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Kiri Dyes and Chemicals Ltd.

ANNUAL REPORT 2008-2009



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Kiri Dyes and Chemicals Ltd.

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Kiri Dyes and Chemicals Ltd.



*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.*



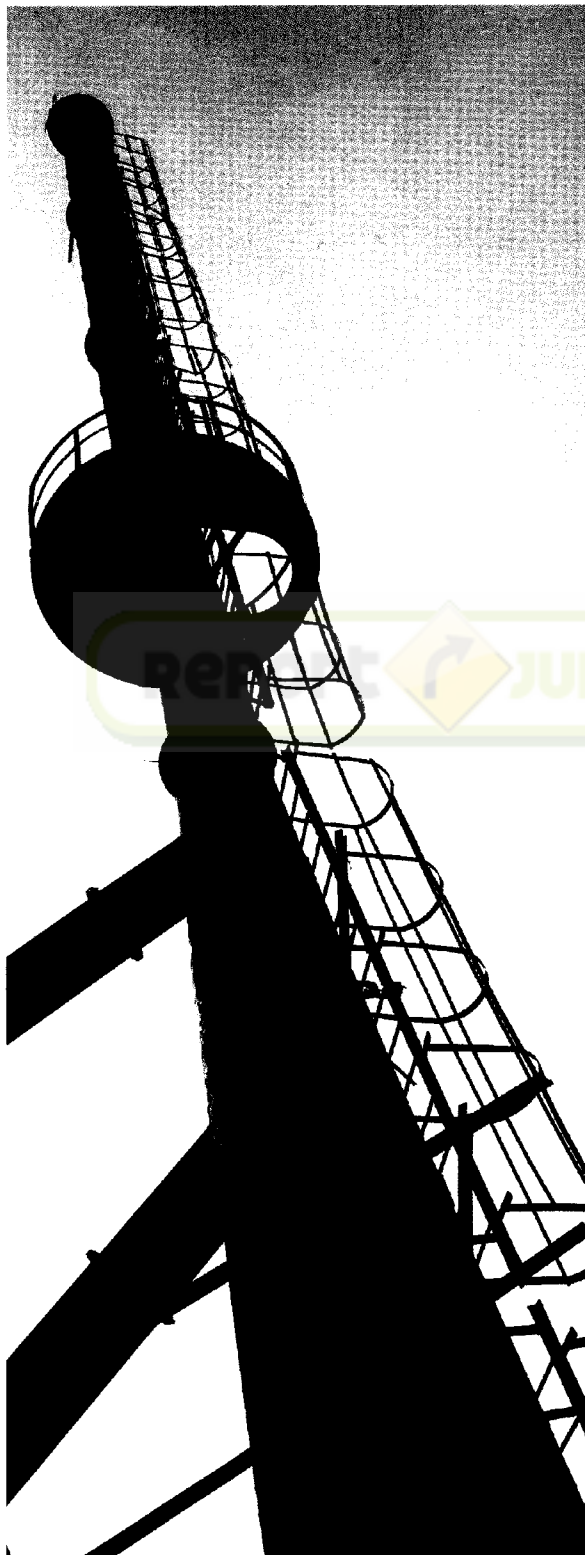




Kiri Dyes and Chemicals Ltd.

## CORPORATE INFORMATION

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### 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
Yamal A. Vyas	Non Executive Independent Director

### COMPANY SECRETARY

Suresh S. Gondalia

### GENERAL MANAGER FINANCE

Rajesh K. Tanna

### AUDITORS

M/s. V. D. Shukla & 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

### Works- 3

Plot No. 552/A,  
Village Dudhwada, Karakhadi, Tal: Padra,  
Dist: Vadodara, Gujarat, India.

### BANKERS

State Bank of India

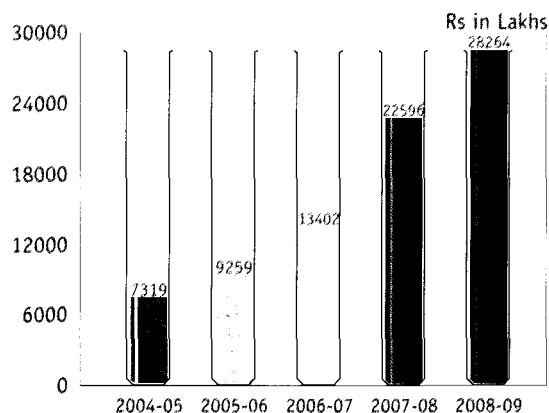
[www.kiridyes.com](http://www.kiridyes.com)



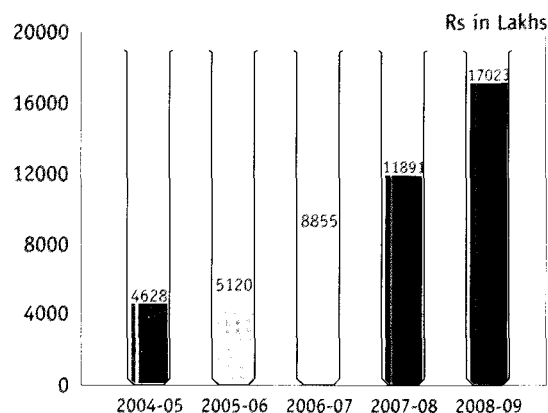
Kiri Dyes and Chemicals Ltd.

## FINANCIAL HIGHLIGHTS

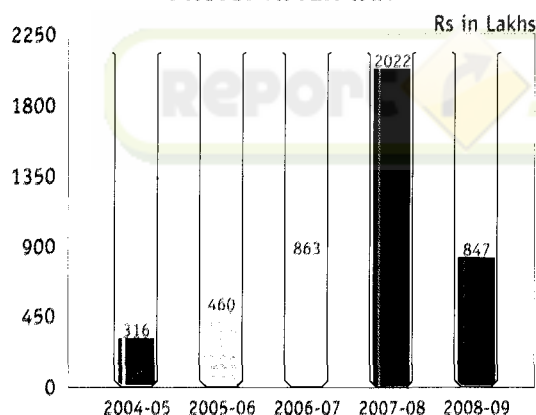
TOTAL REVENUE



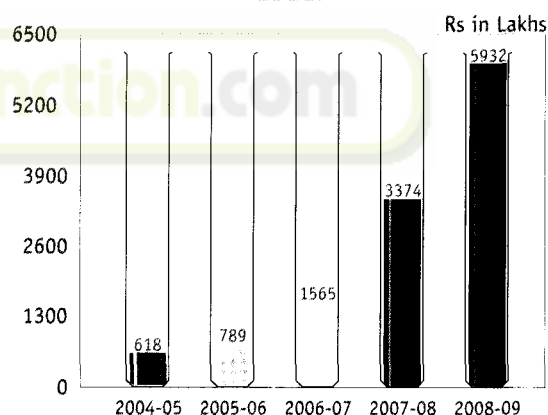
EXPORTS



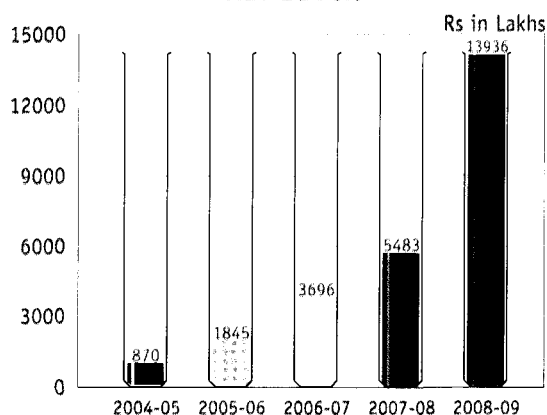
PROFIT AFTER TAX



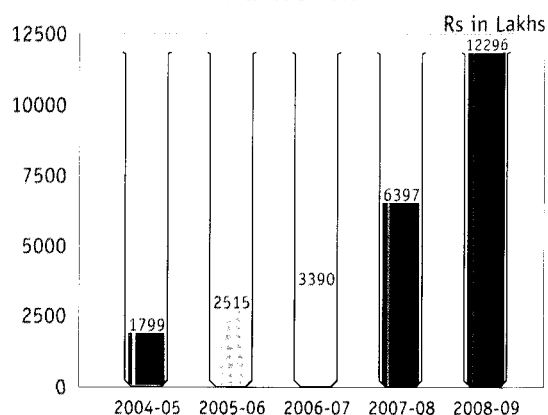
EBDIT



NET BLOCK



NETWORK





Kiri Dyes and Chemicals Ltd.

## MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT

### OVERVIEW:

The Fiscal 2008-09 was challenging for the Indian Industries including manufacturing sector due to Global melt down of economy. Due to the sound revival measures by Govt. of India, the Indian economy is expected to emerge as the fastest growing economy by Fiscal 2012-13.

The Indian dyestuff and chemicals industries were not an exception. However, cost and quality competitiveness were conducive for maintaining the growth in revenue.

During the current year, the global export market particularly Dyes and chemicals sectors is on the path of revival and is expected to grow around 10% annually.

### INDUSTRY STRUCTURE AND DEVELOPMENT:

The chemical industry is one of the oldest industries in India. It contributes significantly towards industrial and economic growth of the country. Indian chemical industry is worth approx. USD 43 billion, which accounts for around 1.34% of the global market size. India's share in global export and import is 1.1% and 1.5% respectively. The Indian Chemical industry contributes to 2.8% GDP of the country.

India has emerged as a global supplier of dyestuffs and dye intermediates, particularly for reactive, acid, vat, and direct dyes. India accounts for approximately 6% of the world production. The dyestuff sector is one of the important segment of the chemical industry in India. It serves a variety of sectors like textiles, leather, paper, printing inks, colours and foodstuffs. The textiles accounts for the largest consumption of dyestuff at nearly 70%.

The product range of the company comprises of more than 120 dyestuffs used by textiles, leather and Paper industries. 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's operations cater to the needs of Industrial customers at every stage of business.

The Company is also engaged in manufacturing basic & vital raw materials of dyestuff such as Vinyl Sulphone and H. Acid. The Company has also set up Sulfuric acid and its derivatives plant with combined capacity of 500 MT/day. The same is expected to go on stream by September, 2009.







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#### COMPANY PERFORMANCE:

Despite global melt down & volatility in raw material prices, your company performed better in financial year 2009 in terms of export market as compared to the previous financial year 2008. Export turnover increased to Rs. 17023.32 Lakhs in financial year 2009 from Rs. 11891.23 Lakhs of financial year 2008.

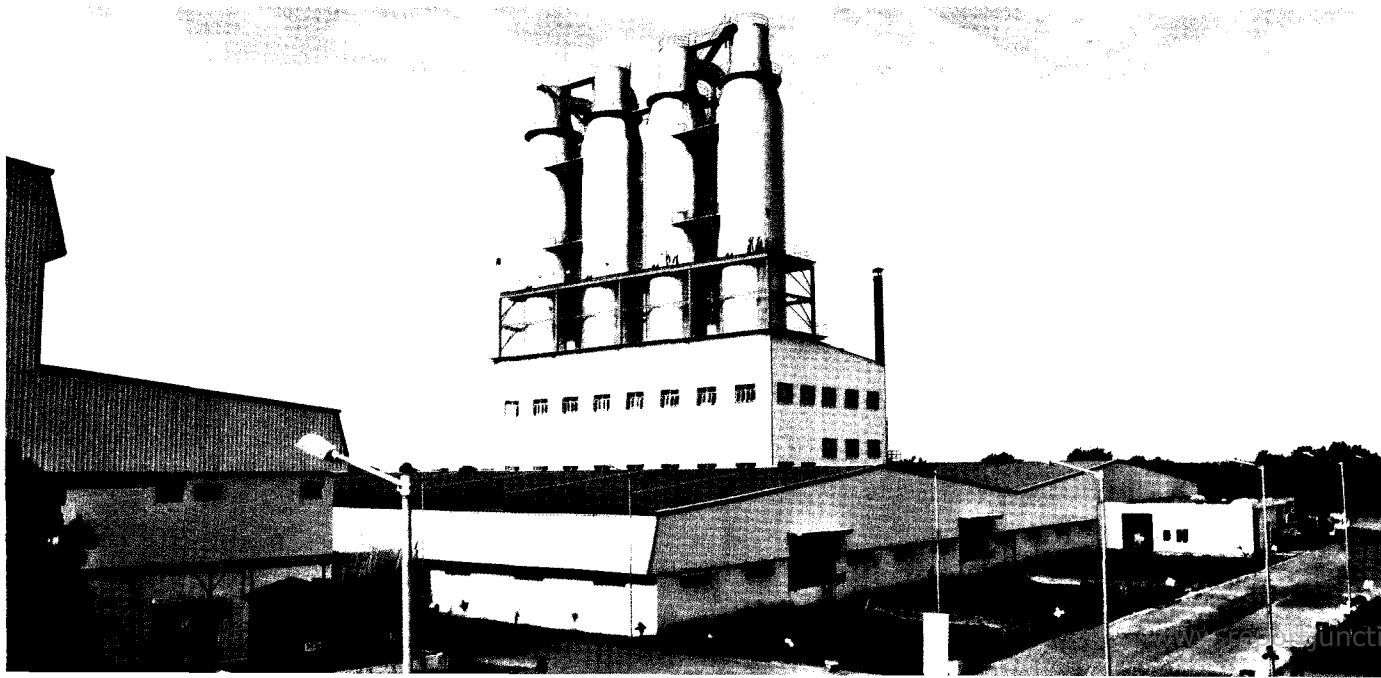
#### OPPORTUNITIES:

- Due to the adverse impact of global economic shrinkage, many countries have stopped or reduced the production of Dyes and Intermediates. This has opened up good market for existing Indian manufacturers of Dyes and Intermediates. As Kiri Dyes is already a well recognized name in this field globally and also have two stage backward integration chains for raw material of dyestuff, it has more opportunities to grab the growing market.
- Timely delivery of product with the required quality is the determining factor for customers and proven track record of the Company in this area puts the company into preferred supplier list of multinationals.
- The Indian Dyes industry has received global attention as a viable procurement base and therefore marketing India for the products is easier now than before.
- Timely supplying 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.

#### INTERNAL CONTROL SYSTEMS AND ITS ADEQUACY:

The Company has implemented internal control structure across its operations to ensure that all assets are adequately safeguarded and protected against loss from unauthorized use. The Company has established well defined role headed by senior executive in the Company for major operational activities for approval and authorization. Well designed and established MIS system for all major operational activities form part of overall control procedure to ensure timely and requisite information is being reported and is available for control and review to the Board of Directors of the Company.

The Company has also appointed independent internal auditors to assist the management in effective discharge of its responsibilities by furnishing it with findings, observations and pertinent comments, adequacy of internal controls, analysis and





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recommendations concerning the activities covered for audit and reviewed by it during the year. Findings of internal audit reports and effectiveness of internal control measures is reviewed by top management and audit committee of the Company. 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:**

Kiri Dyes and Chemicals Limited (KDCL), firmly believes in its human resources development. It recognizes and translates its skills, expertise, and talent to achieve targeted growth of the Company. It is the people's commitment, technical know-how, innovative ability and performance driven mindset that enable Kiri Dyes to react swiftly and creatively to the evolving customer and market needs. Continuous on job training, outside seminars and training programmes in all functional areas are key to development of human attributes like leadership, management, technical competency. The Company has continued to attract the best talent in all areas of competence.

The total number of employees on the rolls of the Company as at March 31, 2009 was 230.

#### **FINANCIAL PERFORMANCE:**

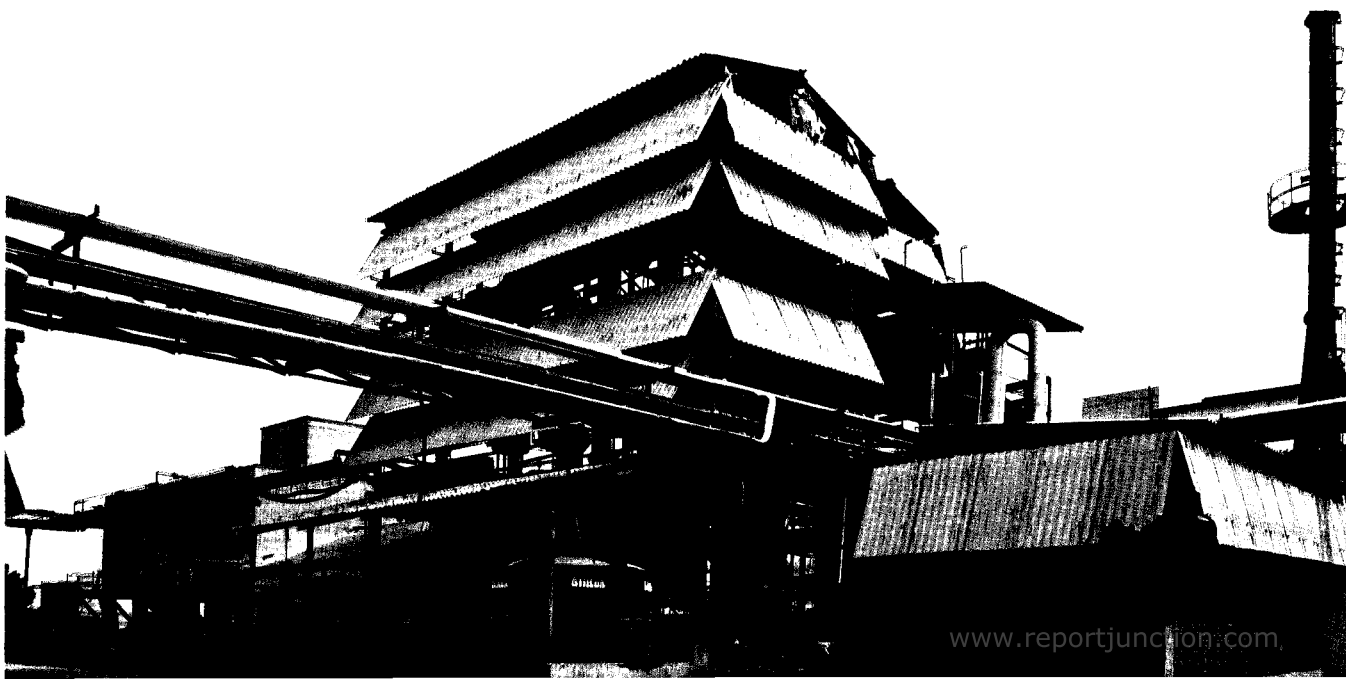
The company's major focus is to strengthen the competitive positioning of its business with the renewed thrust in the global market. Your Company has strong relationship with most of international customers.

##### **a) NET SALES AND OTHER INCOME:**

Net Sales and other Income for the year under review increased from Rs.22596.95 Lakhs to Rs. 28264.18 Lakhs, which records an increase of 25.08% over the previous financial year. With company's planned Marketing Strategy to continuously diversify its product mix, sales have been contributing significantly to its revenue specially in export.

##### **b) EXPENDITURE:**

The total expenditure increased from Rs. 21378.09 Lakhs to Rs. 28174.48 Lakhs for the financial year 2009 which shows an increase of 31.79% over the previous financial year 2008. Out of the total expenditure, there is an increase in Financial Charges, material cost, manufacturing, Depreciation and selling and distribution expenses. This was due to increase in shipment cost and increase in utilization of working capital and acquisition of more fixed assets.







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**c) INTEREST AND FINANCIAL EXPENSES:**

Interest and Financial charges were Rs.1697.22 Lakhs for the year 2009 as compared to Rs. 923.25 Lakhs for the year 2008. Financial charges increased by 83.83% due to increase in borrowings to meet increased working capital requirements.

**d) PROFIT BEFORE TAX:**

The Profit before tax decreased to Rs.1166.05 Lakhs for the current financial year 2009 as compared to Rs.2337.29 Lakhs for the previous financial year 2008. The Profit was adversely affected by extra ordinary items including foreign exchange loss during the year 2009.

**e) NET PROFIT:**

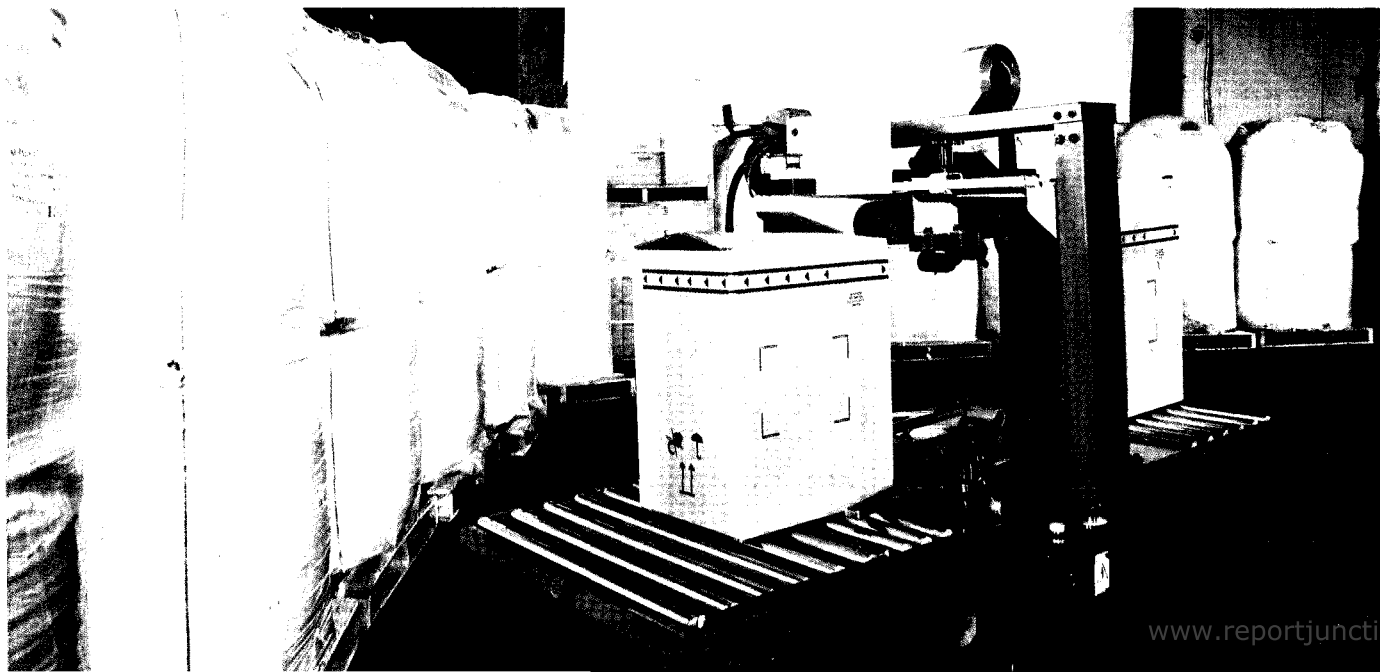
The Company's net profit after tax declined to Rs. 836.82 Lakhs for the current financial year 2008-09 as compared to Rs. 2014.07 for the financial year 2007-08 mainly on account of extra ordinary items.

**THREATS, RISK AND CONCERNS:**

- Volatility 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 threatened by competitive prices.
- Irregular supply of the Crude Oil based raw materials is also likely to affect the business of the Company.

**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.





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## DIRECTORS' REPORT

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

Your Directors have pleasure in presenting Eleventh Annual Report together with Audited Accounts of the company for the year ended on 31st March, 2009.

### FINANCIAL RESULTS:

(Rs. In Lakhs)

Particulars	2008-09	2007-08
Net Sales and Other income	28264.18	22596.95
Profit Before Interest, Depreciation, Tax & Exceptional Item	5931.80	3373.85
Less : Interest	1697.22	923.25
Depreciation	334.08	241.03
(Add)/Less: Exceptional Item including Foreign Exchange Loss (Gain)	2734.45	(127.72)
<b>Profit Before Taxation</b>	<b>1166.05</b>	<b>2337.29</b>
Less : Provision for Taxation	85.00	224.50
Deferred Tax	224.48	74.26
Fringe Benefit Tax	9.76	5.52
Income Tax of Earlier years	0.00	11.00
<b>Profit After Tax</b>	<b>846.81</b>	<b>2022.01</b>
Less : Prior Period Expenses	9.99	7.94
<b>Net Profit</b>	<b>836.82</b>	<b>2014.07</b>
Add : Surplus Brought Forward	4037.78	2403.96
<b>Profit Available for Appropriation</b>	<b>4874.60</b>	<b>4418.03</b>
<b>Appropriation:</b>		
1. Dividend on equity shares and tax thereon	263.25	263.25
2. Transferred to General Reserve	58.50	117.00
<b>Balance Carried to Balance Sheet</b>	<b>4552.85</b>	<b>4037.78</b>

