

12th ANNUAL REPORT 2009-2010



Enhancing Life With the Chemistry Of Colours



Kiri Dyes and Chemicals Ltd.



Kiri Dyes and Chemicals Ltd.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Pravin A. Kiri	<i>Chairman</i>
Manish P. Kiri	<i>Managing Director</i>
Shanker R. Patel	<i>Whole Time Director</i>
Ajay J. Patel	<i>Non Executive Independent Director (w.e.f. 26.04.2010)</i>
Keyoor M. Bakshi	<i>Non Executive Independent Director (w.e.f. 26.04.2010)</i>
Yamal A. Vyas	<i>Non Executive Independent Director</i>
Aruna P. Kiri	<i>Non Executive Director (up to 26.04.2010)</i>
Bipin R. Patel	<i>Non Executive Independent Director (up to 26.04.2010)</i>

COMPANY SECRETARY

Suresh S. Gondalia

AUDITORS

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

REGISTERED OFFICE

7th Floor Hasubhai Chambers,
Opp. Town Hall, Ellisbridge,
Ahmedabad – 380 006.
Website: www.kiridyes.com

BANKERS

State Bank of India
Bank of India
Oriental Bank of Commerce
Export Import Bank of India
Standard Chartered Bank
Punjab National Bank
Central Bank of India

CONTENTS

Notice	01
Directors' Report	05
Management Discussion & Analysis Report.	11
Report on Corporate Governance	13
Auditors' Report	21
Balance Sheet.	24
Profit & Loss Account.	25
Schedules forming part of Accounts	26
Notes on Accounts.	32
Balance Sheet Abstract	45
Cash flow Statement	46
Consolidated Financial Statements	48
Statement Under Section 212	76



Notice

NOTICE is hereby given that the **12th Annual General Meeting** of the Members of KIRI DYES AND CHEMICALS LIMITED will be held on Thursday, 30th day of September, 2010 at 11.30 a.m. at Hall No. S-3, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad- 380 015, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2010, and the Profit and Loss Account for the year ended on that date together with the Directors' Report and Auditors' Report thereon.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Mr. Yamal A. Vyas, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

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

"RESOLVED THAT pursuant to the provision of section 257 and all other applicable provisions if any, of the Companies Act, 1956 Mr. Keyoor M. Bakshi who was appointed as an Additional Director of the Company on 26th April, 2010 and holds office up to the date of this Annual General Meeting pursuant to section 260 of the Companies Act, 1956 and being eligible, offers himself for appointment as Director and in respect of whom the Company has received notice in writing from the member alongwith requisite deposit, signifying his intention to propose him for the office of Director, be and is hereby appointed as Director of the Company, liable to retire by rotation".

6. **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 provision of section 257 and all other applicable provisions if any, of the Companies Act, 1956 Mr. Ajay J. Patel who was appointed as an Additional Director of the Company on 26th April, 2010 and holds office up to the date of this Annual General Meeting pursuant to section 260 of the Companies Act, 1956 and being eligible, offers himself for appointment as Director and in respect of whom the Company has received notice in writing from the member alongwith requisite deposit, signifying his intention to propose him for the office of Director, be and is hereby appointed as Director of the Company, liable to retire by rotation".

7. **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 provision of Section 94 (1)(a) and other applicable provisions, if any, of the Companies Act, 1956 the Authorised Share Capital of the Company be increased from Rs. 50,00,00,000/- (Rupees Fifty Crores) divided in to 5,00,00,000 (Five Crores) equity shares of Rs. 10/- (Rupees Ten) each to Rs. 2,00,00,00,000/- (Rupees Two Hundred Crores) consisting Rs. 50,00,00,000/- (Rupees Fifty Crores) divided into 5,00,00,000 (Five Crores) Equity Shares of Rs. 10/- (Rupees Ten) each and Rs. 1,50,00,00,000/- (Rupees One Hundred Fifty Crores) divided in to 15,00,00,000 (Fifteen Crores) Preference Shares of Rs. 10/- (Rupees Ten) each."

"RESOLVED FURTHER THAT existing clause V of the Memorandum of Association of the company as to Share Capital be and is hereby deleted and in its place the following clause V be substituted."

- V. The Authorised Share Capital of the Company is Rs. 2,00,00,00,000/- (Rupees Two Hundred Crores) consisting Rs. 50,00,00,000/- (Rupees Fifty Crores) divided into 5,00,00,000 (Five Crores) Equity Shares of Rs. 10/- (Rupees Ten) each and Rs. 1,50,00,00,000/- (Rupees One Hundred Fifty Crores) divided in to 15,00,00,000 (Fifteen Crores) Preference Shares of Rs. 10/- (Rupees Ten) each.

"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorised to take all such steps and actions and give such directions and delegate such authorities, as it may in its absolute discretion, deem appropriate including settling any question that may arise in this regard."

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

"RESOLVED THAT in accordance with the provisions of Sections 80, 80A, 81 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof for the time being in force), provisions of the Memorandum and Articles of Association of the Company, and subject to applicable rules/regulations/guidelines



Notice (Contd...)

issued by the Securities and Exchange Board of India, the Stock Exchanges where the shares of the Company are listed (including provisions of the listing agreement with them) or any other appropriate/statutory authority and also subject to such approvals, permissions, sanctions and consents as may be necessary and required from appropriate authorities and institutions, under applicable legislations, rules, regulations, guidelines and contracts for the time being in force, and subject to such other terms, conditions, stipulations, alterations, amendments, modifications or variations as may be required, specified or suggested by any of such authorities; which terms, conditions, stipulations, alterations, amendments, modifications or variations the Board of Directors, may accept at its discretion; consent and approval of the members of the Company be and hereby accorded to the Board to offer, issue and allot Redeemable Preference Shares up to Rs. 150.00 crores for cash to any one or more of Indian and/or foreign entities or other person or persons, whether member of the Company or not, in any permissible manner or mode, to optimize financial leverage as the Board may deem fit, in one more tranches, at such time or times, on such terms and conditions as attached to such instrument, at such price or prices, or in such manner as the Board may in its absolute discretion think fit and that the Preference Shares to be allotted in terms of this resolution in each series shall be on pari passu basis in all respect and inter-se, except to the extent specifically mentioned by the terms of their issue, or as may be required by the applicable guidelines, rules and regulations."

"RESOLVED FURTHER THAT to give effect to the aforesaid resolution, the Board be and is hereby authorised to delegate all or any of the powers herein conferred on to any one or more persons, and to do all such acts, deeds, matters and things as may be deemed necessary and settle any or all questions/matters arising with respect to the offer, issue and allotment (including deciding the terms and conditions for the same), utilization of the proceeds of the issue of shares, disposing off any unsubscribed part of the issue, execute all such deeds, documents, agreements and writing as may be necessary for the purpose of giving effect to the aforesaid resolution, take such further steps that are required for the allotment of the said shares, or such other steps that are incidental and ancillary in this regard and to do, make or accept such alterations, modifications or variations in the foregoing as may be considered desirable or expedient by the Board/such authorised persons in the best interest of the Company and its shareholders."

**By Order of the Board of Directors
For Kiri Dyes and Chemicals Limited**

Place : Ahmedabad
Date : 1st September, 2010

Suresh Gondalia
Company Secretary

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.** Proxies, in order to be effective, must be received at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
2. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, 25th September, 2010 to Thursday, 30th September, 2010 (both days inclusive) for the purpose of determining the names of members eligible for dividend on equity shares, if declared at Annual General Meeting.
3. A relative explanatory statement pursuant to section 173(2) of the Companies Act, 1956 in respect of special business under item No. 5, 6, 7 and 8 of the above notice is annexed thereto.
4. (I) If the dividend on equity shares, as recommended by the Board of Directors, is declared at the meeting, payment thereof will be made as under:
 1. To all beneficial owners in respect of share held in electronic form as per the data as may be made available by the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited as of the close the business hours on Friday, 24th September, 2010.
 2. To all Shareholders in respect of shares held in physical form after giving effect to valid transfer in respect of transfer request lodged with the company on or before the close of business hours on Friday, 24th September, 2010.
- (II) For payment of Dividend through National Electronic Clearing Service (NECS), Members are advised to intimate the duly update particulars of their bank account to their respective Depository Participants (DP).
5. Members are requested to:
 - (i) Intimate immediately any change in their address to the Company's Registrar and Share Transfer Agent Cameo Corporate Services Limited, at Subramanian Building No. 1, Club House Road, Chennai- 600 002.
 - (ii) Quote Folio No. in all correspondence and in case the shares are held in dematerialized form, quote client ID and DP ID number.



Notice (Contd...)

6. Shareholders holding shares in electronic form may note that bank account details as furnished by their depositories to the company/Registrar will be printed on their Dividend Warrant if any, and Company will not entertain any direct request from such shareholders for deletion/change in the bank details. Shareholders wish to change bank details are requested to advise their depository participants about such change with complete details of bank account.
7. Shareholders intending to require information about the accounts to be approved in the meeting are requested to inform the Company in writing atleast 7 days in advance of the Annual General Meeting.
8. As measure of economy, copies of Annual Report will not be distributed at the Annual General Meeting. Members are thereof requested to bring their copies of the Annual Report to the Meeting. Members/Proxies for members holding shares in dematerialized form may also bring their latest statement of account held with the concerned Depository Participant for attending meeting.

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

Item No. 5:

Mr. Keyoor M. Bakshi was appointed as an Additional Director of the company w. e. f. 26th April, 2010. Pursuant to section 260 of the Companies Act, 1956, he holds office up to the date of the forthcoming Annual General Meeting. In terms of Section 257 of the Companies Act, 1956 the Company has received notice from a member signifying his intention to propose appointment as a Director of the Company.

Mr. Keyoor M. Bakshi, is a practising company secretary. He holds degrees in Commerce and Law from Gujarat University. He is Fellow Member of the Institute of Company Secretaries of India and was the President of Institute of Company Secretaries of India for the year 2008. He has an experience of over 30 years in Corporate Laws, Finance and Management and has actively been involved in various assignments relating to amalgamations, mergers/de-mergers, acquisitions and takeovers, corporate restructuring and planning.

Board of Directors of the Company is recommending his appointment as director of the Company.

Except Mr. Keyoor M. Bakshi, none of the other Director of the company is in any way concerned or interested in this resolution.

Item No. 6:

Mr. Ajay J. Patel was appointed as an Additional Director of the company w. e. f. 26th April, 2010. Pursuant to section 260 of the Companies Act, 1956, he holds office up to the date of the forthcoming Annual General Meeting. In terms of Section 257 of the Companies Act, 1956 the Company has received notice from a member signifying his intention to propose appointment as a Director of the Company.

Mr. Ajay J. Patel is M.D. (Radio Diagnosis), D.M.R.D and having more than 30 years experience in radiology and having international exposure in CT Scan and MRI.

Board of Directors of the Company is recommending his appointment as director of the Company.

Except Mr. Ajay J. Patel, none of the other Director of the company is in any way concerned or interested in this resolution.

Item No. 7:

The Board of Directors of the Company proposes to optimise financial leverage by way of issue of preference shares up to Rs. 150.00 crores. The existing Authorised Share capital of the Company is Rs. 50.00 crores consists only equity shares. To enable the Board of Directors of the Company to issue preference shares, the alteration of capital clause of Memorandum of Association of the Company is required. Hence Board of Directors proposes to increase authorised share capital up to Rs. 200.00 crores.

In terms of provisions of section 94(1)(a) of the Companies Act, 1956 approval of shareholders is required by way of ordinary resolution for increase in Authorised share capital from existing of Rs. 50.00 crores to Rs. 200.00 crores and to alter capital clause of Memorandum of Association of the Company.

The Board of Directors recommends the resolution for approval of the members through an ordinary resolution.

None of the Directors of the Company is in any way concerned or interested in the resolution.

Item No. 8

To enable the Board of Directors of the Company to optimise financial leverage, it is proposed to issue redeemable preference shares up to Rs. 150.00 crores to such persons/entities, whether member of the company or not on such terms and conditions as Board of Directors decide in the best interest of the company.

Section 81 of the Companies Act, 1956 and the Listing Agreement with the Stock Exchanges where the Equity Shares of the Company are listed provides, inter alia, that when it is proposed to increase the issued capital of a company by allotment of further shares, such further shares shall be offered to the existing shareholders of such company in the manner laid down in Section 81 of the Companies Act, 1956 unless the shareholders in a general meeting decide otherwise. Since the Special Resolution



Kiri Dyes and Chemicals Ltd.

Notice (Contd...)

proposed in the business of the notice results in the issue of the shares of the Company otherwise than to the members of the Company, consent of the shareholders is being sought pursuant to the provisions of Section 81 and other applicable provisions of the Companies Act, 1956 and the Listing Agreement.

The Board of Directors recommends the resolution for approval of the members through a special resolution.

None of the Directors of the Company is in any way concerned or interested in the resolution.

**By Order of the Board of Directors
For Kiri Dyes and Chemicals Limited**

Place : Ahmedabad

Date : 1st September, 2010

Suresh Gondalia
Company Secretary

INFORMATION ABOUT DIRECTORS SEEKING APPOINTMENT/ REAPPOINTMENT

(As required under clause 49 of the Listing Agreement)

Name of the Director	Keyoor M. Bakshi	Ajay J. Patel
Age	52 years	56 years
Qualification	B.Com., LL.B., F.C.S.	M.D.(Radio Diagnosis), D.M.R.D.
Experience	He is a Practising Company Secretary and past president of Institute of Company Secretaries of India. He has more than 30 years experience in the area of Corporate laws, Finance, corporate restructuring & Planning, merger, takeover and Management. He has also appeared before the Securities Appellate Tribunal, Company Law Board (Principal & Regional Benches) and Consumer Forums. At present he is non executive independent director of the Company and chairman of the Shareholders / Investors Grievance Committee of the Company. He is also member of Audit Committee and Remuneration Committee of the Company.	He is Practising Radiologist and has more than 30 years experience in radiology and is having international exposure in CT Scan and MRI. At present he is non executive independent director of the Company and chairman of the Remuneration Committee of the Company. He is also member of Audit Committee of the Company
Name of the other Public Companies in which he holds directorship	Tudor (India) Limited	Nil
No. of Shares held	Nil	Nil
Name of the Director	Yamal A. Vyas	
Age	51 year	
Qualification	B.Com, F.C.A., A.C.S.	
Experience	He has more than 26 years professional experience in the field of finance & media. He has been associated with Gujarat Chamber of Commerce & Industries as a member of capital market sub-committee, and was active member of managing committee of Ahmedabad branch of Institute of Chartered Accountants of India. He is past chairman of Ahmedabad Branch of Institute of Chartered Accountants of India. He has also been associated with various news papers for writing articles on the stock market and investments. At present he is non executive independent director of the Company and chairman of the Audit Committee of the Company. He is also member of Remuneration Committee of the Company.	
Name of the other Public Companies in which he holds directorship	Nil	
No. of Share held	Nil	



Kiri Dyes and Chemicals Ltd.

Directors' Report

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

Your Directors have pleasure in presenting 12th Annual Report together with Audited Accounts of the company for the year ended on 31st March, 2010.

FINANCIAL RESULTS:

	(Rs. In Lacs)	
Particulars	2009-10	2008-09
Net Sales and Other income	34733.95	28264.18
Profit Before Interest, Depreciation, Tax & Exceptional Item	6654.03	5931.78
Less : Interest	2056.62	1697.22
Depreciation	1172.47	334.08
(Add)/Less: Exceptional Item	(60.57)	2734.45
Profit Before Taxation	3485.51	1166.03
Less : Provision for Taxation	538.29	85.00
Add : MAT Credit Entitlement	(538.29)	0.00
Deferred Tax	983.76	224.47
Fringe Benefit Tax	0.00	9.76
Profit After Tax	2501.75	846.80
Less : Prior Period Expenses	11.57	9.99
Net Profit	2490.18	836.81
Add : Surplus Brought Forward	4552.85	4037.79
Profit Available for Appropriation	7043.03	4874.60
Appropriation:		
1. Dividend on equity shares and tax thereon	263.25	263.25
2. Transferred to General Reserve	125.00	58.50
Balance Carried to Balance Sheet	6654.78	4552.85

DIVIDEND:

For the financial year 2009-10, your Directors are pleased to recommend a final dividend of Rs. 1.50 per share of Rs. 10/- each (previous year Rs. 1.50 per share). The aggregate amount of dividend including dividend tax is Rs. 263.25 Lacs on 15000053 equity shares.

REVIEW OF BUSINESS OPERATIONS:

Your directors are pleased to report total income of Rs. 34733.95 Lacs for the year 2009-10 as against Rs. 28264.18 Lacs for the year 2008-09; an increase of 22.89%, which is mainly on account of commissioning of new project of Acetanilide and Basic chemicals. During the year there is marginal reduction in export turnover of around 6% from Rs. 17023.32 Lacs to Rs. 16006.07 Lacs, which is mainly on account of recessionary conditions in the European market. The profit before taxation increased from Rs. 1166.03 Lacs for the year 2008-09 to Rs. 3485.51 Lacs for the year 2009-10. The net profit increased from Rs. 836.81 Lacs for the year 2008-09 to Rs. 2490.18 Lacs for the year 2009-10.



Directors' Report (Contd...)

During the year the company commenced commercial production of its backward integration plant for manufacturing of basic chemicals i.e. Sulphuric Acid, Oleum and Chloro Sulphonic Acid with a combined capacity of 500 MT/day. The company also commenced 3.5 MW co-generation steam based power plant at Village Dudhwada, Taluka Padra, District Vadodara.

During the financial year, your company commenced commercial production of Acetanilide, with installed capacity of 12000 MTPA at Village Dudhwada, Taluka Padra, District Vadodara, which is used in manufacturing of Vinyl Sulphone.

ACQUISITION OF DYSTAR:

In February, 2010 your Company through its wholly owned subsidiary Kiri Holding Singapore Private Limited, has acquired Assets of DyStar Textilfarben GmbH and DyStar Textilfarben GmbH & Co. Deutschland KG (DyStar) along with its 36 subsidiaries to strengthen its forward integration growth drive. The Asset Purchase agreement includes DyStar's Patents, Technology, IP rights, Brand Name, Trademarks etc. It is the historical cross border acquisition by any medium sized company from India.

DyStar is the global market leader for dyes, dyes solutions, leather solutions, performance chemicals and custom manufacturing of special dyes/pigments with a global market share of around 21% having sales turnover of Euro 800 Mn., (equivalent Rs.48000Mn) in calendar year 2008.

It has sales and technical support presence in all key markets and also having agencies in 50 countries and 16 active production facilities in 11 countries. DyStar is a total solution provider across the entire textile value chain starting from concept design and development through fiber & fabric production, wet processing until garment finishing which includes quality testing & certification. The research and development centre of DyStar at Frankfurt Germany is a state of art research centre.

FUTURE PROSPECTS:

Your Company has a consistent track record of organic growth and expansion, which is the epicenter of its core values. While expanding vertically its supply chain, it is continuing to enhance manufacturing facilities of Dyes Intermediates and Specialty Dyes Intermediates to cater to the future demand of the global market and for its Joint Venture plant. The Company as a part of its clean environment policy is proposing to set up a resource recovery project of utilizing spent acid of Dyes Intermediates.

SUBSIDIARIES AND CONSOLIDATED FINANCIAL STATEMENTS:

On the basis of application by the Company the Ministry of Corporate Affairs, Government of India vide its order No. 47/639/2010-CL-III dated 26th July, 2010, issued under section 212(8) of the Companies Act, 1956 has granted an exemption to the Company from attaching the accounts along with the report of the Board of Directors and Auditors to the balance sheet of the Company for the financial year ended on 31st March, 2010 as required by Section 212(1) of the Companies Act, 1956, of its forty two (42) subsidiary companies with the Annual Report of the Company for the financial year ended 31st March, 2010. The summary of financial information of each of the subsidiary companies is attached herewith and forming part of Annual Report of the Company.

As directed by aforesaid order of the Ministry of Corporate Affairs and as required under Clause 32 of Listing Agreement with the stock exchange(s) and in accordance with the requirements of Accounting Standard AS-21 issued by the Institute of Chartered Accountants of India, the Company has prepared Consolidated Financial Statements of the Company and its subsidiaries. The same has been attached with the Annual Report of the Company.

The Company will provide the annual accounts of its subsidiary companies and the related detailed information on the specific request made by any shareholders/investors. The said annual accounts are open for the inspection at the registered office of the Company during business hours on all working days, except Sunday and public holidays. The financial information relating to the Subsidiary Companies, as per the condition (iii) of the above cited order of the Ministry of Corporate Affairs, are attached along with the consolidated financial statement.

DEPOSITORY SYSTEM:

Your company's shares are tradable compulsorily in electronic form and your company has got connectivity with both the depositories i.e. National Security Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).



Directors' Report (Contd...)

DIRECTORS:

Mr. Yamal A. Vyas, Director of the Company retires by rotation at the forthcoming Annual General Meeting and being eligible to offer himself for re-appointment. Profile of Mr. Yamal A. Vyas as required under clause 49 of the Listing Agreement is given in the Annexure to the Notice.

The Board of Directors of the Company at their meeting held on 22nd May, 2010 has reappointed Mr. Pravin A. Kiri as Chairman and Mr. Manish P. Kiri, as Managing Director of the Company for a further period of three years from 1st April, 2010 to 31st March, 2013. The Board of Directors at their meeting held on 26th April, 2010 has also appointed Mr. Shanker R. Patel as Whole Time Director of the Company for a period of three years from 1st May, 2010 to 30th April, 2013. Their reappointment/appointment was confirmed by members at Extra Ordinary General Meeting held on 26th June, 2010.

Mr. Bipin R. Patel and Mrs. Aruna P. Kiri have resigned as directors of the Company w.e.f. 26th April, 2010 and Mr. Keyoor M. Bakshi and Mr. Ajay J. Patel are appointed as an additional directors of the Company w.e.f. 26th April, 2010. The Board hereby takes the opportunity to express sincere thanks and gratitude to Mr. Bipin R. Patel and Mrs. Aruna P. Kiri for the invaluable contribution during their tenure as directors of the Company.

AUDITORS AND AUDITORS' REPORT:

M/s. V. D. Shukla & Co., Chartered Accountants, Ahmedabad, Statutory Auditors of the Company, retire at ensuing Annual General Meeting and have confirmed their eligibility and willingness to accept the office, if appointed. They have issued a certificate stating that their appointment, if made, would be within the prescribed limits under section 224(1B) of the Companies Act, 1956.

The notes on accounts referred to in the auditors report are self-explanatory and therefore do not call for any further comments and explanations.

PUBLIC DEPOSITS:

During the year under review, the company did not accept any deposits within the meaning of the provisions of section 58A of the Companies Act, 1956.

DIRECTORS' RESPONSIBILITY STATEMENT:

In compliance of Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed:

1. That in the preparation of the annual accounts for the financial year ended 31st March, 2010, all applicable accounting standards have been followed and no material departure have been made from the same.
2. That the Directors have selected appropriate accounting policies and applied them consistently and made judgments and estimates that were 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 and of the profit or loss of the company for the year under review.
3. That the Directors have taken proper and sufficient care to the best of their knowledge and ability, for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. That the Directors have prepared the annual accounts for the financial year ended 31st March, 2010 on a 'going concern' basis.

EMPLOYEE RELATIONS:

The relations with the employees have been cordial throughout the year. Your Directors place on record their sincere appreciation in respect of the services rendered by the employees of the Company at all levels.



Directors' Report (Contd...)

PARTICULARS OF EMPLOYEES:

Information pursuant to Section 217(2A) of the Companies Act, 1956 read together with the Companies (Particulars of Employees) Rules, 1975 has been given as under:

Name	Nature of Duty	Gross Remuneration (Rs. in Lacs)	Qualification	Experience (Years)	Date of Commencement of Employment	Earlier Employment	Age (Years)
Mr. Pravin Kiri	Chairman	84.00	B.SC. (Chemistry)	41	14.05.1998	Jay Chemical Industries	65
Mr. Manish Kiri	Managing Director	84.00	B. E. (Ele. & Comm.) MBA. (Michigan University, USA)	11	14.05.1998	Parke Devis Pharmaceuticals -USA	38

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNING AND OUTGO:

Additional information on conservation of energy, technology absorption, foreign exchange earning & outgo as required to be disclosed in term of Section 217(1)(e) of the Companies Act, 1956, read together with the Companies (Disclosures of Particulars in the Reports of Board of Directors) Rules, 1988, is given as an annexure to this report.

CORPORATE GOVERNANCE & MANAGEMENT DISCUSSION AND ANALYSIS:

Your Company complies with the provisions laid down in Corporate Governance Code. Report on the Corporate Governance and Management Discussion and Analysis Report as per Clause 49 of the Listing Agreement, along with the Certificate from the Statutory Auditors of the Company in compliance of clause 49 of the Listing Agreement is annexed herewith and forming part of this Annual Report.

GROUP FOR INTERSE TRANSFER OF SHARES:

As required under clause 3(1)(e) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 persons constituting "Group" (within the meaning as defined in the Monopolies and Restrictive Trade Practice Act, 1969) for the purpose of availing exemption from applicability of the provisions of Regulations 11 to 12 of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 is given as under:

1. Mr. Pravin Kiri
2. Mr. Manish Kiri
3. Mrs. Aruna Kiri
4. Mrs. Anupama Kiri
5. Ms. Amisha Kiri
6. Master Hemil Kiri
7. Kiri International Hong Kong Limited (name changed to Synthesis International Limited w.e.f. 19.08.2010)
8. Kiri Infrastructure Private Limited
9. Kiri Holding Singapore Private Limited
10. Kiri International (Mauritius) Private Limited

APPRECIATION:

Your Directors would like to thank the suppliers, customers, lenders, business associates, shareholders and the Government for their invaluable support and look forward to continued support in the future. Your Directors wish to place on record their appreciation of employees at all levels for their hard work, dedication and commitment, which has enabled the Company to become global company.

For and on behalf of the Board of Directors

Place : Ahmedabad
Date : 1st September, 2010

Pravin A. Kiri
Chairman

