

The background of the entire page is an abstract, high-contrast image of blue ink splashing and swirling on a white surface. The ink forms intricate, organic patterns that fill the upper two-thirds of the page.

adding COLOUR  
to the world



Kiri Industries Limited

*Future Full of Colours.....*

ANNUAL REPORT 2018-19



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# Corporate Information

## Board of Directors

Mr. Pravin Kiri – Chairman  
Mr. Manish Kiri – Managing Director  
Mr. Keyoor Bakshi – Independent Director  
Mr. Mukesh Desai – Independent Director  
Mr. Veena Padia – Independent Director

## Senior Management

Mr. Jayesh Vyas – Chief Financial Officer  
Mr. Suresh Gondalia – Company Secretary

## Registered Office

7<sup>th</sup> Floor, Hasubhai Chambers, Opp. Town Hall,  
Ellisbridge, Ahmedabad – 380006  
Phone: 079-26574371/72/73 Fax: 079-26574374  
Email: [info@kiriindustries.com](mailto:info@kiriindustries.com) | Website: [www.kiriindustries.com](http://www.kiriindustries.com)

## Works

Plot No 299/1/A & B & 10/8, Nr. Water Tank, Phase-II, GIDC, Vatva,  
Ahmedabad – 382 445, Gujarat, India (Dye division)

Plot No 396 & 390A, EPC Canal Road, Village: Dudhwada,  
Tal. Padra, Dist: Vadodara - 391 450 (Dye Intermediate division)

Plot No 552/A, EPC Canal Road, Village: Dudhwada,  
Tal. Padra, Dist: Vadodara- 391 450 Gujarat, India (Chemical division)

## Auditors

### Statutory

M/s. Pramod Kumar Dad & Associates, Chartered Accountants, Ahmedabad

### Cost

M/s. V. H. Savaliya & Associates, Cost Accountants, Ahmedabad

### Secretarial

M/s. Kashyap R. Mehta & Associates, Company Secretaries, Ahmedabad

## Registrar and Shares Transfer Agent

Cameo Corporate Services Limited  
Subramanian Building #1, Club House Road, Chennai-600 002.  
Phone No.: +91-44-2846 0390 Fax No.: +91-44-2846 0129  
Email: [cameo@cameoindia.com](mailto:cameo@cameoindia.com) | Website: [www.cameoindia.com](http://www.cameoindia.com)

## CIN

L24231GJ1998PLC034094





## Company Overview

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Established in 1998, Kiri Industries Ltd. (KIL) is one of the largest integrated manufacturer and exporter of wide range of Dyes, Intermediates and Chemicals in India, providing products and solutions to customers present across downstream industries (apparel, hosiery, automotive, carpets, leather, home upholstery, industrial fabrics, etc.). Today, KIL is one of the most preferred resource centre for many of the most extensive product lines in textile dyes and offer internationally recognized quality products to some of the world's top Dyestuff majors across Asia-Pacific, the EU and America.

Being a global conglomerate KIL practices sophisticated quality control procedures which are focused on providing products of high quality standards. KIL is implementing environmentally aligned R&D and finding innovative solutions which are customer centric.

The Company has a sizable manufacturing facility of Dyestuff (at Vatva, Ahmedabad), Dyes Intermediates and Basic chemicals at Padra (Vadodara, Gujarat) and to reinforce its focused edge in the dyes vertical, we have a joint venture with Longsheng (China) and also acquired DyStar Group through SPV Kiri Holding Singapore Pvt. Ltd. (now known as DyStar Global Holdings (Singapore) Pte. Ltd.). Over the years, all initiatives taken by KIL have enabled the company to set its foot prints in over 50 countries across 7 continents.



## Year gone by....



During the year, KIL has been concentrating in consolidating its product portfolio by expanding the manufacturing facilities, diversifying the range of specialty chemicals and going beyond only dyes related intermediates to naphthalene and aniline based specialty intermediates. To expand its portfolio, the company incurred capital expenditure of INR 109 Cr for disperse dyes, zero discharge facilities, multipurpose specialty intermediates, Thionyl chloride and debottlenecking of existing facilities.

The sales strategy of strengthening product mix and consolidating product portfolio during the last two years have enabled the company to increase gross profit margins to 35-38% vis-à-vis 25-26% since the last three years.

The Company has envisaged continued capital investments in FY20 for expansion of manufacturing facilities of specialty intermediates and basic chemicals at Padra, Vadodara. After completion of the said expansions, the installed capacity of Specialty Dyes Intermediates shall increase by 17% and basic chemicals capacity shall increase by 115%. The proposed capital expenditure shall be non-dilutive and funded from internal accruals of the company without raising any equity or debt. The commissioning of the said projects shall empower KIL to:

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- |   |  |  |  |   |   |
|---|--|--|--|---|---|
| <b>1.</b><br><b>Supplement more products in the current product portfolio and there by diversify the product range.</b> | <b>2.</b><br><b>Effectively manage input cost of raw materials and competitively mitigate the risk of fluctuations in prices of raw materials.</b> | <b>3.</b><br><b>Continue to strengthen monitoring of quality control throughout its product value chain to ensure achieving the best quality parameters of the products.</b> | <b>4.</b><br><b>Exceed customers' expectations and improve customizations of the offering to the valued customers.</b> | <b>5.</b><br><b>Continue to improve product margins to achieve incremental profit growth.</b> | <b>6.</b><br><b>Achieve 25% to 30% growth in revenue as well as in profits, hence contribute positively for strengthening core business values.</b> |
|---|--|--|--|---|---|

During FY19, the Singapore International Commercial Court ("SICC") has released its judgment on July 3, 2018 in the legal suit filed by KIL against DyStar Global Holdings (Singapore) Pte. Ltd. ("Dystar") and Senda International Capital Limited ("Senda"), for minority oppression in relation to KIL's investment in DyStar and also for the legal suit filed by DyStar for payment of certain outstanding amounts and breaches of agreed non-compete provisions against KIL. SICC ruled that Senda has committed numerous acts of minority oppression against KIL and has ordered a buy-out of KIL's 37.57% stake in DyStar. The Court has further ordered that the losses caused to DyStar by Senda's oppressive acts be written back into DyStar's value determining fair value of KIL's share. The SICC has ruled against KIL in its legal suit for amounts outstanding and non-compete provisions, in respect of the sums of EURO 1.7 Mn and USD 443,813 towards Process Technology Development fees and audit costs, respectively, and damages to be assessed for a breach of non-complete clause in the Share Subscription and Shareholders Agreement ("SSSA"). The Court of Appeal in Singapore articulated judgment on 29<sup>th</sup> May, 2019, maintained the prior SICC judgment dated 3<sup>rd</sup> July, 2018. The court of appeal found violation of non-compete clause of SSSA by KIL with respect to DyStar's customer solicitation in Japan and Sri Lanka. As per SICC direction, KIL and Senda shall present their separate valuations of DyStar to SICC by 19<sup>th</sup> August, 2019. The SICC has fixed October 14 to 17, 2019 for hearing/trial for assessment of valuation of KIL's stake in DyStar as well as assessment of damage cause by KIL due to violation of non-compete clause of SSSA.



## Key Milestones

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KIL won appeal in Singapore case **2019**

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Successfully repaid majority of restructured debts **2017**

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Completed expansion of Intermediate Project and KIL became the largest VS manufacturer in India and restructured debts of the Company **2014**

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Changed the Name to 'Kiri Industries Ltd.' **2011**

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Successfully completed JV Project and successfully completed installation of basic chemical plant and started commercial production **2009**

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Started Backward Integration project for production of H Acid **2007**

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Started strategic backward integration project **2005**

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Started export to USA and Taiwan **1999**

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**2018**

Achieved highest PAT since inception and Singapore Court delivered milestone judgment in favour of KIL for buyout of KIL's Stake in DyStar by Senda

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**2015**

Filed minority oppression suit against Senda and DyStar in Singapore Court

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**2013**

DyStar became profitable

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**2010**

Acquisition of assets of DyStar

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**2008**

Entered into a JV Agreement with Well Prospering Ltd. for manufacturing facility for Dyestuff in Lonsen Kiri Chemical Industries Limited and successfully completed IPO

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**2006**

Started Commercial production of backward integrated project with respect to Vinyl Sulphone

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**2004**

Two-Star Export House, Obtained Environmental Clearance for further expansion and Conversion of manufacturing unit into a 100% Export Oriented Unit

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**1998**

Incorporation of Kiri Dyes and Chemicals Pvt. Ltd.

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# Manufacturing Facilities

The 3 units (I, II & IV) of dyestuff manufacturing facilities are located in Ahmedabad, Gujarat with a combined capacity of 44,000 MTPA, where it manufactures reactive, disperse, acid and direct dyes.



The Dyes Intermediates facility at Vadodra, Gujarat encompasses manufacturing of major intermediates like H Acid, Vinyl Sulphone and other speciality intermediates. The capacity has sizable size of 47,200 MTPA.