta | Managing Director | Chairman | 1 |
| 2. | Mrs. Purnima Mehta | Whole-time Director | Member | 1 |
| 3. | Shri Rakesh Kalra | Independent Director | Member | 1 |

During the year under review, Corporate Social Responsibility Committee met once i.e. on 24th March, 2021.

CS Apeksha Baisakhiya Company Secretary of the Company shall act as Secretary to the Committee.

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

1. the list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act;
2. the manner of execution of such projects or programmes as specified in sub-rule (1) of rule 4;
3. the modalities of utilisation of funds and implementation schedules for the projects or programmes;
4. monitoring and reporting mechanism for the projects or programmes;

5. details of need and impact assessment, if any, for the projects undertaken by the company; and
6. the Board may alter such plan at any time during the financial year, as per the recommendation of its CSR Committee, based on the reasonable justification to that effect.

VIII. INDEPENDENT DIRECTORS' MEETING

The Statutory role of Independent Directors Meeting is to review the performance of Non-Independent Directors, the Board and the Chairman of the Company and also to assess quality, content and timeliness of the flow of information between the Company Management and the Board and its Committees. Meeting of the Independent Directors was held on 22nd January, 2021 to review the performance of Non-Independent Directors including the Chairman and the Board as a whole and was attended by all the Independent Directors of the Company.

IX. GENERAL MEETINGS

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

| Year | Location | Date | Type of General Meeting | Time | S p e c i a l Resolutions | Special resolution through postal Ballot |
|---------|--|-------------------|-------------------------|-----------|---------------------------|--|
| 2019-20 | Held through VC/OAVM in which Deemed venue for the AGM was at 8th Floor, Brilliant Sapphire, Plot No. 10, PSP, IDA Scheme No. 78-II, Indore -452010 (MP) | 8th August, 2020 | AGM | 3:00 P.M. | Yes (1) | - |
| 2018-19 | 8th Floor, Brilliant Sapphire, Plot No. 10, PSP, IDA Scheme No. 78-II, Indore -452010 (MP) | 14th August, 2019 | AGM | 4:00 P.M. | Yes (4) | - |
| 2017-18 | 4th Floor, Chetak Chambers, 14, RNT Marg, Indore | 31st July, 2018 | AGM | 3:00 P.M. | - | - |

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

X. MEANS OF COMMUNICATION

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

Quarterly Results: The Company's quarterly results are published in 'Business Standard and Nai Duniya' Newspapers and are displayed on its website (www.kritiindustries.com).

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

Annual Report: The Annual Report containing, inter alia, Audited Annual Financial Statements (Standalone and Consolidated), Directors' Report and its annexures as required, Auditors' Report and other important information is circulated to members and others entitled thereto. The Management's Discussions and Analysis Report forms part of the Annual Report and is displayed on the Company's website (www.kritiindustries.com).

BSE Corporate Compliance and Listing Centre (the 'Listing Centre'): BSE's Listing Centre is a web-based application designed for corporate. All periodical compliance filings like financial results, shareholding pattern, corporate governance report, Annual Report, Related Party Transactions, Investors compliant, Annual Secretarial Compliance Report, etc as required under SEBI (LODR) Regulations as well as SEBI (PIT)

Regulations and other requirements as may be applicable from time to time are filed electronically on the Listing Centre.

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

XI. OTHER DISCLOSURES UNDER SEBI LISTING REGULATIONS

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

The Board has approved a policy for related party transactions which has been uploaded on the Company's website.

Weblink-<http://kritiindustries.com/policy/>

During the last three years, no non-compliance has been noticed and no penalties, strictures were imposed by stock exchange, SEBI or any statutory authority on the Company or its promoters and directors in respect of any matter related to capital market.

2. The Company promotes ethical behavior in all its business activities and has put in place a mechanism for reporting illegal or unethical behavior. The Company has a Vigil Mechanism and Whistle Blower Policy under which the employees are free to give their views on the accounting policies and practices of the Company, report unethical or undesirable behavior or practices, actual and suspected fraud taking place in the Company, violations of Company's Code of Conduct or ethics policy. The reportable matters may be disclosed to the Audit Committee through the Chairman/Secretary of the Audit Committee. In exceptional cases, employees may also report directly to the Chairman of the Audit Committee. During the year under review, no employee was denied access to the Audit Committee.
3. Your Board affirms that, there is no such instances where the Board has not accepted any recommendation of any committee of the Board during the financial year.
4. The Company has not raised money through an issue (public issues, rights issues, preferential issues etc.) during the year under review.

5. The Company has in place an effective mechanism for dealing with complaints relating to sexual harassment at workplace. The details relating to the number of complaints received and disposed of during the financial year 2020-21 are as under:

- a. Number of complaints filed during the financial year: NIL
- b. Number of complaints disposed of during the financial year: NIL
- c. Number of complaints pending as on end of the financial year: NIL

6. The Company complied with all mandatory requirements and has adopted non-mandatory requirement as per details given below:

A. The Board:

The Company is having Executive Chairman.

B. Shareholder's Rights:

The quarterly and half yearly results are published in the newspaper and also displayed on the website of the Company and are submitted and hosted at the portal of BSE Ltd. where the shares of the Company are listed.

C. Audit Qualification:

The auditors have not qualified the financial statement of the Company. The Company continues to adopt best practices in order to ensure unqualified financial statements. The Secretarial Auditor have given certain remarks which are self explanatory itself and needs no further explanations except as stated in Director's Report on which the management have given their comments.

D. Reporting of Internal Auditor:

The Internal Auditors of the Company report to the Audit Committee.

7. Total fees for all services paid by the listed entity and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part: The company has paid ₹4.43 Lakhs to M/s Rakesh Kumar & Associates for the year ended 31st March, 2021 and the consolidated Remuneration given to the Auditors for the year 2020-21 is ₹4.93 Lakhs.
8. Company has also annexed a certificate from M/s D.P. Yadav and Associates, Company Secretaries, a Practicing company Secretary that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority as at 31.03.2021.
9. The Company is not having any demat suspense account/unclaimed suspense account during the year under review.

10. Secretarial Compliance Report: In compliance of the SEBI vide its Circular No. CIR/CFD/CMD1/27/2019 dated 8th February, 2019 read with Regulation 24A(2) of the SEBI (LODR) Regulations, 2015, the Company has engaged the services of CS Ajit Jain (CP No. 2876), Practicing Company Secretary for providing said report. The said Secretarial Compliance Report is in addition to the Secretarial Audit Report provided by Practicing Company Secretaries under Form MR – 3.

XII. CONFIRMATION OF COMPLIANCE

1. The Company has complied with the requirements specified in Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 of the Listing Regulations.
2. The Company has laid down Code of Conduct for the Directors and Senior Management Personnel of the Company

and they have affirmed to the Board that they have adhered to the Code of Conduct during the year ended 31st March, 2021 and the declaration to that effect from Chairman and Managing Director is annexed to this report.

3. The compliance Certificate from M/s D.P. Yadav and Associates, Company Secretaries that the Company has complied with the conditions of Corporate Governance is annexed to the Report of the Board of Directors.
4. Matters required to be covered under Management Discussion and Analysis report are covered in the Report of the Board of Directors under relevant heads, hence not been given separately.

XIII. GENERAL SHAREHOLDER INFORMATION

1. The Company is registered in the State of Madhya Pradesh, India with the Registrar of Companies, Gwalior. The Corporate Identity Number (CIN) allotted to the Company by the Ministry of Corporate Affairs (MCA) is L25206MP1990PLC005732.

2. **Annual General Meeting**
Date and Time, Venue : 7th August, 2021
: 8th Floor, Brilliant Sapphire, Plot No. 10, PSP, IDA
Scheme No. 78-II, Indore (M.P.)
3. **Book Closure Date** : 1st August, 2021 to 7th August, 2021
(Both days inclusive)
4. **Dividend Payment Date** : on or after 12th August, 2021
5. **Financial Year** : April 1 to March 31
6. **Financial Calendar for the Year ending** : 31st March, 2022

| Sr. No. | Name of the Members | Tentative Date |
|---------|--|-----------------------------------|
| 1. | Unaudited Financial Results for the First Quarter ending 30th June, 2021 | On or Before 14th August, 2021 |
| 2. | Unaudited Financial Results for the Second Quarter ending 30th September, 2021 | On or Before 14th November, 2021 |
| 3. | Unaudited Financial Results for the Third Quarter ending 31st December, 2021 | On or Before 14th February, 2022 |
| 4. | Audited Financial Results for the Fourth Quarter ending 31st March, 2022 | On or Before 30th May, 2022 |
| 5. | Annual General Meeting for the year ending 31st March, 2022 | On or before 30th September, 2022 |

7. **Listing on Stock Exchange** : BSE Limited
Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001
Scrip Code – 526423
ISIN - INE479D01038
8. Annual Listing fees for the year 2021-22 have been duly paid to the above Stock Exchange and the trading of the shares being regular during the year under review.
9. Annual Custody / Issuer fee for the year 2021-22 has been paid to NSDL and will be paid to CDSL on receipt of the invoice.

10. Stock Market Data:

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

| Month/Year | Kriti | | BSE Sensex | |
|------------|----------|---------|------------|-----------|
| | Price | | Price | |
| | High (₹) | Low (₹) | High (₹) | Low (₹) |
| Apr 2020 | 17.90 | 10.20 | 33887.25 | 27500.79 |
| May 2020 | 16.40 | 12.50 | 32,845.48 | 29,968.45 |
| June 2020 | 22.40 | 13.65 | 35,706.55 | 32,348.10 |
| July 2020 | 26.70 | 17.50 | 38,617.03 | 34,927.20 |
| Aug 2020 | 35.85 | 25.65 | 40,010.17 | 36,911.23 |
| Sep 2020 | 29.30 | 25.00 | 39,359.51 | 36,495.98 |
| Oct 2020 | 32.40 | 24.65 | 41,048.05 | 38,410.20 |
| Nov 2020 | 38.00 | 29.50 | 44,825.37 | 39,334.92 |
| Dec 2020 | 51.10 | 33.00 | 47,896.97 | 44,118.10 |
| Jan 2021 | 67.60 | 47.00 | 50,184.01 | 46,160.46 |
| Feb 2021 | 70.95 | 53.00 | 52,516.76 | 46,433.65 |
| Mar 2021 | 92.95 | 58.60 | 51,821.84 | 48,236.35 |

11. Dividend History:

The Dividend declared and paid during the previous five financial years is as under:

| Sr. No. | Financial Year | % of Interim Dividend | % of Final Dividend | % of Total Dividend | Dividend Amount in Lakhs |
|---------|----------------|-----------------------|---------------------|---------------------|--------------------------|
| 1 | 2019-20 | - | 15 | 15 | 74.40 |
| 2 | 2018-19 | - | 15 | 15 | 74.40 |
| 3 | 2017-18 | - | 15 | 15 | 74.40 |
| 4 | 2016-17 | - | 15 | 15 | 74.41 |
| 5 | 2015-16 | 18 | - | 18 | 89.29 |

12. Registrar & Transfer Agent

:Ankit Consultancy Pvt. Limited
Plot No. 60, Electronic Complex, Pardeshipura
Indore- 452 010 (M.P)
SEBI Reg. No. NR000000767
Tel: 0731-4065797/ 0731-4065799
E-mail: ankit_4321@yahoo.com, info@ankitonline.com, support@ankitonline.com

13. Distribution of Shareholding as on 31st March, 2021:

| Shares Holding of Nominal Value of ₹ | No. of Shareholders | % of Shareholding |
|--------------------------------------|---------------------|-------------------|
| 1-1000 | 5380 | 77.88 |
| 1001-2000 | 719 | 10.41 |
| 2001-3000 | 232 | 3.36 |
| 3001-4000 | 188 | 2.72 |
| 4001-5000 | 66 | 0.96 |
| 5001-10000 | 181 | 2.62 |
| 10001-20000 | 70 | 1.01 |
| 20001-30000 | 20 | 0.29 |
| 30001-40000 | 14 | 0.20 |
| 40001-50000 | 4 | 0.06 |
| 50001-100000 | 14 | 0.20 |
| 100000 Above | 20 | 0.29 |
| Total | 6908 | 100.00 |

14. Dematerialization of Shares:

4,84,13,040 Equity Shares i.e. 97.6% of the total Equity Shares have been dematerialised upto 31st March, 2021.

Trading in Equity Shares of the Company on Stock Exchanges is permitted only in dematerialised form as per the directions issued by the Securities and Exchange Board of India in that behalf.

15. Company has no outstanding GDR's, ADR's, Warrants or any other Convertible Instruments.

16. Commodity price risk or foreign exchange risk and hedging activities:

The Company does not have any exposure hedged through commodity derivatives. During the year 2020-21, the company had managed the foreign exchange risk and hedged to the extent considered necessary. The Company enters into forward contracts for hedging foreign exchange exposures against imports.

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

18. Address for Investor Correspondence:

Registered Office:

Kriti Industries (India) Limited

34, Mehta Chambers, Siyagunj

Indore 452007 (M.P)

Tel: 0731-2540963

Email: cs1@kritiindia.com

Corporate Support Centre:

Kriti Industries (India) Limited

Brilliant Sapphire, 801-804, 8th Floor

Plot No. 10, Sch No.78-II, Vijay Nagar

Indore – 452010 (M.P)

Tel: 0731-2719100

Email: cs1@kritiindia.com

ANNEXURE-1

Corporate Governance Certificate

To,
The Members of
KRITI INDUSTRIES (INDIA) LIMITED
CIN L25206MP1990PLC005732
Registered Office: Mehta Chambers, 34-Siyagunj, Indore (M.P.) – 452007
Corporate Office: 8th floor, Plot no.10, PSP, IDA Scheme no. 78-II, Vijay Nagar
Indore (M.P.) 452010

1. I, D.P. Yadav, Proprietor at D.P. Yadav and Associates. Practicing Company Secretaries, have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on 31st March 2021, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations').

Managements' Responsibility

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

Our Responsibility

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

Opinion

5. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI Listing Regulations during the year ended 31st March, 2021.

5.1 *There was mismatch in amounts of Related party transactions in various transactions held as disclosed in the information / explanation/ details /statement of accounts provided for the Financial Year Ended 31.03.2021 with that of the details of the Related Party Transactions disclosed at BSE pursuant to Regulation 23(9) of SEBI (Listing Obligation and Disclosure Requirement) 2015.*

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

7. In the opinion and to the best of our information and according to explanation given to us, and the representation made by the director and the management and considering the relaxation granted by the Ministry Of Corporate Affairs and Securities And Exchange Board Of India warranted due to the spread of the COVID-19 pandemic (and resultantly note given hereunder), we certify that the company has complied with the conditions of corporate governance as stipulated in the SEBI listing regulation for the year ended on 31st March, 2021.

Note:-Due to complete lockdown in the country as notified by the Government of India for prevention of COVID-19 which has resulted in many restrictions including free movement of people, we have not checked Minutes Books, and other relevant records and documents as it was not possible to personally visit the office. Hence, we have relied on the explanations and records made available by the company either telephonically or electronically.

FOR D.P. Yadav & Associates.
Practicing Company Secretaries
Proprietor

D.P. Yadav

Date: 15.05.2021
Place: INDORE

ACS 36395 CP 13717
UDIN number A036395C000529426

ANNEXURE-2

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

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

To,
The Members of
Kriti Industries (India) Limited,
CIN: L25206MP1990PLC005732
Mehta-Chambers 34, Siyaganj, Indore MP-452007.

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

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2021 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

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

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

For: D.P. Yadav & Associates

CS D.P. Yadav
M.No. 36395
COPN:13717

UDIN : A036395C000354966

Date:15th May, 2021
Place: Indore

MD/CFO CERTIFICATE

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

Dear Sirs

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

- A. We have reviewed the financial statements and cash flow statement for the year ended on 31st March, 2021 and to the best of our knowledge and belief :
 - I. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - II. These statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.
- B. To the best of our knowledge and belief, no transactions entered into by the Company during the financial year ended on 31st March, 2021 are fraudulent, illegal or violate the Company's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that they have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and have not noticed any deficiency that need to be rectified or disclosed to the Auditors.
- D.
 - I. There has not been any significant change in internal control over financial reporting during the year under review;
 - II. There has been not any significant change in accounting policies during the year under review; and
 - III. We are not aware of any instance during the year, of any significant fraud with involvement therein of the management or any employee having a significant role in the Company's internal control system over financial reporting.

Date: 15th May, 2021
Place: Indore

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

Kamal Kanodia
Chief Financial Officer

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Financial
Statements

Independent Auditor's Report

To,
The Members,
Kriti Industries (India) Limited

Report on Audit of the Standalone Financial Statements:

Opinion:

We have audited the accompanying standalone financial statements of **KRITI INDUSTRIES (INDIA) LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss (including other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2021, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion:

We conducted our audit of the Standalone financial statements

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

Key Audit Matters :

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

| S.No. | Key Audit Matter | Auditor's Response |
|--|--|--|
| 1. | <p>Provisions and Contingent liabilities in respect of certain litigations including Direct and Indirect Taxes not acknowledged as debt. [Note No. 31(c) read with Note No. 2.2.8 and 2.2.10 to the standalone financial statements]:</p> <p>The Company has material uncertain tax positions including matters under dispute which involves significant judgment to determine the possible outcome of these disputes. The Company's assessment is supported by the facts of matter, their own judgment, past experience, and advices from legal and independent tax consultants wherever considered necessary. Accordingly, unexpected adverse outcomes may significantly impact the Company's reported profit and the Balance Sheet.</p> | <p>Our audit approach involved :-</p> <ol style="list-style-type: none"> Understanding the current status of the litigations/tax assessments; Examining communication received from various Tax Authorities/ Judicial forums and follow up action thereon; Evaluating the merit of the subject matter under consideration with reference to available independent legal / tax advice; and Review and analysis of evaluation of the contentions of the Company through discussions, collection of details of the subject matter under consideration and the likely outcome. |
| <p>We determined the above areas as a Key Audit Matter in view of associated uncertainty relating to the outcome of these matters.</p> | | |

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

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis,

Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information ("the Other Information"), but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not

cover the other information and we do not express any form of assurance conclusion thereon.

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

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

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance

is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of the users taken on the basis of these financial statements.

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

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

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in

(i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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

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

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

Report on Other Legal and Regulatory Requirements:

- 1) As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
- 2) As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received

from the directors as on 31st March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.

- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure – B". Our report expresses an unmodified opinion on the adequacy and the operating effectiveness of the Company's internal financial controls over financial reporting.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements - Refer Note 31(c) to the standalone Ind AS financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There was no delay in transferring the amount, required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31st March 2021.
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Sec 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

FOR RAKESH KUMAR & ASSOCIATES
Chartered Accountants
Firm Reg. No. : 002150C

CA. PUNEET GUPTA

Partner

Place : Indore
Date : 15th May 2021

Membership No. : 413168

“Annexure A” to the Auditor’s Report

The Annexure referred to in paragraph 1 under “Report on other Legal and Regulatory Requirements” of our Independent Auditor’s Report of even date on the standalone Ind AS financial statements to the members of Kriti Industries (India) Limited for the year ended 31st March 2021, we further report that :

- (i) a. As informed to us, the Company has maintained proper records, on yearly basis, showing full particulars, including quantitative details and situation of fixed assets.
- b. As informed to us, the management of the Company has done physical verification of certain fixed assets at reasonable intervals in accordance with programme of verification, which in our opinion is reasonable, having regard to the size of the company and nature of its assets and no material discrepancies were noticed on such verification.
- c. The title deeds of immovable properties are held in the name of the company.
- (ii) As informed to us, the inventory of the Company has been physically verified during the year by the management at reasonable intervals. Discrepancies noticed during the physical verification of stock were not material and have been properly dealt with in the books of accounts of the company.
- (iii) As per information and explanation given to us, the Company had granted unsecured loan to one (1) company covered in the register maintained under section 189 of the Companies Act, 2013. However, the loan granted has been completely received back as at the year end.
- a. In respect of loan granted to the body corporate, the terms and conditions of the loans are prima facie not prejudicial to the interest of the company.
- b. The terms of arrangement do not stipulate any repayment schedule and also the loan is repayable on demand. The borrower has been regular in the payment of interest as stipulated.
- c. As there is no specified repayment schedule of the loan granted to the body corporate, the clause (iii) (c) of the order is not applicable to the company.
- (iv) As per information and explanation given to us, the Company has complied all provisions in respect of loans, investment and guarantees covered under section 185 to section 186 of the Companies Act, 2013.
- (v) In our opinion and according to the information and explanations given to us, the Company neither accepted nor invited any deposits from public within the provision of Section 73 to 76 of Companies Act, 2013 and rules made there under.
- (vi) We have broadly reviewed the books of account maintained by the company pursuant to the rules made by the Central Government for the maintenance of the cost records under section 148 (1) of the Companies Act, 2013 and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have, however, not made detailed examinations of the records with a view to determine whether they are accurate or complete.
- (vii) a. According to the information and explanation given to us, the Company has been generally regular in depositing undisputed dues relating to Provident Fund, Employees’ State Insurance, Income Tax, Sales Tax, Service Tax, Duties of Customs, Duties of Excise, Value Added Tax, Cess and other material statutory dues applicable to it with appropriate authorities. There are no undisputed statutory dues payable which are outstanding as at March 31, 2021 for a period of more than 6 months from the date they became payable.
- b. According to the information and explanations given to us, following dues of Income Tax, Sales Tax, Service Tax, duties of Customs, duties of Excise or Value Added Tax has not been deposited on account of any dispute: –

| Name of the Statute (Nature of the Dues) | Forum where Matter is pending | Period to which the amounts relates | Amount (in ₹) |
|--|---------------------------------|-------------------------------------|---------------|
| Central Sales Tax | High Court of MP | 2005-06 | 7238189 |
| Central Sales Tax | High Court of MP | 2006-07 | 1335795 |
| Entry Tax | High Court of MP | 2007-08 | 1355843 |
| Central Sales Tax | Appellate Board, Bhopal | 2008-09 | 76424 |
| Central Sales Tax | Appellate Board, Bhopal | 2009-10 | 170701 |
| Entry Tax | Appellate Board, Bhopal | 2012-13 | 380439 |
| Central Sales Tax | Deputy Commissioner, Indore | 2014-15 | 269734 |
| Central Sales Tax | Additional Commissioner, Indore | 2015-16 | 846438 |
| Central Sales Tax | Deputy Commissioner, Indore | 2016-17 | 112119 |

- (viii) According to information and explanations given to us by the management and according to the records of the company examined by us, we are of the opinion that the Company has not defaulted in repayment of any loan from Financial Institutions, Banks or debenture holders.
- (ix) To the best of our knowledge and belief and according to the information and explanations given to us and based on documents provided to us, the company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year. However, term loan availed by the Company were, prima-facie, applied by the Company for the purposes for which the loans were obtained.
- (x) During the course of our examination of the books of accounts and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud on the company by its officers/employees or by the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.
- (xi) According to the information and explanation given to us, and based on documents provided to us, the managerial remuneration has been paid /provided in accordance with the requisite approvals mandated by the provisions of section 197 read with schedule V to the Companies Act 2013.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanation given to us, and based on document provided to us, all transactions with the related parties are in compliance with section 188 & section 177 of the Companies Act 2013 where applicable and details of such transactions to the extent required has been disclosed in the standalone Ind AS financial statements as required by applicable accounting standards.
- (xiv) According to the information and explanation given to us, the Company has not made any preferential allotment/ private placement of shares or fully or partly convertible debenture during the year.
- (xv) According to the information and explanation given to us, the Company has not entered into any non-cash transactions with Directors or Persons connected with him.
- (xvi) In our opinion and according to explanations given to us, the company is not required to get registered under section 45-IA of the Reserve Bank of India Act, 1934.

FOR RAKESH KUMAR & ASSOCIATES

Chartered Accountants

Firm Reg. No. : 002150C

CA. PUNEET GUPTA

Partner

Membership No. : 413168

Place : Indore

Date : 15th May 2021

“Annexure B” to the Auditor’s Report

The Annexure referred to in paragraph 2(f) under “Report on other Legal and Regulatory Requirements” of our Independent Auditor’s Report of even date on the standalone Ind AS financial statements to the members of Kriti Industries (India) Limited for the year ended 31st March 2021.

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

We have audited the internal financial controls over financial reporting of **Kriti Industries (India) Limited** (“the Company”) as of March 31, 2021 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered

Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls Over Financial Reporting

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

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

FOR RAKESH KUMAR & ASSOCIATES

Chartered Accountants

Firm Reg. No. : 002150C

CA. PUNEET GUPTA

Partner

Place : Indore

Date : 15th May 2021

Membership No. : 413168

Balance Sheet as at March 31, 2021

(₹ in Lakhs)

| Particulars | Notes | As at March 31, 2021 | As at March 31, 2020 |
|--|-------|----------------------|----------------------|
| ASSETS | | | |
| (1) NON CURRENT ASSETS | | | |
| (a) Property, Plant and Equipment | 3 | 10,031.96 | 10,232.04 |
| (b) Capital work-in-progress | | 946.16 | 94.97 |
| (c) Other Intangible assets | 4 | 14.20 | 15.52 |
| (d) Financial Assets | | | |
| (i) Investments | 5 | 661.60 | 661.60 |
| (ii) Loans | 6 | 242.84 | 581.96 |
| (iii) Other financial assets | 7 | 56.00 | - |
| Total Non Current Assets | | 11,952.76 | 11,586.09 |
| (2) Current assets | | | |
| (a) Inventories | 8 | 16,168.00 | 13,360.42 |
| (b) Financial Assets | | | |
| (i) Trade receivables | 9 | 3,212.73 | 6,802.02 |
| (ii) Cash and cash equivalents | 10 | 1.27 | 3.89 |
| (iii) Bank balances other than (ii) above | 11 | 1,550.94 | 1,366.45 |
| (iv) Loans | 12 | 2,052.45 | 1,953.10 |
| (c) Other current assets | 13 | 107.57 | 118.98 |
| Total Current Assets | | 23,092.96 | 23,604.86 |
| Total Assets | | 35,045.72 | 35,190.95 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| (a) Equity Share capital | 14 | 496.04 | 496.04 |
| (b) Other Equity | 15 | 13,637.20 | 9,884.08 |
| Total Equity | | 14,133.24 | 10,380.12 |
| LIABILITIES | | | |
| (1) Non-current liabilities | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowings | 16 | 1,604.99 | 1,532.05 |
| (b) Deferred tax liabilities (Net) | 17 | 1,005.29 | 973.38 |
| (c) Other non-current liabilities | 18 | 1,277.55 | 1,073.08 |
| (i) Lease Liability | | 304.25 | 317.23 |
| Total non current Liabilities | | 4,192.08 | 3,895.74 |
| (2) Current liabilities | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowings | 19 | 4,463.45 | 5,115.09 |
| (ii) Trade payables | | | |
| (a) Total outstanding dues of micro enterprises and small enterprises (Refer Note No.33) | | - | - |
| (b) Total outstanding dues of creditors other than micro and small enterprises | 20 | 10,519.62 | 14,458.36 |
| (iii) Others | 21 | 722.49 | 772.12 |
| (b) Other current liabilities | 22 | 811.88 | 456.02 |
| (c) Provisions | 23 | 145.11 | 101.15 |
| (d) Current tax liabilities (Net of Adv Tax & TDS) | 24 | 57.85 | 12.35 |
| Total current Liabilities | | 16,720.40 | 20,915.09 |
| Total Equity and Liabilities | | 35,045.72 | 35,190.95 |

Significant accounting policies & Notes to the accounts 1 - 46

As per our Report of even date attached

For Rakesh Kumar & Associates

Chartered Accountants

F.R.N. 002150C

For and on behalf of the Board of Directors

Puneet Gupta

Partner

M.No. 413168

Shiv Singh Mehta

Chairman and Managing Director

DIN 00023523

Purnima Mehta

Executive Director

DIN 00023632

Kamal Kanodia

Chief Financial officer

Apeksha Baisakhiya

Company Secretary

Place: Indore

Date:- 15th May,2021

Statement of Profit & Loss for the year ended March 31, 2021

| Particulars | Notes | (₹ in Lakhs) | |
|---|-------|--------------------------------------|--------------------------------------|
| | | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
| REVENUE | | | |
| Revenue From Operations | 25 | 58,916.50 | 53,421.73 |
| Other Income | 26 | 106.48 | 187.16 |
| Total Income | | 59,022.98 | 53,608.89 |
| EXPENSES | | | |
| Cost of materials consumed | | 46,767.76 | 40,508.58 |
| Changes in inventories of finished goods, Stock-in-Trade and Work-in-Progress | | (2,179.12) | 692.21 |
| Employee benefits expense | 27 | 2,636.93 | 2,334.25 |
| Finance costs | 28 | 1,096.35 | 1,725.71 |
| Depreciation and amortization expense | 3-4 | 748.89 | 715.16 |
| Other expenses | 29 | 4,832.06 | 5,360.58 |
| Total Expenses | | 53,902.87 | 51,336.49 |
| Profit/(loss) before exceptional items and tax | | 5,120.11 | 2,272.40 |
| Exceptional Items (Impairment Loss) | | - | 116.55 |
| Profit/(loss) before tax | | 5,120.11 | 2,155.85 |
| Tax expense: | | | |
| (1) Current tax | | 1,265.20 | 530.11 |
| (2) Deferred tax | | 31.91 | (298.18) |
| Total Tax Expenses | | 1,297.11 | 231.93 |
| Net Profit/(Loss) for the period from continuing operations | | 3,823.00 | 1,923.92 |
| Profit/(Loss) for the period from discontinued operations | | - | - |
| Tax expense: | | | |
| (i) Current tax | | - | - |
| (ii) Deferred tax | | - | - |
| Net Profit/(Loss) for the period from discontinued operations | | - | - |
| Net Profit/(Loss) for the period. | | 3,823.00 | 1,923.92 |
| Other Comprehensive Income | | | |
| Items that will not be reclassified to profit or loss | | | |
| Remeasurement of Defined Benefit Plan | | 7.59 | 16.69 |
| Total Other Comprehensive Income | | 7.59 | 16.69 |
| Total Comprehensive Income for the period | | 3,830.59 | 1,940.61 |
| Earnings per equity share | | | |
| (1) Basic | | 7.71 | 3.88 |
| (2) Diluted | | 7.71 | 3.88 |

Significant accounting policies & Notes to the accounts 1 - 46

As per our Report of even date attached

For Rakesh Kumar & Associates

Chartered Accountants

F.R.N. 002150C

For and on behalf of the Board of Directors

Puneet Gupta

Partner

M.No. 413168

Shiv Singh Mehta

Chairman and Managing Director

DIN 00023523

Purnima Mehta

Executive Director

DIN 00023632

Kamal Kanodia

Chief Financial officer

Apeksha Baisakhiya

Company Secretary

Place: Indore

Date:- 15th May, 2021

Cash Flow Statement as on March 31, 2021

(₹in Lakhs)

| Particulars | For the year ended March 31, 2021 | | For the year ended March 31, 2020 | |
|--|-----------------------------------|-------------------|-----------------------------------|-------------------|
| | Amount | Amount | Amount | Amount |
| CASH FLOW FROM OPERATING ACTIVITIES | | | | |
| Net Profit before Tax | | 5,120.12 | | 2,155.86 |
| Adjustments for : | | | | |
| Depreciation | 748.89 | | 715.16 | |
| (Profit)/ Loss on Sale of Fixed Assets | - | | - | |
| Financial Income | (89.07) | | (176.76) | |
| OCI Income | 7.59 | | 16.69 | |
| Financial Expense | 1,096.35 | 1,763.76 | 1,725.71 | 2,280.80 |
| Cash Operating Profit before working capital changes | | 6,883.88 | | 4,436.66 |
| (Increase) / Decrease in Inventories | (2,807.57) | | (2,336.84) | |
| (Increase) / Decrease in Trade Receivables | 3,589.29 | | (601.22) | |
| (Increase) / Decrease in Deposit given | (99.35) | | (465.08) | |
| (Increase) / Decrease in Other Current Assets | 11.41 | | 0.80 | |
| (Increase) / Decrease in Loan Given | 339.12 | | (184.00) | |
| (Increase) / Decrease in other Financial assets | (56.00) | | 0.74 | |
| (Increase) / Decrease in Other Non Current Assets | - | | 40.46 | |
| Increase / (Decrease) in Trade Payables | (3,938.72) | | 2,468.84 | |
| Increase / (Decrease) in Other Financial Liabilities | (49.63) | | (29.16) | |
| Increase / (Decrease) in Other Current Liabilities | 355.86 | | 13.83 | |
| Increase / (Decrease) in Provisions | 43.96 | | 15.67 | |
| Increase / (Decrease) in Other Tax Liabilities | 45.50 | | 12.35 | |
| | | (2,566.13) | | (1,063.61) |
| Tax Paid | | (1,268.28) | | (530.11) |
| Net Cash From Operating Activities (A) | | 3,049.47 | | 2,842.94 |
| CASH FLOW FROM INVESTING ACTIVITIES | | | | |
| Financial Income | 89.07 | | 176.76 | |
| Sale Proceed Of Fixed Assets (Net) | - | | - | |
| Purchase of Fixed Assets | (1,398.69) | | (1,536.94) | |
| Investment in Fixed Deposits against margin money | (184.49) | | (176.72) | |
| (Increase) / Decrease in Non Current Investment | - | | 116.55 | |
| Net Cash Used In Investing Activities (B) | | (1,494.11) | | (1,420.34) |
| CASH FLOW FROM FINANCING ACTIVITIES | | | | |
| Proceeds from Long Term Borrowings | - | | - | |
| Repayment of Long Term Borrowings | 72.93 | | (662.72) | |
| Net Increase / (Decrease) in Long Term Borrowings | 72.93 | | (662.72) | |
| Increase / (Decrease) in Other Non Current Liability | 191.48 | | 356.87 | |
| Increase / (Decrease) in Short Term Borrowings | (651.63) | | 699.57 | |
| Dividend Paid on Equity Shares | (74.41) | | (74.41) | |
| Dividend Distribution Tax Paid | - | | (15.29) | |
| Financial Expenses | (1,096.35) | | (1,725.71) | |
| Net Cash Used In Financing Activities (C) | | (1,557.98) | | (1,421.69) |
| Net Decrease In Cash and Cash Equivalents (A + B + C) | | (2.62) | | 0.91 |
| ADD :Cash and cash equivalents - Opening - 1st April | | 3.89 | | 2.98 |
| Cash and cash equivalents - Closing - 31st Mar'2021 | | 1.27 | | 3.89 |

Cash Flow Statement as on March 31, 2021

Footnote to Cash Flow Statement:

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

(₹ in Lakhs)

| Particulars | 2020-21 | 2019-20 |
|--|-------------|-------------|
| Cash & Cash Equivalents | | |
| Balances with Banks | | |
| Current Account | 0.87 | 0.48 |
| FDRs | - | - |
| Cash on hand | 0.40 | 3.41 |
| Total of Cash & Cash Equivalent | 1.27 | 3.89 |

Significant accounting policies & Notes to the accounts 1 - 46

As per our Report of even date attached

For Rakesh Kumar & Associates

Chartered Accountants

F.R.N. 002150C

For and on behalf of the Board of Directors

Puneet Gupta

Partner

M.No. 413168

Shiv Singh Mehta

Chairman and Managing Director

DIN 00023523

Purnima Mehta

Executive Director

DIN 00023632

Kamal Kanodia

Chief Financial officer

Apeksha Baisakhiya

Company Secretary

Place: Indore

Date:- 15th May,2021

Statement of Change in Equity for the year ended March 31, 2021

SHARE CAPITAL

(₹ in Lakhs)

| Equity Share Capital | Balances as at 1st April, 2019 | Changes in equity share capital during the year | Balance as at 31st March, 2020 | Balances as at 1st April, 2020 | Changes in equity share capital during the year | Balance as at 31st March, 2021 |
|----------------------|--------------------------------|---|--------------------------------|--------------------------------|---|--------------------------------|
| Paid up Capital | 496.04 | 0.00 | 496.04 | 496.04 | 0.00 | 496.04 |

OTHER EQUITY

(₹ in Lakhs)

| Particulars | Reserves and Surplus | | | | | | Other Comprehensive Income | Total |
|---|----------------------|-----------------------|---------------------|--------------------------|-------------------|------------------|----------------------------|------------------|
| | General Reserve | Share Premium Account | Contingency Reserve | Share Forfeiture Account | Retained Earnings | Total | | |
| Balances as at 1st April 2019 | 3,425.00 | 466.14 | - | 2.73 | 4,139.03 | 8,032.90 | 0.29 | 8,033.19 |
| Total Comprehensive Income | - | - | - | - | 1,923.93 | 1,923.93 | 16.69 | 1,940.62 |
| Final Dividend paid including corporate dividend tax for FY 2019-20 | - | - | - | - | (89.70) | (89.70) | - | (89.70) |
| Transfer to General Reserve | 100.00 | - | - | - | (100.00) | - | - | - |
| Balance as at 31st March, 2020 | 3,525.00 | 466.14 | - | 2.73 | 5,873.26 | 9,867.13 | 16.98 | 9,884.11 |
| Total Comprehensive Income | - | - | - | - | 3,823.00 | 3,823.00 | 7.59 | 3,830.59 |
| Final Dividend paid including corporate dividend tax | - | - | - | - | (74.41) | (74.41) | - | (74.41) |
| Transfer to General Reserve | 200.00 | - | - | - | (200.00) | - | - | - |
| Short IT Provision 19-20 | - | - | - | - | (3.09) | (3.09) | - | (3.09) |
| Balance as at 31st March, 2021 | 3,725.00 | 466.14 | - | 2.73 | 9,418.76 | 13,612.63 | 24.57 | 13,637.20 |

General Reserve

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

Share Premium Account

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

Contingency Reserve

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

Share Forfeiture Account

to use Stock purchase plans to inspire employee loyalty.

Notes - 1. Significant accounting policies and notes to the accounts 31.03.2021

1 Corporate Information

Kriti Industries (India) Ltd., a public limited company domiciled in India and incorporated under the provisions of the Companies Act, 1956 on 12.03.1990 and having its Registered office in Indore (MP).

The company's shares are listed in the Bombay Stock Exchange (BSE). KIL manufactures premium quality piping products and solution, accessories, gas pipe, telecom ducts, submersible pipes and casing pipes.

2. Statement of Compliance of Indian Accounting Standards (Ind AS)

These financial statements are separate financial statements of the Company (also called standalone financial statements). The Company has prepared and presented the financial statements for the year ended March 31, 2021, together with the comparative period information as at and for the year ended March 31, 2020, in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended).

2.1 Basis of Preparation and Presentation

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

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

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

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

The company has consistently applied the accounting policies to all periods presented in these financial statements.

Historical cost measures provide monetary information about assets, liabilities and related income and expenses, using information derived, at least in part, from the price of the transaction or other event that gave rise to them. Unlike current value, historical cost does not reflect changes in values, except to the extent that those changes relate to impairment of an asset or a liability becoming onerous.

Fair value is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

2.2. Summary of Significant Accounting Policies

2.2.1. Property, Plant and Equipment

- a) Property, Plant and Equipment (PPE) are stated at cost, net of recoverable taxes, trade discount and rebates less accumulated depreciation and impairment losses, if any. Such cost includes purchase price, borrowing cost and any cost directly attributable to bringing the assets to its working condition for its intended use, net charges on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the assets.
- b) Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost can be measured reliably.
- c) In the carrying amount of an item of PPE, the cost of replacing the part of such an item is recognized when that cost is incurred if the recognition criteria are met. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition principles.
- d) Expenses incurred relating to project, net of income earned during the project development stage prior to its intended use, are considered as pre - operative expenses and disclosed under Capital Work-in-Progress.

Significant accounting policies and notes to the accounts 31.03.2021

- e) Depreciation on property, plant and equipment is provided using straight line method. Depreciation is provided based on useful life of the assets as prescribed in Schedule II to the Companies Act, 2013. Each part of an item of Property, Plant & Equipment with a cost that is in relation to total cost of the Machine is depreciated separately, if its useful life is different than the life of the Machine.
- f) The depreciation for each year is recognised in the Statement of Profit & Loss unless it is included in the carrying amount of another asset.
- g) Based on the technical evaluation, the management believes that the useful life of Dies and Moulds is 6 years.
- h) The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.
- i) An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset
- j) Gains or losses arising from derecognition of a property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognized.
- k) Spare parts procured along with the Plant & Machinery or subsequently which meet the recognition criteria are capitalized and added in the carrying amount of such item. The carrying amount of those spare parts that are replaced is derecognized when no future economic benefits are expected from their use or upon disposal. Other machinery spares are treated as “stores & spares” forming part of the inventory.

2.2.2. Leases.

- a. The Company, as a lessee, recognises a right-of-use asset and a lease liability for its leasing arrangements, if the contract conveys the right to control the use of an identified asset. The contract conveys the right to control the use of an identified asset, if it involves the use of an identified asset and the Company has substantially all of the economic benefits from use of the asset and has right to direct the use of the identified asset. The cost of the right-of-use asset shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs incurred. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset.
- b. The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate.
- c. For short-term and low value leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the lease term.
- d. Lessors will continue to classify all leases under same classification principles and distinguish them between two types of leases i.e. Finance Lease and Operating Lease.

2.2.3. Intangible assets

- a) Intangible Assets are stated at cost of acquisition net of recoverable taxes, trade discount and rebates less accumulated amortization /depletion and impairment loss, if any. Such cost includes purchase price, borrowing costs, and any cost directly attributable to bringing the asset to its working condition for the intended use, net charges on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the intangible assets.
- b) Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost can be measured reliably.
- c) Intangible assets are de-recognised either on their disposal or where no future economic benefits are expected from their use.
- d) Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognized.

Significant accounting policies and notes to the accounts 31.03.2021

- e) The amortisation period and the amortisation method for intangible asset with a finite useful life are reviewed at each financial year end. If the expected useful of such asset is different from the previous estimates, the changes are accounted for as change in an accounting estimate.
- f) Intangible assets which are finite are amortized on a straight-line basis over their estimated useful lives. The residual value of such intangible assets is assumed to be zero. An intangible asset with an indefinite useful life is tested for impairment by comparing it's recoverable amount with its' carrying amount (a) annually and (b) whenever there is an indication that the intangible asset may be impaired.

2.2.4. Capital Work in Progress

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

2.2.5. Research and Development Expenditure

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

2.2.6. Finance Cost

- a) Borrowing costs include exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use.
- b) Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.
- c) All other borrowing costs are expensed in the period in which they occur.

2.2.7. Inventories

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

2.2.8. Provisions, Contingent Liabilities and Contingent Assets and Commitments

- a) Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Such provisions are determined based on management estimate of the amount required to settle the obligation at the balance sheet date. When the Company expects

Significant accounting policies and notes to the accounts 31.03.2021

some or all of a provision to be reimbursed, the reimbursement is recognised as a standalone asset only when the reimbursement is virtually certain.

- b) If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.
- c) Contingent liabilities are disclosed on the basis of judgment of management. These are reviewed at each balance sheet date and are adjusted to reflect the current management estimate.
- d) Contingent assets are not recognized but are disclosed in the financial statements when inflow of economic benefits is probable. Contingent assets are assessed continually and, if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

2.2.9. Employee Benefits Expense

Short Term Employee Benefits

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

Post-Employment Benefits

Defined Contribution Plans

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

Defined Benefit Plans

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

2.2.10. Income Taxes

- a) The tax expense for the period comprises current and deferred tax. Tax is recognised in Statement of Profit and Loss, except to the extent that it relates to items recognised in the other comprehensive income or in equity. In which case, the tax is also recognised in other comprehensive income or equity.

- Current tax

- b) Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted at the Balance Sheet date.
- c) Current tax assets and tax liabilities are offset where the Company has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

- Deferred tax

- d) Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Significant accounting policies and notes to the accounts 31.03.2021

- e. Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The carrying amount of deferred tax liabilities and assets are reviewed at the end of each reporting period.
- f. Deferred tax assets and liabilities are offset if there is a legally enforceable right to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority.

2.2.11. Foreign currencies transactions and translation

- a. Transactions denominated in foreign currency are recorded at the exchange rate prevailing on the date of transactions. Exchange differences arising on foreign exchange transactions settled during the year are recognized in the Statement of profit and loss account of the year.
- b. Monetary assets and liabilities in foreign currency, which are outstanding as at the year-end, are translated at the closing exchange rate/ forward contract booked (if any) and the resultant exchange differences are recognized in the Statement of profit and loss account.
- c. Realized gain or loss on cancellation of forward exchange contract is recognized in the Statement of Profit and Loss for the year.
- d. Gain/ Loss on exchange difference on pending forward exchange contract which are yet to be executed are measured on the basis of difference between spot rate at year end and with forward contract exchange rate (premium adjusted) of respective date through "Designated Cash Flow Hedge Reserve".

2.2.12. Revenue recognition

i. Sale of Goods

- a. Revenue from sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated cost can be estimated reliably, there is no continuing effective control or managerial involvement with the goods, and the amount of revenue can be measured reliably.
- b. Revenue from rendering of services is recognised when the performance of agreed contractual task has been completed.
- c. Revenue from sale of goods is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.
- d. Revenue from operations includes sale of goods, services and adjusted for discounts (net), and gain/ loss on corresponding hedge contracts.

ii. Interest income

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

iii. Dividends

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

iv. Insurance Claims

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

v. Government Grants

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

When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, the government grant related to asset is presented by deducting the grant in arriving at the carrying amount of the asset. (See note 45).

Significant accounting policies and notes to the accounts 31.03.2021

vi. Other Operating Income

Export incentives receivable are accounted for when the right to receive the credit is established and there is no significant uncertainty regarding the ultimate collection of export proceeds.

vii. Trade Receivables

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section (o) Financial instruments – initial recognition and subsequent measurement.

viii. Contract Liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract. Costs to fulfil a contract i.e. freight, insurance and other selling expenses are recognised as an expense in the period in which related revenue is recognised.

2.2.13. Financial instruments

I. Financial Assets

a. Initial recognition and measurement

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

b. Subsequent measurement

i. Financial assets carried at amortised cost (AC)

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

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

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

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

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

c. Investment in subsidiaries, Associates and Joint Ventures

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

d. Other Equity Investments

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

e. Impairment of financial assets

i. In accordance with Ind AS 109, the Company uses 'Expected Credit Loss' (ECL) model, for evaluating impairment of financial assets other than those measured at fair value through Statement of profit and loss (FVTPL).

ii. Expected credit losses are measured through a loss allowance at an amount equal to:

- The 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
- Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument)

Significant accounting policies and notes to the accounts 31.03.2021

- iii. For trade receivables Company applies 'simplified approach' which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Company uses historical default rates to determine impairment loss on the portfolio of trade receivables. At every reporting date these historical default rates are reviewed and changes in the forward looking estimates are analyzed.
- iv. For other assets, the Company uses 12 month ECL to provide for impairment loss where there is no significant increase in credit risk. If there is significant increase in credit risk full lifetime ECL is used.

II. Financial liabilities

a. Initial recognition and measurement

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

b. Subsequent measurement

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

III. Derivative financial instruments and Hedge Accounting

The Company uses various derivative financial instruments such as interest rate swaps, currency swaps, forwards & options and commodity contracts to mitigate the risk of changes in interest rates, exchange rates and commodity prices. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are also subsequently measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to Statement of Profit and Loss, except for the effective portion of cash flow hedges which is recognised in Other Comprehensive Income and later to Statement of Profit and Loss when the hedged item affects profit or loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial assets or non-financial liability.

IV. Hedge Accounting

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

(a) Cash flow hedge

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

(b) Fair Value Hedge

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

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

Significant accounting policies and notes to the accounts 31.03.2021

V. Derecognition of financial instruments

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

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

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

2.2.14. Operating Cycle

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

An asset is treated as current when it is:

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

All other assets are classified as non-current.

b. A liability is current when:

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

All other liabilities are classified as non-current.

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

The company has identified twelve months as its operating cycle.

2.2.15. Earnings Per Share

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

2.2.16. Dividend Distribution

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

Significant accounting policies and notes to the accounts 31.03.2021

2.2.17. Statement of Cash Flows

a. Cash and Cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

b. Statement of Cash Flows is prepared in accordance with the Indirect Method prescribed in the Indian Accounting Standard -7 'Statement of Cash Flow'.

2.3. Critical accounting Judgment and key sources of estimation uncertainty

The preparation of the financial statements in conformity with the Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and disclosures as at date of the financial statements and the reported amounts of the revenues and expenses for the years presented. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates under different assumptions and conditions. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. The Management has considered the possible effect of Global Pandemic COVID-19 while preparing the financial statements. Refer NoteNo-44

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

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

2.3.2. Recoverability of trade receivable

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

2.3.3. Provisions

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

2.3.4. Impairment of non-financial assets

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

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

2.3.5. Impairment of financial assets

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

Notes forming part of the Balance Sheet and Statement of Profit & Loss Account

Note No. -3-4 Property, Plant and Equipment (2020-21)

(₹ in Lakhs)

| Note | Particular | Gross Block | | | DEPRECIATION | | | | Net Block | | |
|----------|--------------------------|---------------------|-----------------|---------------|---------------------|---------------------|-----------------|-----------------|-------------|---------------------|---------------------|
| | | As At 01.04.2020 | Addition | Deduction | As At 31.03.2021 | As At 01.04.2020 | For the Year | Written back | Total | As At 31.03.2021 | As At 31.03.2020 |
| 3 | Tangible Assets | | | | | | | | | | |
| 3.1 | Land | - | - | - | - | - | - | - | - | - | - |
| 3.1.1 | Free hold Land | 225.34 | 125.64 | - | 350.98 | - | - | - | - | 350.98 | 225.34 |
| 3.1.2 | Lease hold Land * | 36.66 | - | - | 36.66 | 1.94 | - | 1.94 | - | 34.72 | 34.71 |
| 3.2 | Buildings | 2,377.32 | 60.63 | 41.00 | 2,396.95 | 267.63 | 99.49 | 367.12 | - | 2,029.83 | 2,109.70 |
| 3.3 | Plant & Machinery | 9,373.01 | 586.86 | 222.30 | 9,737.57 | 1,894.00 | 585.58 | 2,469.83 | 9.75 | 7,267.74 | 7,479.01 |
| 3.4 | Furniture | 58.28 | - | - | 58.28 | 15.04 | 5.28 | 20.32 | - | 37.96 | 43.23 |
| 3.5 | Vehicles | 24.35 | - | - | 24.35 | 17.74 | 2.84 | 20.58 | - | 3.77 | 6.60 |
| 3.6 | Office Equipment | 119.91 | 23.76 | - | 143.67 | 86.84 | 17.75 | 104.59 | - | 39.08 | 33.08 |
| 3.7 | Right-of-Use Asset: | | | | | | | | | | |
| 3.7.1 | Office Building | 324.72 | - | - | 324.72 | 24.35 | 32.47 | 56.82 | - | 267.90 | 300.37 |
| | Total (3) | 12,539.59 | 796.87 | 263.30 | 13,073.16 | 2,307.54 | 743.41 | 3,041.20 | 9.75 | 10,031.96 | 10,232.04 |
| | Previous Year | 11,035.82 | 1,509.17 | 5.39 | 12,539.60 | 1,603.47 | 709.48 | 2,307.56 | 5.39 | 10,232.04 | 9,432.35 |
| 4 | Intangible Assets | | | | | | | | | | |
| 4.1 | Computer Software | 50.91 | 4.16 | - | 55.07 | 35.39 | 5.48 | 40.87 | - | 14.20 | 15.52 |
| | Total (4) | 50.91 | 4.16 | - | 55.07 | 35.39 | 5.48 | 40.87 | - | 14.20 | 15.52 |
| | Previous Year | 50.91 | - | - | 50.91 | 29.70 | 5.69 | 35.39 | - | 15.52 | 21.20 |
| | Grand Total (3+4) | 12,590.50 | 801.03 | 263.30 | 13,128.23 | 2,342.93 | 748.89 | 3,082.07 | 9.75 | 10,046.16 | 10,247.56 |
| | Previous Year | 11,086.73 | 1,509.17 | 5.39 | 12,590.51 | 1,633.17 | 715.17 | 2,342.95 | 5.39 | 10,247.56 | 9,453.55 |

* Title Deed of Kriti Auto & Engineering Pvt. Ltd is in the name of Holding Company i.e Kriti Industries India Ltd.

Note-5 Investment

(₹ in Lakhs)

| Particulars | 31.3.2021 | 31.3.2020 |
|---|---------------|---------------|
| 5.1 Investment in Trust Securities | | |
| 5.1.1 National Saving Certificate | 0.14 | 0.14 |
| 5.2 Unquoted | | |
| Non Trade Investment in equity instruments | | |
| 5.2.1 Sahkari Audhyogik Vasahat LIMITED (1 Share of ₹500/-) | 0.01 | 0.01 |
| 5.2.2 The Cosmos Co-operative Bank Ltd. (1000 Equity Shares of ₹ 100/- each) | 1.00 | 1.00 |
| Trade Investment in equity instruments | | |
| 5.2.3 Kriti Auto Engineering & Plastic Private Limited (100% Subsidiary) (3885000 Shares of ₹10/-each) | 777.00 | 777.00 |
| Less:- Provision For Impairment Loss | (116.55) | (116.55) |
| Total | 660.45 | 660.45 |
| Total | 661.60 | 661.60 |

Note-6 Loans

(₹ in Lakhs)

| Particulars | 31.3.2021 | 31.3.2020 |
|---|---------------|---------------|
| 6.1 Security Deposits | 242.84 | 228.96 |
| 6.2 Loan to wholly owned subsidiary company | - | 353.00 |
| Total | 242.84 | 581.96 |

Notes forming part of the Balance Sheet and Statement of Profit & Loss Account

Note-7 Other Financial Assets

(₹ in Lakhs)

| Particulars | 31.3.2021 | 31.3.2020 |
|--|--------------|-----------|
| 7.1 Fixed deposit with banks having maturity more than 12 months | 56.00 | - |
| Total | 56.00 | - |

Note-8 Inventories

(₹ in Lakhs)

| Particulars | 31.3.2021 | 31.3.2020 |
|--------------------------------|------------------|------------------|
| 8.1 Raw Material | 6,855.09 | 6,299.16 |
| 8.2 Finished Goods | 8,922.54 | 6,743.42 |
| 8.3 Stores and Spares & others | 390.37 | 317.84 |
| Total | 16,168.00 | 13,360.42 |

Note-9 Trade Receivables

(₹ in Lakhs)

| Particulars | 31.3.2021 | 31.3.2020 |
|------------------------------|-----------------|-----------------|
| 9.1 Trade Receivables | | |
| Unsecured considered good | 3,212.73 | 6,802.02 |
| Total | 3,212.73 | 6,802.02 |

Trade receivables

Secured, considered good - -

Unsecured, considered good

Trade Receivables which have significant increase in Credit Risk

Less: Impairment for trade receivable

Trade Receivables - credit impaired - -

Current trade receivables

No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivable are due from firm or private companies respectively in which any director is a partner, a director or a member other than stated above.

Note-10 Cash and Cash Equivalents

(₹ in Lakhs)

| Particulars | 31.3.2021 | 31.3.2020 |
|--------------------------|-------------|-------------|
| 10.1 Balances with Banks | 0.87 | 0.48 |
| 10.2 Cash on hand | 0.40 | 3.41 |
| Total | 1.27 | 3.89 |

Note-11 Other Bank Balances

(₹ in Lakhs)

| Particulars | 31.3.2021 | 31.3.2020 |
|---|-----------------|-----------------|
| 11.1 Unpaid dividend | 14.09 | 15.16 |
| 11.2 Fixed deposit with banks against margin money (Maturity less than 12 months) | 1,536.85 | 1,351.29 |
| Total | 1,550.94 | 1,366.45 |

Notes forming part of the Balance Sheet and Statement of Profit & Loss Account

Note-12 Loans

(₹ in Lakhs)

| Particulars | 31.3.2021 | 31.3.2020 |
|--|-----------------|-----------------|
| 12.1 Unsecured, Considered good | 2,052.45 | 1,953.10 |
| Advances recoverable in cash or kind or for value to be received | | |
| Total | 2,052.45 | 1,953.10 |

Note-13 Other Current Assets

(₹ in Lakhs)

| Particulars | 31.3.2021 | 31.3.2020 |
|-------------------------------|---------------|---------------|
| 13.1 Sundry Deposits | 53.36 | 54.06 |
| 13.2 CENVAT | 11.84 | 11.43 |
| 13.3 Accrued Interest/ Income | 42.37 | 53.49 |
| Total | 107.57 | 118.98 |

Note No -14 Share Capital

(₹ in Lakhs)

| Particulars | 31.3.2021 | 31.3.2020 |
|---|---------------|---------------|
| 14.1 AUTHORIZED | | |
| 14.1.1 80000000 Equity Shares of Re. 1/- each | 800.00 | 800.00 |
| 14.1.2 2000000 Optional convertible Preference Shares of ₹ 10/- each | 200.00 | 200.00 |
| 14.2 ISSUED, SUBSCRIBED AND PAID UP | | |
| 14.2.1 49603520 equity shares of ₹ 1/- each fully paid up, which are issued as fully paid up Shares on 27.01.2010 on account of scheme of arrangement as approved by The Hon'ble High Court of M.P. Indore Bench | | |
| 14.2.2 Reconciliation of shares | | |
| 14.2.2.1 Opening Balance of 49603520 shares of ₹ 1/- each | 496.04 | 496.04 |
| 14.2.2.2 Issued during the year | - | - |
| 14.2.2.3 Closing Balance 49603520 shares of ₹ 1/- each | 496.04 | 496.04 |
| The company has issued only one class of shares referred to as equity shares having a par value of ₹1 each. Holder of the equity share as referred in the records of the company as of date of the shareholder's meeting is referred to one vote in respect of each share held for all matters submitted to vote in the shareholder's meeting. The company declares and pays dividends in Indian rupees. In the event of liquidation of the company the holders of equity shares will be entitled to receive any of the remaining assets of the company after distribution of all preferential amounts. | | |
| Total | 496.04 | 496.04 |
| 14.3 Shareholder holding more than 5 % of shares of the company and its percentage | | |
| 14.3.1 SAKAM TRADING PRIVATE LIMITED | | |
| No. of Shares | 2,58,43,673 | 2,58,43,673 |
| % of Shares | 52.10% | 52.10% |
| 14.3.2 CHETAK BUILDERS PRIVATE LIMITED | | |
| No. of Shares | 46,32,029 | 45,93,841 |
| % of Shares | 9.34% | 9.26% |
| Pursuant to the Hon'ble High Court of M.P. order dated 1.11.2011 approving the scheme of amalgamation of promoter group companies viz Kriti Corporate Services Pvt.Ltd., Kriti Auto Accessories Private Ltd., Kasta Pipes Pvt.Ltd. and Shipra Pipes Pvt Ltd. with Sakam Trading Pvt. Ltd., the Shareholding of the above transferor companies are vested in Sakam Trading Pvt.Ltd. Thus Sakam Trading Pvt.Ltd. becomes holding company w.e.f.27.02.12 of Kriti Industries (I) Ltd. | | |

Notes forming part of the Balance Sheet and Statement of Profit & Loss Account

Note No -15 Reserves & Surplus

(₹ in Lakhs)

| Particulars | 31.3.2021 | 31.3.2020 |
|--|------------------|-----------------|
| 15.1 RESERVES | | |
| 15.1.1 General Reserve | | |
| 15.1.1 Opening Balance | 3,525.00 | 3,425.00 |
| 15.1.2 Add: Transfer from P&L | 200.00 | 100.00 |
| 15.1.3 Add: Transfer from Contingency Reserves | - | - |
| 15.1.4 Closing Balance | 3,725.00 | 3,525.00 |
| 15.2 SHARE PREMIUM ACCOUNT | | |
| 15.2.1 Opening Balance | 466.14 | 466.14 |
| 15.2.2 Add: Transfer from P&L | - | - |
| 15.2.3 Closing Balance | 466.14 | 466.14 |
| 15.3 SHARE FOREFEITURE ACCOUNT | | |
| 15.3.1 Opening Balance | 2.73 | 2.73 |
| 15.3.2 Add: Transfer from P&L | - | - |
| 15.3.3 Closing Balance | 2.73 | 2.73 |
| 15.4 SURPLUS | | |
| Statement of Profit & Loss | | |
| 15.4.1 Opening Balance | 5,873.26 | 4,139.01 |
| 15.4.2 Add Profit & Loss during the period | 3,823.00 | 1,923.92 |
| | 9,696.26 | 6,062.93 |
| Less: | | |
| 15.4.3 Final Dividend (@ ₹0.20 per share (PY ₹ 0.15 per share) | 74.41 | 74.41 |
| 15.4.4 Corporate Dividend Tax | - | 15.29 |
| 15.4.5 Transferred to General Reserve | 200.00 | 100.00 |
| 15.4.6 Short IT Provision 19-20 | 3.09 | |
| Balance in Surplus | 9,418.76 | 5,873.23 |
| 15.5 OTHER COMPREHENSIVE INCOME (OCI) | | |
| 15.5.1 Opening Balance | 16.98 | 0.29 |
| 15.5.2 Movement in OCI during the year | 7.59 | 16.69 |
| 15.5.3 Closing Balance | 24.57 | 16.98 |
| Total | 13,637.20 | 9,884.08 |

Note No -16 Financial Liabilities

16.1 TERM LOAN

(Installment due within 12 months shown in Current Liabilities)

16.1.1 SECURED

16.1.1.1 From Banks

Term of Repayment of Long Term Borrowings

(₹ in Lakhs)

| Particulars | Total tenure | Rate of Interest | 31.3.2021 | 31.3.2020 |
|----------------|--------------------------|------------------|-----------------|-----------------|
| HDFC BANK | 24 Quarterly Installment | 11.50% | - | 200.00 |
| HDFC BANK | 06 Quarterly Installment | 10.55% | - | 141.72 |
| HDFC BANK | 18 Quarterly Installment | 10.50% | 824.99 | 1,190.33 |
| HDFC BANK GECL | 36 Monthly Installment | 7.50% | 460.00 | - |
| SBI GECL | 36 Monthly Installment | 7.95% | 320.00 | - |
| Total | | | 1,604.99 | 1,532.05 |

(Above loans are secured by First charge/ Mortgage on fixed assets of the company and personal guarantee of Managing Director)

Notes forming part of the Balance Sheet and Statement of Profit & Loss Account

Note No-17 Deferred Tax Liability Net

(₹ in Lakhs)

| Particulars | 31.3.2021 | 31.3.2020 |
|--|-----------------|---------------|
| 17.1 Deferred Tax Liability (Net) | | |
| On account of tax effects on timing difference arising due to difference in Depreciation | 1,005.29 | 973.38 |
| Total | 1,005.29 | 973.38 |

Note No -18 Other Non Current Liabilities

(₹ in Lakhs)

| Particulars | 31.3.2021 | 31.3.2020 |
|---|-----------------|-----------------|
| UNSECURED | | |
| 18.1.1 Loans & Advances from Related parties | 1,000.00 | 800.00 |
| (Long Term Deposit received from Kriti Nutrients Ltd.) | | |
| 18.1.2 Other Loans and advances | 277.55 | 273.08 |
| (Security Deposit received from dealers) | | |
| Total | 1,277.55 | 1,073.08 |
| 18.i) Lease Liability | 304.25 | 317.23 |

Note No -19 Short Term Borrowings

(₹ in Lakhs)

| Particulars | 31.3.2021 | 31.3.2020 |
|---|-----------------|-----------------|
| 19. 1 Loans repayable on Demand | | |
| 19.1.1 SECURED | | |
| From banks | 3,483.95 | 4,110.09 |
| (Secured by hypothecation of finished goods, Raw material, Stock in process, store and spares, sundry debtors, export bills, receivables and second charge on fixed assets of the company and personal gurantee of Managing director) | | |
| 19.1.2 UNSECURED | | |
| 19.1.2.1 From banks | - | - |
| 19.1.2.2 From others | - | - |
| 19.1.2.3 Loans & Advances from Related parties | 979.50 | 1,005.00 |
| Total | 4,463.45 | 5,115.09 |

Note No -20 Trade Payables

(₹ in Lakhs)

| Particulars | 31.3.2021 | 31.3.2020 |
|---|------------------|------------------|
| 20.1 Trade Payables | | |
| (a) Total outstanding dues of micro enterprises and small enterprises (See Note 33) | | |
| (b) Total outstanding dues of creditors other than micro and small enterprises | 10,519.62 | 14,458.36 |
| Total | 10,519.62 | 14,458.36 |

Note No -21 Others

(₹ in Lakhs)

| Particulars | 31.3.2021 | 31.3.2020 |
|---|---------------|---------------|
| 21.1 Current maturities of Long term debt | 708.40 | 756.96 |
| 21.2 Unpaid dividends | 14.09 | 15.16 |
| Total | 722.49 | 772.12 |

Notes forming part of the Balance Sheet and Statement of Profit & Loss Account

Note No -22 Other Current Liabilities

(₹ in Lakhs)

| Particulars | 31.3.2021 | 31.3.2020 |
|----------------------------|---------------|---------------|
| 22.1 Outstanding Expenses | 582.86 | 229.44 |
| 22.2 Statutory Liabilities | 74.09 | 69.75 |
| 22.3 Employee Payable | 154.93 | 156.83 |
| Total | 811.88 | 456.02 |

Note No -23 Provisions

(₹ in Lakhs)

| Particulars | 31.3.2021 | 31.3.2020 |
|---|---------------|---------------|
| 23.1 Provision for Employees Benefits (Bonus) | 87.51 | 82.32 |
| 23.2 Provision for Doubtful debts | 57.60 | 18.83 |
| Total | 145.11 | 101.15 |

Note No -24 Current Tax Liabilities

(₹ in Lakhs)

| Particulars | 31.3.2021 | 31.3.2020 |
|---|--------------|--------------|
| 24.1 Provision of Income Tax (Net of Adv Tax & TDS) | 57.85 | 12.35 |
| Total | 57.85 | 12.35 |

Note-25 Revenue From Operations

(₹ in Lakhs)

| Particulars | 31.3.2021 | 31.3.2020 |
|-------------------------------|------------------|------------------|
| 25.1 Sale of Products | 58,886.73 | 53,397.43 |
| 25.2 Other operating revenues | 29.77 | 24.30 |
| Total | 58,916.50 | 53,421.73 |

Note-26 Other Income

(₹ in Lakhs)

| Particulars | 31.3.2021 | 31.3.2020 |
|--|---------------|---------------|
| 26.1 Interest Income | 89.07 | 176.76 |
| 26.2 VAT/CST Subsidy | - | - |
| 26.3 Net Gain on foreign currency transactions | - | 4.30 |
| 26.4 Other Non-operating Income | 17.41 | 6.10 |
| Total | 106.48 | 187.16 |

Note-27 Employee Benefits Expenses

(₹ in Lakhs)

| Particulars | 31.3.2021 | 31.3.2020 |
|---|-----------------|-----------------|
| 27.1 Salaries & Wages | 1,836.24 | 1,917.12 |
| 27.2 Contribution to provident and other fund | 134.00 | 143.76 |
| 27.3 Staff Welfare Expenses | 114.42 | 83.84 |
| 27.4 Director Remuneration | 539.31 | 177.29 |
| 27.5 P.F on Director Remuneration | 12.96 | 12.24 |
| Total | 2,636.93 | 2,334.25 |

Notes forming part of the Balance Sheet and Statement of Profit & Loss Account

Note-28 Financial Cost

(₹ in Lakhs)

| Particulars | 31.3.2021 | 31.3.2020 |
|---------------------------|-----------------|-----------------|
| 28.1 Interest Expenses | 881.11 | 1,474.56 |
| 28.2 Other Borrowing Cost | 215.24 | 251.15 |
| Total | 1,096.35 | 1,725.71 |

Note-29 Other Expenses

(₹ in Lakhs)

| Particulars | 31.3.2021 | 31.3.2020 |
|---|-----------------|-----------------|
| (I) | | |
| 29.1 Stores and Spares Consumed | 239.74 | 300.85 |
| 29.2 Power Charges | 1,580.96 | 1,822.36 |
| 29.3 Freight & Cartage | 479.04 | 508.32 |
| 29.4 Repairs & Maintenance | 89.65 | 175.09 |
| 29.5 Insurance Charges | 64.31 | 70.94 |
| 29.6 Water Charges | 37.11 | 44.14 |
| 29.7 Loss on Sale of Fixed asset | 23.27 | 0.00 |
| 29.8 Job Work Charges | 75.09 | 87.80 |
| 29.9 Miscellaneous Manufacturing Expenses | 122.43 | 121.05 |
| Sub Total (I) | 2,711.60 | 3,130.55 |
| (II) | | |
| 29.10 Stationery & Printing | 4.74 | 7.33 |
| 29.11 Computer Expense | 7.82 | 4.68 |
| 29.12 Rent, Rates and Taxes | 26.30 | 44.94 |
| 29.13 Postage, Telegram and Telephones | 13.10 | 14.96 |
| 29.14 Auditor's Fees | 4.00 | 3.00 |
| 29.15 Conveyance Expenses | 14.43 | 20.22 |
| 29.16 Legal & Professional Charges | 165.96 | 204.11 |
| 29.17 Miscellaneous Expenses | 38.08 | 51.39 |
| 29.18 Director's Meeting Fee | 4.15 | 3.90 |
| 29.19 Net loss on foreign currency transactions | 28.06 | - |
| 29.20 Corporate Social Responsibility | 34.38 | 13.73 |
| Sub Total (II) | 341.02 | 368.26 |
| (III) | | |
| 29.21 Advertisement & Publicity | 5.33 | 3.91 |
| 29.22 Sales Promotion Expenses | 54.90 | 162.65 |
| 29.23 Market Development Expenses | 0.48 | 6.40 |
| 29.24 Brokerage & Commission | 26.49 | 17.63 |
| 29.25 Service Charges | 1.66 | 67.70 |
| 29.26 Freight Outward | 1,000.78 | 1,177.63 |
| 29.27 Statutory Levies | 157.15 | 5.37 |
| 29.28 Travelling Expenses | 171.43 | 372.55 |
| 29.29 Expected credit Loss | 38.77 | 7.45 |
| 29.30 Bad Debts | 322.45 | - |
| 29.31 MAT Credit Write off | - | 40.46 |
| Sub Total (III) | 1,779.44 | 1,861.76 |
| TOTAL (I+II+III) | 4,832.06 | 5,360.58 |

Notes forming part of the Balance Sheet and Statement of Profit & Loss Account

30. 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.

31. Contingent liabilities

- Estimated amount of contracts remaining to be executed on Capital Account ₹ 172.49 Lakhs net of advance given (Previous Year ₹187.49 Lakhs).
- Bank has given guarantee on behalf of the Company to various parties to the extent of ₹1371.66 Lakhs (Previous Year ₹1106.20 Lakhs.)

c. Commercial Tax Status

(₹ in Lakhs)

| S. No. | Particulars | Amount of Demand as on 31.03.2021 | Amount Deposited against demand till 31.03.2021 | Amount of Demand as on 31.03.2020 | Amount Deposited against demand till 31.03.2020 |
|--------|--|-----------------------------------|---|-----------------------------------|---|
| 1 | Demand for MP VAT Tax various years pending appeals at various levels | - | - | 168.23 | 89.27 |
| 2 | Demand for Entry Tax Act various years pending appeals at various levels | 135.26 | 117.9 | 129.11 | 111.75 |
| 3 | Demand for Central Sales Tax Act various years pending appeals at various levels | 136.67 | 36.18 | 164.08 | 48.51 |

32. Remuneration Paid/Payable to Managing Director / Executive Director

(₹ in Lakhs)

| Paid / Payable | Current Year | Previous year |
|----------------|---------------|---------------|
| Remuneration | 132.96 | 126.24 |
| Commission | 419.31 | 63.29 |
| TOTAL | 552.27 | 189.53 |

33. Unpaid overdue amount due on March 31, 2021 to Micro Small and Medium Enterprises and/or ancillary industrial suppliers on account of principal together with interest aggregate to ₹ Nil.

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

Information as required to be furnished as per section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) for the year ended March 31, 2021 is given below. This information has been determined to the extent such parties have been identified on the basis of information available with the company.

| Particulars | (₹ in Lakhs) | |
|--|----------------------|----------------------|
| | As at March 31, 2021 | As at March 31, 2020 |
| a) The principal amount remaining unpaid to any supplier at the end of the year | 0 | 0 |
| b) Interest due remaining unpaid to any supplier at the end of the year | 0 | 0 |
| c) The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during the year | 0 | 0 |
| d) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006 | 0 | 0 |
| e) The amount of interest accrued and remaining unpaid at the end of each accounting year | 0 | 0 |
| f) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprises, for the purpose of disallowance of a deductible expenditure under section 23 of the MSMED Act, 2006 | 0 | 0 |

Notes forming part of the Balance Sheet and Statement of Profit & Loss Account

34. The amount of Foreign Exchange gain/ (loss) included in the profit & loss account is ₹ (28.06) Lakhs (Previous Year gain/ (loss) ₹ 4.30 Lakhs).

35. Corporate Social Responsibility

(₹ in Lakhs)

| Particulars | 2020-21 | 2019-20 |
|---|---------|---------|
| Amount required to be spent | 34.37 | 25.10 |
| Amount spent and provided for during the year | 34.37 | 13.73 |

36. Employee Benefit Obligations

The disclosure required as per Indian Accounting Standard (IndAS) 19 "Employees Benefit" issued by the Institute of Chartered Accountants of India (ICAI) and as specified under section 133 of the Companies Act, 2013 (The Act) read with rule 7 of the Companies (Accounts) Rules, 2014., and based on the report generated by the actuarial valuer.

The Company has schemes (funded) for payment of gratuity to all eligible employees calculated at specified number of days of last drawn salary depending upon the tenure of service for each year of completed service subject to minimum service of five years payable at the time of separation upon superannuation or on exit otherwise. These defined benefit gratuity plans are governed by Payment of Gratuity Act, 1972

(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

(₹ in Lakhs)

| Particulars | 31.3.2021 | 31.3.2020 |
|--|-----------|-----------|
| Present value of obligations as at beginning of the year | 217.38 | 177.55 |
| Interest Cost | 13.18 | 13.32 |
| Current Service Cost | 25.09 | 20.85 |
| Benefit Paid | (19.75) | (5.12) |
| Actuarial (gain)/loss on obligations | (8.18) | (17.80) |
| Present value of obligations as at end of the year | 27.72 | 188.80 |

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

| Particulars | 31.3.2021 | 31.3.2020 |
|--|-----------|-----------|
| Fair value of the plan assets at the beginning of the year | 217.38 | 196.09 |
| Expected return on plan assets | 13.23 | 15.42 |
| Contribution | 0.85 | 10.99 |
| Benefit Paid | (19.75) | (5.12) |
| Actuarial gain/ (loss) on plan assets | NIL | NIL |
| Fair value of the plan assets at the end of the year | 211.71 | 217.38 |

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

| Particulars | 31.3.2021 | 31.3.2020 |
|---|-----------|-----------|
| Fair value of plan assets at beginning of the year | 217.38 | 196.09 |
| Actual return on plan assets | 13.23 | 15.42 |
| Contribution | 0.00 | 10.99 |
| Benefit Paid | (19.75) | (5.12) |
| Fair value of the plan assets at the end of the year | 211.71 | 217.38 |
| Funded status | 16.01 | 28.58 |
| Excess of actual over estimated return on plan assets | NIL | NIL |

Notes forming part of the Balance Sheet and Statement of Profit & Loss Account

(e) Actuarial Gain/Loss recognized as on

| Particulars | 31.3.2021 | 31.3.2020 |
|--|-----------|-----------|
| Actuarial (Gain)/Loss for the year-obligation | (8.18) | 17.80 |
| Actuarial (Gain)/Loss for the year-plan assets | NIL | NIL |
| Actuarial (Gain)/Loss for the year | 8.18 | (17.80) |
| Actuarial (Gain)/Loss recognized for the year | 8.18 | (17.80) |

(f) Expenses recognised during the year In statement of profit and loss

| Particulars | 31.3.2021 | 31.3.2020 |
|---|-----------|-----------|
| Current Service Cost | 25.09 | 20.85 |
| Interest cost | (0.63) | 13.32 |
| Expected return on Plan Asset | (13.23) | (15.42) |
| Net Cost | 23.87 | 18.75 |
| In other Comprehensive Income | | |
| Actuarial (Gain)/Loss on obligation for the period | 8.18 | 17.80 |
| Net (income)/Expense for the period recognized in OCI | 8.18 | 17.80 |

(g) Assumption

| Particulars | 31.3.2021 | 31.3.2020 |
|-------------------|-----------|-----------|
| Discount rate | 6.35% | 7.25% |
| Salary Escalation | 7.00% | 7.00% |

(h) Composition of Plan assets

| Particulars | 31.3.2021 (12 Months) |
|---------------------|--------------------------|
| Policy of insurance | 100% |

(i) Sensitivity to key assumptions

| Particulars | 31.3.2021 |
|--|-------------|
| <u>Discount rate Sensitivity</u> | |
| Increase by 0.5% | 2,20,39,400 |
| (% change) | -3.22% |
| Decrease by 0.5% | 2,35,48,909 |
| (% change) | 3.41% |
| <u>Salary growth rate Sensitivity</u> | |
| Increase by 0.5% | 2,35,37,670 |
| (% change) | 3.36% |
| Decrease by 0.5% | 2,20,41,980 |
| (% change) | -3.20% |
| <u>Withdrawal rate (W.R.) Sensitivity</u> | |
| W.R. x 110% | 2,26,61,834 |
| (% change) | -0.48% |
| W.R. x 90% | 2,28,86,242 |
| (% change) | 0.50% |

(j) A description of methods used for sensitivity analysis and its Limitations:

Sensitivity analysis fails to focus on the interrelationship between underlying parameters. Hence, the results may vary if two or more variables are changed simultaneously. Discount rate Sensitivity Salary growth rate Sensitivity Withdrawal rate (W.R.) Sensitivity The method used does not indicate anything about the likelihood of change in any parameter and the extent of the change if any. Sensitivity analysis is performed by varying a single parameter while keeping all the other parameters unchanged.

Notes forming part of the Balance Sheet and Statement of Profit & Loss Account

(k) A Description of any Asset-Liability Matching Strategies.

It was informed by the company that Gratuity Benefits liabilities of the company are Funded. There are no minimum funding requirements for a Gratuity Benefits plan and there is no compulsion on the part of the Company to fully or partially pre-fund the liabilities under the Plan. The trustees of the plan have outsourced the investment management of the fund to an insurance company. The insurance company in turn manages these funds as per the mandate provided to them by the trustees and the asset allocation which is within the permissible limits prescribed in the insurance regulations. Due to the restrictions in the type of investments that can be held by the fund, it may not be possible to explicitly follow an asset-liability matching strategy to manage risk actively in a conventional fund.

(l) The Effect of the Plan on the Entity's Future Cash Flows

The Company has Purchased an Insurance policy to settle the Gratuity Payment to their employees. Company may do the contribution every years based on the funding valuation carry out by insurance company based on the latest data provided by Company.

37. Deferred Tax and Current Tax calculations

37.1 Deferred Tax Liability / (Assets)

(₹ in Lakhs)

| S. No. | Particulars | Current Year | Previous Year |
|--------|---|--------------|---------------|
| a. | Deferred Tax Liability (NET) for the year | 31.91 | (298.18) |
| b. | Opening Balance of Deferred Tax Liability | 973.38 | 1271.56 |
| c. | Closing Balance of Deferred Tax Liability | 1005.29 | 973.38 |

37.2 Tax Expenses

(₹ in Lakhs)

| Particulars | Current Year | Previous Year |
|---|----------------|---------------|
| a. Income tax expenses recognised in Statement of Profit & Loss | | |
| Current Tax Expenses | 1265.20 | 530.11 |
| Tax Adjustment for Earlier Years | 0.00 | 0.00 |
| | 1265.20 | 530.11 |
| b. Reconciliation of estimated income tax to income tax expense | | |
| Profit Before Tax as per P&L | 5120.11 | 2272.40 |
| Expected income tax expense at statutory income tax rate of 25.168 % (Previous year : 25.168 %) | 1288.63 | 571.92 |
| c. Tax Effect of adjustments to reconcile Income Tax Expenses reported | | |
| Income Exempt from Tax | 0.00 | 0.00 |
| Long Term Capital Gains / Losses | 0.00 | 0.00 |
| Expenses not deductible in determining Taxable Profit | 18.41 | 15.51 |
| Expenses deducted in determining Taxable Profit | 41.84 | 57.33 |
| Total Adjustemnt | -23.43 | -41.81 |
| Income Tax Expenses recognised in the Statement of Profit and Loss | 1265.20 | 530.11 |

38. Since the company has presented Consolidated Financial Statements, it is not required to present segment information in the standalone financial statements as per Ind AS 108- Operating Segments..

39. Earning Per Share

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

| S. No. | Nature of Transaction | Current Year | Previous Year |
|--------|--|--------------|---------------|
| 1. | Number of Shares | 49603520 | 49603520 |
| 2. | Profit contribution for Basic EPS (₹ in Lakhs) | 3823.00 | 1923.92 |
| 3. | Basic Earning Per Share | 7.71 | 3.88 |
| 4. | Diluted Earning Per Share | 7.71 | 3.88 |
| 5. | Nominal Value Per Share | 1.00 | 1.00 |

Notes forming part of the Balance Sheet and Statement of Profit & Loss Account

40. In accordance with the Indian Accounting Standard (Ind AS) 24 "Related Party Disclosures" issued by The Institute of Chartered Accountants of India (ICAI) and as specified under section 133 of the Companies Act, 2013 (The Act) read with rule 7 of the Companies (Accounts) Rules, 2014. The names of the related parties and the relevant disclosure is as under:-

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

i. **Key Management Personnel:**

Shri Shiv Singh Mehta, Chairman & Managing Director
Smt. Purnima Mehta, Executive Director
Shri Manoj Fadnis, Independent Director
Shri Chandrasekharan Bhaskar, Independent Director
Shri Rakesh Kalra, Independent Director
Shri Kamal Kanodia, Chief Financial Officer
Ms. Apeksha Baisakhiya, Company Secretary

ii. **Relatives of Key Management Personnel**

Shri Saurabh Singh Mehta (Son of Chairman & Managing Director / Executive Director)
Smt. Devki Hirawat (Daughter of Chairman & Managing Director/ Executive Director)
Smt. Nidhi Mehta (Daughter-in-law of Chairman & Managing Director/Executive Director)

iii. **Subsidiary Company**

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

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

1) Sakam Trading Pvt. Ltd. (Holding Company)
2) Kriti Nutrients Ltd. (Fellow Subsidiary)
3) Chetak Builders Pvt. Ltd. (Fellow Subsidiary)
4) Sakam Charitable Trust, Indore

The following transaction were carried out with the related parties in the ordinary course of business (₹ in Lakhs)

| S. 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 | 77.83 | |
| | | (NIL) | (NIL) | (NIL) | (216.23) | |
| 2 | Sale of Consumable Items | NIL | NIL | NIL | 4.41 | |
| | | (3.78) | (NIL) | (NIL) | (9.36) | |
| 3 | Sale of Capital Goods | NIL | "NIL | "NIL | "NIL | |
| | | (NIL) | (NIL) | (NIL) | (NIL) | |
| 4 | Purchase of Consumable Items | 28.68 | NIL | NIL | NIL | |
| | | (18.57) | (NIL) | (NIL) | (NIL) | |
| 5 | Purchase of Capital Goods | 282.78 | NIL | NIL | NIL | |
| | | (NIL) | (NIL) | (NIL) | (NIL) | |
| 6 | Remuneration | NIL | 593.78 | 6.22 | NIL | |
| | | (NIL) | (220.51) | (6.22) | (NIL) | |
| 7 | Rent Paid | NIL | 0.24 | NIL | NIL | |
| | | (NIL) | (0.18) | (NIL) | (3.70) | |
| 8 | Unsecured Loan | Given | 39.00 | NIL | NIL | |
| | | | (197.00) | (NIL) | (NIL) | (NIL) |
| | | Taken | NIL | 313.00 | 75.00 | 3400 |
| | | | (NIL) | (251.00) | (41.00) | (1200) |
| Closing Balances | NIL | 836.00 | 143.50 | 1000 | | |
| | (353) | (534.00) | (71.00) | (1200) | | |
| 9 | Interest Received | 21.07 | NIL | NIL | NIL | |
| | | (18.42) | (NIL) | (NIL) | (NIL) | |
| 10 | Interest Given | NIL | 69.94 | 10.92 | 147.73 | |
| | | (NIL) | (50.46) | (6.42) | (112.74) | |

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

* The related party transactions were made on terms equivalent to those that prevail in an arm's length transactions.

Notes forming part of the Balance Sheet and Statement of Profit & Loss Account

41. Auditor's Remuneration

(₹ in Lakhs)

| S. No. | Auditor's Remuneration | 31.03.2021 | 31.03.2020 |
|--------|---|-------------|-------------|
| a. | Statutory Audit/ Tax Audit Fees | 4.00 | 3.00 |
| b. | Taxation & Other matters including Legal & Professional Expenses. | 0.43 | 0.68 |
| | Total | 4.43 | 3.68 |

*Figures are exclusive of taxes

42. A. Capital Management

For the purpose of Company's Capital Management, capital includes Issued Equity Capital, Securities Premium, and all other Equity Reserves attributable to the Equity Holders of the Company. The primary objective of the Company's Capital Management is to maximize the Share Holder Value.

The Company monitors using a gearing ratio which is net debts divided by total capital plus net debt. The company includes within net debt, interest bearing loans and borrowings, less cash and Cash Equivalents.

(₹ in Lakhs)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|-------------------------|-------------------------|
| Interest Bearing Loans and Borrowings | 1604.99 | 1532.05 |
| Current maturities of Long Term debts | 708.40 | 756.96 |
| Gross Debt | 2313.39 | 2289.01 |
| Less: Cash and Cash Equivalents | 1.27 | 3.89 |
| Net Debt (A) | 2312.12 | 2285.12 |
| Total Equity (as per Balance Sheet) (B) | 14133.24 | 10380.12 |
| Net Gearing (A/B) | 0.16 | 0.21 |

B. Financial Risk Management

The Company's principal financial liabilities comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the operations of the Company. The principal financial assets include trade and other receivables and cash and short term deposits.

The Company has assessed market risk, credit risk and liquidity risk to its financial liabilities.

i. Market Risk

Is the risk of loss of future earnings, fair values or cash flows that may result from change of interest rates, foreign exchange rates and other price risks. Financial instruments affected by market risks, primarily include loans & borrowings and foreign currency payables.

Company's Term Loans & Working Capital interest rates are linked to 1 year MCLR rate, reset annually. Short Term Borrowings as and when taken are governed by prevailing rates at the time of disbursement.

If the interest rates had been 1% higher / lower and all other variables held constant, the company's profit for the year ended 31st March, 2021 would have been decreased/ increased by ₹94.22 Lakhs.

The Company is exposed to risk with regard to foreign currency payables.

The Company is affected by the price volatility of Polymer prices. The Company enters into purchase contracts on a short term and forward foreign exchange contracts (matching the purchase contracts) are entered into to minimize price fluctuations.

ii. Credit Risk

Is the risk that a counter party will default on its contractual obligations resulting in a financial loss to the Company. It arises from cash and cash equivalents as well as credit exposure to customers.

The Company holds cash and cash equivalents with banks which are having highest safety rankings and hence has a low credit risk.

Company's marketing policies & credit period is determined on the basis of segments sales history and credit worthiness of the customers. The sales affected through dealer network is normally 7-10 days credit period & in institutional sales some customers open Letters of Credit and some large corporate enjoys the credit facilities ranging 30-90 days.

Notes forming part of the Balance Sheet and Statement of Profit & Loss Account

iii Liquidity Risk

The Company manages liquidity risk by maintaining adequate surplus, banking facilities and reserve borrowings facilities by continuously monitoring forecasts and actual cash flows.

The Company has a system of forecasting next month cash inflow and outflow and all liquidity requirements are planned.

All Long term borrowings are for a fixed tenor and generally these cannot be foreclosed.

The Company has access to various source of Short term funding and debit maturing within 12 months can be rolled over with existing lenders/new lenders, or repaid based on short term requirements. Trade and other payables are plugged as per credit terms and paid accordingly.

All payments are made along due dates and requests for early payments are entertained after due approval and availing early payment discounts.

43. The Board of Directors have recommended dividend of ₹ 0.20 Per fully paid up equity share of ₹1/ each aggregating ₹9920704 for the financial year 2020-21 The actual dividend amount will be dependent on the relevant share capital outstanding as on the record date/book closure relevant share capital as on March 31, 2021.

44. Estimation of uncertainties relating to global health pandemic COVID-19

Continuing spread of COVID-19 has affected the economic activity across the Globe including India. This impact on the business will depend upon future developments that cannot be predicted reliably at this stage. However based on the preliminary estimates the Company does not anticipate any major challenge in meeting the financial obligations, on the long-term basis. Further, the company is not exposed to any further risk over and above the provisions already made as at quarter and year ended 31-Mar-21. However the company will closely monitor any material changes to future economic conditions impacting its business. Further, the company does not carry any risk in the recoverability.

However due to COVID-19 Kriti Auto and Engineering Plastics Pvt. Ltd [100 % subsidiary of Kriti Industries (India)Limited] is not having sustainable business. Board of Kriti Industries India Limited in its meeting dated 24th March 2021 had decided to discontinue the operations of the said subsidiary. In case of investment of ₹ 777 Lakhs in the shares of its 100 % subsidiary M/s Kriti Auto and Engineering Plastics Pvt Ltd, the company has provided for impairment loss of ₹ 116.55 lakhs in the year ended 31-3-2020 and no further provision has been considered necessary during the quarter and year ended on 31.03.2021.

45. Government Grants

During the year, Madhya Pradesh Industrial Development Corporation, a Government of Madhya Pradesh Undertaking, has approved a sum of ₹ 15.04 crores (Rupees Fifteen Crores and Four Lakhs only) as Investment Promotion Assistance out of the eligible investment of ₹ 37.60 crores (Rupees Thirty Seven Crores and Sixty Lakhs only). The total assistance is to be spread over a period of seven years, subject to compliance with the terms and conditions. Out of the above sum of ₹ 15.04 crores, the State Level Empowered Committee (SLEC) has sanctioned a sum of ₹ 2.1485 crores (Rupees Two Crores Fourteen Lakhs Eighty Five thousand Only) as Investment Promotion Assistance (IPA) under the Investment.

Promotion Assistance (IPA) Scheme of Government of Madhya Pradesh. The same has been reduced from the carrying cost of the eligible assets and such reduced cost of the assets are depreciated over their useful lives.

46. Approval of Financial Statements

The financial statements are approved by the Board of Directors in their meeting held on 15.05.2021.

As per our Report of even date attached

For Rakesh Kumar & Associates

Chartered Accountants

F.R.N. 002150C

For and on behalf of the Board of Directors

Puneet Gupta

Partner

M.No. 413168

Shiv Singh Mehta

Chairman and Managing Director

DIN 00023523

Purnima Mehta

Executive Director

DIN 00023632

Kamal Kanodia

Chief Financial officer

Apeksha Baisakhiya

Company Secretary

Place: Indore

Date:- 15th May,2021



**CONSOLIDATED
FINANCIAL
STATEMENT**

To,
The Members,
Kriti Industries (India) Limited

Report on the Audit of the Consolidated Financial Statements:

Opinion:

We have audited the accompanying consolidated financial statements of **KRITI INDUSTRIES (INDIA) LIMITED** ("the Company") and its subsidiary (the Company and its subsidiary together referred to as "the Group"), which comprises the Consolidated Balance Sheet as at March 31, 2021, the Consolidated Statement of Profit and Loss (including other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended, ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March, 2021, the consolidated profit, consolidated total comprehensive income, consolidated changes in equity and its consolidated cash flows for the year ended on that date.

Basis for Opinion:

We conducted our audit of the Consolidated financial statements in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Companies Act, 2013. Our Responsibilities under those Standards are further described in

the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on our consolidated financial statements.

Related to Going Concern (Emphasis of Matter):

We draw attention to Note No. 38 to the consolidated financial statements which indicates that the wholly owned Subsidiary of the Group [Kriti Auto & Engineering Plastics Private Limited] has discontinued its operations and has incurred a net loss of ₹ 81.27 Lacs during the year ended March 31, 2021. Due to ongoing COVID-19 pandemic, the subsidiary was not having sustainable business, hence, it has been decided to sell off substantial portion of its assets. Therefore, the Financial Statements have not been prepared on going concern basis. Our opinion is not modified in respect of this matter.

Key Audit Matters :

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

| S.No. | Key Audit Matter | Auditor's Response |
|---|--|--|
| 1. | Provisions and Contingent liabilities in respect of certain litigations including Direct and Indirect Taxes not acknowledged as debt. (Note No. 31(c) of the consolidated financial statements read with Note No. 2.2.8 and 2.2.10 to the standalone financial statements): The Company has material uncertain tax positions including matters under dispute which involves significant judgment to determine the possible outcome of these disputes. The Company's assessment is supported by the facts of matter, their own judgment, past experience, and advices from legal and independent tax consultants wherever considered necessary. Accordingly, unexpected adverse outcomes may significantly impact the Company's reported profit and the Balance Sheet. | Our audit approach involved :- a) Understanding the current status of the litigations/tax assessments; b) Examining communication received from various Tax Authorities/ Judicial forums and follow up action thereon; c) Evaluating the merit of the subject matter under consideration with reference to available independent legal / tax advice; and d) Review and analysis of evaluation of the contentions of the Company through discussions, collection of details of the subject matter under consideration and the likely outcome. |
| We determined the above areas as a Key Audit Matter in view of associated uncertainty relating to the outcome of these matters. | | |

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

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

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

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

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

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

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in terms of requirements of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated total comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for the maintenance of the adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material

misstatement, whether due to fraud or error which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

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

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements:

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; to design and perform audit procedures responsive to those risks; and to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Company and its subsidiary has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used

and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most

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

Report on Other Legal and Regulatory Requirements:

- 1) As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
 - (b) In our opinion, proper books of account as required by law relating to the preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.
 - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
 - (d) In our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors of the Holding Company and its Subsidiary as on 31st March, 2021 taken on record by the respective Board of Directors of the Company, none of the directors of the companies included in the Group is disqualified as on 31st March, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure – A" which is based on the auditor's report of the Holding Company and its subsidiary. Our report expresses an unmodified opinion on the adequacy and the operating effectiveness of the

internal financial controls over financial reporting of those companies, for reasons stated therein.

- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Consolidated financial statements has disclosed the impact of pending litigations on the consolidated financial position of the Group - Refer Note 31(c) to the consolidated Ind AS financial statements.
 - ii. The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There was no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Holding Company and there was no amount required to be transferred by

the subsidiary during the year ended 31st March 2021.

- (h) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Sec 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Group to its directors during the year is in accordance with the provisions of section 197 of the Act.

FOR RAKESH KUMAR & ASSOCIATES

Chartered Accountants

Firm Reg. No. : 002150C

CA. PUNEET GUPTA

Partner

Place : Indore

Date : 15th May 2021

Membership No. : 413168

“Annexure A” to the Auditor’s Report

The Annexure referred to in paragraph 1(f) under “Report on other Legal and Regulatory Requirements” of our Independent Auditor’s Report of even date on the consolidated Ind AS financial statements to the members of Kriti Industries (India) Limited for the year ended 31st March 2021.

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

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended 31 March 2021, we have audited the internal financial controls over financial reporting of KRITI INDUSTRIES (INDIA) LIMITED (“the Holding Company”) and its subsidiary company which are companies incorporated in India, as of that date.

Management’s Responsibility for Internal Financial Controls

The Respective Board of Directors of the Holding Company and its subsidiary company, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential

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

Auditors’ Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial

Reporting (the "Guidance Note") issued by ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls over Financial Reporting

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

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles,

and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

- (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Holding Company and its subsidiary company, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

FOR RAKESH KUMAR & ASSOCIATES

Chartered Accountants
Firm Reg. No. : 002150C

CA. PUNEET GUPTA

Place : Indore
Date : 15th May 2021

Partner
Membership No. : 413168

Consolidated Balance Sheet as at March 31, 2021

(₹ in Lakhs)

| Particulars | Notes | As at March 31, 2021 | As at March 31, 2020 |
|--|-------|----------------------|----------------------|
| ASSETS | | | |
| (1) NON CURRENT ASSETS | | | |
| (a) Property, Plant and Equipment | 3 | 10,031.96 | 10,611.28 |
| (b) Capital work-in-progress | | 810.17 | 94.97 |
| (c) Other Intangible assets | 4 | 14.20 | 15.52 |
| (d) Financial Assets | | | |
| (i) Investments | 5 | 2.15 | 2.15 |
| (ii) Loans | 6 | 259.10 | 245.22 |
| (iii) Other financial assets | 7 | 56.00 | - |
| Total Non Current Assets | | 11,173.58 | 10,969.14 |
| (2) Current assets | | | |
| (a) Inventories | 8 | 16,171.88 | 13,561.60 |
| (b) Financial Assets | | | |
| (i) Trade receivables | 9 | 3,210.52 | 7,291.80 |
| (ii) Cash and cash equivalents | 10 | 2.10 | 4.81 |
| (iii) Bank balances other than (ii) above | 11 | 2,193.74 | 1,388.93 |
| (iv) Loans | 12 | 2,057.64 | 1,958.54 |
| (c) Other current assets | 13 | 113.53 | 123.68 |
| Sub Total | | 23,749.41 | 24,329.36 |
| (3) Property, Plant and Equipment Held for sale | | 183.03 | - |
| Total Current Assets | | 23,932.44 | 24,329.36 |
| Total Assets | | 35,106.02 | 35,298.50 |
| EQUITY AND LIABILITIES | | | |
| (1) Equity | | | |
| (a) Equity Share capital | 14 | 496.04 | 496.04 |
| (b) Other Equity | 15 | 12,944.17 | 9,411.86 |
| Total Equity | | 13,440.21 | 9,907.90 |
| LIABILITIES | | | |
| (2) Non-current liabilities | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowings | 16 | 1,604.99 | 1,532.05 |
| (b) Deferred tax liabilities (Net) | 17 | 1,041.37 | 1,045.76 |
| (c) Other non-current liabilities | 18 | 1,277.55 | 1,073.08 |
| (i) Lease Liability | | 304.25 | 317.23 |
| Total non current Liabilities | | 4,228.16 | 3,968.12 |
| (3) Current liabilities | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowings | 19 | 4,467.96 | 5,116.44 |
| (ii) Trade payables | | | |
| (a) Total outstanding dues of micro enterprises and small enterprises (Refer Note No.33) | | | |
| (b) Total outstanding dues of creditors other than micro and small enterprises | 20 | 10,417.92 | 14,798.57 |
| (iii) Others | 21 | 722.49 | 772.12 |
| (b) Other current liabilities | 22 | 831.17 | 500.38 |
| (c) Provisions | 23 | 262.46 | 222.62 |
| (d) Current tax liabilities (Net of Adv Tax & TDS) | 24 | 57.85 | 12.35 |
| Total current Liabilities | | 16,759.85 | 21,422.48 |
| (4) Other advances received against assets held for sale | | 677.80 | - |
| Total Equity and Liabilities | | 35,106.02 | 35,298.50 |

Significant accounting policies & Notes to the accounts 1 - 40

As per our Report of even date attached

For Rakesh Kumar & Associates

Chartered Accountants

F.R.N. 002150C

For and on behalf of the Board of Directors

Puneet Gupta

Partner

M.No. 413168

Shiv Singh Mehta

Chairman and Managing Director

DIN 00023523

Purnima Mehta

Executive Director

DIN 00023632

Kamal Kanodia

Chief Financial officer

Apeksha Baisakhiya

Company Secretary

Place: Indore

Date:- 15th May,2021

Consolidated Statement of Profit & Loss for the year ended March 31, 2021

(₹ in Lakhs)

| Particulars | Notes | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|---|-------|--------------------------------------|--------------------------------------|
| REVENUE | | | |
| Revenue From Operations | 25 | 58,916.50 | 53,421.73 |
| Other Income | 26 | 86.08 | 168.74 |
| Total Income | | 59,002.58 | 53,590.47 |
| EXPENSES | | | |
| Cost of materials consumed | | 46,767.76 | 40,508.58 |
| Changes in inventories of finished goods, Stock-in-Trade and Work-in-Progress | | (2,179.12) | 692.21 |
| Employee benefits expense | 27 | 2,636.93 | 2,334.25 |
| Finance costs | 28 | 1,096.35 | 1,725.71 |
| Depreciation and amortization expense | 3-4 | 748.89 | 715.16 |
| Other expenses | 29 | 4,832.06 | 5,360.58 |
| Total Expenses | | 53,902.87 | 51,336.49 |
| Profit/(loss) before exceptional items and tax | | 5,099.71 | 2,253.98 |
| Exceptional Items (Impairment Loss) | | - | 116.55 |
| Profit/(loss) before tax | | 5,099.71 | 2,137.43 |
| Tax expense: | | | |
| (1) Current tax | | 1,265.20 | 530.11 |
| (2) Deferred tax | | 31.91 | (298.18) |
| Total Tax Expenses | | 1,297.11 | 231.93 |
| Net Profit/(Loss) for the period from continuing operations | | 3,802.60 | 1,905.50 |
| Profit/(Loss) for the period from discontinued operations | | (233.15) | (59.75) |
| Tax expense: | | | |
| (i) Current tax | | - | - |
| (ii) Deferred tax | | (36.29) | (3.31) |
| Net Profit/(Loss) for the period from discontinued operations | | (196.86) | (56.44) |
| Net Profit/(Loss) for the period | | 3,605.74 | 1,849.06 |
| Other Comprehensive Income | | | |
| Items that will not be reclassified to profit or loss | | | |
| Remeasurement of Defined Benefit Plan | | 4.05 | 16.98 |
| Total Other Comprehensive Income | | 4.05 | 16.98 |
| Total Comprehensive Income for the period | | 3,609.79 | 1,866.03 |
| Earnings per equity share | | | |
| (1) Basic | | 7.27 | 3.73 |
| (2) Diluted | | 7.27 | 3.73 |

Significant accounting policies & Notes to the accounts 1 - 40

As per our Report of even date attached

For Rakesh Kumar & Associates

Chartered Accountants

F.R.N. 002150C

For and on behalf of the Board of Directors

Puneet Gupta

Partner

M.No. 413168

Shiv Singh Mehta

Chairman and Managing Director

DIN 00023523

Purnima Mehta

Executive Director

DIN 00023632

Kamal Kanodia

Chief Financial officer

Apeksha Baisakhiya

Company Secretary

Place: Indore

Date:- 15th May, 2021

Consolidated Cash Flow Statement as on March 31, 2021

(₹in Lakhs)

| Particulars | For the year ended March 31, 2021 | | For the year ended March 31, 2020 | |
|---|-----------------------------------|-------------------|-----------------------------------|-------------------|
| | Amount | Amount | Amount | Amount |
| CASH FLOW FROM OPERATING ACTIVITIES | | | | |
| Net Profit before Tax | | 4,866.56 | | 2,137.43 |
| Add: Loss/ (profit) from Discontinued Operations | | 233.15 | | (59.75) |
| Net Profit before Tax (Net of Discontinued Operations) | | 5,099.71 | | 2,077.68 |
| Adjustments for : | | | | |
| Depreciation | 770.47 | | 743.50 | |
| Profit)/ Loss on Sale of Fixed Assets | - | | - | |
| Financial Income | (68.67) | | (159.61) | |
| OCI Income | 4.05 | | 16.69 | |
| Financial Expense | 1,096.35 | 1,802.20 | 1,744.74 | 2,345.32 |
| Cash Operating Profit before working capital changes | | 6,901.91 | | 4,423.00 |
| (Increase) / Decrease in Inventories | (2,610.28) | | (2,251.68) | |
| (Increase) / Decrease in Trade Receivables | 4,081.28 | | (467.65) | |
| (Increase) / Decrease in Deposit given | (99.10) | | (462.75) | |
| (Increase) / Decrease in Other Current Assets | 10.15 | | 1.26 | |
| (Increase) / Decrease in Loan Given | (13.88) | | (37.00) | |
| (Increase) / Decrease in other Financial assets | (56.00) | | 0.74 | |
| (Increase) / Decrease in Other Non Current Assets | (183.03) | | 40.46 | |
| Increase / (Decrease) in Trade Payables | (4,380.65) | | 2,370.72 | |
| Increase / (Decrease) in Other Financial Liabilities | (49.63) | | (29.16) | |
| Increase / (Decrease) in Other Current Liabilities | 1,008.59 | | (7.48) | |
| Increase / (Decrease) in Provisions | 39.85 | | 132.21 | |
| Increase / (Decrease) in Other Tax Liabilities | 45.50 | | 12.35 | |
| | | (2,207.20) | | (697.98) |
| Tax Paid | | (1,268.28) | | (530.11) |
| Net Cash From Operating Activities (A) | | 3,426.43 | | 3,194.91 |
| CASH FLOW FROM INVESTING ACTIVITIES | | | | |
| Financial Income | 68.67 | | 159.90 | |
| Sale Proceed Of Fixed Assets (Net) | - | | - | |
| Purchase of Fixed Assets | (905.04) | | (1,537.67) | |
| Investment in Fixed Deposits against margin money | (804.81) | | (178.05) | |
| (Increase) / Decrease in Non Current Investment | - | | | |
| Profit/ (Loss) on sale of assets of discontinued operation | (1.66) | | | |
| Add: Loss/ (profit) from Discontinued Operations | (231.49) | | | |
| Net Cash Used In Investing Activities (B) | | (1,874.33) | | (1,555.82) |
| CASH FLOW FROM FINANCING ACTIVITIES | | | | |
| Proceeds from Long Term Borrowings | - | | - | |
| Repayment of Long Term Borrowings | 72.94 | | (662.74) | |
| Net Increase / (Decrease) in Long Term Borrowings | 72.94 | | (662.74) | |
| Increase / (Decrease) in Other Non Current Liability | 191.49 | | 356.89 | |
| Increase / (Decrease) in Short Term Borrowings | (648.48) | | 502.29 | |
| Dividend Paid on Equity Shares | (74.41) | | (74.41) | |
| Dividend Distribution Tax Paid | - | | (15.29) | |
| Financial Expenses | (1,096.35) | | (1,744.74) | |
| Net Cash Used In Financing Activities (C) | | (1,554.81) | | (1,638.00) |
| Net Decrease In Cash and Cash Equivalents (A + B + C) | | (2.71) | | 1.08 |
| ADD :Cash and cash equivalents - Opening - 1st April | | 4.81 | | 3.73 |
| Cash and cash equivalents - Closing - 31st March, 2021 | | 2.10 | | 4.81 |

Consolidated Cash Flow Statement as on March 31, 2021

Footnote to Cash Flow Statement:

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

(₹ in Lakhs)

| Particulars | 2020-21 | 2019-20 |
|--|-------------|-------------|
| Cash & Cash Equivalents | | |
| Balances with Banks | | |
| Current Account | 1.69 | 1.01 |
| Cash on hand | 0.41 | 3.80 |
| Total of Cash & Cash Equivalent | 2.10 | 4.81 |

Significant accounting policies & Notes to the accounts 1 - 40

As per our Report of even date attached

For Rakesh Kumar & Associates

For and on behalf of the Board of Directors

Chartered Accountants

F.R.N. 002150C

Puneet Gupta

Partner

M.No. 413168

Shiv Singh Mehta

Chairman and Managing Director

DIN 00023523

Purnima Mehta

Executive Director

DIN 00023632

Kamal Kanodia

Chief Financial officer

Apeksha Baisakhiya

Company Secretary

Place: Indore

Date:- 15th May,2021

Consolidated Statement of Change in Equity for the year ended March 31, 2021

SHARE CAPITAL

(₹ in Lakhs)

| Equity Share Capital | Balances as at 1st April, 2019 | Changes in equity share capital during the year | Balance as at 31st March, 2020 | Balances as at 1st April, 2020 | Changes in equity share capital during the year | Balance as at 31st March, 2021 |
|----------------------|--------------------------------|---|--------------------------------|--------------------------------|---|--------------------------------|
| Paid up Capital | 496.04 | - | 496.04 | 496.04 | - | 496.04 |

OTHER EQUITY

(₹ in Lakhs)

| Particulars | Reserves and Surplus | | | | | | Other Comprehensive Income | Total |
|---|----------------------|-----------------------|---------------------|--------------------------|-------------------|------------------|----------------------------|------------------|
| | General Reserve | Share Premium Account | Contingency Reserve | Share Forfeiture Account | Retained Earnings | Total | | |
| Balances as at 1st April 2019 | 3,425.00 | 466.14 | - | 2.73 | 3,743.83 | 7,637.70 | 0.29 | 7,637.99 |
| Total Comprehensive Income | | | | | 1,849.05 | 1,849.05 | 14.52 | 1,863.57 |
| Final Dividend paid including corporate dividend tax for FY 2019-20 | | | | | (89.70) | (89.70) | - | (89.70) |
| Interim Dividend paid including corporate dividend tax | | | | | | - | - | - |
| Transfer to General Reserve | 100.00 | | | | (100.00) | - | - | - |
| Balance as at 31st March, 2020 | 3,525.00 | 466.14 | - | 2.73 | 5,403.18 | 9,397.05 | 14.81 | 9,411.86 |
| Total Comprehensive Income | | | | | 3,605.76 | 3,605.76 | 4.05 | 3,609.81 |
| Final Dividend paid including corporate dividend tax | | | | | (74.41) | (74.41) | - | (74.41) |
| Transfer to General Reserve | 200.00 | | | | (200.00) | - | - | - |
| Short IT Provision 19-20 | | | | | (3.09) | (3.09) | | (3.09) |
| Balance as at 31st March, 2021 | 3,725.00 | 466.14 | - | 2.73 | 8,731.44 | 12,925.31 | 18.86 | 12,944.17 |

General Reserve

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

Share Premium Account

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

Contingency Reserve

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

Share Forfeiture Account

to use Stock purchase plans to inspire employee loyalty.

Notes - 1. Significant accounting policies and notes to the accounts 31.03.2021

1 Corporate Information

Kriti Industries (India) Ltd., a public limited company domiciled in India and incorporated under the provisions of the Companies Act, 1956 on 12.03.1990 and having its Registered office in Indore (MP). The company's shares are listed in the Bombay Stock Exchange (BSE). KILL manufactures premium quality piping products and solution, accessories, gas pipe, telecom ducts, submersible pipes and casing pipes.

The Consolidated Financial Statements have been prepared as required u/s 129 (5) of the Companies Act, 2013 ("the Act").

2. Statement of Compliance of Indian Accounting Standards

These financial statements are consolidated financial statements of the Group (also called consolidated financial statements). The Group has prepared and presented its consolidated financial statements for the year ended March 31, 2021 together with the comparative period information as at and for the year ended March 31, 2020 in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended).

2.1 Basis of preparation and presentation

The Group has consistently applied all the accounting policies to all periods presented in these consolidated financial statements.

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

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

The Board of Directors of Kriti Industries (India) Limited in their meeting held on 24th March 2021 have decided to sell off the substantial portion of the assets of its wholly owned subsidiary Kriti Auto and Engineering Plastics Private Limited and to discontinue its operations. Accordingly, the financial statements of Kriti Auto and Engineering Plastics Private Limited are not prepared on going concern basis.

Historical cost measures provide monetary information about assets, liabilities and related income and expenses, using information derived, at least in part, from the price of the transaction or other event that gave rise to them. Unlike current value, historical cost does not reflect changes in values, except to the extent that those changes relate to impairment of an asset or a liability becoming onerous.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

2.2. Principles of consolidation

- a. The accompanying consolidated financial statements have been prepared and presented in Indian Rupees (INR) being the functional currency and the presentation currency of the Parent Company.
- b. The consolidated financial statements of the Group have been prepared on a line-by-line consolidation of Kriti Industries Limited and its wholly owned subsidiary by adding together the like items of assets, liabilities, equity, income, expenses and cash flows, after fully eliminating intra-group balances and intra-group transaction including unrealized gain or losses from such transactions and cash flows relating to transactions between members of the Group are eliminated upon consolidation.
- c. The consolidated financial statements have been prepared using uniform accounting policies for like transaction and other events in similar circumstances and are presents to the extent possible, in the same manner as the company's separate financial statements.
- d. The subsidiary considered in the consolidated financial statements is:

| Name of Company | Country of incorporation | % Voting Power held as at 31st March 2021 | % Voting power held as at 31st March 2020 |
|---|--------------------------|---|---|
| Kriti Auto & Engineering Plastics Pvt. Ltd (KAEPLL) | India | 100 | 100 |

2.3. Other Significant accounting Policies

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

Notes forming part of the Balance Sheet and Statement of Profit & Loss Account

Note No. -3-4 Property, Plant and Equipment (2020-21)

(₹ in Lakhs)

| Note | Particular | Gross Block | | | DEPRECIATION | | | | Net Block | | |
|----------|--------------------------|---------------------|---------------|---------------|---------------------|---------------------|-----------------|-----------------|-----------------|---------------------|---------------------|
| | | As At 01.04.2020 | Addition | Deduction | As At 31.03.2021 | As At 01.04.2020 | For the Year | Written back | Total | As At 31.03.2021 | As At 31.03.2020 |
| 3 | Tangible Assets | | | | | | | | | | |
| 3.1 | Land | | | | | | | | | | |
| 3.1.1 | Free hold Land | 225.34 | 125.64 | - | 350.98 | - | - | - | - | 350.98 | 225.34 |
| 3.1.2 | Lease hold Land * | 36.66 | - | - | 36.66 | 1.94 | - | - | 1.94 | 34.72 | 81.25 |
| 3.2 | Buildings | 2,377.32 | 60.63 | 41.00 | 2,396.95 | 267.63 | 99.49 | - | 367.12 | 2,029.83 | 2,215.85 |
| 3.3 | Plant & Machinery | 9,373.01 | 586.86 | 222.30 | 9,737.57 | 1,894.00 | 585.58 | 9.75 | 2,469.83 | 7,267.74 | 7,701.27 |
| 3.4 | Furniture | 58.28 | - | - | 58.28 | 15.04 | 5.28 | - | 20.32 | 37.96 | 43.62 |
| 3.5 | Vehicles | 24.35 | - | - | 24.35 | 17.74 | 2.84 | - | 20.58 | 3.77 | 6.60 |
| 3.6 | Office Equipment | 119.91 | 23.76 | - | 143.67 | 86.84 | 17.75 | - | 104.59 | 39.08 | 36.97 |
| 3.7 | Right-of-Use Asset: | | | | | | | | | | |
| 3.7.1 | Office Building | 324.72 | - | - | 324.72 | 24.35 | 32.47 | - | 56.82 | 267.90 | 300.38 |
| | Total (3) | 12,539.59 | 796.87 | 263.30 | 13,073.16 | 2,307.54 | 743.41 | 9.75 | 3,041.20 | 10,031.96 | 10,611.28 |
| 4 | Intangible Assets | | | | | | | | | | |
| 4.1 | Computer Software | 50.91 | 4.16 | - | 55.07 | 35.39 | 5.48 | - | 40.87 | 14.20 | 15.52 |
| | Total (4) | 50.91 | 4.16 | - | 55.07 | 35.39 | 5.48 | - | 40.87 | 14.20 | 15.52 |
| | Grand Total | 12,590.50 | 801.03 | 263.30 | 13,128.23 | 2,342.93 | 748.89 | 9.75 | 3,082.07 | 10,046.16 | 10,626.80 |

* Title Deed of Kriti Auto & Engineering Pvt. Ltd is in the name of Holding Company i.e Kriti Industries India Ltd.

Note-5 Investment

(₹ in Lakhs)

| Particulars | 31.3.2021 | 31.3.2020 |
|---|-------------|-------------|
| 5.1 Investment in Trust Securities | | |
| 5.1.1 National Saving Certificate | 0.14 | 0.14 |
| 5.2 Unquoted | | |
| Non Trade Investment in equity instruments | | |
| 5.2.1 Sahkari Audhyogik Vasahat LIMITED (1 Share of ₹500/-) | 0.01 | 0.01 |
| 5.2.2 The Cosmos Co-operative Bank Ltd. (1000 Equity Shares of ₹ 100/- each) | 1.00 | 1.00 |
| Trade Investment in equity instruments | | |
| 5.2.3 Kriti Auto Engineering & Plastic Private Limited (100% Subsidiary) | 1.00 | 1.00 |
| Total | 2.15 | 2.15 |

Note-6 Loans

(₹ in Lakhs)

| Particulars | 31.3.2021 | 31.3.2020 |
|-----------------------|---------------|---------------|
| 6.1 Security Deposits | 259.10 | 245.22 |
| Total | 259.10 | 245.22 |

Notes forming part of the Balance Sheet and Statement of Profit & Loss Account

Note-7 Other Financial Assets

(₹ in Lakhs)

| Particulars | 31.3.2021 | 31.3.2020 |
|--|--------------|-----------|
| 7.1 Fixed deposit with banks having maturity more than 12 months | 56.00 | - |
| Total | 56.00 | - |

Note-8 Inventories

(₹ in Lakhs)

| Particulars | 31.3.2021 | 31.3.2020 |
|--------------------------------|------------------|------------------|
| 8.1 Raw Material | 6,855.09 | 6,379.59 |
| 8.2 Finished Goods | 8,926.42 | 6,808.37 |
| 8.3 Stores and Spares & others | 390.37 | 373.64 |
| Total | 16,171.88 | 13,561.60 |

Note-9 Trade Receivables

(₹ in Lakhs)

| Particulars | 31.3.2021 | 31.3.2020 |
|--|-----------------|-----------------|
| 9.1 Trade Receivables | - | - |
| Unsecured considered good | 3,210.52 | 7,291.80 |
| Total | 3,210.52 | 7,291.80 |
| Trade Receivables which have significant increase in Credit Risk | | |
| Less: Impairment for trade receivable | - | - |
| Unsecured, considered good | 3,210.52 | 7,291.80 |
| Trade Receivables - credit impaired - - | - | - |
| Current trade receivables | 3,210.52 | 7,291.80 |

No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivable are due from firm or private companies respectively in which any director is a partner, a director or a member other than stated above.

Note-10 Cash and Cash Equivalents

(₹ in Lakhs)

| Particulars | 31.3.2021 | 31.3.2020 |
|--------------------------|-------------|-------------|
| 10.1 Balances with Banks | 1.69 | 1.01 |
| 10.2 Cash on hand | 0.41 | 3.80 |
| Total | 2.10 | 4.81 |

Note-11 Other Bank Balances

(₹ in Lakhs)

| Particulars | 31.3.2021 | 31.3.2020 |
|---|-----------------|-----------------|
| 11.1 Unpaid dividend | 14.09 | 15.16 |
| 11.2 Fixed deposit with banks against margin money (Maturity less than 11 months) | 2,179.65 | 1,373.77 |
| Total | 2,193.74 | 1,388.93 |

Notes forming part of the Balance Sheet and Statement of Profit & Loss Account

Note-12 Loans

(₹ in Lakhs)

| Particulars | 31.3.2021 | 31.3.2020 |
|--|-----------------|-----------------|
| 12.1 Unsecured, Considered good | 2,057.64 | 1,958.54 |
| Advances recoverable in cash or kind or for value to be received | - | - |
| Total | 2,057.64 | 1,958.54 |

Note-13 Other Current Assets

(₹ in Lakhs)

| Particulars | 31.3.2021 | 31.3.2020 |
|--|---------------|---------------|
| 13.1 Sundry Deposits | 57.09 | 57.79 |
| 13.2 Advance Tax/ Tax Deducted at source | 0.47 | 0.55 |
| 13.3 CENVAT | 11.84 | 11.43 |
| 13.4 Accrued Interest/ Income | 44.13 | 53.91 |
| Total | 113.53 | 123.68 |

Note No -14 Share Capital

(₹ in Lakhs)

| Particulars | 31.3.2021 | 31.3.2020 |
|---|---------------|---------------|
| 14.1 AUTHORIZED | | |
| 14.1.1 80000000 Equity Shares of Re. 1/- each | 800.00 | 800.00 |
| 14.1.2 2000000 Optional convertible Preference Shares of ₹ 10/- each | 200.00 | 200.00 |
| 14.2 ISSUED, SUBSCRIBED AND PAID UP | | |
| 14.2.1 49603520 equity shares of ₹ 1/- each fully paid up, which are issued as fully paid up Shares on 27.01.2010 on account of scheme of arrangement as approved by The Hon'ble High Court of M.P. Indore Bench | | |
| 14.2.2 Reconciliation of shares | | |
| 14.2.2.1 Opening Balance of 49603520 shares of ₹ 1/- each | 496.04 | 496.04 |
| 14.2.2.2 Issued during the year | - | - |
| 14.2.2.3 Closing Balance 49603520 shares of ₹ 1/- each | 496.04 | 496.04 |
| The company has issued only one class of shares referred to as equity shares having a par value of ₹1 each. Holder of the equity share as referred in the records of the company as of date of the shareholder's meeting is referred to one vote in respect of each share held for all matters submitted to vote in the shareholder's meeting. The company declares and pays dividends in Indian rupees. In the event of liquidation of the company the holders of equity shares will be entitled to receive any of the remaining assets of the company after distribution of all preferential amounts. | | |
| | 496.04 | 496.04 |
| 14.3 Shareholder holding more than 5% of shares of the company and its percentage | | |
| 14.3.1 SAKAM TRADING PRIVATE LIMITED | | |
| No. of Shares | 2,58,43,673 | 2,58,43,673 |
| % of Shares | 52.10% | 52.10% |
| 14.3.2 CHETAK BUILDERS PRIVATE LIMITED | | |
| No. of Shares | 46,32,029 | 45,93,841 |
| % of Shares | 9.34% | 9.26% |
| Pursuant to the Hon'ble High Court of M.P. order dated 1.11.2011 approving the scheme of amalgamation of promoter group companies viz Kriti Corporate Services Pvt.Ltd., Kriti Auto Accessories Private Ltd., Kasta Pipes Pvt. Ltd. and Shipra Pipes Pvt Ltd. with Sakam Trading Pvt. Ltd., the Shareholding of the above transferor companies are vested in Sakam Trading Pvt.Ltd. Thus Sakam Trading Pvt.Ltd. becomes holding company w.e.f.27.02.12 of Kriti Industries (I) Ltd. | | |

Notes forming part of the Balance Sheet and Statement of Profit & Loss Account

Note No -15 Reserves & Surplus

(₹ in Lakhs)

| Particulars | 31.3.2021 | 31.3.2020 |
|---|------------------|-----------------|
| 15.1 RESERVES | | |
| 15.1.1 General Reserve | | |
| 15.1.1 Opening Balance | 3,525.00 | 3,425.00 |
| 15.1.2 Add: Transfer from P&L | 200.00 | 100.00 |
| 15.1.3 Add: Transfer from Contingency Reserves | - | - |
| 15.1.4 Closing Balance | 3,725.00 | 3,525.00 |
| 15.2 SHARE PREMIUM ACCOUNT | | |
| 15.2.1 Opening Balance | 466.14 | 466.14 |
| 15.2.2 Add: Transfer from P&L | - | - |
| 15.2.3 Closing Balance | 466.14 | 466.14 |
| 15.3 SHARE FORFEITURE ACCOUNT | | |
| 15.3.1 Opening Balance | 2.73 | 2.73 |
| 15.3.2 Add: Transfer from P&L | - | - |
| 15.3.3 Closing Balance | 2.73 | 2.73 |
| 15.4 SURPLUS | | |
| 15.4.1 Statement of Profit & Loss | | |
| 15.4.1 Opening Balance | 5,403.20 | 3,743.83 |
| 15.4.2 Add Profit & Loss during the period | 3,605.74 | 1,849.05 |
| | 9,008.94 | 5,592.88 |
| Less: | | |
| 15.4.3 Final Dividend @ ₹0.15 per share (PY ₹ 0.15 per share) | 74.41 | 74.41 |
| 15.4.4 Corporate Dividend Tax | - | 15.29 |
| 15.4.5 Transferred to General Reserve | 200.00 | 100.00 |
| 15.4.6 Short IT Provision 19-20 | 3.09 | - |
| Balance in Surplus | 8,731.44 | 5,403.18 |
| 15.5 OTHER COMPREHENSIVE INCOME (OCI) | | |
| 15.5.1 Opening Balance | 16.98 | 0.29 |
| 15.5.2 Movement in OCI during the year | 1.88 | 14.52 |
| 15.5.3 Closing Balance | 18.86 | 14.81 |
| Total | 12,944.17 | 9,411.86 |

Note No -16 Financial Liabilities

16.1 TERM LOAN

(Installment due within 12 months shown in Current Liabilities)

16.1.1 SECURED

16.1.1.1 From Banks

Term of Repayment of Long Term Borrowings

(₹ in Lakhs)

| Particulars | Total tenure | Rate of Interest | 31.3.2021 | 31.3.2020 |
|----------------|--------------------------|------------------|-----------------|-----------------|
| HDFC BANK | 24 Quarterly Installment | 11.50% | - | 200.00 |
| HDFC BANK | 06 Quarterly Installment | 10.55% | - | 141.72 |
| HDFC BANK | 18 Quarterly Installment | 10.50% | 824.99 | 1,190.33 |
| HDFC BANK GECL | 36 Monthly Installment | 7.50% | 460.00 | - |
| SBI GECL | 36 Monthly Installment | 7.95% | 320.00 | - |
| Total | | | 1,604.99 | 1,532.05 |

(Above loans are secured by First charge/ Mortgage on fixed assets of the company and personal guarantee of Managing Director)

Notes forming part of the Balance Sheet and Statement of Profit & Loss Account

Note No-17 Deferred Tax Liability Net

(₹ in Lakhs)

| Particulars | 31.3.2021 | 31.3.2020 |
|--|-----------------|-----------------|
| 17.1 Deferred Tax Liability (Net) | 1,041.37 | 1,045.76 |
| On account of tax effects on timing difference arising due to difference in Depreciation | - | - |
| Total | 1,041.37 | 1,045.76 |

Note No -18 Other Non Current Liabilities

(₹ in Lakhs)

| Particulars | 31.3.2021 | 31.3.2020 |
|---|-----------------|-----------------|
| UNSECURED | | |
| 18.1.1 Loans & Advances from Related parties | 1,000.00 | 800.00 |
| (Long Term Deposit received from Kriti Nutrients Ltd.) | - | - |
| 18.1.2 Other Loans and advances | 277.55 | 273.08 |
| (Security Deposit received from dealers) | - | - |
| Total | 1,277.55 | 1,073.08 |
| 18.i) Lease Liability | 304.25 | 317.23 |

Note No -19 Short Term Borrowings

(₹ in Lakhs)

| Particulars | 31.3.2021 | 31.3.2020 |
|---|-----------------|-----------------|
| 19. 1 Loans repayable on Demand | | |
| 19.1.1 SECURED | - | - |
| From banks | 3,488.46 | 4,111.44 |
| (Secured by hypothecation of finished goods, Raw material, Stock in process, store and spares, sundry debtors, export bills, receivables and second charge on fixed assets of the company and personal gurantee of Managing director) | | |
| 19.1.2 UNSECURED | - | - |
| 19.1.2.1 From banks | - | - |
| 19.1.2.2 From others | - | - |
| 19.1.2.3 Loans & Advances from Related parties | 979.50 | 1,005.00 |
| Total | 4,467.96 | 5,116.44 |

Note No -20 Trade Payables

(₹ in Lakhs)

| Particulars | 31.3.2021 | 31.3.2020 |
|--|------------------|------------------|
| 20.1 Trade Payables | | |
| (a) Total outstanding dues of micro enterprises and small enterprises | - | - |
| (b) Total outstanding dues of creditors other than micro and small enterprises | 10,417.92 | 14,798.57 |
| Total | 10,417.92 | 14,798.57 |

Note No -21 Others

(₹ in Lakhs)

| Particulars | 31.3.2021 | 31.3.2020 |
|---|---------------|---------------|
| 21.1 Current maturities of Long term debt | 708.40 | 756.96 |
| 21.2 Unpaid dividends | 14.09 | 15.16 |
| Total | 722.49 | 772.12 |

Notes forming part of the Balance Sheet and Statement of Profit & Loss Account

Note No -22 Other Current Liabilities

(₹ in Lakhs)

| Particulars | 31.3.2021 | 31.3.2020 |
|----------------------------|---------------|---------------|
| 22.1 Outstanding Expenses | 596.54 | 268.24 |
| 22.2 Statutory Liabilities | 79.70 | 75.31 |
| 22.3 Employee Payable | 154.93 | 156.83 |
| Total | 831.17 | 500.38 |

Note No -23 Provisions

(₹ in Lakhs)

| Particulars | 31.3.2021 | 31.3.2020 |
|---|---------------|---------------|
| 23.1 Provision for Employees Benefits (Bonus) | 88.31 | 85.79 |
| 23.2 Provision for Doubtful debts | 57.60 | 20.28 |
| 23.3 Provision For Impairment Loss | 116.55 | 116.55 |
| Total | 262.46 | 222.62 |

Note No -24 Current Tax Liabilities

(₹ in Lakhs)

| Particulars | 31.3.2021 | 31.3.2020 |
|---|--------------|--------------|
| 24.1 Provision of Income Tax (Net of Adv Tax & TDS) | 57.85 | 12.35 |
| Total | 57.85 | 12.35 |

Note-25 Revenue From Operations

(₹ in Lakhs)

| Particulars | 31.3.2021 | 31.3.2020 |
|-------------------------------|------------------|------------------|
| 25.1 Sale of Products | 58,886.73 | 53,397.43 |
| 25.2 Other operating revenues | 29.77 | 24.30 |
| Total | 58,916.50 | 53,421.73 |

Note-26 Other Income

(₹ in Lakhs)

| Particulars | 31.3.2021 | 31.3.2020 |
|--|--------------|---------------|
| 26.1 Interest Income | 68.67 | 158.34 |
| 26.2 VAT/CST Subsidy | - | - |
| 26.3 Net Gain on foreign currency transactions | - | 4.30 |
| 26.4 Other Non-operating Income | 17.41 | 6.10 |
| 26.5 Net gain on sales of Asset | - | - |
| Total | 86.08 | 168.74 |

Note-27 Employee Benefits Expenses

(₹ in Lakhs)

| Particulars | 31.3.2021 | 31.3.2020 |
|---|-----------------|-----------------|
| 27.1 Salaries & Wages | 1,836.24 | 1,917.12 |
| 27.2 Contribution to provident and other fund | 134.00 | 143.76 |
| 27.3 Staff Welfare Expenses | 114.42 | 83.84 |
| 27.4 Director Remuneration | 539.31 | 177.29 |
| 27.5 P.F on Director Remuneration | 12.96 | 12.24 |
| Total | 2,636.93 | 2,334.25 |

Notes forming part of the Balance Sheet and Statement of Profit & Loss Account

Note-28 Financial Cost

(₹ in Lakhs)

| Particulars | 31.3.2021 | 31.3.2020 |
|---------------------------|-----------------|-----------------|
| 28.1 Interest Expenses | 881.11 | 1,474.56 |
| 28.2 Other Borrowing Cost | 215.24 | 251.15 |
| Total | 1,096.35 | 1,725.71 |

Note-29 Other Expenses

(₹ in Lakhs)

| Particulars | 31.3.2021 | 31.3.2020 |
|---|-----------------|-----------------|
| (I) | | |
| 29.1 Stores and Spares Consumed | 239.74 | 300.85 |
| 29.2 Power Charges | 1,580.96 | 1,822.36 |
| 29.3 Freight & Cartage | 479.04 | 508.32 |
| 29.4 Repairs & Maintenance | 89.65 | 175.09 |
| 29.5 Insurance Charges | 64.31 | 70.94 |
| 29.6 Water Charges | 37.11 | 44.14 |
| 29.7 Loss on Sale of Fixed asset | 23.27 | 0.00 |
| 29.8 Job Work Charges | 75.09 | 87.80 |
| 29.9 Miscellaneous Manufacturing Expenses | 122.43 | 121.05 |
| Sub Total (I) | 2,711.60 | 3,130.55 |
| (II) | | |
| 29.10 Stationery & Printing | 4.74 | 7.33 |
| 29.11 Computer Expense | 7.82 | 4.68 |
| 29.12 Rent, Rates and Taxes | 26.30 | 44.94 |
| 29.13 Postage, Telegram and Telephones | 13.10 | 14.96 |
| 29.14 Auditor's Fees | 4.00 | 3.00 |
| 29.15 Conveyance Expenses | 14.43 | 20.22 |
| 29.16 Legal & Professional Charges | 165.96 | 204.11 |
| 29.17 Miscellaneous Expenses | 38.08 | 51.39 |
| 29.18 Director's Meeting Fee | 4.15 | 3.90 |
| 29.19 Net loss on foreign currency transactions | 28.06 | - |
| 29.20 Corporate Social Responsibility | 34.38 | 13.73 |
| Sub Total (II) | 341.02 | 368.26 |
| (III) | | |
| 29.21 Advertisement & Publicity | 5.33 | 3.91 |
| 29.22 Sales Promotion Expenses | 54.90 | 162.66 |
| 29.23 Market Development Expenses | 0.48 | 6.40 |
| 29.24 Brokerage & Commission | 26.49 | 17.63 |
| 29.25 Service Charges | 1.66 | 67.70 |
| 29.26 Freight Outward | 1,000.78 | 1,177.63 |
| 29.27 Statutory Levies | 157.15 | 5.37 |
| 29.28 Travelling Expenses | 171.43 | 372.55 |
| 29.29 Expected credit Loss | 38.77 | 7.45 |
| 29.30 Bad Debts | 322.45 | - |
| 29.31 MAT Credit Write off | - | 40.47 |
| Sub Total (III) | 1,779.44 | 1,861.77 |
| TOTAL (I+II+III) | 4,832.06 | 5,360.58 |

Notes forming part of the Balance Sheet and Statement of Profit & Loss Account

30. 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.

31. Contingent liabilities

- a. Estimated amount of contracts remaining to be executed on Capital Account ₹172.49 Lakhs net of advance given (Previous Year ₹ 187.49 Lakhs)
- b. Bank has given guarantee on behalf of the Company to various parties to the extent of ₹1371.66 Lakhs (Previous Year ₹ 1106.20 Lakhs.)

c. Commercial Tax Status

(₹ in Lakhs)

| S. No. | Particulars | Amount of Demand as on 31.03.2021 | Amount Deposited against demand till 31.03.2021 | Amount of Demand as on 31.03.2020 | Amount Deposited against demand till 31.03.2020 |
|--------|---|-----------------------------------|---|-----------------------------------|---|
| 1 | Demand for MP & MH VAT Tax various years pending appeals at various levels | 32.82 | 5.47 | 186.47 | 93.04 |
| 2 | Demand for Entry Tax Act various years pending appeals at various levels | 135.26 | 117.9 | 129.11 | 111.75 |
| 3 | Demand for Central Sales Tax Act various years pending appeals at various levels | 136.67 | 36.18 | 164.08 | 48.51 |
| 4 | Demand for Excise & Service Tax Act various years pending appeals at various levels | 6.14 | 0.47 | - | - |

32. The amount of Foreign Exchange gain/ (loss) included in the profit & loss account is ₹ (28.06) Lakhs (Previous year gain/ (loss) ₹ 4.30 Lakhs).

33. As per Ind AS 108- "Operating Segment", segment information has been provided under the Notes to Financial Statement

(₹ in Lakhs)

| | 2020-21 | 2019-20 |
|--|-----------------|-----------------|
| (i) Revenue from external customers | | |
| With in India | 58916.50 | 53421.73 |
| Outside India | - | - |
| Total | 58916.50 | 53421.73 |
| (ii) Non Current Assets | | |
| With in India | 11173.58 | 10969.14 |
| Outside India | - | - |
| Total | 11173.58 | 10969.14 |

iii) Detail of Revenue from Single customer more than 10% (standalone)

There are no transaction with single customer which amounts to 10% or more of the Company's revenue.

34. Earning Per Share

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

| S. No. | Nature of Transaction | Current Year | Previous Year |
|--------|--|--------------|---------------|
| 1. | Number of Shares | 49603520 | 49603520 |
| 2. | Profit contribution for Basic EPS (₹ in Lakhs) | 3605.74 | 1849.06 |
| 3. | Basic Earning Per Share | 7.27 | 3.73 |
| 4. | Diluted Earning Per Share | 7.27 | 3.73 |
| 5. | Nominal Value Per Share | 1.00 | 1.00 |

Notes forming part of the Balance Sheet and Statement of Profit & Loss Account

35. Related Party Transactions

In accordance with the Indian Accounting Standard (IndAS) 24 "Related Party Disclosures" issued by The Institute of Chartered Accountants of India (ICAI) and as specified under section 133 of the Companies Act, 2013 (The Act) read with rule 7 of the Companies (Accounts) Rules, 2014. The names of the related parties and the relevant disclosure is as under:-

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

i. Key Management Personnel:

Shri Shiv Singh Mehta, Chairman & Managing Director
Smt. Purnima Mehta, Executive Director
Shri Manoj Fadnis, Independent Director
Shri Chandrasekharan Bhaskar, Independent Director
Shri Rakesh Kalra, Independent Director
Shri Kamal Kanodia, Chief Financial Officer
Ms. Apeksha Baisakhya, Company Secretary

ii. Relatives of Key Management Personnel

Shri Saurabh Singh Mehta (Son of Chairman & Managing Director/ Executive Director)
Smt. Devki Hirawat (Daughter of Chairman & Managing Director/ Executive Director)
Smt. Nidhi Mehta (Daughter-in-law of Chairman & Managing Director/Executive Director)

iii. Subsidiary Company

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

iv Companies/entities under the control of Key Management Personnel

1) Sakam Trading Pvt. Ltd. (Holding Company)
2) Kriti Nutrients Ltd. (Fellow Subsidiary)
3) Chetak Builders Pvt. Ltd. (Fellow Subsidiary)
4) Sakam Charitable Trust, Indore

The following transaction were carried out with the related parties in the ordinary course of business (₹ in Lakhs)

| S. No. | Nature of Transaction | Key Management Personnel | Relatives of Key Management Personnel | Companies/entities under the control of Key Management Personnel |
|--------|------------------------------|--------------------------|---------------------------------------|--|
| 1. | DEPB License purchased | NIL (NIL) | NIL (NIL) | 77.83 (216.23) |
| 2 | Sale of Consumable Items | NIL (NIL) | NIL (NIL) | 4.41 (9.36) |
| 3 | Sale of Capital Goods | NIL (NIL) | NIL (NIL) | NIL (NIL) |
| 4 | Purchase of Consumable Items | NIL (NIL) | NIL (NIL) | NIL (NIL) |
| 5 | Purchase of Capital Goods | NIL (NIL) | NIL (NIL) | NIL (NIL) |
| 6 | Remuneration | 593.78 (220.51) | 6.22 (6.22) | NIL (NIL) |
| 7 | Rent Paid | 0.38 (0.22) | NIL (NIL) | NIL (3.70) |
| 8 | Unsecured Loan | | | |
| | Given | NIL (NIL) | NIL (NIL) | NIL (NIL) |
| | Taken | 313.00 (251.00) | 75.00 (41.00) | 3400.00 (1266.50) |
| | Closing Balances | 836.00 (534.00) | 143.50 (71.00) | 1000 (1200) |
| 9 | Interest Given | 69.94 (50.46) | 10.92 (6.42) | 147.73 (131.15) |

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

* The related party transactions were made on terms equivalent to those that prevail in an arm's length transactions.

Notes forming part of the Balance Sheet and Statement of Profit & Loss Account

36. Auditor's Remuneration

(₹ in Lakhs)

| S. No. | Auditor's Remuneration | 31.03.2021 | 31.03.2020 |
|--------|---|-------------|-------------|
| a. | Statutory Audit/ Tax Audit Fees | 4.50 | 3.50 |
| b. | Taxation & Other matters including Legal & Professional Expenses. | 0.43 | 0.68 |
| | Total | 4.93 | 4.18 |

Figures are exclusive of taxes.

37. Estimation of uncertainties relating to global health pandemic COVID-19

Continuing spread of COVID-19 has affected the economic activity across the Globe including India. This impact on the business will depend upon future developments that cannot be predicted reliably at this stage. However based on the preliminary estimates the Company does not anticipate any major challenge in meeting the financial obligations, on the long-term basis. Further, the company is not exposed to any further risk over and above the provisions already made as at year ended 31-Mar-21. However the company will closely monitor any material changes to future economic conditions impacting its business. Further, the company does not carry any risk in the recoverability.

However due to COVID-19 Kriti Auto and Engineering Plastics Pvt. Ltd [100% subsidiary of Kriti Industries (India) Limited] is not having sustainable business. Board of Kriti Industries India Limited in its meeting dated 24th March 2021 had decided to discontinue the operations of the said subsidiary. Losses from discontinued operations have been disclosed separately as per the requirement of Ind AS 105 Non-current Assets Held For Sale and Discontinued Operations. Company has also classified these Non-current Assets as Held For Sale and liabilities towards such Non-current Assets have been presented in Balance Sheet separately. Kriti Industries India Limited had already provided for impairment loss on account of investment in its wholly owned subsidiary, of ₹ 116.55 lakhs in the year ended 31-3-2020 and no further provision has been considered necessary during the quarter and year ended on 31.03.2021.

38. Statement on Going Concern of WOS

The Wholly Owned Subsidiary (WOS) Kriti Auto and Engineering Plastics Private Limited was not having sustainable business during the continuing effect of COVID – 19. The Board of the Kriti Industries (India) Limited, the Holding Company, in its meeting held on 24th March 2021 has decided to surrender/ sell off the land, building, plant and machinery and other assets of the WOS and to discontinue its operations. The WOS has incurred net loss of ₹ 81.27 lakhs during the year ended 31st March, 2021 and as of that date the accumulated losses aggregated to ₹ 169.54 lakhs. The financial statements have not been prepared on going concern basis. The property plant and equipment of the WOS have been stated at lower of the carrying amount or fair value less costs to sell and business operations have been presented as discontinued operations in the Consolidated Financial Statements in accordance with Ind AS 105.

39. Government Grants

During the year, Madhya Pradesh Industrial Development Corporation, a Government of Madhya Pradesh Undertaking, has approved a sum of ₹ 15.04 crores (Rupees Fifteen Crores and Four Lakhs only) as Investment Promotion Assistance out of the eligible investment of ₹ 37.60 crores (Rupees Thirty Seven Crores and Sixty Lakhs only). The total assistance is to be spread over a period of seven years, subject to compliance with the terms and conditions. Out of the above sum of ₹ 15.04 crores, the State Level Empowered Committee (SLEC) has sanctioned a sum of ₹ 2.1485 crores (Rupees Two Crores Fourteen Lakhs Eighty Five thousand Only) as Investment Promotion Assistance (IPA) under the Investment Promotion Assistance (IPA) Scheme of Government of Madhya Pradesh. The same has been reduced from the carrying cost of the eligible assets and such reduced cost of the assets are depreciated over their useful lives.

40. Approval Of Financial Statements

The financial statements are approved by the Board of Directors in their meeting held on 15.05.2021.

As per our Report of even date attached

For Rakesh Kumar & Associates

Chartered Accountants

F.R.N. 002150C

For and on behalf of the Board of Directors

Puneet Gupta

Partner

M.No. 413168

Shiv Singh Mehta

Chairman and Managing Director

DIN 00023523

Purnima Mehta

Executive Director

DIN 00023632

Kamal Kanodia

Chief Financial officer

Apeksha Baisakhiya

Company Secretary

Place: Indore

Date:- 15th May,2021

Corporate Information

Board of Directors

Shri Shiv Singh Mehta
Chairman and Managing Director

Smt. Purnima Mehta
Executive Director

Shri Saurabh Singh Mehta
Director

Shri Rakesh Kalra
Independent Director

CA Manoj Fadnis
Independent Director

Shri Chandrasekharan Bhaskar
Independent Director

Auditors

Rakesh Kumar & Associates
Chartered Accountants
"Navaratan", 128-R, Khatiwala Tank,
Indore – 452 004 (M.P.)

Bankers

State Bank of India
ICICI Bank Ltd.
HDFC Bank Ltd.

Company Secretary

Ms. Apeksha Baisakhiya

Registered Office

Mehta Chambers, 34, Siyaganj
Indore – 452 007 (M.P.)

Corporate Support Center

8th floor, Plot no.10, PSP, IDA Scheme
no. 78-II, Vijay nagar Indore 452010
MP IN

Share Transfer Agent

M/s Ankit Consultancy Pvt. Ltd.
60, Electronic Complex, Pardeshipura,
Indore – 452 010 (M.P.)



KRITI
GROUP

www.kritiindia.com