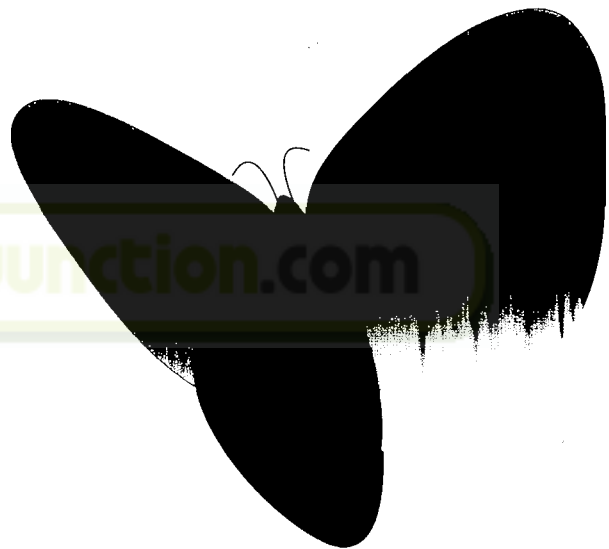
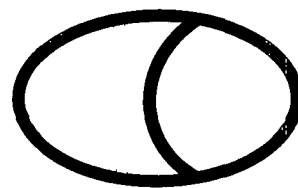


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*Enhancing Life With the
Chemistry of Colours*



Kiri Dyes and Chemicals Ltd.



Kiri Dyes and Chemicals Ltd.

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Pravin A. Kiri
Chairman

Manish P. Kiri
Managing Director

Aruna P. Kiri
Director

Bipin R. Patel
Non Executive Independent Director

Shankar R. Patel
Non Executive Independent Director

Keyoor M. Bakshi
Non Executive Independent Director

Yamal A. Vyas
Non Executive Independent Director

COMPANY SECRETARY
Suresh S. Gondalia

AUDITORS

M/s. V. D. Shulka & Co.,
Chartered Accountants,
Ahmedabad.

REGISTERED OFFICE

7th Floor Hasubhai Chambers,
Opp. Town Hall, Ellisbridge,
Ahmedabad – 380 006

WORKS-1

Plot No. 299/1/A, 299/1/B & 10/8
Near Water Tank, Phase-II, GIDC,
Vatva, Ahmedabad 382 445,
Gujarat, India

WORKS-2

Plot No. 396/399, 403/404-A,
Village: Dudhwada, Karakhadi,
Tal: Padra, Dist: Vadodara, Gujarat,
India

BANKERS

State Bank of India
Bank of India
Oriental Bank of Commerce

www.kiridyes.com

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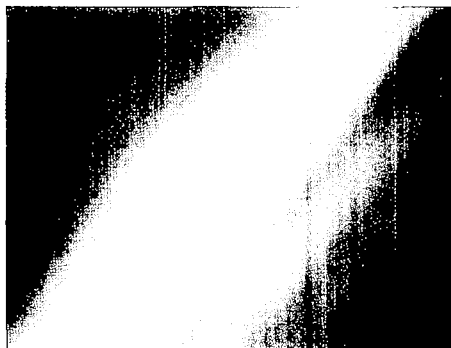
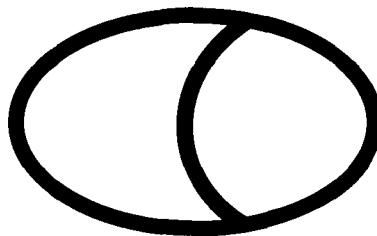
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The Kiri Dyes and Chemicals Ltd. is a ISO14001 & ISO9001 recipient, socially responsible and environmentally conscious corporate entity. The company has implemented globally recognised environment management systems in tandem with its goals. The highest standard of tried & tested safety systems are in place to ensure the utmost safety of all its employees. The multi level treatment procedures are installed for the effluent generated during the production process. The best R&D team is working round the clock to minimize the negative impact on the ecology.



Kiri Dyes and Chemicals Ltd.

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CHAIRMAN'S MESSAGE

First of all I would like to thank investors of all categories, especially retail investors for their response to our Initial Public Offering (IPO). Our IPO was opened on 25th March, 2008 and was closed on 2nd April, 2008 with price band of Rs. 125 to Rs. 150 per equity share. When we entered into primary market, the market sentiments were weak. With your support our IPO was subscribed to 1.35 times net. Our Stock got listed on Bombay Stock Exchange Limited and National Stock Exchange of India Limited on 22nd April, 2008 with overwhelming response in secondary market. Our price touched to Rs. 228 on NSE and 204 in BSE.

This is first Annual General of the Company after listing, I would like to Just brief you on the history, we made modest beginning with a manufacturing unit in GIDC, Vatva, Ahmedabad in the name of Kiri Dyes and Chemicals Private Limited in year 1998 that to start with manufacturing limited quantity of reactive dyes. As on date our installed capacity is 15000 MTA reactive dyes comprises of more than 120 dyes stuff. Unparallel dynamism, rich experience, in-depth knowledge and farsighted business policies have strategically positioned us as a leading exporter of dyes and dye-intermediates from India. Driven by innovation and passion to excel, we continue to grow every year not only to generate high revenues, but also to create shareholders' wealth by increasing percentage profit margins as well as by generating more rupee term profits from exports. Due to the distinctive product range that comes with irreplaceable high quality standards, we got international reputé in all business practices that we conduct. This has been proved by being not only a major supplier to the multinational companies, but also a brand provider to them.

In the year 2006, we have started the first phase of backward integration expansion project to manufacture Vinyl Sulphone at plant situated at village Dudhwada, Tal: Padara, Dist: Vadodara. In the year 2007, we have achieved another milestone starting second phase of backward integration expansion project to manufacture H-Acid at the same Dudhwada manufacturing facility and have become independent as regard to major raw materials for manufacturing of reactive dyes. Vinyl Sulphone and H Acid are major raw materials to manufacture reactive dyes, which are consumed in the highest quantity at KDCL.

KDCL has proved unprecedented highest growth in the history of dyes and dye-intermediate industry globally. KDCL has established its presence in about 20 countries worldwide with esteemed organizational recognition and reputation as the most prominent, highly efficient, and the most competitive manufacturers from India.





Kiri Dyes and Chemicals Ltd.

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ACCELERATING FURTHER GROWTH :

KDCL is now also expanding its operations into basic chemicals manufacturing of sulphuric acid and its derivatives with a target to achieve exponential growth in the next few years. This plant is also located at village Dudhwada, Tal: Padara. This plant is being set up with latest double absorption technology. Alongwith sulphuric acid plant we have also planned for 3.3 MW co-generation steam based power plant. The steam generated from the plant will be used for generation of electricity. The Power generated will be sufficient not only to run Sulphuric Acid plant but also to operate intermediate plants of Vinyl Sulphone and H-Acid, which will affect directly to our profit margin. The production capacity is 180000 metric tones annual. We have taken all required Statutory approvals for the said plant and the Construction activities of the said plant was started from November, 2007 and commercial production of the plant will start from December 2008.

To become stronger with higher economy of scale for key raw materials V. S. & H. Acid and to provide reliable supplies of these raw materials to JV Company, we have also planed for expansion of our existing intermediates plant capacity. The Existing capacity of V. S. and H. Acid is 7200 metric tones annually. After expansion the capacity will be 90000 metric tones annually alongwith 30000 metric tones annual production capacity of Acetanilide. Alongwith capacity expansion, we are also proposing for 15 MW captive power plant. We have already acquired land for expansion of production capacity. Our environment clearance application with Ministry of Environment and forest is in process and environment clearance will receive at the end of September, 2008.

To share another milestone, I glad to inform you that, we are also planning to set up various types of dyestuff manufacturing plant with latest technology alongwith our joint venture partner Well Prospering Ltd (WPL), a Honk Kong based company, subsidiary of Zhejiang Longsheng Group Co. Ltd., China. We have executed joint venture agreement with WPL on 24th May, 2008 for setting up dyes manufacturing facilities at village Dudhwada, Tal: Padra, Dist: Vadodara. Kiri dyes shares in the said plant will be 40% and we are also responsible for providing required raw material to Joint Venture Company. The initial production capacity will be 20000 metric tones annually in First phase and will be increased to 60000 metric tones annually in due course. KDCL will get be benefited in two way one for providing key raw intermediates from existing plant and will get 40% profit share.

PERFORMANCE OF THE COMPANY :

Due to Starting of the backward integration project in worldwide increases in price of chemicals, the turnover of the company increased to Rs. 22162.51 Lakhs for the financial year 2007-08 as against Rs. 13342.44 Lakhs for financial year 2006-07, registering the remarkable 66%. The Net profit for the year 2007-08 increased to Rs. 2014.08 Lakhs as against Rs. 842.20 Lakhs for the year 2006.07.

Before I conclude, I would like to thank again all the shareholders of KDCL for putting their trust and confidence into me and the team of KDCL. We are committed to value and enrich your wealth.

Yours Sincerely,

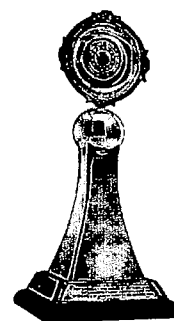
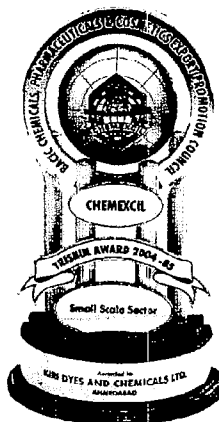
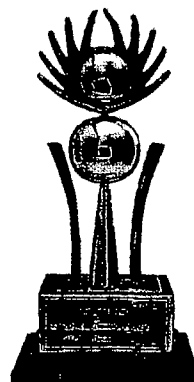
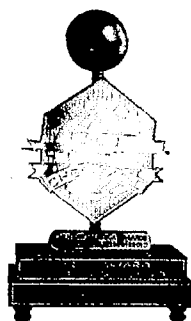
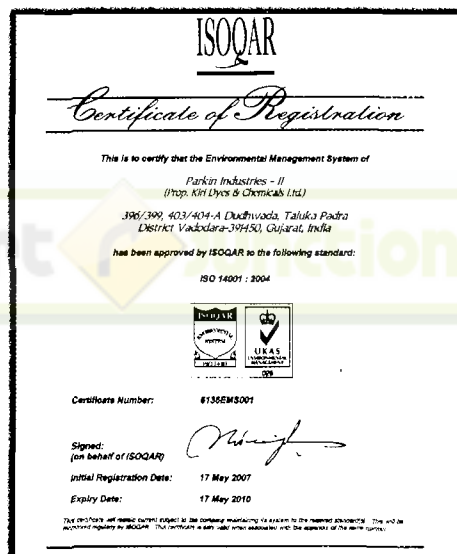
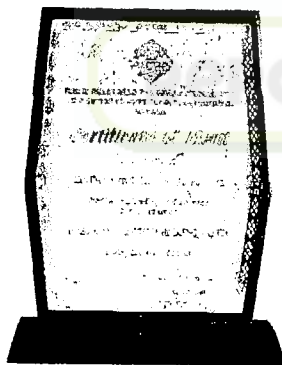
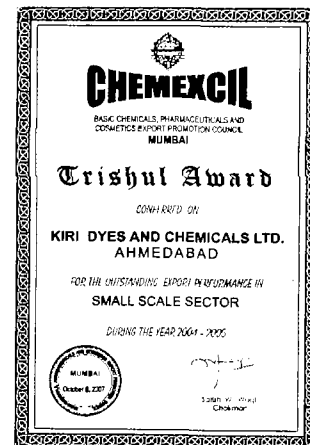
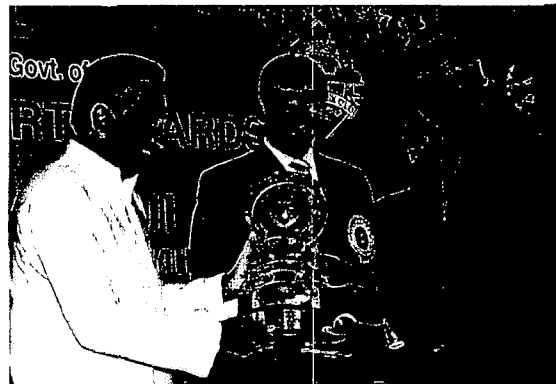
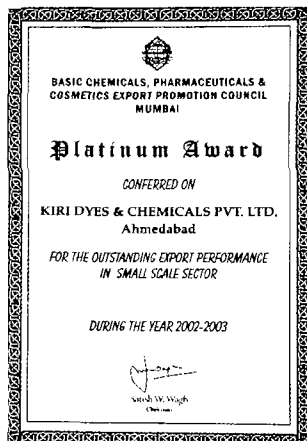
Pravin Kiri
Chairman



Kiri Dyes and Chemicals Ltd.

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AWARDS & RECOGNISATIONS





Kiri Dyes and Chemicals Ltd.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

OVERVIEW :

The healthy and balanced monsoon, increase in foreign exchange reserve, resilient and organic growth by the manufacturing sector, implementation of Value Added Tax (VAT) supplemented by positive response by State Governments are the major factors for growth of Indian Economy. However factors like Currency rate fluctuations, unstable secondary market, increase in crude oil prices have affected the targeted 10% plus GDP growth for the year 2008.

INDUSTRY STRUCTURE AND DEVELOPMENT :

The Company is a manufacturer and exporter of reactive dyes and dyes intermediates, which are synthetic organic dyes used exclusively for cotton fabrics like garments, dress materials, bed-sheets, carpets etc. The dyes are basically colours like black, blue, red, orange, yellow and numerous variants of these basic colours as identified by color index number internationally.

The product range of the company comprises of more than 120 dyestuffs used by textiles, leather, Paper industries with total production capacity of 15000 MT per annum which is expanded in the month of March, 2008. The Company supplies reactive dyes as well as dye-intermediates in various forms like standardized spray dried/tray dried – powder / granular, crude and reverse osmosis. The Company operations cater to the Industrial customers needs at every stage of business.

The Company has started manufacturing of dyes intermediates, like Vinyl Sulphone from April 2006 and H-Acid from May 2007.

The Company is also setting up Sulphuric acid and its derivatives plant with combined capacity of 500 MT/day. The Construction activities of the said plant have already started in November, 2007. It is estimated that the commercial Production will commence from December, 2008.

COMPANY'S PERFORMANCE :

The increase in prices of Chemicals & allied products has had a favourable impact on the business of the Company for the year 2007-08. Further, abolition of single point VAT system in China has thrown up substantial opportunities in the Company's operation such as Manufacturing Dyes and Intermediates, which has helped the company perform well during the financial year 2007-08.

OPPORTUNITIES :

- As many countries have discontinued production of Dyes and Intermediates, new market has opened for Indian manufacturers of Dyes and Intermediates. As Kiri Dyes is already a well recognized name in this field globally, it has more opportunities to grab from growing international market.
- Timely delivery of products with required quality is the determining factor for customers. Proven track record of the Company in this area puts the company into preferred supplier list of multinationals like Clariant and DyStar.
- The Indian Dyes industry has received global attention as a viable procurement base and therefore marketing by your Company for its products is easier now than before.
- Timely supplying goods with acceptable quality to large corporate size and technical competence does matter. The Company possesses reasonably big size compared to other key players as well as is one step ahead in technology. This puts the company in lead position to grab the opportunity available in growing market.

THREATS, RISK AND CONCERNS :

- Increase in crude prices will influence raw material prices, fuel cost and transportation cost adversely. This is likely to thin out our profitability.
- Changes in foreign exchange rates may affect profitability.
- Due to high competition in the industry, Company is likely to be challenged by competitive prices.
- Irregular supply of the Crude Oil based raw materials is also likely to affect the business of the Company.

INTERNAL CONTROL SYSTEMS AND ITS ADEQUACY :

The company has in place adequate systems of internal control commensurate with its size and nature of its operations. These have been designed to provide reasonable assurance with regard to recording and providing reliable financial and operational information,





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complying with applicable statutes, safeguarding assets from unauthorized use or losses, executing transactions with proper authorization. The Company has Internal Audit system.

The Audit Committee reviews periodically financial statement of the Company and comments of Internal Auditors. Suggestions for improvement are considered and the Audit Committee follows up on the implementation of corrective actions. The Committee also meets the Statutory Auditors of the Company to ascertain, their views on the strengthening of internal control systems in the Company.

DEVELOPMENT IN HUMAN RESOURCES :

The Company recognizes the importance of its human capital. Being a growth oriented and progressive organization, it recognizes the importance of professionalism. The Company has embarked on several HR initiatives to enhance the performance of the organization and each individual. As on March 31, 2008, the company has 159 employees.

FINANCIAL PERFORMANCE :

The company's major focus is to strengthen the competitive positioning of its business with the renewed thrust and efforts for global market. Your Company has a strong relationship with most of its international clientele base.

➤ Sales and Operating Income :

Sales and operating Income for the year under review increased by 66% from Rs. 13342.44 Lakhs to Rs. 22162.51 Lakhs. The improved global as well as domestic economic conditions coupled with company's planned Marketing Strategy to continuously diversify its product mix, commencement of commercial production of second phase of dyes intermediate plant, have been contributing significantly to its revenue.

➤ Expenditure :

The total expenditure increased by 63.85% from Rs. 13076.76 Lakhs to Rs. 21426.93 Lakhs. Out of total expenditure increase major portion comprises of material cost, manufacturing, depreciation and other input costs. This was due to the commencement of commercial production of second phase of dyes intermediates plant.

➤ Interest and Financial Expenses :

Interest and Financial charges were 923.25 Lakhs for the year 2007-08 as compared to Rs. 514.78 Lakhs for the year 2006-07. Financial charges increase due to increase in working capital facilities for expansion project at Padra Plant for manufacturing Vinyl Sulphone.

➤ Profit before Tax :

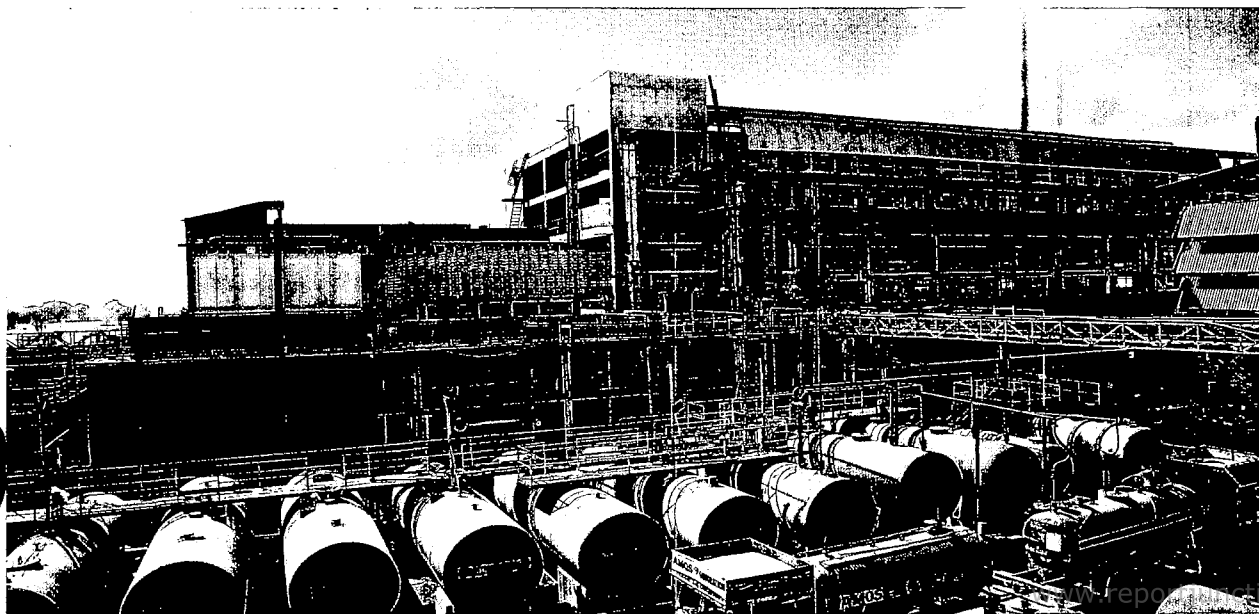
The Profit before tax increased by 152.93% to Rs. 2337.29 Lakhs for the current financial year as compared to Rs. 924.07 Lakhs for the previous financial year.

➤ Net Profit :

The Company's net profit after tax registered growth of 139% to Rs. 2014.08 Lakhs for the current financial year 2007-08 compared to Rs. 842.20 for the financial year 2006-07.

CAUTIONARY STATEMENT :

Certain statements made in this Management Discussion and Analysis Report relating to the Company's objectives, projections, outlook, estimates, expectations, predictions etc. may constitute "forward looking statements" within the meaning of applicable laws and regulations. Actual results may differ from such expectations, projections etc. whether express or implied. Several factors that could make a difference to Company's operations these include climatic conditions and economic conditions affecting demand and supply, changes in Government regulation tax regimes, natural calamities, etc. over which the Company does not have any direct control.



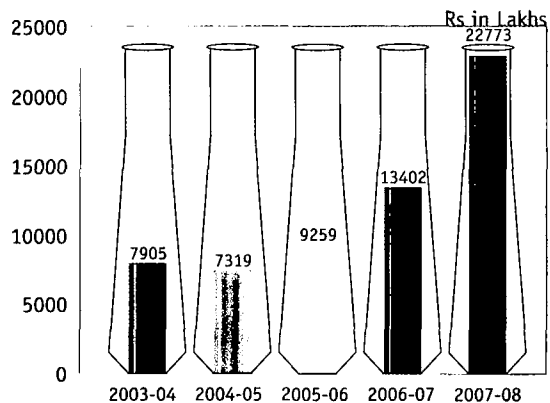


Kiri Dyes and Chemicals Ltd.

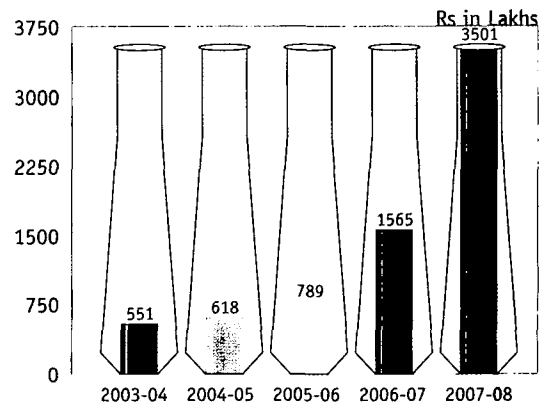
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FINANCIAL HIGHLIGHTS

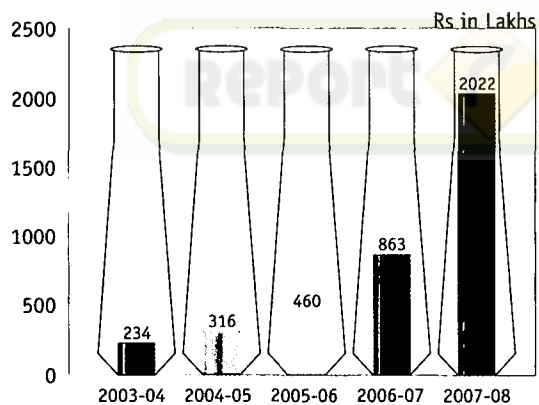
TOTAL REVENUE



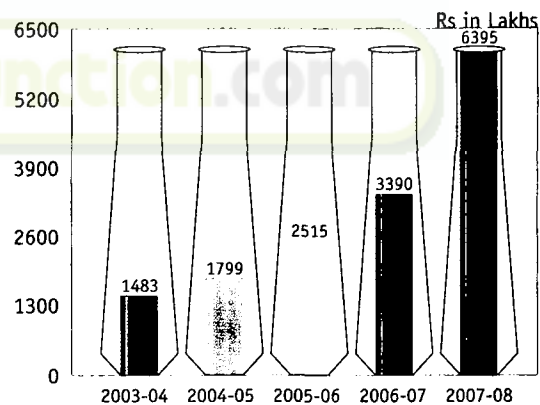
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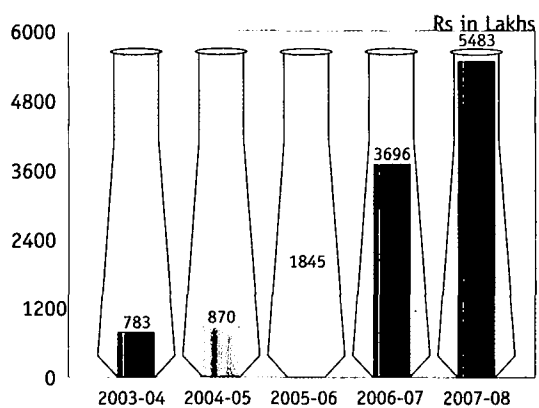
PROFIT AFTER TAX



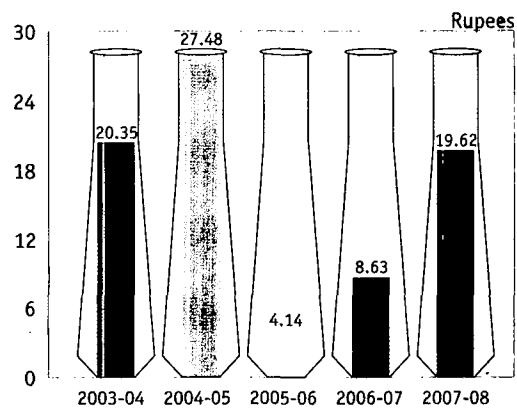
NET WORTH



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Kiri Dyes and Chemicals Ltd.

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DIRECTORS' REPORT

To The Members,
Kiri Dyes and Chemicals Ltd., Ahmedabad.

Your Directors have pleasure in presenting TENTH ANNUAL REPORT together with Audited Accounts of the company for the year ended on 31st March, 2008.

FINANCIAL RESULTS :

(Rs. In Lakhs)		
Particulars	2007-08	2006-07
Sales and Other income	22773.52	13402.14
Profit Before Interest, Depreciation and Tax	3501.57	1565.48
Less: Interest	923.25	514.78
Depreciation	241.02	126.63
Profit Before Taxation	2337.30	924.07
Less: Provision for Taxation	224.50	38.50
Deferred Tax	74.26	18.00
Fringe Benefit Tax	5.52	4.28
Income Tax of Earlier year	11.00	0.00
Profit After Tax	2022.02	863.29
Less: Prior Period Expenses	7.94	21.09
Net Profit	2014.08	842.20
Add: Surplus Brought Forward	2403.96	1561.76
Profit Available for Appropriation	4418.04	2403.96
Appropriations :		
1. Dividend on equity shares and tax thereon	263.25	0.00
2. Transferred to General Reserve	117.00	0.00
Balance Carried to Balance Sheet	4037.79	2403.96

DIVIDEND :

Your Directors recommend for your approval a dividend of 15% on 15000053 equity shares (Rs. 1.50 per equity share) (Previous year nil) for the year ended 31st March, 2008, involving outgo of Rs. 263.25 Lakhs.

REVIEW OF BUSINESS OPERATIONS :

Your directors are pleased to report that this year witnessed a growth in top line revenues and volume over previous year. The Company's dedicated attention on Dyes and Intermediate business is yielding good results. Second phase of backward integration project for manufacturing of H. Acid, the key raw material for manufacturing of dyes, has started commercial production from May, 2007. Due to commencement of commercial production of dyes intermediate plant, the company is

