



Kiri Industries Limited



**LIVE THE GREEN DREAM**

13<sup>th</sup> ANNUAL REPORT  
**2010-2011**



Kiri Industries Limited

## Corporate Information

### BOARD OF DIRECTORS

<b>Pravin A. Kiri</b>	<i>Chairman</i>
<b>Manish P. Kiri</b>	<i>Managing Director</i>
<b>Shanker R. Patel</b>	<i>Whole Time Director</i>
<b>Ajay J. Patel</b>	<i>Non Executive Independent Director</i>
<b>Keyoor M. Bakshi</b>	<i>Non Executive Independent Director</i>
<b>Yamal A. Vyas</b>	<i>Non Executive Independent Director</i>
<b>Harsha B. Bangari</b>	<i>Nominee Director (Export Import Bank of India)</i>

### CHIEF FINANCIAL OFFICER

**Kamal K. Karamchandani**

### 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.kiriindustries.com](http://www.kiriindustries.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

### Appeal to Members

The Ministry of Corporate Affairs (vide circular Nos. 17/2011 and 18/2011 dated 21st April, 2011 and 29th April, 2011 respectively) has undertaken “Green Initiative in Corporate Governance” by allowing paperless compliances by the Companies to service the documents to its shareholders through electronic mode. As your Company is committed to Green Initiative, members are requested to support this by registering/updating their e-mail addresses immediately.

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## Kiri Industries Limited

### Notice

**NOTICE** is hereby given that the **13th Annual General Meeting** of the Members of KIRI INDUSTRIES LIMITED (formerly known as "KIRI DYES AND CHEMICALS LIMITED") will be held on Thursday, the 29th day of September, 2011 at 11.30 a.m. at H.T. Parekh Hall, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad- 380 015, to transact the following businesses:

#### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2011, 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. Pravin A. Kiri, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. Manish P. Kiri, who retires by rotation and being eligible offers himself for re-appointment.
5. 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.

By Order of the Board of Directors  
**For Kiri Industries Limited**

Place : Ahmedabad  
Date : 1st September, 2011

**Suresh S. 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/HERSELF 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, 24th September, 2011 to Thursday, 29th September, 2011 (both days inclusive) for the purpose of determining the name of members eligible for dividend on equity shares, if declared at Annual General Meeting.
3. (I) If the dividend on equity shares, as recommended by the Board of Directors, is declared at the meeting, will be paid / dispatched on 5th October, 2011:
  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 (CDSL) as of the close the business hours on Friday, 23rd September, 2011.
  2. To all Shareholders in respect of shares held in physical form after giving effect to valid transfers in respect of transfer request lodged with the Company on or before the close of business hours on Friday, 23rd September, 2011.(II) For payment of Dividend through National-Electronic Clearing Services (NECS), Members are advised to intimate the duly update particulars of their Bank Account to their respective Depository Participants (DPs).
4. Members are requested to:
  - (i) Intimate immediately any change in their address to the Company's Registrar and Share Transfer Agents 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 DP ID and Client ID number.



## Kiri Industries Limited

### Notice (Contd...)

5. 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.
6. 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.
7. Members are requested to bring their attendance slip along with their copy of Annual Report to the Meeting. As measure of economy, copies of Annual Report will not be distributed at the Annual General 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.
8. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.

#### INFORMATION ABOUT DIRECTORS SEEKING REAPPOINTMENT

(As required under clause 49 of the Listing Agreement)

<b>Name of the Director</b>	Pravin A. Kiri	Manish P. Kiri
<b>Status</b>	Promoter & Chairman	Promoter & Managing Director
<b>Age</b>	65 years	38 years
<b>Qualification</b>	B.SC (Chemistry)	B.E. (Electronic & Communication), MBA (Michigan University, USA)
<b>Experience</b>	He is veteran technocrat with 42 years leadership experience in Dyestuffs and Chemical Industries. With highly evolved expertise in organic structure synthesise of Dyes and Reactive Dyes, he heads manufacturing activities, operational strategy, quality control and Research and Development of the Company.	With experience of 12 years in the chemical industry, he envisions the Company's future forays and expansions, designs its marketing strategies and commandeers their implementation, oversees overall sales and exports, customer relationship management, expansion & maintenance of sales networks, new projects as well as expansion plans, environment protection efforts along with sustainable growth of the Company. He was the force behind the Company's acquisition of DyStar (which he heads today). He is an active member of the Gujarat Dyestuff Manufacturers' Association since 2002. He served as its Honorary Secretary for two years, and as President, for one year.
<b>Name of the other Public Companies in which he holds directorship</b>	1. Lonsen Kiri Chemical Industries Limited 2. Kiri Peroxide Limited	1. Lonsen Kiri Chemical Industries Limited 2. Kiri Peroxide Limited
<b>Name of the other Public Companies in which he holds membership of committee</b>	1. Lonsen Kiri Chemical Industries Limited	1. Lonsen Kiri Chemical Industries Limited
<b>No. of Shares held</b>	76,20,843	18,65,211



## Kiri Industries Limited

### Directors' Report

To  
The Members,  
Kiri Industries Limited,  
Ahmedabad.

Your Directors have pleasure in presenting 13th Annual Report together with Audited Accounts of the Company for the year ended on 31st March, 2011.

#### REVIEW OF STANDALONE RESULTS:

	(Rs. In Lacs)	
Particulars	2010-11	2009-10
Net Sales and Other income	57658.26	34733.95
Profit Before Interest, Depreciation, Tax & Exceptional Item	11396.38	6654.01
Less : Interest	4389.28	2056.62
Depreciation	1861.55	1172.47
(Add)/Less : Exceptional Item	1283.88	(60.57)
<b>Profit Before Taxation</b>	<b>3861.67</b>	<b>3485.49</b>
Less : Provision for Taxation	770.17	538.29
Deferred Tax	539.88	983.76
Add : MAT Credit Entitlement	769.65	538.29
<b>Profit After Tax</b>	<b>3321.27</b>	<b>2501.73</b>
Less : Prior Period Expenses	16.25	11.55
<b>Net Profit</b>	<b>3305.02</b>	<b>2490.18</b>
Add : Surplus Brought Forward	6654.78	4552.86
<b>Profit Available for Appropriation</b>	<b>9959.80</b>	<b>7043.04</b>
<b>Appropriation:</b>		
1. Dividend on equity shares and tax thereon	331.23	263.26
2. Transferred to General Reserve	165.30	125.00
<b>Balance Carried to Balance Sheet</b>	<b>9463.27</b>	<b>6654.78</b>

Your Directors are pleased to report total sales of Rs. 56572.12 Lacs for the year 2010-11 as against Rs. 34084.68 Lacs for the year 2009-10; a stupendous increase of 65.97%; which is on account of penetration to a wider customer base and persistent emphasis on improving product mix and de-bottlenecking its infrastructural limitations which provides better utilization of its Dyes manufacturing unit. The Profit before exceptional items and after tax has increased from Rs. 2441.16 Lacs for the year 2009-10 to Rs. 4605.15 Lacs for the year 2010-11. The Net Profit after tax has increased from Rs. 2490.18 Lacs to Rs. 3305.02 Lacs showing an increase of 32.72% in the current financial year as compared to the preceding financial year of 2009-10.



## Kiri Industries Limited

### Directors' Report (Contd...)

#### REVIEW OF CONSOLIDATED RESULTS:

(Rs. In Lacs)		
Particulars	2010-11	2009-10
Net Sales and Other Income	386885.56	81074.70
Profit Before Interest , Depreciation, Tax & Exceptional Item	33808.73	7247.40
Less : Interest	9691.18	2716.53
Depreciation	10495.33	2683.00
Less : Exceptional Item	38713.82	6390.65
<b>Profit /(Loss) Before Taxation</b>	<b>(25091.60)</b>	<b>(4542.78)</b>
Less : Provision for Taxation	2839.70	521.34
Deferred Tax	592.58	1197.65
Add : MAT Credit Entitlement	769.82	575.47
<b>Profit /(Loss) After Tax</b>	<b>(27754.06)</b>	<b>(5686.30)</b>
Less : Prior Period Expenses	19.51	11.55
<b>Net Profit / (Loss)</b>	<b>(27773.57)</b>	<b>(5697.85)</b>
Add : Share of Profits from Associates	1.15	—
Add : Share of Profits transferred to Minority Interest	—	(7.38)
Add : Surplus Brought Forward	(1516.59)	4576.90
<b>Profit Available for Appropriation</b>	<b>(29289.01)</b>	<b>(1128.33)</b>
<b>Appropriation:</b>		
1. Dividend on equity shares and tax thereon	331.23	263.26
2. Transferred to General Reserve	165.30	125.00
<b>Balance Carried to Balance Sheet</b>	<b>(29785.54)</b>	<b>(1516.59)</b>

During the financial year under review, the consolidated sales amounts to Rs. 380667.52 Lacs for the year 2010-11 as against Rs. 80150.68 Lacs for the year 2009-10(which included DyStar operations for 2 months). The topline of DyStar operations have given a boost to the overall growth to sales. After acquisition of DyStar the first full year of its operations displayed regaining of lost grounds by DyStar. The profit before exceptional items and after tax has increased amounts to Rs. 10959.76 Lacs for the year 2010-11 which, substantiates the effective implementation of the restructuring program. The provision on account of restructuring and certain one time expenses, the consolidated loss is reported to be Rs. 27773.57 Lacs, a significant portion of which is non-cash. The Company does not foresee more of such restructuring expenses for DyStar operations in the coming period.

#### DIVIDEND:

For the financial year 2010-11, your Directors are pleased to recommend a final dividend of Rs. 1.50/- per equity share of Rs. 10/- each (previous year Rs. 1.50/- per equity share). The aggregate amount of dividend including dividend tax is Rs. 331.23 Lacs on 19000053 equity shares. The said dividend if declared by the members will be paid on 5th October, 2011.

#### REVIEW OF DYSTAR OPERATIONS AND RESTRUCTURING PROGRAM:

In February, 2010 your Company along with Well Prospering Limited through Kiri Holding Singapore Private Limited (KHSPL), 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. Thereafter, in October 2010, KHSPL acquired DyStar LP USA for USD 10 Million.





## Kiri Industries Limited

### Directors' Report (Contd...)

During the year under review, DyStar Entities achieved a robust turnover of Rs. 336306.02 Lacs equivalents (Euro 543.31 Mio) and earnings before tax and extraordinary items of Rs. 8513.39 Lacs. The restructuring program is under implementation and the Company has provided for onetime restructuring costs of Rs. 37429.93 Lacs, including provisions of Rs. 6841.93 Lacs towards impairment of assets.

#### **QUALIFIED INSTITUTIONAL PLACEMENT:**

During the year under review your Company successfully completed its maiden Qualified Institutional Placement (QIP) of Rs. 23902.00 Lacs by way of issue of 40 Lacs equity shares of Rs.10 each, at a premium of Rs. 587.55 per equity share. The funds raised from QIP are utilized to repay outstanding unsecured loans which were accepted for acquisition of stake in DyStar. Further the funds are being used towards enhancing production capacities of Dyes Intermediates and Specialty Dyes Intermediates and investment in equity/preference shares in Joint Venture and associate companies. Out of proceeds of QIP, one of the plants Dyes Intermediates, namely Vinyl Sulphone, Phase I, started commercial production since 15th March, 2011.

Pursuant to allotment of 40 Lacs Equity Shares by way of QIP, the paid up capital of the Company increased from Rs. 15,00,00,530/- (Rupees Fifteen Crores Five Hundred Thirty only) to Rs. 19,00,00,530/- (Rupees Nineteen Crores Five Hundred Thirty only).

#### **FUTURE PROSPECTS:**

Your Company on standalone basis, would commence commercial production of certain Specialty Dyes Intermediates and additional Dyes Intermediates. This shall strengthen the growth plan of your Company and provide consistent track record of organic growth and expansion, which is the epicenter of its core values.

#### **CHANGE OF NAME OF THE COMPANY:**

The name of the Company has been changed from Kiri Dyes and Chemicals Limited to Kiri Industries Limited vide Fresh Certificate of Incorporation dated 8th March, 2011 issued by the Registrar of Companies, Gujarat, Dadra and Nagar Haveli.

#### **SUBSIDIARIES AND CONSOLIDATED FINANCIAL STATEMENTS:**

The Ministry of Corporate Affairs vide its General Circular No: 2/2011 dated 8th February, 2011 has granted general exemption from attaching the accounts along with the report of the Board of Directors and Auditors to the Balance Sheet of the subsidiary Companies with Annual Report of the holding Company subject to fulfillment of conditions prescribed in that circular.

As per the conditions prescribed by the above mentioned circular, the Board of Directors of the Company has given their consent for not attaching accounts of subsidiary Companies by passing resolution in their meeting held on 1st September, 2011. The Company has prepared Consolidated Financial Statements of the Company and its subsidiaries in accordance with the requirements of Accounting Standard AS-21 issued by the Institute of Chartered Accountants of India. The same has been attached with the Annual Report of the Company. The summary of financial information of each of the subsidiary companies is attached herewith and forming part of 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.

#### **LISTING:**

The equity shares of your Company are listed and actively traded on the Bombay Stock Exchange Limited (BSE) and the National Stock Exchange of India Limited (NSE). Your Company's shares are tradable compulsorily in electronic form and your Company has got connectivity with both the depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The Company has paid listing fees to both the stock exchanges.

#### **DIRECTORS:**

Mr. Pravin A. Kiri and Mr. Manish P. Kiri, Directors of the Company retire by rotation at the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment. Profiles of Mr. Pravin A. Kiri and Mr. Manish P. Kiri as required under clause 49 of the Listing Agreement are given as Annexure to the Notice.

The Board of Directors of the Company at their meeting held on 13th May, 2011 has appointed Ms. Harsha B. Bangari as Nominee Director of Export Import Bank of India.



## Kiri Industries Limited

### Directors' Report (Contd...)

#### 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 standalone financial statements and consolidated financial statements 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, your Company has not accepted or renewed 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, 2011, 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 2010-11 and of the profit 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, 2011 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.

#### 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 A. Kiri	Chairman	84.00	B.SC. (Chemistry)	42	14.05.1998	Jay Chemical Industries	65
Mr. Manish P. Kiri	Managing Director	84.00	B. E. (Ele. & Comm.) MBA. (Michigan University, USA)	12	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.





Kiri Industries Limited

## Directors' Report (Contd...)

### CORPORATE GOVERNANCE & MANAGEMENT DISCUSSION AND ANALYSIS:

Your Company is committed to maintain highest standard of corporate governance. A separate 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 10 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. Synthesis International Limited
8. Kiri Infrastructure Private Limited
9. Kiri Holding Singapore Private Limited
10. Kiri International (Mauritius) Private Limited
11. Lonsen Kiri Chemical Industries Limited
12. Kiri Investment and Trading Singapore Private Limited
13. Kiri Peroxide Limited
14. APK Advisory Services Private Limited
15. Chemhub Exim Private Limited
16. Chemhub Tradelink Private Limited.

### APPRECIATION:

Your Company maintained health, cordial and harmonious industrial relations at all levels. The Dynamic and unstinting efforts of the Employees have enabled your Company to become leading chemical Company on the globe. Your Directors would like to place on record, their sincere appreciation for significant contributions made by the employees through their dedication and commitment towards the success and growth of the Company.

The Board of Directors also acknowledge the support and assistance extended to us by the suppliers, customers, lenders, business associates, shareholders and the government for their invaluable support and look forward to continued support in the future.

**For and on behalf of the Board of Directors**

Place : Ahmedabad  
Date : 1st September, 2011

**Pravin A. Kiri**  
Chairman



## Annexure to the Directors' Report

Information as per Section 217(1)(e) read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988:

### A. CONSERVATION OF ENERGY:

Sr. No.	Particulars	Particulars
a.	Energy Conservation measures taken	The Company has started using more and more gas as compared to other sources of energy for cost reduction and pollution free operations. The Company has taken all necessary measures for energy conservation so as to maintain the operating cost to the minimum. The Company has steamed based co-generation 3.5 MW power plant, which has resulted in substantial saving in power cost.
b.	Additional investments and proposals, if any being implemented for reduction of consumption of energy	
c.	Impact of measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods.	
d.	Total Energy Consumption and energy consumption per units of production.	As per Form A Attached.

### B. TECHNOLOGY ABSORPTION: As per Form B Attached.

### C. FOREIGN EXCHANGE EARNING AND OUTGO:

(Rs. In Lacs)		
Particulars	2010-11	2009-10
Total Foreign Exchange outgo	4251.68	2311.10
Total Foreign Exchange Earning	23978.79	15677.50

#### FORM A Particulars with respect to Conservation of Energy

(Rs. In Lacs)		
Particulars	2010-11	2009-10
<b>A. Power and fuel consumption</b>		
<b>1. Electricity</b>		
Units	15795844	25939654
Total Amount (Rs. in Lacs)	1076.97	1529.83
Rate per Unit (Rs.)	6.82	5.90
<b>2. Diesel</b>		
Units	87000	106000
Total Amount (Rs. in Lacs)	36.18	39.30
Rate per Unit (Rs.)	41.59	37.08
<b>3. Furnace Oil</b>		
Units	601840	194330
Total Amount (Rs. in Lacs)	161.80	45.62
Rate per Unit (Rs.)	26.88	23.48
<b>4. Gas</b>		
Quantity (SCM)	3690391	2347249
Total Amount (Rs. in Lacs)	853.22	767.24
Rate per Unit (Rs./SCM)	23.12	32.69