

Kiri Industries Limited

*Future Full of Colours.....*

September 27, 2016

To,  
BSE Limited  
1<sup>st</sup> Floor, Rotunda Building,  
B.S. Marg, Fort, Mumbai - 400 001

Dear Sir/Madam,

**Sub: Submission of Annual Report 2015-16 as per Regulation 34 of the SEBI  
(Listing Obligations and Disclosure Requirements) Regulations, 2015**  
**Ref: Scrip Code – 532967**

With regard to above, we would like to state that the shareholders of the Company at 18<sup>th</sup> Annual General Meeting held on September 23, 2016 have approved and adopted the Annual Report of the Company for the year 2015-16.

We are enclosing herewith the approved and adopted Annual Report 2015-16 pursuant to Regulation 34 of the SEBI (Listing Obligation and Disclosure Regulations) Regulation, 2015.

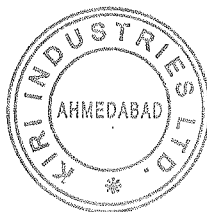
We request to take the note of the same.

Thanking you,

Yours faithfully,

**For Kiri Industries Limited**

**Suresh Gondalia**  
**Company Secretary**  
Encl: As stated



**DYES**

Plot No: 289/1/A & B, Phase-II, Nr. Water Tank, GIDC, Vatva,  
Ahmedabad - 382 445, Gujarat, India.  
Phone : +91-79-25894477  
Fax : +91-79-25834960  
Email : engage@kiriindustries.com Web : www.kiriindustries.com

**INTERMEDIATES**

Plot No: 396/399/403/404, EPC Canal Road, Village: Dudhwada,  
Tal.: Padra, Dist.: Vadodara - 391450, Gujarat, India.  
Phone : +91-2662-273444  
Fax : +91-2662-273444  
Email : intermediates@kiriindustries.com Web : www.kiriindustries.com

**CHEMICALS**

Plot No: 552-A, 566, 567, 569-71, Village: Dudhwada, Tal.: Padra,  
Dist.: Vadodara - 391450 Gujarat, India.  
Phone : +91-2662-273724, 25  
Fax : +91-2662-273726  
Email : intermediates@kiriindustries.com Web : www.kiriindustries.com



Kiri Industries Limited

*Future Full of Colours.....*



Annual Report

2015-2016



## Corporate Information

### BOARD OF DIRECTORS

Pravin Kiri	<i>Chairman</i>
Manish Kiri	<i>Managing Director</i>
Keyoor Bakshi	<i>Independent Director</i>
Mukesh Desai	<i>Independent Director</i>
Veenaben Padia	<i>Independent Director</i>

### AUDIT COMMITTEE

Keyoor Bakshi	<i>Chairman</i>
Manish Kiri	<i>Member</i>
Mukesh Desai	<i>Member</i>
Veenaben Padia	<i>Member</i>

### NOMINATION AND REMUNERATION COMMITTEE

Mukesh Desai	<i>Chairman</i>
Keyoor Bakshi	<i>Member</i>
Veenaben Padia	<i>Member</i>

### STAKEHOLDERS' RELATIONSHIP COMMITTEE

Veenaben Padia	<i>Chairman</i>
Manish Kiri	<i>Member</i>
Keyoor Bakshi	<i>Member</i>

### CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Veenaben Padia	<i>Chairman</i>
Pravin Kiri	<i>Member</i>
Manish Kiri	<i>Member</i>
Mukesh Desai	<i>Member</i>

### RISK MANAGEMENT COMMITTEE

Pravin Kiri	<i>Chairman</i>
Manish Kiri	<i>Member</i>
Mukesh Desai	<i>Member</i>
Yagnesh Mankad	<i>Member</i>
Jayesh Vyas	<i>Member</i>

### CHIEF FINANCIAL OFFICER

Jayesh Vyas

### COMPANY SECRETARY

Suresh Gondalia

### STATUTORY AUDITORS

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

### COST AUDITORS

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

### SECRETARIAL AUDITORS

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

### REGISTERED OFFICE

7<sup>th</sup> Floor, Hasubhai Chambers,  
Opp. Town Hall, Ellisbridge,  
Ahmedabad – 380 006  
Phone : 079-26574371/72/73  
Fax : 079-26574374  
Email: info@kiriindustries.com  
Website: www.kiriindustries.com

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## Notice

**NOTICE** is hereby given that the 18<sup>th</sup> Annual General Meeting of the members of **KIRI INDUSTRIES LIMITED** will be held on Friday, September 23, 2016 at 10.30 a.m. at 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 Financial Statements for the year ended March 31, 2016, together with the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Pravin Kiri (DIN-00198275), who retires by rotation and being eligible, offers himself for re-appointment.
3. To declare Dividend @ 0.15% on 43,33,500 Cumulative Redeemable Preference shares of the Company for the F.Y. 2015-16.
4. To ratify appointment of Statutory Auditors, 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 provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 and their corresponding Rules, on basis of recommendations of the Audit Committee and the resolution passed by the members at their 16<sup>th</sup> Annual General Meeting (AGM) held on September 26, 2014, M/s. V.D. Shukla & Co., Chartered Accountants (ICAI Firm Registration No. 110240W), has been appointed as Statutory Auditors of the Company upto the conclusion of 19<sup>th</sup> AGM of the Company, who have confirmed their eligibility in terms of the provisions of Section 141 of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, as Statutory Auditors to hold office up to the conclusion of the 19<sup>th</sup> AGM of the Company, be and is hereby ratified at such remuneration plus service tax and out of pocket expenses as may be mutually agreed between the Board of Directors and Statutory Auditors."

### SPECIAL BUSINESS:

5. To ratify the remuneration of Cost Auditors of the Company for F.Y. 2016-17:

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 provisions of section 148, other applicable provisions of the Companies Act, 2013 and rules framed thereunder (including statutory modification(s) or re-enactment thereof for the time being in force), consent of the members be and is hereby accorded to the Board of Directors of the Company for payment of remuneration of Rs. 2,00,000/- (Rupees Two Lakhs only) plus service tax and out of pocket expenses to M/s. V. H. Savaliya & Associates, Cost Accountants, who has been appointed by the Board at their meeting held on May 30, 2016, for audit of cost records of manufacturing units of the Company, located at Vatva, Ahmedabad and Village Dudhwada, Taluka: Padra, Dist. : Vadodara for financial year 2016-17 and the same be and is hereby ratified by the members of the Company.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to do all acts, deeds, things and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

6. 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 42, 62 and all other applicable provisions, if any, of the Companies Act, 2013 read with the rules framed thereunder including any amendments, statutory modification(s) or re-enactment thereof for the time being in force, regulations for Preferential Issue contained in Chapter VII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 including any amendments, statutory modification(s) or re-enactment thereof ("**SEBI ICDR Regulations**") & Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015 including any amendments, statutory modification(s) or reenactment thereof, Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, the provisions of the Foreign Exchange Management Act, 1999 as amended and any such statutes, clarifications, the rules, regulations, circulars, notifications, as may be applicable, as amended from time to time, issued by Government of India ("**Gol**"), the Reserve Bank of India ("**RBI**"), the Stock Exchanges, the Securities and Exchange Board of India ("**SEBI**") including the SEBI ICDR Regulations and other applicable laws, Listing Agreements entered into by the Company with the Stock Exchanges where the Equity Shares of the Company are listed, and any other appropriate authority, as may be applicable and in accordance with the enabling provisions of the Memorandum of Association and Articles of Association and subject to all other statutory and regulatory approval(s), consent(s), permission(s) and/or sanction(s) of the Gol, RBI, SEBI, Stock

## Notice (Contd...)

Exchanges or any other relevant statutory/ governmental authorities (hereinafter singly or collectively referred to as the 'Appropriate Authorities') as may be required, and subject to such terms, conditions and modifications as may be prescribed by any of the Appropriate Authorities while granting any such approval, consent, permission and/or sanction and agreed to by the Board of Directors of the Company (the "Board") (which term shall be deemed to include any Committee which the Board may have constituted or hereafter constitute for the time being exercising the powers conferred on the Board by this resolution which the Board be and is hereby authorised to accept) if it thinks fit in the interest of the Company, the consent of the Members be and is hereby accorded to the Board and the Board be and is hereby authorised on behalf of the Company to create, offer, issue and allot upto 35,00,000 warrants in one or more tranches to the Promoter Group with a right exercisable by the Warrant holder to subscribe for one equity share per Warrant (hereinafter referred to as "Securities") to below mentioned proposed allottee, on such other terms and conditions as the Board may in its absolute discretion decide at the time of issue of Securities, and at such price or prices, including premium if any, as may be determined and approved by the Board in accordance with the provisions specified in the SEBI ICDR Regulations.

Name of Proposed Allottee	Category of proposed allottee	Pre issue Shareholding		No. of warrants Proposed to be allotted	Shareholding after assuming full conversion of warrants	
		No. of Shares	%		No. of Shares	%
Equinaire Chemtech LLP	Promoter Group	0	0	35,00,000	35,00,000	11.17

**RESOLVED FURTHER THAT** the allotment of Warrants pursuant to the Preferential Issue as referred to above shall be completed within 15 (fifteen) days from the date of passing of this Resolution or such other time as may be permitted under the SEBI ICDR Regulations.

**RESOLVED FURTHER THAT** in accordance with the provisions of Chapter VII of SEBI ICDR Regulations for Preferential Issue, the "Relevant Date" for the purpose of determination of Issue price of securities, under Chapter VII of SEBI ICDR Regulations is August 24, 2016, being 30 days prior to the date on which the meeting of the members of the Company is held to consider the proposed Issue.

**RESOLVED FURTHER THAT** price determined for Preferential Issue shall be calculated in accordance with the provisions stipulated under Chapter VII of the SEBI ICDR Regulations.

**RESOLVED FURTHER THAT** the resultant Equity Shares to be issued and allotted upon conversion of Warrants in accordance with the term of the Preferential Issue shall rank pari-passu with the existing Equity Shares of the Company in all respects, including payment of dividend and be listed on the Stock Exchanges, where the existing Equity Shares of the Company are listed.

**RESOLVED FURTHER THAT** the Securities to be issued and allotted to the proposed allottee shall be subject to lock-in, in accordance with the regulation 78 of Chapter VII of SEBI ICDR Regulations.

**RESOLVED FURTHER THAT** the entire pre-issue shareholding of proposed allottee if any shall be under lock-in from the Relevant Date upto a period of six months from the date of trading approval.

**RESOLVED FURTHER THAT** without prejudice to the generality of the above, the issue of Warrants shall be subject to following terms:

- The Equity Shares to be so allotted on exercise of the Warrants shall be in dematerialised form and shall be subject to the provisions of the Memorandum of Association and Articles of Association of the Company. The Warrants conversion right may be exercised by the Warrant holder at any time before the expiry of 18 (eighteen) months from the date of allotment of the Warrants.
- An amount equivalent to 25% of the Issue Price shall be payable at the time of subscription and allotment of each Warrant. The balance 75% of the Issue Price shall be payable by the warrant holder upon exercise of the entitlement attached to Warrant(s) to subscribe for Equity Share(s). The amount paid against Warrants shall be adjusted / set off against the Issue Price of the resultant Equity Shares.
- If the entitlement against the warrants to apply for the equity shares is not exercised within 18 (Eighteen) months from the date of issue of warrants, the entitlement of the warrant holder to apply for equity shares of the Company along with the rights attached thereto shall expire and any amount paid on such warrant shall stand forfeited by the Company.

## Notice (Contd...)

- (iv) The Warrants issued and allotted will be transferable within the Promoter and Promoter Group subject to the provisions of the SEBI ICDR Regulations and subject to receipt of such other approvals as may be necessary.

**RESOLVED FURTHER THAT** for the purpose of giving effect to this Resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, desirable and expedient to issue and allotment of aforesaid Warrants and conversion thereof into Equity Shares and listing thereof with the Stock Exchange(s) and to resolve and settle all questions and difficulties that may arise in the proposed issue, offer, and allotment of any of the said Warrants conversion thereof in to Equity Shares and clarifications, effecting any modifications or changes to the foregoing (including modification to the terms of the issue), entering into contracts, arrangements, agreements, documents (including for appointment of agencies, intermediaries and advisors for the Issue), in connection therewith and incidental thereto as the Board may in its absolute discretion deem fit without being required to seek any fresh approval of the members of the Company and to settle all questions, difficulties or doubts that may arise in regard to the offer, issue and allotment of the Warrants and Equity Shares and utilisation of proceeds of the Warrants / Equity Shares and to, take all other steps which may be incidental, consequential, relevant or ancillary in this connection and that the decisions of the Board shall be final, binding and conclusive in all respects.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to delegate all or any of the powers herein conferred by above resolution to any Director(s) or to any Committee of Directors or any other officer(s) of the Company or any other person as the Board may in its absolute discretion deem appropriate, to do all such acts, deeds, matters and things as also to execute such documents, writings, etc. as may be necessary to give effect to the aforesaid resolution."

7. Revision in terms of Remuneration of Mr. Pravin Kiri, Chairman of the Company:

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

**"RESOLVED THAT** in partial modification of the ordinary resolution passed by the members at their 15<sup>th</sup> Annual General Meeting held on September 23, 2013 for the re-appointment of Mr. Pravin Kiri, as the Chairman of the Company and the terms of remuneration payable to him, pursuant to the provisions of Section 196, 197, 203 read with Schedule V to the Companies Act, 2013 ("**the Act**") and other applicable provisions, if any, of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), the consent of the members be and is hereby accorded for the revision in remuneration payable to Mr. Pravin Kiri, Chairman, as detailed in the explanatory statement, as approved by the Nomination & Remuneration Committee and Board of Directors of the Company.

**RESOLVED FURTHER THAT** in the event of loss or inadequacy of profit in any financial year, the Company shall pay remuneration by way of salary, allowances, perquisites and other benefits to Mr. Pravin Kiri, in respect of such financial year, as the Board of Directors may deem fit, subject to the limits and conditions prescribed in Sections II and IV of Part II of Schedule V to the Act for the time being in force."

**RESOLVED FURTHER THAT** the Board of Directors and the Nomination & Remuneration Committee be and are hereby authorized to alter and vary such terms of remuneration so as to not exceed the limits specified in Schedule V to the Act and as may be agreed to by the Board of Directors and Mr. Pravin Kiri."

8. Revision in terms of Remuneration of Mr. Manish Kiri, Managing Director of the Company:

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

**"RESOLVED THAT** in partial modification of the ordinary resolution passed by the members at their 15<sup>th</sup> Annual General Meeting held on September 23, 2013 for the re-appointment of Mr. Manish Kiri, as the Managing Director of the Company and the terms of remuneration payable to him, pursuant to the provisions of Section 196, 197, 203 read with Schedule V to the Companies Act, 2013 ("**the Act**") and other applicable provisions, if any, of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), the consent of the members be and is hereby accorded for the revision in remuneration payable to Mr. Manish Kiri, Managing Director, as detailed in the explanatory statement, as approved by the Nomination & Remuneration Committee and Board of Directors of the Company.

**RESOLVED FURTHER THAT** in the event of loss or inadequacy of profit in any financial year, the Company shall pay remuneration by way of salary, allowances, perquisites and other benefits to Mr. Manish Kiri, in respect of such financial year, as the Board of Directors may deem fit, subject to the limits and conditions prescribed in Sections II and IV of Part II of Schedule V to the Act for the time being in force."

## Notice (Contd...)

**RESOLVED FURTHER THAT** the Board of Directors and the Nomination & Remuneration Committee be and are hereby authorized to alter and vary such terms of remuneration so as to not exceed the limits specified in Schedule V to the Act and as may be agreed to by the Board of Directors and Mr. Manish Kiri."

**By order of the Board,  
For Kiri Industries Limited**

**Place :** Ahmedabad  
**Date :** August 12, 2016

**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. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate should not be more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten per cent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
3. The Company has notified closure of Register of members and Share transfer books from Friday, September 16, 2016 to Friday, September 23, 2016 (both days inclusive). Notice of the Meeting is being sent to all the Members, whose names appeared in the Register of Members as on August 19, 2016.
4. The Business as set out in the Notice will be transacted through E-Voting. The Company is providing the facility for voting by Electronic means i.e. e-voting. The instructions and other information relating to e-voting are given under point no. 21 of notes below.
5. Corporate members intending to send their authorised representatives to attend the meeting are requested to send a certified true copy of Board Resolution.
6. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of the special businesses set out above is annexed hereto.
7. Brief profile of Director who has proposed to be appointed / re-appointed, nature of his expertise in specific functional areas, names of companies in which he hold directorships and memberships / chairmanships of Board Committees, shareholding as stipulated under regulation 36(3) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 are annexed to the Notice.
8. In case of Joint holders attending the meeting, only such joint holder who is higher in order of names will be entitled to vote.
9. Relevant documents referred to in the accompanying Notice is open for inspection by the members at the Registered Office of the Company on all working days, except Saturdays, during business hours up to the date of the Meeting.
10. Members are requested to:
  - a. Intimate immediately any change in their address to the Company's Registrar and Share Transfer Agents, Cameo Corporate Services Limited, Subramanian Building # 1, Club House Road, Chennai- 600 002.
  - b. Quote Folio No. in all correspondence and in case the shares are held in dematerialized form, quote DP ID and Client ID number.
  - c. Register their e-mail address with their respective depository participant to receive the Annual Report and other communications from the Company electronically.
11. Members intending to obtain information about the accounts to be approved in the meeting are requested to inform the Company 7 (seven) days in advance from the date of the Annual General Meeting.
12. As a measure of economy, copies of Annual Report will not be distributed at the Annual General Meeting. Therefore, members are requested to bring their copy of Annual Report in the Meeting. Members/Proxies will also bring the Attendance Slip attached herewith, duly filled in all aspects for attending the meeting.



## Notice (Contd...)

13. Copy of Annual Report has been available on the website of the Company [www.kiriindustries.com](http://www.kiriindustries.com).
14. Pursuant to Sections 124 of the Companies Act, 2013 and as per section 205C of erstwhile Companies Act, 1956, all unclaimed / unpaid dividend, application money, debenture interest and interest on deposits as well as the principal amount of debentures and deposits, as applicable, remaining unclaimed / unpaid for a period of seven years from the date they became due for payment, in relation to the Company, have been transferred to the IEPF established by the Central Government. No claim shall be entertained against the IEPF or the Company for the amounts so transferred.
15. In accordance with the provisions of Section 205C of the Companies Act, 1956, (which are still applicable as the relevant Section under the Companies Act, 2013 is yet to be notified), the Company has transferred unclaimed share application money in respect of the refund amount accrued consequent to the Initial Public Offer of the shares of the Company in April, 2008 as well as unclaimed dividend for financial year 2007-08 to the 'Investor Education and Protection Fund' (IEPF), constituted by the Central Government on January 20, 2016 and January 22, 2016 respectively.
16. Members who have not yet encashed their dividend warrant(s) pertaining to the final dividend for the financial year 2008-09, It may be noted that the unclaimed Final Dividend for the financial year 2008-09 declared by the Company on September 30, 2009 can be claimed by the Members before October 28, 2016.
17. The Ministry of Corporate Affairs (MCA) on May 10, 2012 notified the IEPF (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012 (IEPF Rules), which is applicable to the Company. The objective of the IEPF Rules is to help the Members, to ascertain status of the unclaimed amounts and overcome the problems due to misplacement of intimation thereof by post etc. In terms of the said IEPF Rules, the Company has uploaded the information in respect of the unclaimed dividends, as on date of the 17<sup>th</sup> Annual General Meeting held on September 26, 2015 on the website of the IEPF viz. [www.iepf.gov.in](http://www.iepf.gov.in) and under "Investors" Section on the website of the Company viz. [www.kiriindustries.com](http://www.kiriindustries.com)
18. The route map showing directions to reach the venue of the 18<sup>th</sup> Annual General Meeting is annexed with the report.
19. In compliance with the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to offer the facility of voting through electronic means and the business set out in the Notice may be transacted through such electronic voting. The facility of voting through electronic means is provided through the e-voting platform of Central Depository Services (India) Limited ("remote e-voting").
20. Members whose names are recorded in the Register of Members or in the Register of Beneficial Owners maintained by the Depositories as on the Cut-off date i.e. September 16, 2016, shall be entitled to avail the facility of remote e-voting as well as voting at the AGM. Any recipient of the Notice, who has no voting rights as on the Cut-off date, shall treat this Notice as intimation only.
- 21. The instructions for members voting electronically are as under**
  - (i) The voting period begins on Tuesday, September 20, 2016 at 9.00 a.m. and ends on Thursday, September 22, 2016 at 5.00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of September 16, 2016 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
  - (ii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
  - (iii) Click on Shareholders.
  - (iv) Now Enter your User ID
    - a. For CDSL : 16 digits beneficiary ID,
    - b. For NSDL : 8 Character DP ID followed by 8 Digits Client ID,
    - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.



## Notice (Contd...)

- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number as mentioned in address label as Sr. No. in the PAN Field.</li> <li>In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</li> </ul>
DOB	<p>Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.</p>
Dividend Bank Details	<p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</p> <ul style="list-style-type: none"> <li>Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).</li> </ul>

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant <KIRI INDUSTRIES LIMITED> on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xvii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) **Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Please follow the instructions as prompted by the mobile app while voting on your mobile.**
- (xix) **Note for Non – Individual Shareholders and Custodians**
  - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.

## Notice (Contd...)

- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
  - The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

### General Instructions:

- M/s R. C. Tarpara & Associates, Practicing Company Secretary (Membership No. FCS 6165, COP No. 5785), has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- The Scrutinizer shall after the conclusion of voting at the general meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company at [www.kirindustries.com](http://www.kirindustries.com) and on the website of CDSL immediately after the declaration of result by the Chairman or a person authorised by him in writing. The results shall also be communicated to Stock Exchanges where the shares of the Company are listed.

### Brief Profile of Director Re-appointment as required under Regulation 36(3) of SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015:

<b>Name</b>	Mr. Pravin Kiri
<b>Director's Identification Number (DIN)</b>	00198275
<b>Date of Birth</b>	November 01, 1945
<b>Date of Appointment</b>	May 14, 1998
<b>Brief resume and nature of expertise in functional areas</b>	Aged 70 years, is the Chairman and Promoter of our Company and has an experience of more than 45 years in the field of dyestuff and chemical industry. He is a science graduate from Gujarat University and started his own venture named "Kiri Dyes and Chemicals Private Limited" in 1998. He has wide interest and knowledge in the areas of synthesizing organic structures of dyes and reactive dyes. He looks after the manufacturing activities of our Company and is in charge of operational strategy, quality control and research & development activities of the Company.
<b>Disclosure of relationships between directors inter-se</b>	Mr. Pravin Kiri, Chairman is father of Mr. Manish Kiri, Managing Director.
<b>Names of listed entities in which the person also holds the directorship and the membership of Committees of the board</b>	NIL
<b>Shareholding of Non- Executive Directors</b>	Not Applicable

## Notice (Contd...)

### Explanatory Statement

(Pursuant to Section 102 of the Companies Act, 2013)

#### Item No. 5

The Audit Committee of the Company at their meeting held on May 30, 2016 has recommended to the Board of Directors, for appointment and fixing of remuneration of M/s. V. H. Savaliya & Associates, Cost Accountants, for audit of cost records of manufacturing units of the Company for the financial year 2016-17. The Board of Directors of the Company at their meeting held on May 30, 2016 has appointed and fixed their remuneration as Cost Auditors of the Company subject to ratification by the members of the Company.

In accordance with the provisions of Section 148, other applicable provisions of the Companies Act, 2013 and rules framed there under, the remuneration payable to the Cost Auditors has to be ratified by the members of the Company. Therefore, the Board of Directors of the Company proposes resolution as set out in Item No. 5 of the Notice for approval of Members of the Company.

None of the Directors / Key Managerial Personnel of the Company or their relatives are in any way, concerned or interested in the aforesaid resolution.

#### Item No. 6

The Board of Directors of the Company at their meeting held on August 12, 2016 has proposed to issue up to 35,00,000 Warrants in one or more tranches to Equinaire Chemtech LLP, which is covered under Promoter Group, through a preferential issue in accordance with the Guidelines issued by the Securities and Exchange Board of India ("SEBI") under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("SEBI ICDR Regulations") and subject to approval of Members of the Company and other necessary approval(s) of the regulatory authorities from time to time.

The price of the Securities to be issued is being calculated in accordance with the provisions for preferential issue as stipulated under Chapter VII of the SEBI ICDR Regulations which inter alia provides that the Warrants shall be allotted at a price not less than higher of the following:-

- I. The average of the weekly high and low of the closing prices of the Company's equity shares quoted on the Stock Exchange(s) during the twenty six (26) weeks preceding the relevant date; or
- II. The average of the weekly high and low of the closing prices of the Company's equity shares quoted on the Stock Exchange(s) during the two (2) weeks preceding the relevant date.

The relevant date for the purpose of determination of Issue price of securities, under Chapter VII of SEBI ICDR Regulations is August 24, 2016, being 30 days prior to the date on which the meeting of the members of the Company is held to consider the proposed Issue.

As per Regulation 78(6) of SEBI ICDR Regulations, the entire pre-preferential allotment shareholding of the proposed allottee shall be locked-in from the Relevant Date upto a period of six months from the date of trading approval.

The Warrants issued pursuant to the Preferential Issue and Equity Shares issued upon conversion of Warrants shall be subject to lock-in and transfer restrictions as per the SEBI ICDR Regulations.

The other disclosures in accordance with the Companies Act, 2013, the SEBI ICDR Regulations and other applicable provisions of law, in relation to the Special Resolution set out in the accompanying Notice are as follows:

#### a) Objects of the preferential issue:

The Company requires additional capital to meet long terms capital expenditure on expansion /diversification projects and repayment of restructured loans. It is proposed to make an issue of Warrants convertible into equity shares of the Company to Promoter Group entity of the Company on a preferential basis.

Equinaire Chemtech LLP, a Limited Liability Partnership – Promoter Group entity has agreed to infuse funds in the Company by way of subscription upto 35,00,000 Warrants convertible into equivalent number of equity shares at a price prescribed under SEBI ICDR Regulations, as amended, wherein atleast 25% consideration shall be paid against each Warrant on the date of allotment of Warrants and the balance 75% of the consideration shall be paid at the time of allotment of equity shares pursuant to exercise of option against each such Warrant by the Warrant holder.

## Notice (Contd...)

Pursuant to the above, the Company would be able to raise required funds for its immediate requirements in a timely and efficient manner; and would also be able to manage its leverage at prudent levels.

**b) Proposal of Promoters / Directors / Key Management Personnel of Company to subscribe to the Preferential Issue:**

Letter of Intent to subscribe to the preferential Warrants have been received from Equinaire Chemtech LLP to subscribe upto 35,00,000 Warrants in one or more tranches at such price calculated in accordance with Chapter VII of the SEBI ICDR Regulations.

Other than as stated above, no other Promoters and/or Promoter Group and none of the Directors, Key Managerial Personnel of the Company intend to subscribe to the Preferential Issue.

**c) Shareholding Pattern before and after the preferential issue:**

The shareholding pattern as on June 30, 2016 and Post-Preferential Issue shareholding assuming full conversion of Warrants in to Equity Shares to be issued to the promoter group entity is given below:

Sr No.	Categories	Pre issue shareholding as on June 30, 2016		Post Issue Shareholding after issue of 35,00,000 warrants	
		No. of Shares	% of Holding	No. of Shares	% of Holding
<b>A</b>	<b>Promoters and Promoter Group</b>				
	<b>1 Indian</b>				
	Individual	10490878	37.68	10490878	33.47
	Bodies Corporate	0	0	3500000	11.17
	<b>Sub Total (A)</b>	<b>10490878</b>	<b>37.68</b>	<b>13990878</b>	<b>44.64</b>
<b>B</b>	<b>Non-Promoters' holding</b>				
	<b>(1) Institutions</b>				
	Foreign Portfolio Investors	3674775	13.20	3674775	11.72
	Financial Institutions / Bank	753223	2.71	753223	2.40
	Foreign Institutional Investors	2888521	10.37	2888521	9.22
	<b>Sub Total B (1)</b>	<b>7316519</b>	<b>26.28</b>	<b>7316519</b>	<b>23.34</b>
	<b>(2) Non-institutions</b>				
	Individuals	6007017	21.58	6007017	19.16
	Bodies Corporate	2061681	7.40	2061681	6.58
	Clearing Members	331607	1.19	331607	1.06
	Foreign Nationals	131140	0.47	131140	0.42
	Hindu Undivided Families	328226	1.18	328226	1.05
	Non Resident Indians	351883	1.26	351883	1.12
	<b>Sub Total B (2)</b>	<b>9211554</b>	<b>33.08</b>	<b>9211554</b>	<b>29.39</b>
	<b>Total (B1) + (B2)</b>	<b>16528073</b>	<b>59.36</b>	<b>16528073</b>	<b>52.73</b>
<b>C</b>	<b>Kiri Employee Stock Option Trust</b>	825000	2.96	825000	2.63
	<b>Sub Total (C)</b>	<b>825000</b>	<b>2.96</b>	<b>825000</b>	<b>2.63</b>
	<b>Total</b>	<b>27843951</b>	<b>100.00</b>	<b>31343951</b>	<b>100.00</b>

**Notes:**

The aforesaid Shareholding Pattern is based on the following assumptions:

- The above table has been prepared on the basis of shareholding pattern as on June 30, 2016.
- The promoter group entity, who are proposed to be allotted Warrants would exercise option attached to all the Warrants covered under the resolution referred to in Item No.6 of the Notice. It is further assumes that the post-issue shareholding of all the other shareholders will remain the same.

## Notice (Contd...)

**d) Proposed time within which allotment shall be completed:**

As required under the SEBI ICDR Regulations, the allotment of Warrants shall be completed, within a period of 15 (fifteen) days from the date of passing of the special resolution, provided that where the allotment is pending on account of pendency of any approval of such allotment from any regulatory authority or the Central Government, the allotment shall be completed within a period of 15 (fifteen) days from the date of such approval or such other time as may be permitted under the SEBI ICDR Regulations.

**e) Identity of the natural persons who are the ultimate beneficial owners of the Warrants proposed to be allotted and/or who ultimately control the proposed allottee, the percentage of post preferential issue capital that may be held by them:**

Name of Proposed Allottee	Category of proposed allottee	Pre issue Shareholding		No. of warrants Proposed to be allotted	Shareholding after assuming full conversion of warrants	
		No. of Shares	%		No. of Shares	%
Equinaire Chemtech LLP	Promoter Group	0	0	35,00,000	35,00,000	11.17

Identity of the natural persons who are the ultimate beneficial owners and/or who ultimately control the proposed allottee	<b>1. Designated Partners of Equinaire Chemtech LLP</b>
	a. Mr. Manish Kiri b. Mrs. Anupama Kiri c. Kiri Peroxide Limited
	<b>2. Members of Kiri Peroxide Limited</b>
	a. Mrs. Anupama Kiri b. Pravin Kiri – HUF c. Mr. Pravin Kiri d. Mr. Manish Kiri e. Mrs. Aruna Kiri f. Mr. Manish Kiri jointly with Mrs. Anupama Kiri g. Mr. Hemil Kiri
	<b>3. Co-Partioners of Pravin Kiri - HUF</b>
	a. Mr. Pravin Kiri b. Mrs. Aruna Kiri c. Mr. Manish Kiri d. Mrs. Amisha Kiri Hitt e. Mrs. Anupama kiri f. Mr. Hemil Kiri

**f) Change in control, if any, in the Company consequent to the Preferential Issue:**

Equinaire Chemtech LLP, falls under Promoter Group. The existing Promoters and Promoter Group of the Company will continue to remain in control of the Company and there will be no change in the control or management of the Company consequent to the proposed Preferential Issue, except a corresponding change in shareholding pattern as well as voting rights.

**g) Undertaking for re-computation of Price and lock-in:**

The Company undertakes that it shall re-compute the price of the Warrants issued upon exercise of option attached thereto in terms of the provisions of the SEBI ICDR Regulations, where it is required to do so. The Company further undertakes that if the amount payable on account of the re-computation of price is not paid within the time stipulated in SEBI ICDR Regulations, the Warrants shall continue to be locked-in till the time such amount is paid by the allottee.

## Notice (Contd...)

### h) Sale / Transfer of Equity Shares:

The proposed allottee has confirmed to the Company that they have not sold / transferred any Equity Shares of the Company during the period of six months prior to the Relevant Date.

### i) Certificate from Statutory Auditors:

A copy of certificate issued by M/s. V. D. Shukla & Co., Chartered Accountants, Statutory Auditors of the Company certifying that the proposed issue of warrants are being made in accordance with Chapter VII of SEBI ICDR Regulations, will be available for inspection by the members of the Company at the Registered Office of the Company between 11.00 a.m. to 1.00 p.m. on any working day upto the date of the Annual General Meeting, except Saturdays and will also be laid before the Annual General Meeting.

### j) Lock -in:

The Warrants and the Equity Shares allotted pursuant to exercise of entitlement attached to Warrants shall be subject to 'Lock-in' as per SEBI ICDR Regulations. Such Locked-in Equity Shares may however be transferred among promoters or promoter group or to a new promoter or persons in control of the Company, provided that lock-in on such Equity Shares shall continue for the remaining period with the transferee.

### k) Nature of concern or interest of Directors / Manager / Key Managerial Personnel (KMP) and their relatives or Promoters:

Mr. Pravin Kiri, Chairman, Mr. Manish Kiri, Managing Director, Mrs. Aruna Kiri - Promoter, Mrs. Anupama Kiri and Pravin Kiri – HUF – Promoter Group shall be deemed to be concerned or interested in the resolution to the extent of the warrants to be allotted to the Promoter Group of the Company.

Save and except the above, none of the other Directors, Key Managerial Persons of the Company or any relatives of such Director or KMPs, are in any way concerned or interested in the proposed Resolution.

Pursuant to the provisions of Section 62 of the Companies Act, 2013 and as per SEBI ICDR Regulations, the above Preferential Issue requires approval of members by way of Special Resolution.

Therefore, the Board recommends the above mentioned resolution to be passed as a Special Resolution.

### Item No. 7:

The members at their 15<sup>th</sup> Annual General Meeting held on September 23, 2013 had approved the re-appointment of Mr. Pravin Kiri, as the Chairman of the Company and the terms of remuneration payable to him for the period from April 01, 2013 to March 31, 2018.

The Company is in turnaround mode under leadership of Mr. Pravin Kiri and his incredible efforts towards present growth of the Company and based on recommendation of Nomination and Remuneration Committee and approval of the Board of Directors at their respective meetings held on August 12, 2016, it is decided to revise the remuneration of Mr. Pravin Kiri from Rs. 1,00,000 (Rupees One Lakh Only) p.m. to Rs. 10,00,000 (Rupees Ten Lakhs Only) p.m. with effect from October 1, 2016 till conclusion of his present term. The revised terms and conditions for the revision of the remuneration of Mr. Pravin Kiri are as under:-

1.	Salary	Rs. 10,00,000 (Rupees Ten Lakhs) per month
2.	Perquisites	The Chairman shall entitle for following perquisites over and above remuneration stated in point no. 1 above.
	(i)	Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income-tax Act, 1961. Gratuity payable should not exceed half a month's salary for each completed year of service.
	(ii)	Encashment of leave at the end of the tenure.
	(iii)	Provision of car for use on Company's business and telephone at residence
3.	Reimbursement	The Chairman shall be entitled to reimbursement of expenses incurred by him in connection with the business of the Company.
4.	Compensation	In the event of termination of office of Chairman takes place before the expiration of tenure thereof, he shall be entitled to receive compensation from the Company for loss of office to the extent and subject to limitation as provided under section 202 of the Companies Act, 2013.

Mr. Pravin Kiri shall also be paid 1% commission, in addition to salary, perquisites, allowances and others, calculated with reference to net profits of the Company in a particular financial year, as may be determined by the Board of Directors of the Company at the end of each financial year or a part of the year provided that the total remuneration payable to him shall not exceed overall

## Notice (Contd...)

ceiling of 11% of the net profit of the Company stipulated under Section 197 of the Companies Act, 2013 read with Schedule V to the Act, as amended from time to time. In compliance with the provisions of Sections 196 and 197 read with Schedule V to the Act, the revised terms of remuneration of Mr. Pravin Kiri are now being placed before the Members for their approval.

Mr. Pravin Kiri is deemed to be interested in the resolution relating to revision of his remuneration. Mrs. Aruna Kiri, Mr. Manish Kiri and Mrs. Anupama Kiri, relatives of Mr. Pravin Kiri are deemed to be concerned or interested in the resolution set out in item no. 7 of the accompanying notice. Except the above, none of the other Directors or Key Managerial Personnel (KMP) of the Company or their relatives is in any way concerned or interested in the said resolution.

The Board recommends the resolution at item no. 7 concerning revision in remuneration of Mr. Pravin Kiri for the approval of Members.

Informations as required under Section II of Part II of Schedule V of the Companies Act, 2013:

Sr. No	Particulars		Information	
I	GENERAL INFORMATION			
	1	Nature of industry	Manufacturing of Dyes, Dye Intermediates and Basic Chemicals.	
	2	Date or expected date of commencement of commercial production	May 14, 1998	
	3	In case of new companies , expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus	Not Applicable	
	4	Financial performance based on given indicators	Turnover of Rs. 89,560 Lakhs (2015-16)	
			Profit After Tax of Rs. 907 Lakhs (2015-16)	
	5	Exports performance and net foreign exchange collaborations	Particulars	2015-16 (Rs. In Lakhs)
			Foreign Exchange Outgo	195.17
Foreign Exchange Earnings			14,432.91	
6	Foreign investments or collaborations, if any.	Total Foreign Investment as on March 31, 2016 is Rs. 10,180.42 Lakhs.		
II	INFORMATION ABOUT THE APPOINTEE			
	1	Background details	Bachelor of Science (Chemistry)	
	2	Past remuneration	Rs. 1.00 Lakhs p.m. + Perquisites	
	3	Recognition or awards	No	
	4	Job profile and his suitability	More than 47 Years experience in the Dyestuffs and Chemical industry	
	5	Remuneration proposed	Rs. 10.00 Lakhs p.m. + Perquisites	
	6	Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w. r. t the country of his origin.)	Remuneration is in commensurate with experience & qualifications. It is at par as compared to industry standard.	
	7	Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel , if any	Mr. Manish Kiri, Managing Director of the Company is son of Mr. Pravin Kiri, Chairman of the Company.	



## Notice (Contd...)

III	OTHER INFORMATION	
1	Reasons of loss or inadequate profits	High Interest Cost on account of huge debts.
2	Steps taken or proposed to be taken for improvement	Rationalisation and improvement in existing product mix and to diversify into new and better high value products.
3	Expected increase in productivity and profits in measurable terms	Turnover and profitability is expected to increase drastically

### Item No. 8:

The members at their 15<sup>th</sup> Annual General Meeting held on September 23, 2013 had approved the re-appointment of Mr. Manish Kiri, as Managing Director of the Company and the terms of remuneration payable to him for the period from April 01, 2013 to March 31, 2018.

The Company is in turnaround mode due to his incredible efforts towards present growth of the Company and based on recommendation of Nomination and Remuneration Committee and approval of the Board of Directors at their respective meetings held on August 12, 2016, it is decided to revise the remuneration of Mr. Manish Kiri from Rs.1,00,000 (Rupees One Lakh Only) p.m. to Rs.10,00,000 (Rupees Ten Lakhs Only) p.m. with effect from October 1, 2016 till conclusion of his present term. The revised terms and conditions for the revision of the remuneration of Mr. Manish Kiri are as under:-

1.	<b>Salary</b>	Rs. 10,00,000 (Rupees Ten Lakhs) per month
2.	<b>Perquisites</b>	<p>The Managing Director shall be entitled for following perquisites over and above remuneration stated in point no. 1 above.</p> <p>(i) Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income-tax Act, 1961. Gratuity payable should not exceed half a month's salary for each completed year of service.</p> <p>(ii) Encashment of leave at the end of the tenure.</p> <p>(iii) Provision of car for use on Company's business and telephone at residence.</p>
3.	<b>Reimbursement</b>	The Managing Director shall be entitled to reimbursement of expenses incurred by him in connection with the business of the Company.
4.	<b>Compensation</b>	In the event of termination of office of Managing Director takes place before the expiration of tenure thereof, he shall be entitled to receive compensation from the Company for loss of office to the extent and subject to limitation as provided under section 202 of the Companies Act, 2013.

Mr. Manish Kiri shall also be paid 1% commission, in addition to salary, perquisites, allowances and others, calculated with reference to net profits of the Company in a particular financial year, as may be determined by the Board of Directors of the Company at the end of each financial year or a part of the year provided that the total remuneration payable to him shall not exceed overall ceiling of 11% of the net profit of the Company stipulated under Section 197 of the Companies Act, 2013 read with Schedule V to the Act, as amended from time to time. In compliance with the provisions of Sections 196 and 197 read with Schedule V to the Act, the revised terms of remuneration of Mr. Manish Kiri are now being placed before the Members for their approval.

Mr. Manish Kiri is deemed to be interested in the resolution relating to revision of his remuneration. Mrs. Aruna Kiri, Mr. Pravin Kiri and Mrs. Anupama Kiri, relatives of Mr. Manish Kiri are deemed to be concerned or interested in the resolution set out in item no. 8 of the accompanying notice. Except the above, none of the other Directors or Key Managerial Personnel (KMP) of the Company or their relatives is in any way concerned or interested in the said resolution.

The Board recommends the resolution at item no. 8 concerning, revision in remuneration of Mr. Manish Kiri for the approval of Members.

## Notice (Contd...)

Informations as required under Section II of Part II of Schedule V of the Companies Act, 2013:

Sr. No	Particulars		Information	
I	GENERAL INFORMATION			
	1	Nature of industry	Manufacturing of Reactive Dyes, Dye Intermediates and Basic Chemicals.	
	2	Date or expected date of commencement of commercial production	May 14, 1998	
	3	In case of new companies , expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus	Not Applicable	
	4	Financial performance based on given indicators	Turnover of Rs. 89,560 Lakhs (2015-16)	
			Profit After Tax of Rs. 907 Lakhs (2015-16)	
	5	Exports performance and net foreign exchange collaborations	Particulars	2015-16 (Rs. In Lakhs)
			Foreign Exchange Outgo	195.17
Foreign Exchange Earnings			14,432.91	
6	Foreign investments or collaborations, if any.	Total Foreign Investment as on March 31, 2016 is Rs. 10,180.42 Lakhs.		
II	INFORMATION ABOUT THE APPOINTEE			
	1	Background details	B.E. (Electronic & Communication) MBA Finance-USA	
	2	Past remuneration	Rs. 1.00 Lakhs p.m. + Perquisites	
	3	Recognition or awards	No	
	4	Job profile and his suitability	More than 20 Years experience in the Dyestuffs and Chemical industry	
	5	Remuneration proposed	Rs. 10.00 Lakhs p.m. + Perquisites	
	6	Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w. r. t the country of his origin.)	Remuneration is in commensurate with experience & qualifications. It is at par as compared to industry standard.	
	7	Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel , if any	Mr. Pravin Kiri, Chairman of the Company is father of Mr. Manish Kiri, Managing Director of the Company.	
III	OTHER INFORMATION			
	1	Reasons of loss or inadequate profits	High Interest Cost on account of huge debts.	
	2	Steps taken or proposed to be taken for improvement	Rationalisation and improvement in existing product mix and to diversify into new and better high value products.	
	3	Expected increase in productivity and profits in measurable terms	Turnover and profitability is expected to increase drastically	

By order of the Board,  
For Kiri Industries Limited

Place : Ahmedabad  
Date : August 12, 2016

Suresh S. Gondalia  
Company Secretary

## Directors' Report

To the Members  
Kiri Industries Limited

Your Directors have pleasure in presenting their 18<sup>th</sup> Annual Report together with Audited Accounts of the Company for the financial year ended on March 31, 2016.

### ❖ Standalone Performance:

The highlights of Company's financial performance, for the year ended March 31, 2016 are as under:

	(Rs. In Lakhs)	
Particulars	2015-16	2014-15
Total Revenue	89560	78259
Profit Before Finance Cost, Depreciation, Tax and Prior period adjustments	9044	7291
Less : Finance Cost	6715	8444
Depreciation	2038	2022
Prior Period adjustments	20	196
<b>Profit/(Loss) before taxation and extra ordinary items</b>	<b>271</b>	<b>(3371)</b>
Add : Extra Ordinary Items	470	0
<b>Profit/(Loss) Before Taxation</b>	<b>741</b>	<b>(3371)</b>
Less : Provision for Taxation	(151)	0
Add : Mat Credit Entitlement	151	0
Deferred Tax asset/(liability)	166	(315)
<b>Net Profit/ (Loss) After Tax</b>	<b>907</b>	<b>(3686)</b>

### ❖ Highlights of Operations:

#### ❑ Total Revenue:

During the year under review, total turnover of the Company increased by 14% from Rs. 78259 Lakhs to Rs. 89560 Lakhs as compared to previous financial year ended March 31, 2015, increase in revenue mainly due to increase in production and price of Dyestuff, Intermediate and basic chemicals as compared to the previous financial year.

#### ❑ Profit before Finance Cost, Depreciation, Tax and Prior period adjustments:

Profit before Finance cost, Depreciation, Tax and prior period adjustment increased by 24% from Rs. 7291 Lakhs to Rs. 9044 Lakhs which is mainly due to increase in revenue as compared to previous financial year.

#### ❑ Total Expense:

During the year under review, the Total Expense increased by 9% amounting to Rs. 89288 Lakhs as Compared to Rs. 81630 Lakhs of the previous financial year. The increases in total expenses are mainly on account of increase in cost of material consumed, Employee Benefits Expenses, Manufacturing Expenses and selling and distribution expenses as compared to the previous financial year.

#### ❑ Net Profit:

During the year under review the Company has reported profit after tax of Rs. 907 Lakhs as compared to previous year net loss of Rs. 3686 Lakhs, mainly on account of increase in price of products and decrease in finance cost due to significant reduction of debts of the Company.

## Directors' Report (Contd...)

### ❖ Highlights of Consolidated Performance:

The highlights of Company's consolidated financial performance, for the year ended March 31, 2016 are as under:

(Rs. In Lakhs)

Particulars	2015-16	2014-15
Total Revenue	104169	93276
Profit Before Finance Cost, Depreciation, Tax and Prior period adjustments	12538	10362
Less : Finance Cost	7348	8630
Depreciation	2686	2836
Prior Period adjustments	22	215
<b>Profit/(Loss) before taxation and extra ordinary items</b>	<b>2482</b>	<b>(1319)</b>
Add : Extra Ordinary Items	470	0
<b>Profit/(Loss) Before Taxation</b>	<b>2952</b>	<b>(1319)</b>
Less : Current Tax	701	392
Short Provision of Tax for earlier years	27	30
Deferred Tax (Assets) / Liabilities	(193)	263
Mat Credit Entitlement	(151)	(392)
<b>Net Profit (Loss) After Tax</b>	<b>2568</b>	<b>(1612)</b>
Add : Share of Profit from Associate	17004	19764
<b>Profit After Tax for the year</b>	<b>19572</b>	<b>18152</b>

### ❖ Highlights of Operations:

#### ❑ Total Revenue:

During the year under review, the total revenue increased by 12% to Rs. 104169 Lakhs from Rs. 93276 Lakhs as compared to the previous financial year ended March 31, 2015 due to increase in prices of products of the Company and positive continuous support from Dye and basic chemical business and significant contribution by joint venture company.

#### ❑ Profit before Finance Cost, Depreciation, Tax and Prior period adjustments:

During the year under review, the Profit before Finance Costs, Depreciation, Tax and prior period adjustments increased by 21 % to Rs. 12538 Lakhs from Rs. 10362 Lakhs as compared to the previous financial year. It was mainly due to increase in revenue from operations on account of increase in price of products of the Company.

#### ❑ Total Expense:

During the year under review, the total expenses, increased by 8%, to Rs. 101688 Lakhs as compared to Rs. 94595 Lakhs of the previous financial year. The reasons for increase in total expenses are only due to increase in Material Cost, Administrative expenses and Manufacturing Expenses as compared to the previous financial year.

#### ❑ Net Profit:

During the year under review, the Company has reported net profit of Rs. 19572 Lakhs as compared to the profit of Rs. 18152 Lakhs of the previous financial year. The increase in net profit mainly on account of increase in total revenue, significant decrease in finance cost, increase in price of products of the Company, positive contribution by dyes and basic chemical division and joint venture of the Company.

### ❖ Dividend:

Your Directors recommend dividend @ 0.15% on 43,33,500 Cumulative Redeemable Preference Shares (Preference Shares) Rs. 10.00 each for the year ended March 31, 2016. The aggregate amount of the dividend on 43,33,500 Preference Shares is Rs. 78,235/- (Rupees Seventy Eight Thousand Two Hundred and Thirty Five Only), including dividend distribution tax amounting to Rs. 13,233 (Rupees Thirteen Thousand Two Hundred and Thirty Three Only).

Due to conserve resources for future business requirements and lesser profit available for appropriation, your directors have not recommend dividend on Equity Shares.

## Directors' Report (Contd...)

### ❖ **Subsidiaries and Consolidated Financial Statements:**

The Company has prepared Consolidated Financial Statements in accordance with the Generally Accepted Accounting Principles (GAAP). The Company has presented financial statements as per Schedule III, as notified under the Companies Act, 2013. Except where otherwise stated, the accounting policies are consistently applied. All the assets and liabilities have been classified as current or non current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013.

The Board reviewed the affairs of the Company's subsidiaries during the year at regular intervals. In accordance with section 129(3) of the Companies Act, 2013, the Company has prepared Consolidated Financial Statements of the Company and its subsidiaries/Associates and Joint Venture, which form part of this Annual Report. Further in compliance of section 129 (3) of the Companies Act, 2013, a statement containing salient features of the Financial Statements of subsidiaries/Associates and Joint Venture in Form AOC-1 is given as **Annexure A**, which forms part of the Directors Report.

### ❖ **Listing Fees:**

The Equity Shares of your Company are listed and actively traded on the BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE). The Company has paid Annual Listing fees to both the stock exchanges for the Financial Year 2016- 2017 within the stipulated time.

### ❖ **Directors:**

During the year under review, there is no change in composition of Board of Directors of the Company.

Mr. Pravin Kiri, Chairman of the Company, retires at the ensuing Annual General Meeting (AGM) and being eligible, offers himself for re-appointment. A brief profile of Mr. Pravin Kiri as required under Regulation 36(3) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 is annexed to the Notice.

### ❖ **Declaration of Independent Directors:**

During the year under review, all the Independent Directors have given their declarations stating that they meet the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013 and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. In the opinion of the Board, they fulfill the conditions of independence as specified in the Companies Act, 2013 and Rules made thereunder and are independent of the Management.

### ❖ **Board Meetings as well as separate meeting of Independent Directors:**

During the year, the Board met 5 (Five) times on May 29, 2015, August 07, 2015, September 26, 2015, November 07, 2015 and February 09, 2016. The intervening gap between any two meetings was within the period prescribed under the Companies Act, 2013.

A separate meeting of Independent Directors of the Company was held on March 19, 2016. At the meeting, the Independent Directors reviewed the performance of Executive Directors, the Board and the Chairman of the Company.

### ❖ **Statutory Auditors:**

The members of the Company at their 16<sup>th</sup> Annual General Meeting (AGM) held on September 26, 2014 has re-appointed M/s V. D. Shukla & Co., Chartered Accountants, Statutory auditors of the Company for conducting Audit of the Company to hold office from conclusion of 16<sup>th</sup> Annual General Meeting (AGM) till the conclusion of 19<sup>th</sup> AGM of the Company to be held in the year 2017 (subject to ratification of their appointment and remuneration by the members, at every AGM).

M/s V. D. Shukla & Co., Chartered Accountants have given certificate under section 141 of the Companies Act, 2013 and confirmed their eligibility to the effect that their re-appointment, if made, would be within the limits prescribed under the Act and that they are not disqualified for re-appointment. The Board recommends their re-appointment as statutory auditors of the Company.

Notes to the financial statements referred to in the Auditors' Report are self-explanatory and do not call for any further comments. The Auditors' Report does not contain any qualification, reservation or adverse remark.

### ❖ **Cost Auditors:**

The Audit Committee of the Company at their meeting held on May 30, 2016 has recommended to the Board of Directors, for appointment and fixing of remuneration of M/s. V. H. Savaliya & Associates, Cost Accountants, for audit of cost records of manufacturing units of the Company for the financial year 2016-17. The Board of Directors of the Company at their meeting held on May 30, 2016 has appointed M/s. V. H. Savaliya & Associates as Cost Auditors at a remuneration of Rs. 2,00,000/- plus Service Tax & out of pocket expenses subject to ratification by the members of the Company at the ensuing Annual General Meeting. During the year under review, the Cost Auditors' Report does not contain any qualification, reservation or adverse remark.

## Directors' Report (Contd...)

### ❖ Secretarial Auditors:

In compliance of the provision of section 204 of the Companies Act, 2013, other applicable provisions of the Act, the Companies (Appointment and Remuneration of Managerial Personnel), Rules 2014 and other applicable rules framed there under (subject to modification or reenactment thereof from time to time), the Board of Directors at their meeting held on August 7, 2015 has appointed M/s Kashyap R. Mehta & Associates, Practicing Company Secretary, Ahmedabad as Secretarial Auditor for conducting Secretarial Audit of the Company for the year 2015-16. The secretarial audit report is attached herewith as "**Annexure – B**". Certain remarks in the secretarial audit report do not have material impact on financial performance of the Company. The views of the management on each such remark are given hereunder:

1. *There was delay in filing form FC-GPR in respect of allotment of 3,68,825 Equity Shares on conversion from Foreign Currency Convertible Bonds (FCCB) during the year under review.*

Though there were some delays as observed in the report, such delay in filing of Form FC-GPR with the Reserve Bank of India does not involve significant penalties.

2. *The company had approached RBI during the year under review for compounding of offences related to raising and utilization of FCCB proceeds for which compounding order has been received.*

The Reserve Bank of India has compounded the said offences related to utilization of FCCBs proceeds by payment of Compounding fees of Rs. 3,61,000/-.

3. *Ownership of an agricultural land intended for industrial purpose will be transferred in the name of the company upon receiving necessary approval for conversion into non agriculture land.*

The land is acquired for future expansion of the Company. Since a Company cannot hold agriculture land, it is initially acquired in the name of Chairman of the Company, and the same would be transferred in the name of the Company after its conversion into non- agriculture land.

### ❖ Details in respect of frauds reported by Auditors other than those which are reportable to the Central Government:

The Statutory Auditors, Cost Auditors or Secretarial Auditors of the Company have not reported any frauds to the Audit Committee or to the Board of Directors as prescribed under Section 143(12) of the Companies Act, 2013, including rules made thereunder.

### ❖ Policies:

We seek to promote and follow the highest level of ethical standards in all our business transactions guided by our value system. In accordance with the provisions of the Companies Act, 2013 as well as SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**SEBI (LODR) Regulations, 2015**"), mandated to formulate and implement certain policies for all listed companies.

All our corporate governance policies are available on website of the Company. The key policies that have been adopted by the Company are as follows:

Sr. No.	Name of Policy	Brief Description	Web Link
1.	Whistle Blower Policy (Vigil Mechanism)	The vigil mechanism shall provide for adequate safeguards against victimization of person(s) use such mechanism and make provision for direct access to the Chairman of the Audit Committee or the director nominated by the Audit Committee, as the case may be, in exceptional cases.	<a href="http://www.kiriindustries.com/pdf/policy/Whistle%20Blower%20Policy%20KIL.pdf">http://www.kiriindustries.com/pdf/policy/Whistle%20Blower%20Policy%20KIL.pdf</a>
2.	Corporate Social Responsibility Policy	Corporate Social Responsibility Policy provides guidelines for the Company to make CSR as one of the key business process for sustainable development for the Society. It aims at supplementing the role of the Government in enhancing welfare measures of the society based on the immediate and long term social activities.	<a href="http://www.kiriindustries.com/pdf/policy/CSR%20Policy%20KIL.pdf">http://www.kiriindustries.com/pdf/policy/CSR%20Policy%20KIL.pdf</a>

## Directors' Report (Contd...)

Sr No.	Name of Policy	Brief Description	Web Link
		The Company will act as a good Corporate Citizen, subscribing to the principles of Global Compact for implementation.	
3.	Nomination and Remuneration Policy	This policy formulates the criteria for determining qualifications, positive attributes and independence for the appointment of a director (executive / non-executive) and also the criteria for determining remuneration of the directors, key managerial personnel and other employees.	<a href="http://www.kiriindustries.com/pdf/policy/Nomination%20and%20Remuneration%20Policy.pdf">http://www.kiriindustries.com/pdf/policy/Nomination%20and%20Remuneration%20Policy.pdf</a>
4.	Website Content Archival Policy	This policy deals with the retention and archival of corporate records of the company.	<a href="http://www.kiriindustries.com/pdf/policy/Website%20Archival%20Policy.pdf">http://www.kiriindustries.com/pdf/policy/Website%20Archival%20Policy.pdf</a>
5.	Related Party Transaction Policy	This policy regulates all transactions between the Company and its related parties.	<a href="http://www.kiriindustries.com/pdf/policy/Related%20Party%20Policy%20KIL.pdf">http://www.kiriindustries.com/pdf/policy/Related%20Party%20Policy%20KIL.pdf</a>
6.	Policy on Preservation of Documents	The main objective of this policy is to ensure that all the statutory documents / records are preserved in compliance with respective laws to ensure that the same are available in good order and to prevent from being altered, damaged or destroyed and also readily available as and when required by the Company.	<a href="http://www.kiriindustries.com/pdf/policy/Policy%20on%20Preservation%20of%20Documents.pdf">http://www.kiriindustries.com/pdf/policy/Policy%20on%20Preservation%20of%20Documents.pdf</a>
7.	Risk Management Policy	The objective of the Risk Management Committee is to create and protect shareholder value by minimizing threats or losses, and identifying and maximizing opportunities.	<a href="http://www.kiriindustries.com/pdf/Risk_Management_Policy.pdf">http://www.kiriindustries.com/pdf/Risk_Management_Policy.pdf</a>
8.	Policy of prevention of Sexual Harassment of Women at Workplace under (Prevention, Prohibition and Redressal) Act, 2013.	The Company has implemented policy to provide protection against sexual harassment of women at work place and for the prevention and Redressal of complaints of sexual harassment and for matters connected therewith or incidental thereto.	<a href="http://www.kiriindustries.com/pdf/policy/Sexual%20Harrasment%20Policy.pdf">http://www.kiriindustries.com/pdf/policy/Sexual%20Harrasment%20Policy.pdf</a>
9.	Material Subsidiaries Policy	The policy is used to determine the material subsidiaries and material non-listed Indian subsidiaries of the Company and to provide the governance framework for them.	<a href="http://www.kiriindustries.com/pdf/policy/Materal%20Subsidiary%20Policy.pdf">http://www.kiriindustries.com/pdf/policy/Materal%20Subsidiary%20Policy.pdf</a>
10.	Insider Trading Code	The Code of Conduct provides the framework in dealing with securities of the Company.	<a href="http://www.kiriindustries.com/pdf/Code%20for%20Insider%20Trading-2015amended.pdf">http://www.kiriindustries.com/pdf/Code%20for%20Insider%20Trading-2015amended.pdf</a>



## Directors' Report (Contd...)

### ❖ **Public Deposits:**

During the year under review, the Company has not accepted any deposits from public within the meaning of provisions of Section 73 of the Companies Act, 2013 and other applicable provisions of the Act, the Companies (Acceptance of Deposits by Companies) Rules, 2014 and other applicable rules framed there under (subject to modification or re-enactment thereof from time to time).

### ❖ **Restructuring/Settlement of Debts:**

During the year, the Company had entered into settlement agreements with Assets Reconstruction Companies/banks/NCDs holder and FCCBs holder for settlement/restructuring of debts of the Company. On account of settlement/restructuring and initial payment of installments under settlement, the total debts had been reduced from Rs. 85316 Lakhs to Rs. 41393 Lakhs as on March 31, 2016. The Company is able to meet repayment of settled debts during the settlement period.

### ❖ **Changes In Capital Structure:**

#### **Allotment of Equity Shares**

During the year under review, the Board of Directors of the Company at their meeting held on August 07, 2015 has allotted total 38,24,825 Equity Shares which includes allotment of 24,56,000 equity shares upon conversion of warrants, 368,825 equity shares upon conversion of partly paid up Series B and Series C Foreign Currency Convertible Bonds (FCCBs) and 10,00,000 equity shares to Kiri Employee Stock Option Trust in accordance with Kiri ESOP Scheme 2014.

Therefore, after allotment of above mentioned equity shares, issued and paid up equity share capital has been increased from Rs. 2273 Lakhs to Rs. 2655 Lakhs.

### ❖ **Employee Stock Option Scheme:**

#### **Brief Details of Options Granted**

Nomination and Remuneration Committee of the Company, inter alia administers and monitors the Company's employees' stock option scheme (ESOP Scheme) in accordance with the applicable SEBI Regulations. During the year ended March 31, 2016, total 875,000 options were granted and vested to the eligible employees under the ESOP Scheme. During the year ended March 31, 2016 there has been no material change in the Company's existing ESOP Scheme and the said scheme is in compliance with the applicable Regulations.

The applicable disclosures as stipulated under the Companies Act, 2013 as well as SEBI Regulations as on March 31, 2016 is mentioned herein below. The Company has received a certificate from the statutory auditors that the scheme has been implemented in accordance with the SEBI Regulations and the resolutions passed by the shareholders. The certificate would be placed at the AGM for inspection by the members.

<b>Whether the scheme is in terms of SEBI (SBEB) Regulations, 2014 (if applicable)</b>	The Company has implemented the Kiri ESOP Scheme in accordance with the SEBI (ESOS and ESOP) Guidelines, 1999.
<b>Total number of shares covered by these options</b>	10,00,000 Shares covered under this ESOP Scheme.
<b>Pricing formula</b>	Rs. 35/- per Equity Share.
<b>Options granted</b>	8,75,000
<b>Time within which options may be exercised</b>	Options granted to the eligible employees shall be exercised 20% every year after one year from the date of grant of such options.
<b>Options Vested</b>	8,75,000
<b>Options exercised</b>	Nil
<b>The total Number of Shares arising as a result of exercised of option</b>	Nil
<b>Options lapsed</b>	Nil
<b>The exercised Price</b>	N.A., since options granted to employees has not exercised the options as on March 31, 2016.

## Directors' Report (Contd...)

<b>Variation of terms of options</b>	No variations made in the terms of the options granted under Kiri Employee Stock Option Scheme – 2014.
<b>Money realized by exercised of options</b>	N. A.
<b>Brief details of significant terms</b>	Kiri ESOP Scheme 2014, provides total 10,00,000/- options to eligible employees of the Company at price of Rs. 35.00 per share. Employees are eligible to exercise 20% options every year after 1 year from grant of such options. Kiri ESOP scheme managed by independent trust created by the Company for implementation of Scheme under supervision and direction of Nomination and Remuneration Committee of the Company.
<b>Subsequent changes or cancellation or exercise of such options</b>	No Changes is made for cancelation or exercise of such options.
<b>Diluted earnings per share pursuant to issue of equity shares on exercise of options</b>	Rs. 2.87 per share
<b>Total number of options in force</b>	8,75,000
<b>Employee wise details of options granted</b>	
i) Key Managerial Personnel	8,75,000
ii) any other employee who receives a grant of options in any one year of option amounting to five percent or more of options granted during that year	Nil
iii) identified employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant	Nil

*The Nomination and Remuneration Committee of the Company at its meeting held on April 08, 2016 has granted 1,25,000 options to Eligible Employees. Out of 8,75,000 options granted and vested to eligible employees they have exercised 1,75,000 options on May 12, 2016.*

*The disclosures pursuant to regulation 14 of the SEBI (Share Based Employee Benefits) Regulations, 2014 read with SEBI circular (Ref. No: CIR/CFD/POLICY CELL/2/2015 dated June 16, 2015 on ESOP disclosures for the financial year 2015-16 is available at <http://www.kiriindustries.com/pdf/Disclosure%20of%20Employee%20Stock%20Option.pdf>.*

### ❖ Directors Responsibility Statement:

Pursuant to the provisions of Section 134 (5) of the Companies Act, 2013, with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- in the preparation of the annual accounts for the year ended March 31, 2016, the applicable accounting standards read with requirements set out under Schedule III to the Act, have been followed and there are no material departures from the same;
- the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are 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 of the Company for that period;
- the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the Directors had prepared the annual accounts for the year ended March 31, 2016 on a 'going concern' basis;

## Directors' Report (Contd...)

- e) they have laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and operating effectively;
- f) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### ❖ **Contracts and Arrangements with Related Parties**

All contracts / arrangements / transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. Therefore disclosure in form AOC-2 as per provisions of section 188 of the Companies Act is not required and hence not annexed with this report.

### ❖ **Composition of Committees**

Currently, the board has Five Committees: the Audit Committee, the Nomination and Remuneration Committee, the Corporate Social Responsibility Committee, the Stakeholders Relationship Committee and Risk Management Committee.

As required under section 177 (8) of the Companies Act, 2013, the composition of the Audit Committee is mentioned herein below:

Name of Member	Designation
Mr. Keyoor Bakshi	Chairman
Mr. Manish Kiri	Member
Mr. Mukesh Desai	Member
Mrs. Veena Padia	Member

A detailed note on the composition of the board and other committees are provided in the corporate governance report, which is forming part of this annual report.

### ❖ **Corporate Social Responsibility:**

Your Company has always been committed to the cause of social service since its inception and has repeatedly channelized its resources and activities, which positively affects the society socially, ethically and also environmentally. Your Company has taken up various Corporate Social Responsibility ("CSR") initiatives and enhanced value in the society.

In compliance with the provisions prescribed under Section 135 of the Companies Act, 2013, your Company constituted a Corporate Social Responsibility (CSR) Committee. Your Company has formulated CSR Policy which encompasses its philosophy and guides its sustained efforts for undertaking and supporting socially useful programs for the welfare & sustainable development of the society.

The brief outline of the corporate social responsibility (CSR) policy of the Company and the initiatives undertaken by the Company on CSR activities during the year are set out in **Annexure C** of this report. For other details regarding the CSR Committee, please refer to the corporate governance report, which forms part of this report.

In compliance of Section 135 of the Companies Act, 2013, the Company shall ensure that, in every financial year at least 2% of average net profit of last three years has been utilized towards CSR activities. Our Company has incurred losses since last three financial years therefore; the provision of section 135 is not applicable to the Company for mandatory contributing fund for CSR activities.

However, the Company during the year 2015-16, has contributed directly or through NGO/Trust Rs. 9.56 Lakhs towards promoting education, medical aids, disaster relief and environmental sustainability.

The detail about CSR policy is available on the website of the Company i.e.

<http://www.kiriindustries.com/pdf/policy/CSR%20Policy%20KIL.pdf>.

### ❖ **Manner of Evaluation of Board, Its Committees and Individual Directors:**

Pursuant to the provisions of the Companies Act, 2013, the Board has carried out its annual performance evaluation as well as the directors individually and evaluation of the working of its Committees i.e. Audit, Nomination and Remuneration, Stakeholders Relationship, Corporate Social Responsibility. A structured questionnaire was prepared after taking into consideration inputs received from the directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance.

## Directors' Report (Contd...)

Pursuant to applicable provisions of the Companies Act, 2013 and Regulation 19 of SEBI (LODR) Regulations, 2015, the Board, in consultation with its Nomination & Remuneration Committee, has formulated a framework containing, inter-alia, the criteria for performance evaluation of the entire Board of the Company, its Committees and individual Directors, including Independent Directors.

Board members had submitted their response for evaluating the entire Board, respective committees of which they are members and of their peer Board members, including Chairman of the Board. The Independent Directors had met separately on March 19, 2016 without the presence of Non-Independent Directors and the members of management and discussed, inter-alia, the performance of Non-Independent Directors and Board as a whole and the performance of the Chairman of the Company after taking into consideration the views of Executive and Non-Executive Directors.

The Nomination and Remuneration Committee has also carried out evaluation of every Director's performance. The performance of evaluation of all the Independent Directors have been done by the entire Board, excluding the Director being evaluated. On the basis of performance evaluation done by the Board, it shall be determined whether to extend or continue their term of appointment, whenever the respective term expires. The Directors expressed their satisfaction with the evaluation process.

### ❖ **Familiarisation Programme:**

The Company has undertaken various steps to make the Independent Directors complete understanding about the Company. The details of such familiarization programmes have been disclosed on the Company's website i.e. <http://www.kiriindustries.com/pdf/Familiarization%20Programme.pdf>.

### ❖ **Particulars of Loans given, Investments made, Guarantees given and Securities provided:**

Particulars of loans given, investments made, guarantees given and securities provided along with the purpose for which the loan or guarantee or security is proposed to be utilized by the recipient are provided in notes to the financial statement of the Company for the year ended March 31, 2016.

### ❖ **Extract of annual return:**

In accordance with Section 134(3)(a) of the Companies Act, 2013, an extract of the annual return in the prescribed format is annexed to this report as "Annexure D".

### ❖ **Conservation of energy, research and development, technology absorptions and foreign exchange earnings and outgo:**

Additional information on conservation of energy, technology absorption, foreign exchange earnings & outgo as required to be disclosed in term of Section 134(3)(m) of the Companies Act, 2013 together with the Companies (Accounts of Companies) Rules, 2014 is annexed to this report as "Annexure E".

### ❖ **Risk Management:**

The board of directors of the Company has formed a risk management committee to frame, implement and monitor the risk management plan for the Company. The committee is responsible for reviewing the risk management plan and ensuring its effectiveness. The audit committee has additional oversight in the area of financial risks and controls. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis.

The Risk Management policy of the Company is available on website of the Company i.e.

[http://www.kiriindustries.com/pdf/Risk\\_Management\\_Policy.pdf](http://www.kiriindustries.com/pdf/Risk_Management_Policy.pdf).

### ❖ **Particulars of Employees:**

A Statement pursuant to section 197 read with Rule 5 of Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 have been attached hereto as "Annexure F".

### ❖ **Corporate Governance & Management Discussion and Analysis Report:**

Corporate Governance is all about ethical conduct, openness, integrity and accountability of an enterprise. Good Corporate Governance involves a commitment of the Company to run the business in a legal, ethical and transparent manner. It involves a set of relationships between a company's management, its Board, shareholders and Stakeholders. It is a key element in improving the economic efficiency of the enterprise. Credibility offered by Corporate Governance helps in improving the confidence of the investors – both domestic and foreign, and establishing productive and long lasting business relationship with all stakeholders.

## Directors' Report (Contd...)

Besides complying with the prescribed Corporate Governance practices as per the Listing Regulations the Company has voluntarily adopted various practices of governance conforming to highest ethical and responsible standard of business. Strong governance practices of the Company have been rewarded in terms of improved share valuations, stakeholder's confidence, improved market capitalization and gaining new business.

Certificate of the CEO/CFO, inter-alia, confirming the correctness of the financial statements, compliance with Company's Code of Conduct, adequacy of the internal control measures and reporting of matters to the auditors and the Audit Committee in terms of Regulation 17(8) of SEBI (LODR) Regulations, 2015 is attached to this Annual report.

As stipulated in Schedule V of the SEBI (LODR) Regulations, 2015, Management Discussion and Analysis Report as well as Report on Corporate Governance given as forms part of this Annual Report.

The Compliance Certificate from the Statutory Auditors regarding compliance of conditions of corporate governance as stipulated in SEBI (LODR) Regulations, 2015 is attached to this Annual report.

❖ **Disclosure under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:**

Your Directors declared and confirm that, during the year under review, there is no case filed under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

❖ **Acknowledgement:**

Your Directors would like to express their appreciation for the assistance and co-operation received from the government, banks, customers, suppliers, business associates and members during the year. Your Directors would also like to place on record, sincere appreciation for the significant contribution made by the employees through their dedication and commitment towards the Company.

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

**Date :** August 12, 2016  
**Place:** Ahmedabad

**Pravin Kiri**  
**Chairman**

## Directors' Report (Contd...)

### ANNEXURE A

#### Form AOC-I

**(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)**  
Statement containing salient features of the financial statement of subsidiaries/ associate companies/ joint ventures

#### Part "A": Subsidiaries

(Rs. in Lakhs)

Sr. No.	Name of the subsidiary	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Reporting currency and Ex change rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	Share capital	Reserves & surplus	Total assets	Total Liabilities	Invest -ments	Turnover	Profit/ (Loss) before taxation	Provision for taxation	Profit (Loss) after taxation	Proposed Dividend	% of Shareholding
1	Chemhub Trading DMCC	31.03.2016	1USD = INR 66.33	36.14	(564.19)	1100.21	1100.21	Nil	161.01	(155.62)	Nil	(155.62)	Nil	100

Names of subsidiaries which are yet to commence operations : **Not Applicable**

Names of subsidiaries which have been liquidated or sold during the year : **Not Applicable**

## Directors' Report (Contd...)

### Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

(Rs. in Lakhs)

1. Name of Associates/Joint Ventures	Kiri Infrastructure Pvt Ltd (Associate Company)	DyStar Global Holdings (Singapore) Pte. Ltd (Associate Company)	Lonsen Kiri Chemical Industries Ltd (Joint Venture)
2. Latest audited Balance Sheet Date	March 31, 2016	December 31, 2015	March 31, 2016
3. Shares of Associate/Joint Ventures held by the company on the year end			
- No. of Equity shares	26,25,000	26,23,354	3,00,00,000
Amount of Investment in Associates/Joint Venture	1443.75	9550.24	3000.00
Extend of Holding %	47.61%	37.57%	40.00%
- No. of 5% Non Cumulative Redeemable Preference shares.	-	-	2,80,00,000
Amount of Investment in Associates/Joint Venture	-	-	2800.00
Extend of Holding %	-	-	40.00%
4. Description of how there is significant influence	Due to Percentage of stake of the Company		
5. Reason why the associate/joint venture is not consolidated	N.A		
6. Net worth attributable to Shareholding as per latest audited Balance Sheet	1268.31	80524.11	7902.98
7. Profit / Loss for the year			
i. Considered in Consolidation	(0.66)	17003.92	1927.31
ii. Not Considered in Consolidation	(0.72)	28255.38	2890.97

Names of associates or joint ventures which are yet to commence operations : **Not Applicable**

Names of associates or joint ventures which have been liquidated or sold during the year : **Not Applicable**

For and on behalf of the Board of Directors of  
Kiri Industries Limited

**Pravin Kiri**  
Chairman  
(DIN No 00198275)

**Suresh Gondalia**  
Company Secretary

**Manish Kiri**  
Managing Director  
(DIN No 00198284)  
**Jayesh Vyas**  
Chief Financial Officer

Place : Ahmedabad  
Date : May 30, 2016



## Directors' Report (Contd...)

### ANNEXURE – B

Form No. MR-3

#### Secretarial Audit Report

for the financial year ended on 31<sup>st</sup> March, 2016

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,  
**The Members,**  
**Kiri Industries Limited**

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s. Kiri Industries Limited** [CIN: L24231GJ1998PLC034094] ('hereinafter called the Company') having Registered Office at 7<sup>th</sup> Floor, Hasubhai Chambers, Town Hall, Ellisbridge, Ahmedabad, Gujarat – 380 006. The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on **31<sup>st</sup> March, 2016** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2016 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011

- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992/ 2015
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
- (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999/ Securities And Exchange Board Of India (Share Based Employee Benefits) Regulations, 2014;
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not Applicable during the audit period)
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not Applicable during the audit period); and
- (vi) Various common laws applicable to the manufacturing and other activities of the Company such as Labour Laws, Land Laws etc. and sector specific laws such as The Environment (Protection) Act, 1986, The Water (Prevention and Control of Pollution) Act, 1974, The Water (Prevention and Control of Pollution) Cess Act, 1977, The Air (Prevention and Control of Pollution) Act, 1981, The Public Liability Insurance Act, 1991 and Explosives Act, 1884 for which we have relied on Certificates/ Reports/ Declarations/ Consents/Confirmations obtained by the Company from the experts of the relevant field such as Advocate, Labour Law Consultants, Engineers, Occupier of the Factories, Registered Valuers, Chartered Engineers, Factory Manager, Chief Technology Officer of the Company, Local Authorities, Effluent Treatment Adviser etc. and have found that the Company is generally regular in complying with the provisions of various applicable Acts except that there were some delays in payment of certain undisputed statutory dues which were subsequently paid in full.

We have also examined compliance with the applicable clauses of the following:

## Directors' Report (Contd...)

- (i) Secretarial Standards (SS-1 & SS-2) issued by The Institute of Company Secretaries of India
- (ii) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Listing Agreements entered into by the Company with the Stock Exchanges

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:

1. *There was delay in filing form FC-GPR in respect of allotment of 3,68,825 Equity Shares on conversion from Foreign Currency Convertible Bonds (FCCB) during the year under review.*
2. *The company had approached RBI during the year under review for compounding of offences related to raising and utilization of FCCB proceeds for which compounding order has been received.*
3. *Ownership of an agricultural land intended for industrial purpose will be transferred in the name of the company upon receiving necessary approval for conversion into non agriculture land.*

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period

under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the Company has not passed any Special Resolution.

**FOR KASHYAP R. MEHTA & ASSOCIATES  
COMPANY SECRETARIES**

**KASHYAP R. MEHTA  
PROPRIETOR**

**FCS-1821 : COP-2052  
FRN: S2011GJ166500**

Place : Ahmedabad

Date : August 12, 2016

**Note:** This report is to be read with our letter of even date which is annexed as **Annexure 1** and forms an integral part of this report.

### Annexure - 1

To,  
**The Members,**  
**Kiri Industries Limited**

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**FOR KASHYAP R. MEHTA & ASSOCIATES  
COMPANY SECRETARIES**

**KASHYAP R. MEHTA  
PROPRIETOR**

**FCS-1821 : COP-2052  
FRN: S2011GJ166500**

Place : Ahmedabad

Date : August 12, 2016

## Directors' Report (Contd...)

### ANNEXURE – C

#### REPORTING OF CORPORATE SOCIAL RESPONSIBILITY (CSR)

Sr No.	Particulars	
1.	Period for which CSR is being reported	From 01.04.2015 to 31.03.2016
2.	(a) Whether information includes information about subsidiary company(s):	No
	(b) If yes, then indicate number of such subsidiary company(s)	Not Applicable
3.	(a) Whether information includes information about any other entity(s) (e.g. supplies, value chain etc.)	No
	(b) If yes, then indicate number of such entity(s)	Not Applicable
4.	Does the company have a written CSR policy	Yes
5.	Brief contents of the CSR policy	Please refer link below: <a href="http://kiriindustries.com/pdf/policy/CSR%20Policy%20KIL.pdf">http://kiriindustries.com/pdf/policy/CSR%20Policy%20KIL.pdf</a>
6.	The Composition of the CSR Committee	CSR Committee consist following members: 1. Mrs. Veenaben Padia - Chairman 2. Mr. Pravin Kiri - Member 3. Mr. Manish Kiri - Member 4. Mr. Mukesh Desai - Member
7.	Average net profit of the company for last three financial years:	In compliance of Section 135 of the Companies Act, 2013 that the Company shall ensure that the Company spends, in every financial year at least 2% amount of average net profit of last three years in CSR activities. However, the company has incurred loss in preceding three financial years, therefore, the provision of Section 135 of the Act does not apply to the Company for the current financial year.
8.	Prescribed CSR Expenditure (2% of the amount as in item 7 above)	Not Applicable
9.	Details of CSR spent during the financial year	Rs. 9.56 Lakhs
10.	Total amount to be spent for the financial year	Not Applicable
11.	Amount unspent, if any	Not Applicable

## Directors' Report (Contd...)

### 12. Manner in which the amount spent during the financial year

(Rs. in Lakhs)

Sr. No.	CSR project or activity identified.	Sect or in which the Project is covered	Location of Projects or programs	Amount outlay (budget)	Amount spent on the projects or programs	Cumulative expenditure upto to the reporting period	Amount spent: Direct or through implementing Agency
1.	Promoting Health Care	Social Activities	Ahmedabad/Vadodara/Bombay	NIL	7.21	7.21	Direct
		Medical Aid	Ahmedabad	NIL	0.20	0.20	Direct
	Promoting education	Education	Ahmedabad	NIL	0.64	0.64	Direct
	Disaster Relief	Medical aid	Nepal	NIL	1.00	1.00	Direct
	Environmental Sustainability	Environmental Sustainability	Jaipur	NIL	0.51	0.51	Direct
2.	<b>Overheads:</b>	NIL	N.A.	NIL	NIL	NIL	N.A.
<b>Total</b>					<b>9.56</b>	<b>9.56</b>	

#### Our CSR responsibilities:

We hereby affirm that the CSR policy, as approved by the Board, has been implemented and the CSR committee monitors the implementation of the CSR projects and activities in compliance with our CSR objectives.

**For Kiri Industries Limited**

Place : Ahmedabad  
Date : August 12, 2016

**Pravin Kiri**  
**Chairman**

## Directors' Report (Contd...)

### ANNEXURE D

#### FORM NO. MGT 9

#### EXTRACT OF ANNUAL RETURN

As on financial year ended on March 31, 2016  
Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1)  
of the Company (Management & Administration) Rules, 2014.

#### I. REGISTRATION & OTHER DETAILS:

1	CIN	L24231GJ1998PLC034094
2	Registration Date	May 14, 1998
3	Name of the Company	Kiri Industries Limited
4	Category/Sub-category of the Company	Company Limited by Share Indian Non-government Company
5	Address of the Registered office & contact details	7th Floor, Hasubhai Chambers, Opp. Town Hall, Ellisbridge, Ahmedabad- 380 006. Email: info@kiriindustries.com Phone: 079-26574371/72/73 Fax: 079-26574374
6	Whether listed company	Yes
7	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Cameo Corporate Services Limited Address-"Subramanian Building", No.1 Club House Road, Chennai- 600002 E-mail-cameo@cameoindia.com (O):-044-28460390, (F):-044-28460129

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

Sr. No.	Name of Description of main products / services	NIC Code of Product / Service	% of total turnover of the Company
1	Dyes	20114	26.80
2	Intermediaries	2011	67.70
3	Basic Chemicals	2011	5.50

#### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sr. No.	Name of the Company	CIN/GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
1	Chemhub Trading DMMCC	NA	Subsidiary	100.00	2(87)
2	SMS Chemicals Co. Ltd. - Non Operating	NA	Subsidiary	100.00	2(87)
3	Synthesis International Limited -Under Process to wind up	NA	Subsidiary	100.00	2(87)
4	Kiri Investment & Trading Singapore Pvt. Ltd - Under Process to wind up	NA	Subsidiary	100.00	2(87)
5	Kiri Infrastructure Limited	U45201GJ2008PTC053728	Associate Company	47.61	2(6)
6	DyStar Global Holdings (Singapore) Pte. Ltd.	NA	Associate Company	37.57	2(6)
7	Lonsen Kiri Chemical Industries Limited	U24114GJ2008PLC053537	Joint Venture	40.00	2(6)

## Directors' Report (Contd...)

### IV. SHARE HOLDING PATTERN:

(Equity share capital breakup as percentage of total equity)

#### (i) Category-wise Share Holding

Category of Shareholders		No. of Shares held at the beginning of the year [As on 01-April-2015]				No. of Shares held at the end of the year [As on 31-March-2016]				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>										
<b>(1) Indian</b>										
a) Individual/ HUF		6740878	0	6740878	29.66	9196878	0	9196878	34.64	4.9772
b) Central Govt		0	0	0	0.00	0	0	0	0.00	0.0000
c) State Govt(s)		0	0	0	0.00	0	0	0	0.00	0.0000
d) Bodies Corp.		0	0	0	0.00	0	0	0	0.00	0.0000
e) Banks / FI		0	0	0	0.00	0	0	0	0.00	0.0000
f) Any other		0	0	0	0.00	0	0	0	0.00	0.0000
<b>Sub Total (A) (1)</b>		<b>6740878</b>	<b>0</b>	<b>6740878</b>	<b>29.66</b>	<b>9196878</b>	<b>0</b>	<b>9196878</b>	<b>34.64</b>	<b>4.9772</b>
<b>(2) Foreign</b>										
a) NRI Individuals		0	0	0	0	0	0	0	0.00	0.0000
b) Other Individuals		0	0	0	0	0	0	0	0.00	0.0000
c) Bodies Corp.		0	0	0	0	0	0	0	0.00	0.0000
d) Any other		0	0	0	0	0	0	0	0.00	0.0000
<b>Sub Total (A) (2)</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.0000</b>
<b>TOTAL (A)</b>		<b>6740878</b>	<b>0</b>	<b>6740878</b>	<b>29.66</b>	<b>9196878</b>	<b>0</b>	<b>9196878</b>	<b>34.64</b>	<b>4.9772</b>
<b>B. (1) Institutions</b>										
a) Mutual Funds		0	0	0	0.00	0	0	0	0.00	0.0000
b) Banks / FI		764051	0	764051	3.36	736016	0	736016	2.77	-0.5899
c) Central Govt		0	0	0	0.00	0	0	0	0.00	0.0000
d) State Govt(s)		0	0	0	0.00	0	0	0	0.00	0.0000
e) Venture Capital Funds		0	0	0	0.00	0	0	0	0.00	0.0000
f) Insurance Companies		0	0	0	0.00	0	0	0	0.00	0.0000
g) FIs		4127600	0	4127600	18.16	5232013	0	5232013	19.71	1.5431
h) Foreign Venture Capital Funds		0	0	0	0.00	0	0	0	0.00	0.0000
<b>i) Others (specify)</b>										
Stressed Assets Stabilisation Fund		394246	0	394246	1.73	0	0	0	0.00	-1.7348
Foreign Portfolio Investors		0	0	0	0.00	1144808	0	1144808	4.31	4.3119
<b>Sub-total (B)(1):-</b>		<b>5285897</b>	<b>0</b>	<b>5285897</b>	<b>23.26</b>	<b>7112837</b>	<b>0</b>	<b>7112837</b>	<b>26.79</b>	<b>3.5303</b>

## Directors' Report (Contd...)

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01-April-2015]				No. of Shares held at the end of the year [As on 31-March-2016]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>(2) Non-Institutions</b>									
a) Bodies Corp.	2495828	0	2495828	10.98	2493615	0	2493615	9.39	-1.5905
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	2624112	153	2624265	11.55	2622505	153	2622658	9.88	-1.6697
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	4249628	0	4249628	18.70	3131600	0	3131600	11.80	-6.9050
c) Others (specify)									
Clearing Members	274954	0	274954	1.21	97148	0	97148	0.37	-0.8440
Foreign Nationals	28510	102630	131140	0.58	28510	102630	131140	0.49	-0.0831
Hindu Undivided Families	392800	0	392800	1.73	349281	0	349281	1.32	-0.4129
Non Resident Indians	529736	0	529736	2.33	414794	0	414794	1.56	-0.7687
Trusts	0	0	0	0	1000000	0	1000000	3.77	3.7665
<b>Sub-total (B)(2):-</b>	<b>10595568</b>	<b>102783</b>	<b>10698351</b>	<b>47.08</b>	<b>10137453</b>	<b>102783</b>	<b>10240236</b>	<b>38.57</b>	<b>-8.5075</b>
<b>Total Public (B)</b>	<b>15881465</b>	<b>102783</b>	<b>15984248</b>	<b>70.34</b>	<b>17250290</b>	<b>102783</b>	<b>17353073</b>	<b>65.36</b>	<b>-4.9772</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.0000</b>
<b>Grand Total (A+B+C)</b>	<b>22622343</b>	<b>102783</b>	<b>22725126</b>	<b>100.00</b>	<b>26447168</b>	<b>102783</b>	<b>26549951</b>	<b>100.00</b>	

### (ii) Shareholding of Promoter

Sr. No.	Shareholders Name	Shareholding at the beginning of the year [As on 01.04.2015]			Shareholding at the end of the year [As on 31.03.2016]			% Change in Shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total Shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total Shares	
1	Mr. Pravin A. Kiri	2501680	11.01	34.15	2501680	9.42	50.20	-1.59
2	Mr. Manish P. Kiri	1822728	8.02	41.81	1822728	6.87	28.20	-1.16
3	Mrs. Arunaben P. Kiri	461550	2.03	83.80	461550	1.74	0.39	-0.29
4	Mrs. Anupama M. Kiri	1951238	8.59	0.00	4407238	16.60	0.00	8.01
5	Pravin Kiri HUF	3682	0.02	100.00	3682	0.01	100.00	0.00



## Directors' Report (Contd...)

The Percentage of Shareholding at the beginning of the year is calculated on the basis of total paid up share capital of Rs. 227251260 divided into 22725126 Equity Shares of Rs. 10 each. As on August 7, 2015, the Board of Directors of the Company has allotted of 24,56,000 equity shares upon conversion of Warrants issued on preferential basis, 3,68,825 equity shares issued upon conversion of partly paid up Series B and C Foreign Currency Convertible Bonds (FCCBs) and 10,00,000 Equity Shares to Kiri Employee Stock Option Trust under Kiri ESOP Scheme-2014, therefore percentage of shareholding at end of the financial year calculated as per post paid up share capital of Rs. 265499510 divided into 26549951 Equity Shares of Rs. 10 each.

### (iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sr. No.	Name of Promoters and Promoter Group	Shareholding at the beginning of the year		Date	Reason	Increase/Decrease in Shareholding		Cumulative Shareholding during the year	
		No. of shares	% of total shares			No. of shares	% of shareholding	No. of shares	% of total shares
1	Mr. Pravin A. Kiri	2501680	11.01	01.04.2015	No Change	0.00	0.00	2501680	11.01
				31.03.2016	At the end of the year	0.00	0.00	2501680	9.42
2	Mr. Manish Kiri	1822728	8.02	01.04.2015	No Change	0.00	0.00	1822728	8.02
				31.03.2016	At the end of the year	0.00	0.00	1822728	6.87
3	Mrs. Aruna Kiri	461550	2.03	01.04.2015	No Change	0.00	0.00	461550	2.03
				31.03.2016	At the end of the year	0.00	0.00	461550	1.74
4	Mrs. Anupama Kiri	1951238	8.59	07.08.2015	Increase due to Conversion of warrants into Equity Shares	2456000	0.00	4407238	19.39
				31.03.2016	At the end of the year	0.00	0.00	4407238	16.60
5	Pravin Kiri - HUF	3682	0.02	01.04.2015	No Change	0.00	0.000	3682	0.02
				31.03.2016	At the end of the year	0.00	0.00	3682	0.01

The Percentage of Post shareholding changes of promoters and promoters group calculated on basis of increased capital of the Company i.e.Rs. 265499510

### (iv) Shareholding Pattern of top ten Shareholders

(Other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	Name of shareholders	Date	Reason	(+/-) Change Shareholding of the year	Shareholding at the beginning during the year		Cumulative Shareholding	
					No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	LTS INVESTMENT FUND LTD.	01.04.2015		At the beginning of the year	1475126	6.4912	1475126	6.4912
		10.04.2015	Sale	Decrease	30000	0.1320	1445126	6.3592
		09.10.2015	Purchase	Increase	368825	1.3892	1813951	6.8322
		31.03.2016		At the end of the Year			1813951	6.8322

## Directors' Report (Contd...)

Sr. No.	Name of shareholders	Date	Reason	(+/-) Change Shareholding of the year	Shareholding at the beginning during the year		Cumulative Shareholding	
					No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
2	GMO EMERGING MARKETS FUND	01.04.2015		At the beginning of the year	1452360	6.3910	1452360	6.3910
		10.04.2015	Purchase	Increase	39986	0.1760	1492346	6.5669
		17.04.2015	Purchase	Increase	28750	0.1265	1521096	6.6935
		22.05.2015	Purchase	Increase	3100	0.0136	1524196	6.7071
		29.05.2015	Purchase	Increase	2500	0.0110	1526696	6.7181
		05.06.2015	Purchase	Increase	37848	0.1665	1564544	6.8846
		12.06.2015	Purchase	Increase	21400	0.0942	1585944	6.9788
		19.06.2015	Purchase	Increase	16415	0.0722	1602359	7.0510
		26.06.2015	Purchase	Increase	15446	0.0680	1617805	7.1190
		03.07.2015	Purchase	Increase	842	0.0037	1618647	7.1227
		17.07.2015	Purchase	Increase	12868	0.0566	1631515	7.1793
		24.07.2015	Purchase	Increase	54667	0.2406	1686182	7.4199
		31.07.2015	Purchase	Increase	19400	0.0854	1705582	7.5053
		07.08.2015	Purchase	Increase	3600	0.0136	1709182	6.4376
		31.03.2016		At the end of the Year			1709182	6.4376
3	ARES DIVERSIFIED	01.04.2015		At the beginning of the year	909314	4.0014	909314	4.0014
		10.04.2015	Purchase	Increase	208686	0.9183	1118000	4.9197
		31.03.2016		At the end of the Year			1118000	4.2109
4	UNO METALS LTD	01.04.2015		At the beginning of the year	665000	2.9263	665000	2.9263
		31.03.2016		At the end of the Year			665000	2.5047
5	AKG FINVEST LTD	01.04.2015		At the beginning of the year	665000	2.9263	665000	2.9263
		31.03.2016		At the end of the Year			665000	2.5047
6	MANAN AJAYBHAI SHAH	01.04.2015		At the beginning of the year	456151	2.0073	456151	2.0073
		10.07.2015	Sale	Decrease	456151	2.0073	0	0
		10.07.2015	Purchase	Increase	456151	2.0073	456151	2.0073
		31.03.2016		At the end of the Year			456151	1.7181

## Directors' Report (Contd...)

Sr. No.	Name of shareholders	Date	Reason	(+/-) Change Shareholding of the year	Shareholding at the beginning during the year		Cumulative Shareholding	
					No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
7	KALPESH KINARIWALA	01.04.2015		At the beginning of the year	440144	1.9368	440144	1.9368
		03.04.2015	Sale	Decrease	6000	0.0264	434144	1.6351
		10.04.2015	Sale	Decrease	24800	0.1091	409344	1.5417
		17.04.2015	Sale	Decrease	5200	0.0229	404144	1.5222
		01.05.2015	Sale	Decrease	26721	0.1176	377423	1.4215
		17.07.2015	Sale	Decrease	116374	0.5121	261049	0.9832
		24.07.2015	Sale	Decrease	261049	1.1487	0	0
		31.03.2016		At the end of the Year	0	0	0	0
8	KAMINI BAKSHI	01.04.2015		At the beginning of the year	300979	1.3244	300979	1.3244
		31.03.2016		At the end of the Year	300979	1.1336	300979	1.1336
9	GENERAL INSURANCE CORPORATION OF INDIA	01.04.2015		At the beginning of the year	273000	1.2013	273000	1.2013
		31.03.2016		At the end of the Year	273000	1.0283	273000	1.0283
10	KIRI EMPLOYEE STOCK OPTION TRUST	01.04.2015		At the beginning of the year	0	0	0	0
		11.09.2015	Purchase	Increase	1000000	3.7665	1000000	3.7665
		31.03.2016		At the end of the Year	1000000	3.7665	1000000	3.7665

## Directors' Report (Contd...)

### (v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the Company
1	Name: Mr. Pravin Kiri				
	<b>At the beginning of the year 01.04.2015</b>	2501680	11.01	2501680	11.01
	Date of Change	NA			
	Reason	NA			
	No. of shares	NA			
	<b>At the End of the year 31.03.2016</b>			<b>2501680</b>	<b>9.42</b>
2	Name: Mr. Manish Kiri				
	<b>At the beginning of the year 01.04.2015</b>	1822728	8.02	1822728	8.02
	Date of Change	NA			
	Reason	NA			
	No. of shares	NA			
	<b>At the End of the year 31.03.2016</b>			<b>1822728</b>	<b>6.87</b>
3	Name: Mr. Suresh Gondalia				
	<b>At the beginning of the year 01.04.2015</b>	271	0.00	27	0.00
	Date of Change	25.08.2015			
	Reason	Sale			
	No. of shares	244			
	<b>At the End of the year 31.03.2016</b>			<b>27</b>	<b>0.00</b>
4	Name: Mr. Jayesh Vyas				
	<b>At the beginning of the year 01.04.2015</b>	0.00	0.00	0.00	0.00
	Date of Change	NA			
	Reason	NA			
	No. of shares	NA			
	<b>At the End of the year 31.03.2016</b>			<b>0.00</b>	<b>0.00</b>

## Directors' Report (Contd...)

### V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment.

(Rs. in Lakhs)

	Secured Loans excluding deposits	Unsecured Loans (Including Deposit)	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	76,647.42	466.31	-	77,113.73
ii) Interest due but not paid	8,202.53	-	-	8,202.53
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>84,849.95</b>	<b>466.31</b>	<b>-</b>	<b>85,316.26</b>
<b>Change in Indebtedness during the financial year</b>				
* Addition	254.75	515.48	-	770.23
* Reduction	(44,587.94)	(105.53)	-	(44,693.50)
Net Change	(44,333.19)	409.95	-	(43,923.20)
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	40,262.01	876.26	-	41,138.27
ii) Interest due but not paid	254.75	-	-	254.75
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>40,516.76</b>	<b>876.26</b>	<b>-</b>	<b>41,393.02</b>

### VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

#### A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(Rs. in Lakhs)

Sr. No.	Particulars of Remuneration	Name of MD and WTD		Total Amount
		Mr. Pravin Kiri	Mr. Manish Kiri	
	Designation	Chairman - Whole Time Director	Managing Director	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	12.00	12.00	<b>24.00</b>
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0	0	0
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	0	0	0
2	Stock Option	0	0	0
3	Sweat Equity	0	0	0
4	Commission	0		
	- as % of profit	0	0	0
	- others, specify	0	0	0
5	Others, please specify	0	0	0
	<b>Total (A)</b>	<b>12.00</b>	<b>12.00</b>	<b>24.00</b>
	Ceiling as per the Act	11 % of the Net profits of the Company.		

## Directors' Report (Contd...)

### B. Remuneration to other Directors:

(Amount in Rs.)

Particulars of Remuneration	Name of Directors			Total Amount
	Mr. Keyoor Bakshi	Mr. Mukesh Desai	Mrs. Veenaben Padia	
Independent Directors				
Fee for attending board committee meetings	71,500	61,500	47,500	180,500
Commission	0	0	0	0
Others, please specify	0	0	0	0
<b>Total</b>	<b>71,500</b>	<b>61,500.00</b>	<b>47,500</b>	<b>180,500</b>
Overall Ceiling as per the Act		1 % of the Net profits of the Company.		

### C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD:

(Rs. in Lakhs)

Sr. No.	Particulars of Remuneration	Name of Key Managerial Personnel		Total Amount
		Mr. Jayesh Vyas	Mr. Suresh Gondalia	
	<b>Name</b>	<b>Chief Financial Officer</b>	<b>Company Secretary</b>	
	<b>Designation</b>			
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	18.00	12.30	<b>30.30</b>
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.00	0.00	0.00
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	0.00	0.00	0.00
2	Stock Option	7.00	14.00	<b>21.00</b>
3	Sweat Equity	0.00	0.00	0.00
4	Commission	0.00		
	- as % of profit	0.00	0.00	0.00
	- others, specify	0.00	0.00	0.00
5	Others, please specify	0.00	0.00	0.00
	<b>Total (A)</b>	<b>25.00</b>	<b>26.30</b>	<b>51.30</b>

### VII. PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/ NCLT/ Court)	Appeal made if any (give details)
<b>A. COMPANY</b>					
Penalty			None		
Punishment					
Compounding					
<b>B. DIRECTORS</b>					
Penalty			None		
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty			None		
Punishment					
Compounding					

## Directors' Report (Contd...)

### ANNEXURE E

#### Foreign Exchange Earnings & outgo:

Particulars	(Rs. In Lakhs)	
	2015-16	2014-15
Total Foreign Exchange outgo	195.17	149.12
Total Foreign Exchange earnings	14 432.91	23 420.43

#### Energy Absorption:

Sr. No.	Particulars	Particulars
1.	Steps taken or impact on conservation of energy	The Company has started using gas as compared to other sources of energy and has also initiated generation of in-house power. The Company has also started using steam generated through basic chemical plant for manufacturing of intermediates which leads to reduce usage of electricity and coal resulting in reduction of cost and pollution free operations. During the year the Company has incurred energy conservation capital expenditure of Rs. 123.09 Lakhs for increase efficiency of boilers and turbine for in house power generation, replacement of electric motor, better quality and power saver lighting system.
2.	Steps taken by the company for utilising alternate sources of energy	
3.	Capital investment on energy conservation equipments	

#### Technology Absorption:

Efforts made towards technology absorption;	The Company continuously developing technology in-house.
Benefits derived like product improvement, cost reduction, product development or import substitution	As results of in-house developed technology, company is able to develop better product mix for its customers.
In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)	The Company has not imported any technology since last three financial years.
Details of technology imported	N.A.
Year of import	N.A.
Whether the technology been fully absorbed	N.A.
if not fully absorbed, areas where absorption has not taken place, and the reasons thereof	N.A.
Expenditure incurred on Research and Development	Rs. 56.88 Lakhs



## Directors' Report (Contd...)

### ANNEXURE - F

Disclosure pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Persons) Rules, 2014

- (i) Ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year:

Sr. No.	Name of Directors	Ratio of remuneration
1.	Mr. Pravin Kiri, Chairman (Whole Time Director)	8.13 : 1
2.	Mr. Manish Kiri, Managing Director	8.13 : 1

- (ii) Percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year:

Sr. No.	Name of Directors/ Chief Financial Officer/ Company Secretary	Percentage increase in remuneration
1.	Mr. Pravin Kiri, Chairman	-
2.	Mr. Manish Kiri, Managing Director & CEO	-
3.	Mr. Jayesh Vyas, Chief Financial Officer	-
4.	Mr. Suresh Gondalia, Company Secretary	6.19

- (iii) Percentage increase in the median remuneration of employees in the financial year:

Median 14.78 %

- (iv) Number of permanent employees on the rolls of company:

As on March 31, 2016 total 652 permanent employees on the rolls of company.

- (v) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;

- The Average percentile increase in the salaries of employees other than the managerial personnel in the F.Y. 2015-16 is 15.14%.
- There is no increase in the managerial remuneration during the F.Y. 2015-16. Hence no comparison with the percentile increase of the salaries of employees other than the managerial personnel.

- (vi) Affirmation that the remuneration is as per the Nomination and Remuneration Policy of the Company.

The Company affirms that the remuneration is as per the Nomination and Remuneration policy of the Company.

None of the employees of the company who has drawn salary more than the amount prescribed under the Companies [Appointment and Remuneration of Managerial Personnel] Rules, 2014 read with the circular issued by the Ministry of Corporate Affairs on June 30, 2016. Therefore, the Company is not required to provide statement under section 197(12) of the Act read with Rule 5(2) of the Companies [Appointment and Remuneration of Managerial Personnel] Rules, 2014 and hence the said statement is not available for inspection at the Registered Office of the Company.

For and on behalf of the Board of Directors

Place : Ahmedabad  
Date : August 12, 2016

Pravin Kiri  
Chairman

## Management Discussion and Analysis Report

### Industry Structure and Development:

The Chemical Industry is an indispensable and integral constituent of the growing Indian Industry and remains one of the oldest industries of the nation. The industry is the mainstay of the industrial & agricultural development of the country and provides building blocks for several downstream industries, such as textile, paper, paint, soap, detergent, pharmaceutical, varnish, etc. The sector has grown from a small-scale sector to multi-dimensional sector, which is taking on the challenges of globalization.

The Indian Chemical Industry has certainly come a long way to hold a recognized position in the global map. However, the Indian Chemical Industry is standing at a very decisive juncture at present. Indian chemical Industry is the 3<sup>rd</sup> largest in Asia after China and Japan and 6<sup>th</sup> in the World. India accounts for approximately 16% of the world production of dyestuff and dye intermediates, particularly for reactive, acid and direct dyes. India specialty chemical market is expected to reach USD70 billion by 2020.

However, significant investments in capacity creation, technology development, extensive R&D, access to feedstock and creation of a larger pool of skilled human resources remain some of the major areas of concern. Emphasis on core competences, adherence to environmental norms, industry-academia linkages, consolidation and collaboration with focused growth and planning for the chemical sector would enhance the global competitiveness, increase domestic value addition, provide technological depth and promote sustained economic growth.

The Indian chemical industry is at the threshold of rapid growth with the Government of India providing an atmosphere of support and encouragement. India's vibrant chemicals and petrochemicals industry plays a significant role in the economic development of our country.

### Advantages for India:

The Indian Chemical Companies are expected to get further boost under the "Make in India" drive. Various new projects are proposed to be commenced with a focus to make India as a manufacturing hub for those products. This shall increase the direct and indirect demand of various chemicals. These chemicals are expected to contribute directly or indirectly as Import substitute or contribute to the increase in exports from India.

### Robust Demand in Chemical Industries:

A large population, dependence on agriculture and strong export demand are the key growth drivers for the chemicals industry. Per-capita consumption of chemicals in India is lower as compared to western countries and there is more room to increase demand in future.

### Policy Support

- ❑ 100 per cent FDI is permissible in the Indian chemicals sector, which will attract foreign investment in chemical sector.
- ❑ The Government of India has launched the Draft National Chemical Policy, which aims to increase share of India's chemical sector in the GDP

The National Chemical Policy of India which is expected to help in improving the chemical industry is in final stages and as a part of this, the Government is planning to launch Indian Bureau of Corrosion Control and setting up National Chemical Centre that could prevent losses from corrosion and act as a repository information center for the chemical industry.

Kiri Industries Limited ("KIL") is a leading manufacturer of Dyes, Dye Intermediates and Basic Chemicals. The Company 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 and quality. By virtue of the integrated operations from manufacturing of basic chemicals, manufacturing of dye intermediaries and dyes, the Company derives benefits of economies of scales and quality control. This along with the Company's wide product range makes it a preferred partner for sourcing of dyes.

Being backward integrated from basic chemicals to dyes has also helped the Company to de-risk variations in input cost thereby improving margins over a period of time. The Company believes that the Company's modernization, trained work force and managerial expertise results in a consistently high level of productivity. The Company is a preferred vendor because of its size, integrated operations and modern facilities.

### Outlook and Opportunities:

In India, with its skilled manpower and flourishing end-user industries, has the right ingredients to emerge as the global hub for chemical manufacturing, provided the government take steps for better infrastructure and other fiscal benefits.

The Company has invested in modern technology and equipment across all areas of its operations. The Company's management believes that its manufacturing technology is at par with global competitors.

The Company technology while ensuring that labour requirement is minimal facilitates quick turnaround times, innovative services like colour solutions, testing solutions, ecology solutions etc., flexibility to adapt to changing market trends, consistency in quality etc.

The government is also aiming to improve business environment by adopting transparent policy changes and facilitating processes to solve some of the problems faced by

## Management Discussion and Analysis Report (Contd...)

the industry. 'Make in India' will play a pivotal role in driving some of the key initiatives to stimulate growth in the chemical industry.

### Threats, Risks and Concerns:

Risk and opportunities is an inherent feature of any business. The Company's Directors and management bear this in mind while taking policy decisions. The Company has developed a set of processes and systems to assess and minimizes risks without losing opportunities while ensuring enhancement in shareholders' value. The Company believes in early identification of risks and devising strategies to counter them and minimize their impact on operations.

Your Company perceives risks or concerns common to industry such as concerns related to the Macro Indian Economic Outlook, Global Economic fallout, Regulatory risks, Foreign Exchange volatilities, Volatile Raw-material prices and other commercial & business related risks.

The chemical businesses are generally working capital intensive and hence the working capital requirements are also higher. Your Company has been making continuous efforts to reduce the working capital cycle by effective working capital management.

Risk management policy strengthens your Company's efforts to remain a competitive and sustainable company, enhancing its operational effectiveness and creating wealth for its employees, shareholders and stakeholders in pursuance of its strategy. Your Company has constituted a Risk Management Committee. Some of the risks that the Company is exposed to are financial risk, production risk, raw material and commodity price risk, Human resources risk. The Company have proper system to mitigate the said risks.

### Internal Control System:

The Company follows Internal Control Systems which are covering all business aspects and ensuring that every single transaction is duly authorized, recorded and reported. The Company strictly adheres to rules, policy, statutes and laws ensuring that statutory compliances are thoroughly followed. The Company's Audit Committee reviews and takes suitable actions for any deviation, observation or recommendation suggested by the Internal Auditor, who is an independent auditor mandated to conduct internal audit. The Company also adheres to environment protection laws. The employees of the Company follows the Code of Conduct devised for conducting the business of the Company. Your Company's internal control systems commensurate with the size and nature of business operations.

Moreover, the Company has appointed Internal Auditors and they periodically test the efficacy of the prevailing Internal Control System and the Statutory Auditor of our Company has conducted audit of the Internal Financial Control System and the operating effectiveness of such controls as at March 31, 2016 under Section 143(3)(i) of the Companies Act, 2013.

### Financial Performance of the Company:

#### A. Standalone financial Performance

The performance of the Company has been quite positive by way of generating Profit as compared to loss in the previous financial year on standalone basis.

##### i) **Net Sales and Other Income:**

During the financial year 2015-16, net sales and other income of the Company has increased by 14% from Rs. 78,259 Lakhs to Rs. 89,560 Lakhs as compared to the previous financial year 2014-15.

##### ii) **Expenditure:**

The total expenditure increased by 9% from Rs. 81,630 Lakhs to Rs. 89,288 Lakhs as compared to the previous financial year 2014-15.

##### iii) **Employee benefits expenses:**

The Employee benefits expenses increased by 26% from Rs. 2,556 Lakhs to Rs. 3,213 Lakhs as compared to the previous financial year 2014-15.

##### iv) **Finance Cost:**

The finance cost decreased by 20% from Rs. 8,444 Lakhs to Rs. 6,715 Lakhs as compared to the previous financial year 2014-15.

##### v) **Manufacturing Expenses:**

The manufacturing expenses increased by 7% from Rs. 6,735 Lakhs to Rs. 7,183 Lakhs as compared to the previous financial year 2014-15.

##### vi) **Net Profit:**

During the year under review the Company has reported net profit of Rs. 907 Lakhs as compared to previous year net Loss of Rs. 3,686 Lakhs.

##### vii) **Non-Current Liabilities:**

The non-current liabilities have decreased from Rs. 75,911 Lakhs to Rs. 29,633 Lakhs as compared to the previous financial year 2014-15.

## Management Discussion and Analysis Report (Contd...)

### viii) Current Liabilities:

The current liabilities have increased from Rs. 24,407 Lakhs to Rs. 29,344 Lakhs as compared to the previous financial year 2014-15.

### ix) Non Current Assets:

The non-current assets have decreased from Rs. 59,216 Lakhs to Rs. 46,875 Lakhs as compared to the previous financial year 2014-15.

### x) Current Assets:

The current assets have declined from Rs. 57,707 Lakhs to Rs. 29,875 Lakhs as compared to the previous financial year 2014-15.

## B. Consolidated Financial Performance

### i) Total Revenue:

The total revenue has increased by 12% from Rs. 93,276 Lakhs to Rs. 1,04,169 Lakhs as compared to the previous financial year 2014-15.

### ii) Total Expense:

The total expenses have increased by 8% from Rs. 94,595 Lakhs to Rs. 1,01,688 Lakhs as compared to the previous financial year 2014-15.

### iii) Net profit:

In the Current financial year the Company has recorded net profit of Rs. 19,571 Lakhs as compared to Rs. 18,152 Lakhs of the preceding financial year 2014-15.

### iv) Non Current Liabilities:

The non-current liabilities have decreased from Rs. 76,521 Lakhs to Rs. 30,217 Lakhs as compared to the preceding financial year 2014-15.

### v) Current Liabilities:

The current liabilities have increased from Rs. 34,302 Lakhs to Rs. 38,098 Lakhs as compared to the preceding financial year 2014-15.

### vi) Non Current Assets:

The non-current assets have increased from Rs. 87,571 Lakhs to Rs. 92,065 Lakhs as compared to the preceding financial year 2014-15.

### vii) Current Assets:

The current assets have decreased from Rs. 67,997 Lakhs to Rs. 40,701 Lakhs as compared to the preceding financial year 2014-15.

## Material Development in Human Resources:

The Company has established processes and policies to ensure health, safety and welfare of its employees. The Company has undertaken various safety measures like Job safety assessment, adherence to safety norms at project sites, hands-on training on safety. Company continuously strives to provide various types of training and development programmes to the employees to create new innovation.

Your Company believes that the achievement of its growth objectives depends largely on the ability of our Human Resources to innovate continuously, connect closely with the customers, suppliers and various other Stakeholders of the Company and create and deliver superior and unmatched customer value.

## Cautionary statement:

Certain statements made in this Report relating to the Company's outlook, estimates, predictions etc. may constitute "forward looking statements" within the meaning of applicable laws and regulations. Actual results may differ from such estimates, whether express or implied. Several factors that could make a difference to Company's operations 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.

## Report on Corporate Governance

(Pursuant to Regulation 34 read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

As a Corporate citizen, our business fosters a culture of ethical behavior and fair disclosures, which aims to build trust of our Stakeholders. The Company has established systems and procedures to ensure that its board of directors is well-informed and well-equipped to fulfill its overall responsibilities and to provide the management with the strategic direction needed to create long-term shareholders value. The Company's visionary founder had laid the foundation of good governance and made it an integral part of the business.

Good corporate governance ensures corporate success and economic growth. Strong corporate governance maintains investors' confidence, as a result of which, company can raise capital efficiently and effectively. The Company's governance framework is based on the appropriate composition and size of the Board with each member having their own expertise in their respective domains. It also includes timely disclosure of all material information to Stakeholders.

As a part of its growth strategy, the Company believes in adopting the 'best practices' in the area of Corporate Governance across various geographies. Effective and transparent corporate governance guarantees that your Company is managed and monitored in a responsible manner to focus on value creation.

### Company's Philosophy on Code of Governance:

Our corporate governance philosophy is based on appropriate size and composition of the Board with each Director bringing in key expertise in different areas, systematic information flow to the Directors to enable them to effectively discharge their fiduciary duties, ethical business conduct by the management and employees, appropriate systems and processes for internal controls on all operations, risk management and financial reporting and timely and accurate disclosure of all material operational and financial information to the stakeholders.

The Company has adopted a Code of Conduct for its employees including the Managing Director and the Executive Director for further strengthening the Corporate Governance Philosophy of the Company. In addition, the Company has adopted a Code of Conduct for its non-executive directors which includes Code of Conduct for Independent Directors which suitably incorporates the duties of independent directors as laid down in the Companies Act, 2013 ("Act"). These codes are also available on the website of the Company.

Our Company is fully committed to practice sound Corporate Governance and uphold the highest standards in conducting business. We believe that an active, well-informed and independent Board is necessary to ensure the highest standards of Corporate Governance. A report on the matters and the practices followed by the Company is detailed herein below:

### 1. Board of Directors:

The Board of Directors, along with its Committees, provides leadership and guidance to the Company's management and directs, supervises and controls the performance of the Company. The Board acts with autonomy and independence in exercising its strategic supervision, discharging its fiduciary responsibilities and ensuring that the management observes the highest standards of ethics, transparency and disclosure.

In accordance with the provision of Section 149(1) of the Companies Act, 2013 and as per Regulation 17(1)(a) of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 ("hereinafter referred to as SEBI (LODR) Regulations, 2015"), Mrs. Veenaben Padia, a Woman Director, has been appointed on the Board.

- ❑ As on March 31, 2016, the Board of Directors of the Company ("the Board") consists of optimum combination of Executive and Non-Executive Directors. The Board has five members comprising of two Executive Directors and three Independent Directors including one woman Director. The majority of Board members are Non-Executive Independent Directors as per the requirement of Regulation 17 of SEBI (LODR) Regulations, 2015.
- ❑ All the Directors have informed to your Company periodically about their Directorship and membership on the Board /Committees of the other Companies. As per disclosure received from Director(s), none of the Director(s) holds membership in more than ten (10) Committees and Chairmanship in more than five (5) Committees.
- ❑ The details of the composition, nature of Directorship, the number of meetings attended and the directorships in other Companies as at March 31, 2016 are detailed herein below:

## Report on Corporate Governance (Contd...)

Name of Director	Category	No. of Board Meetings held and attended during the year		Attendance at Last AGM held on 26.09.2015	No. of Directorships in other Public Companies	No. of Committee positions held in other Public Companies	
		Held	Attended			Chairman	Member
Mr. Pravin Kiri	Chairman	5	4	Yes	1	-	-
Mr. Manish Kiri	Managing Director	5	4	Yes	2	3	1
Mr. Keyoor Bakshi	Independent Director	5	5	Yes	3	2	2
Mr. Mukesh Desai	Independent Director	5	4	No	1	2	0
Mrs. Veenaben Padia	Independent Director	5	4	Yes	0	2	1

Other Directorships do not include Directorships of private limited companies, Companies formed under section 8 of the Companies Act, 2013 and foreign companies. Chairmanship/ Membership of Board Committees include only Audit Committee and Stakeholders Relationship Committee as per Regulation 26 of the SEBI (LODR) Regulations, 2015.

None of the Directors are related inter-se except Mr. Pravin Kiri and Mr. Manish Kiri.

### ☐ **Board Procedure:**

The Board Meetings are governed by structured agenda for the meeting. The agenda along with comprehensive notes and background material are circulated well in advance before each meeting to all the Directors for facilitating effective discussion and decision making. The minimum information to be placed before the Board as required by Part A of Schedule II of SEBI (LODR) Regulations, 2015 is placed before the Board during its meetings.

The Board of Directors meets once in a quarter to review the performance and financial results of the Company. The Chairman/Managing Director briefs the Directors at every Board Meeting on overall performance of the Company. All major decisions/approvals are taken at the Board Meeting.

The Board members may bring up any matter for consideration of the Board, in consultation with the Chairman. The proceedings of the meetings of the Board and its Committees are recorded in the form of minutes and the draft minutes are circulated to the Board for their perusal before it finalised.

### **Number of Board Meetings during the year:**

During the year 2015-16, the Board of Directors duly met 5 (Five) times on May 29, 2015, August 7, 2015, September 26, 2015, November 7, 2015, February 9, 2016.

## **2. Committees of the Board:**

Recognizing the immense contribution that committees make in assisting the Board of Directors in discharging its duties and responsibilities and with a view to have a close focus on various facets of the business, the Board has constituted the following five (5) Committees of the Board.

1. Audit Committee;
2. Nomination and Remuneration Committee;
3. Stakeholders' Relationship Committee;
4. Corporate Social Responsibility (CSR) Committee;
5. Risk Management Committee

### **(i) Audit Committee:**

#### ☐ **The terms of reference:**

Role of the Audit Committee in accordance with the provisions of Section 177 of the Companies Act, 2013 read with Rule 7 of Companies (Meetings of Board and its Powers) Rules, 2014, and Regulation 18 of the SEBI (LODR) Regulations, 2015 and includes:



## Report on Corporate Governance (Contd...)

1. Overseeing the Company's financial reporting process;
2. Approval or any subsequent modification of transactions of the company with related parties;
3. Reviewing the financial statements and the adequacy of internal audit;
4. Periodic discussions with the Internal Auditors and the Statutory Auditors about their scope of audit and adequacy of internal control systems;
5. To evaluates the company's internal financial control and risk management system;
6. To recommends appointment/ re-appointment of Statutory Auditors and also reviews and monitors the auditor's independence and performance and effectiveness of audit process.

The Audit Committee of the Company meets as per criteria laid down under Section 177 of the Companies Act, 2013 and Regulation 18 of the SEBI (LODR) Regulations, 2015.

☐ **Composition as well as Attendance of Audit Committee:**

During the Financial Year 2015-16 audit committee met 5 times on May 29, 2015, August 07, 2015, September 26, 2015, November 07, 2015 and February 09, 2016.

Name of Member	Designation	Category	No. of meetings held during the year 2015-16	
			Held	Attended
Mr. Keyoor Bakshi	Chairman	Independent Director	5	5
Mr. Manish Kiri	Member	Executive Director	5	4
Mr. Mukesh Desai	Member	Independent Director	5	4
Mrs. Veena Padia	Member	Independent Director	5	4

Mr. Suresh Gondalia, Company Secretary & Compliance Officer acts as a Secretary to the Committee.

**(ii) Nomination and Remuneration Committee:**

☐ **The Terms of Reference:**

In compliance with Section 178 of the Companies Act, 2013 and Regulation 19 of the SEBI (LODR) Regulations, 2015, the Company has constituted a Nomination & Remuneration Committee of the Board. All members of the Committee are Independent Directors. The terms of reference of the Committee inter alia, include:

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
2. Formulation of criteria for evaluation of Independent Directors and the Board;
3. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal;
4. Oversee familiarization programmes for directors.

☐ **Composition as well as Attendance of Nomination and Remuneration Committee:**

During the Financial year 2015-16 Nomination and Remuneration Committee met on April 7, 2015.

Name of Member	Designation	Category	No. of meetings held during the year 2015-16	
			Held	Attended
Mr. Mukesh Desai	Chairman	Independent Director	1	1
Mr. Keyoor Bakshi	Member	Independent Director	1	1
Mrs. Veenaben Padia	Member	Independent Director	1	1

Mr. Suresh Gondalia, Company Secretary & Compliance Officer acts as a Secretary to the Committee.



## Report on Corporate Governance (Contd...)

### ❑ **Nomination and Remuneration policy:**

The Board has approved a Nomination and Remuneration Policy of the Company which has been uploaded on the website of the Company. This Policy is in compliance with Section 178 of the Companies Act, 2013, read with the applicable rules thereto and Regulation 19 and Schedule II, Part D of the SEBI (LODR) Regulations, 2015.

### ❑ **Performance Evaluation Criteria of selection of Independent Directors:**

- a. The Independent Directors shall be of high ethical standards and integrity with relevant expertise, experience and particular skills that will complement Board effectiveness.
- b. In case of appointment of Independent Directors, the Nomination and Remuneration Committee shall determine and fulfil the criteria of independence, in accordance with the provisions stipulated under the Companies Act, 2013 as well as SEBI (LODR) Regulations, 2015.
- c. To aid determination, every Independent Director shall, on appointment and subsequently on an annual basis submit to the Nomination and Remuneration Committee a declaration on his/her independence.
- d. The Nomination and Remuneration Committee shall consider the following criteria while recommending to the Board the candidature for appointment as Director:
  - Professional qualification, appropriate experience and the ability to exercise sound business judgment;
  - An ability and willingness to challenge and probe;
  - Strong interpersonal skills and a willingness to devote the required time;
  - A position of leadership or prominence in a specified field.
- e. The Nomination and Remuneration Committee shall ensure that the Director to be appointed is not disqualified for appointment under Section 164 of the Companies Act, 2013.

### ❑ **Criteria for Determining the followings:**

#### a. **Qualifications for appointment of Directors (including Independent Directors):**

- Persons of eminence, standing and knowledge with significant achievements in business, professions and/or public service;
- Their financial or business literacy/skills;
- Their industry experience;
- Other appropriate qualification/experience to meet the objectives of the Company;
- As prescribed under the Companies Act, 2013, rules framed thereunder and SEBI (LODR) Regulations, 2015;
- The Nomination and Remuneration Committee shall have discretion to consider and fix any other criteria or norms for selection of the most suitable candidate(s).

#### b. **Positive attributes of Directors (including Independent Directors):**

- Directors are to demonstrate integrity, credibility, trustworthiness, ability to handle conflict constructively and the willingness to address issues proactively;
- Actively update their knowledge and skills with the latest developments in the industry, market conditions and applicable legal provisions;
- Willingness to devote sufficient time and attention to the Company's business and discharge their responsibilities;
- Ability to develop a good working relationship with other Board members and contribute to the Board's working relationship with the senior management of the Company;
- To act within their authority, assist in protecting the legitimate interests of the Company, its shareholders and employees;

### ❑ **Criteria for appointment of KMP/Senior Management:**

- To possess the required qualifications, experience, skills & expertise to effectively discharge their duties and responsibilities;

## Report on Corporate Governance (Contd...)

- To practice and encourage professionalism and transparent working environment;
- To build teams and carry the team members along for achieving the goals/objectives and corporate mission;
- To follow strictly the code of conduct of the Company.

### ❑ Term of Directors as well as Key Managerial Personnel (KMPs):

The Term of the Directors including Managing Director / Wholetime Director / Independent Directors shall be governed as per the provisions of the Companies Act and Rules made thereunder and the SEBI (LODR) Regulations, 2015, as amended from time to time.

Whereas the term of the KMPs (other than the Managing / Wholetime Director) and Senior Management shall be governed by the prevailing HR policies of the Company.

### ❑ Details of Remuneration to all the Directors:

#### Executive Directors:

The aggregate value of salary and perquisites paid during the year 2015-16 to the Executive Directors are as follows:

(Rs. In Lakhs)

Name	Designation	Salary	Perquisites and allowances	Stock Options	Total
Mr. Pravin Kiri	Chairman	12.00	Nil	Nil	12.00
Mr. Manish Kiri	Managing Director	12.00	Nil	Nil	12.00

Executive Directors are not paid sitting fees for attending the meeting of Board of Directors or committee thereof and also not entitled to received performance linked incentives. Service contracts to above Directors upto March 31, 2018.

#### Independent Directors:

Sitting fee paid to Independent Directors during the financial year 2015-2016 are as under:

Name	Sitting Fees (in Rs.)
Mr. Keyoor Bakshi	71,500/-
Mr. Mukesh Desai	61,500/-
Mrs. Veenaben Padia	47,500/-

### (iii) Stakeholders' Relationship Committee:

In compliance with Section 178 of the Companies Act, 2013 and Regulation 20 and Schedule II, Part D of the SEBI (LODR) Regulations, 2015, a Stakeholders' Relationship Committee of the Board has been constituted. The Committee considers redressal of Investors' complaints/grievances. It also considers matters concerning complaints regarding transfer of shares, non-receipt of dividends and Annual Report, dematerialization of share certificates, etc.

### ❑ Name of the Non-Executive Director heading the committee:

Stakeholders' Relationship Committee is headed by Mrs. Veenaben Padia, Independent Director of the Company.

### ❑ Composition as well as Attendance of Stakeholders' Relationship Committee:

During the Financial year 2015-16 Stakeholders' Relationship Committee met one time on February 9, 2016.

Name of Member	Designation	Category	No. of meetings held during the year 2015-16	
			Held	Attended
Mrs. Veenaben Padia	Chairman	Independent Director	1	0
Mr. Manish Kiri	Member	Executive Director	1	1
Mr. Keyoor Bakshi	Member	Independent Director	1	1

Mr. Suresh S. Gondalia, Company Secretary and Compliance officer acts as a Secretary to the Committee.

## Report on Corporate Governance (Contd...)

☐ **Details of investor complaints received and redressed during the year 2015-16 are as follow:**

Number of shareholders complaints received so far	Number of complaints not solved to the satisfaction of shareholders	Number of pending complaints
NIL	NIL	NIL

**(iv) Corporate Social Responsibility Committee:**

Corporate Social Responsibility Committee has been constituted in accordance with the provisions of Section 135 of the Companies Act, 2013:

☐ **The Terms of reference:**

1. To formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII to the Companies Act, 2013;
2. To finalise a list of CSR projects or programs or initiatives proposed to be undertaken periodically and to review the same from time to time in accordance with requirements of section 135 of the Companies Act 2013;
3. To recommend the amount of expenditure to be incurred on the activities referred to in point (1);
4. To monitor the Corporate Social Responsibility Policy of the company from time to time;
5. To review the CSR report and other disclosures on CSR matters for the approval of the Board for their inclusion in the Board Report.

☐ **Composition as well as Attendance of Corporate Social Responsibility Committee:**

During the Financial year 2015-16 Corporate Social Responsibility Committee met one time on February 9, 2016.

Name of Member	Designation	Category	No. of meetings held during the year 2015-16	
			Held	Attended
Mrs. Veenaben Padia	Chairman	Independent Director	1	0
Mr. Pravin Kiri	Member	Executive Director	1	1
Mr. Manish Kiri	Member	Executive Director	1	1
Mr. Mukesh Desai	Member	Independent Director	1	1

Mr. Suresh S. Gondalia, Company Secretary and Compliance officer acts as Secretary to the Committee.

☐ **Corporate Social Responsibility Policy:**

The Board has approved a Corporate Social Responsibility Policy of the Company which has been uploaded on the website of the Company. This Policy is in compliance with Section 135 of the Companies Act, 2013, read with the applicable rules thereto.

**(v) Risk Management Committee:**

The Risk Management Committee of the Company meets as per criteria laid down under Regulation 21 of SEBI (LODR) Regulations, 2015.

☐ **The Terms of reference:**

The objective of the Risk Management Committee of the Company is to create and protect shareholder value by minimizing threats or losses, identifying and maximizing opportunities. The committee is responsible for reviewing the risk management plan and ensuring its effectiveness. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis.

## Report on Corporate Governance (Contd...)

### ❑ Composition of the Committee as on March 31, 2016:

Name of the member	Designation	Category
Mr. Pravin Kiri	Chairman	Executive Director
Mr. Manish Kiri	Member	Executive Director
Mr. Mukesh Desai	Member	Independent Director
Mr. Yagnesh Mankad	Member	Chief Operating Officer
Mr. Jayesh Vyas	Member	Chief Financial Officer

Mr. Suresh S. Gondalia, Company Secretary and Compliance officer acts as a Secretary to the Committee.

### ❑ Risk Management policy:

The Company has adopted the Risk Management Policy to protect and enhance the assets of company and reducing volatility in various areas of the business. Developing and supporting people by providing framework to enable the future activities and the same is available on the website of the Company i.e. [www.kiriindustries.com](http://www.kiriindustries.com)

### 3. General Body Meetings:

#### ❑ Details of Annual General Meetings held during the last three financial years:

Financial Year	Date	Time	Location
2014-15	September 26, 2015	10.30 a.m.	Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad - 380 015
2013-14	September 26, 2014	10.30 a.m.	
2012-13	September 23, 2013	10.30 a.m.	

#### ❑ Details of Special Resolutions passed in the previous three AGM:

- **No Special Resolution was passed in the 17<sup>th</sup> AGM held on September 26, 2015**
- **The members of the Company has passed following 4 (four) Special Resolutions in 16<sup>th</sup> AGM held on September 26, 2014:**
  - Power to borrow money in excess of limits prescribed under Section 180(1)(c) of the Companies Act, 2013.
  - Power to create mortgage or charge on the properties of the Company under Section 180(1)(a) of the Companies Act, 2013.
  - Approval for issue and allotment of 10,00,000 (Ten Lakhs) Equity Shares of the Company at face value of Rs. 10/- each to Kiri Employee Stock Option Trust under Kiri Employee Stock Option Scheme, 2014.
  - Approval for issue and allotment of 19,48,968 equity shares and 37,50,000 warrants of Rs. 10.00 each at an issue price of Rs.136 per equity share/warrant to Mrs. Anupama Kiri, Promoter Group of the Company and 3,00,979 equity shares to Mrs. Kamini Bakshi, other than Promoters and Promoter Group at an issue price of Rs.136 per equity share.
- **No Special Resolution was passed in 15<sup>th</sup> AGM held on September 23, 2013.**

#### ❑ Details of special resolution passed through postal ballot:

No special resolution was passed through postal ballot since last three years.

## Report on Corporate Governance (Contd...)

### 4. Disclosures:

#### ❑ Related Party Transactions:

During the financial year under review, your Company has transactions / contracts / agreements that are classified as "Related Party Transactions" under provisions of the Companies Act, 2013 and the Rules framed thereunder. These contracts/arrangements/ agreements have been in the ordinary course of business, to facilitate the business of the Company and have been approved by the Audit Committee and Board of Directors. Suitable disclosures as required by Accounting Standards (AS-18) have been made in the Notes to the financial statements. As required under Regulation 46(2) of SEBI (LODR), Regulations, 2015, the Company has also formulated a Related Party Transactions Policy which is available on the website of the Company. There are no materially significant transactions with the related parties viz. promoters, directors or the management or their relatives or subsidiaries/associate concerns etc. that had potential conflict with the company's interest.

#### ❑ Legal Compliances:

There were no instances of material non-compliances during the year under review. No strictures or penalties were imposed on the Company by SEBI, Stock Exchanges or any statutory authority on any matter related to capital markets during the last three years.

#### ❑ Vigil Mechanism :

The Company is committed to the high standards of corporate governance and stakeholders responsibility. The Company has a Whistleblower Policy (WB Policy) that provides a secured avenue to directors, employees, business associates and all other stakeholders of the company for raising their concerns against the unethical practices, if any. The WB Policy ensures that strict confidentiality is maintained whilst dealing with concerns and also that no discrimination will be meted out to any person for a genuinely raised concern.

No personnel have been denied access to the Chairman of the Audit Committee, for making complaint on any integrity issue.

The Company has formed the policy for determining material subsidiary as required under Regulation 16 of the SEBI (LODR) Regulations, 2015 and the same is available on the website of the Company i.e. <http://www.kiriindustries.com/pdf/policy/Material%20Subsidiary%20Policy.pdf>

### 5. Means of Communications

The website of the Company [www.kiriindustries.com](http://www.kiriindustries.com) is the primary source of information about the company to the public. The Company maintains a functional website containing the basic details of the Company in terms of Regulation 46 of the SEBI (LODR) Regulations, 2015. The quarterly, half-yearly and annual results of the Company are published in English and Gujarati news papers as per requirements of Regulation 47 of the SEBI (LODR) Regulations, 2015. The results are available on the website of the Company.

There were no presentations made to the institutional investors or analysts during the financial year.

### 6. General Shareholders Information:

#### i. Annual General Meeting:

Day : Friday

Date : September 23, 2016

Time : 10.30 a.m.

#### ii. Financial Year:

The Financial Year of the Company is April 1 to March 31.

#### iii. Date of Book Closure:

Friday, September 16, 2016 to Friday, September 23, 2016 (both days inclusive)

#### iv. Listing on Stock Exchanges:

- The BSE Limited  
1<sup>st</sup> Floor, Rotunda Building, B.S. Marg, Fort,  
Mumbai -400 001
- The National Stock Exchange of India Limited  
Exchange Plaza, Bandra Kurla Complex, Bandra(E),  
Mumbai-400 051.

## Report on Corporate Governance (Contd...)

- v. Listing Fees:** The Company has paid annual listing fees to both Stock Exchanges for the year 2016-17.
- vi. Stock Code:**
- BSE Limited : **532967**
  - National Stock Exchange of India Limited : **KIRIINDUS**
- vii. CIN of the Company:** L24231GJ1998PLC034094
- viii. ISIN:** INE415I01015
- ix. Monthly high, low prices and number of shares traded from April, 2015 to March, 2016 on the BSE Limited and the National Stock Exchange of India Limited are as follows:**

Months	BSE Limited			National Stock Exchange of India Limited		
	High (Rs.)	Low (Rs.)	Total No. of Shares Traded	High (Rs.)	Low (Rs.)	Total No. of Shares Traded
April-15	144.80	102.10	6,82,652	145.00	102.05	13,44,409
May-15	131.80	97.00	1,49,697	132.00	96.00	3,99,864
June-15	128.30	92.90	2,82,023	128.75	91.20	9,35,304
July-15	125.00	98.80	4,03,450	123.00	98.60	9,95,226
August-15	134.80	74.40	2,84,993	134.40	78.25	8,65,566
September-15	95.00	82.00	59,859	94.10	81.15	2,55,802
October-15	141.00	90.00	2,60,186	131.05	90.00	8,75,507
November-15	125.00	107.10	1,07,981	125.00	108.50	3,72,404
December-15	113.80	98.30	76,602	112.00	96.20	3,08,835
January-16	114.00	77.40	1,67,393	114.50	75.00	6,14,341
February-16	90.70	72.10	15,1470	92.85	71.40	5,11,994
March-16	116.20	75.00	4,49,798	116.50	72.00	16,16,248

- x. Registrar and Transfer Agents:** 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)
- xi. Share Transfer System:** Share Transfer requests, which are received in physical form are processed and the share certificates are returned within a period of 30 days from the date of receipt, subject to the documents being in order and complete in all aspects.
- xii. Address for Correspondence:** Company Secretary & Compliance Officer  
Kiri Industries Limited  
7th Floor, Hasubhai Chambers, Opp. Town Hall,  
Ellisbridge, Ahmedabad – 380 006.  
**Tel:** +91-79-26574371-73; **Fax:** +91-79-26574374  
**Email id:** [info@kiriindustries.com](mailto:info@kiriindustries.com) [investor@kiriindustries.com](mailto:investor@kiriindustries.com)  
**Website:** [www.kiriindustries.com](http://www.kiriindustries.com)

## Report on Corporate Governance (Contd...)

### xiii. Plant Locations:

Presently Company is engaged in the business of manufacturing Dyes, Dyes Intermediates and Basic Chemicals at its following plants:-

- **Dyestuff Division:**

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

- **Intermediates Division:**

Block No. 396 & 390A Village: Dudhwada, Karakha di, Tal: Padra, Dist: Vadodara, Gujarat, India

- **Basic Chemicals Division:**

Block No. 552/A, Village: Dudhwada, Karakha di, Tal: Padra, Dist: Vadodara, Gujarat, India

### xiv. Dematerialization of Shares:

99.61% of the paid-up capital of the Company has been in dematerialised form as on March 31, 2016.

### xv. Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity

The Company has not issued any GDRs/ADR as on date. However, as on March 31, 2016 there is outstanding 12,94,000 warrants issued to Mrs. Anupama Kiri, Promoter Group on Preferential basis as per SEBI (ICDR) Guideline, 2009 and conversion of FCCBs.

### xvi. Shareholding Pattern as on March 31, 2016:

Sr. No.	Categories	No. of Shares	% of Total Capital
1	Promoters and Promoter Group	9196878	34.64
2	Financial Institutions / Banks	736016	2.77
3	Bodies Corporate	2493615	9.39
4	Individuals	5754258	21.67
5	Clearing Members	97148	0.37
6	Foreign Nationals	131140	0.49
7	Hindu Undivided Family	349281	1.32
8	Non Resident Indians	414794	1.56
9	Foreign Institutional Investor ( FIIs)	5232013	19.71
10	Trusts	1000000	3.77
11	Foreign Portfolio Investments	1144808	4.31
	<b>Total</b>	<b>26549951</b>	<b>100.00</b>



## Report on Corporate Governance (Contd...)

### xviii. Distribution Schedule as on March 31, 2016:

Sr. No.	Holding (No. of Shares)	Number	% of Total	Shares	% of Total
1.	Between 1 and 1000	4038	57.31	170961	0.64
2.	Between 1001 and 5000	1712	24.30	468306	1.76
3.	Between 5001 and 10000	475	6.74	391567	1.47
4.	Between 10001 and 20000	315	4.47	482804	1.82
5.	Between 20001 and 30000	131	1.86	331319	1.25
6.	Between 30001 and 40000	56	0.79	201855	0.76
7.	Between 40001 and 50000	55	0.78	256901	0.97
8.	Between 50001 and 100000	117	1.66	877417	3.30
9.	>100000	147	2.09	23368821	88.02
	<b>Total</b>	<b>7046</b>	<b>100.00</b>	<b>26549951</b>	<b>100.00</b>

### xix. Position of Shares as on 31<sup>st</sup> March, 2016:

The Percentage of Shares held in NSDL (84.7248%), CDSL (14.8881%) and in Physical Form (0.3871%).

### 7. Disclosures with respect to demat suspense account / unclaimed suspense account:

Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year	NIL
Number of shareholders who approached the Company for transfer of shares from suspense account during the year	NIL
Number of shareholders to whom shares were transferred from the suspense account during the year	NIL
Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year	NIL

### Green Initiative

As a responsible corporate citizen, your Company welcomes and supports the 'Green Initiative' undertaken by the Ministry of Corporate Affairs, Government of India, enabling electronic delivery of documents including the Annual Report etc. to shareholders at their e-mail address registered with their Depository Participants (DPs)/ Company/Registrars & Transfer Agents.

Shareholders who have not registered their e-mail addresses so far are requested to register their e-mail addresses. Those holding shares in demat form can register their e-mail address with their concerned DPs. Shareholders who hold shares in physical form are requested to register their e-mail addresses with our Registrar and Transfer Agent i.e. M/s Cameo Corporate Service Limited, by sending a letter, duly signed by the first/sole holder quoting Folio No.

For and on behalf of Board of Directors

Date : August 12, 2016

Place : Ahmedabad

Pravin Kiri

Chairman

## Report on Corporate Governance (Contd...)

### CONFIRMATION ON CODE OF CONDUCT

**[Regulation 34(3) read with Schedule V (Part D) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]**

To,  
The Members  
Kiri Industries Limited

This is to confirm that the board has laid down a code of conduct for Board of Directors and senior management of the Company. It is further confirmed that all Directors and senior management of the company have affirmed compliance with the Code of Conduct of the Company as at March 31, 2016, as envisaged in Regulation 34(3) read with Schedule V (Part D) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

Date : August 12, 2016  
Place : Ahmedabad

**Manish Kiri**  
**Managing Director**  
**(DIN: 00198284)**

### CEO/CFO Certification

#### TO WHOM SO EVER IT MAY CONCERN

We, the undersigned, in our respective capacities as Managing Director and Chief Financial Officer of Kiri Industries Limited ("the Company") to the best of our knowledge and belief certify that:

- A. We have reviewed the financial statements and the cash flow statement for the year ended on March 31, 2016 and that to the best of our knowledge and belief:
  1. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  2. These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the auditors and the Audit committee:
  1. Significant changes in internal control over financial reporting during the year;
  2. Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  3. Instances of significant fraud of which we become aware and the involvement therein if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Yours faith fully,  
**For Kiri Industries Limited**

Place : Ahmedabad  
Date : August 12, 2016

**Manish Kiri**  
**Managing Director**

**Jayesh Vyas**  
**Chief Financial Officer**

## Report on Corporate Governance (Contd...)

### INDEPENDENT AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To  
The Members of Kiri Industries limited

We have examined the compliance of conditions of Corporate Governance of **Kiri Industries Limited** ("the Company") for the year ended March 31, 2016, as stipulated in:

1. Clause 49 (excluding clause 49(VII)(E)) of the Listing Agreements of the Company with stock exchanges for the period from April 01, 2015 to November 30, 2015.
2. Clause 49(VII)(E) of the Listing Agreements of the Company with the stock exchange(s) for the period from April 01, 2015 to September 01, 2015.
3. Regulation 23(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations) for the period from September 02, 2015 to March 31, 2016 and
4. Regulations 17 to 27 (excluding regulation 23(4)) and clauses (b) to (i) of regulation 46(2) and para C, D and E of Schedule V of the Listing Regulations for the period from December 01, 2015 to March 31, 2016.

The compliance of conditions of Corporate Governance is responsibility of the Management. Our examination was limited to review of the procedures and implementation thereof, adopted by the Company for ensuring compliance with conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We have examined the relevant records of the Company in accordance with the Generally Accepted Auditing Standards in India, to the extent relevant, and as per the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India.

In our opinion and to the best of our information and according to our examination of the relevant records and the explanations given to us and the representations made by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement and regulation 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C, D and E of Schedule V of the Listing Regulations for the respective periods of applicability as specified under paragraph 1 above, during the year ended March 31, 2016.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

**For V. D. Shukla & Co.**  
Chartered Accountants  
Firm Registration No. 110240W

Place : Ahmedabad  
Date : August 12, 2016

**Vimal D. Shukla**  
Proprietor  
Membership No. 036416

# **FINANCIAL SECTIONS**

## Independent Auditors' Report

To  
The Members of  
Kiri Industries Limited

### Report on the Standalone financial statements

We have audited the accompanying standalone financial statements of Kiri Industries Limited ("the Company"), which comprises the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Standalone financial statements

Management is responsible for the matters in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

This responsibility also includes the maintenance of a adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements,

whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the standalone financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2016;
- (b) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable
2. As required by section 143(3) of the Act, we report that:
  - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c. the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d. in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules 2014;
  - e. on the basis of written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being

## Independent Auditors' Report (Contd...)

- appointed as a director in terms of section 164(2) of the Act.
- f. with respect to the adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate report in "Annexure – A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
  - g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies(Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statement;
    - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, on long-term contracts including derivative contracts;
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company

**For V.D. Shukla &Co.**  
Chartered Accountants  
Firm Registration No.: 110240W

**Vimal D. Shukla**  
(Proprietor)  
Membership No.: 036416

Place : Ahmedabad  
Date : May 30, 2016

### ANNEXURE TO AUDIT REPORT:

**The Annexure referred to in our Audit Report of even date to the members of Kiri Industries Limited on the accounts of the company for the year ended March 31, 2016.**

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that:

1. (a) The company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
- (b) As explained to us, fixed assets have been physically verified by the management at reasonable intervals; no material discrepancies were noticed on such verification.
- (c) As explained to us, all the title deeds of immovable properties are held in the name of the company except an agricultural land intended for industrial purpose, held in the name of the chairman of the company in his fiduciary capacity as per section 88 of the Indian Trust Act, 1882, pending necessary approval for conversion of agriculture land into non agriculture land.
2. (a) As explained to us, inventories have been physically verified during the year by the management at reasonable intervals.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) In our opinion and on the basis of our examination of the records, the Company is generally maintaining proper records of its inventories. No material discrepancy was noticed on physical verification of stocks by the management as compared to book records.
3. According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 189 of the Companies Act, 2013. Consequently, the provisions of clauses ii (a), iii (b) and iii (c) of the order are not applicable to the Company.
4. In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Companies Act, 2013.
5. Based on the audit procedures applied by us and according to the information and explanations provided by the management, the company has not accepted any deposit u/s 73 to 76 or any other relevant provisions of the Companies Act, 2013.
6. We have broadly reviewed the books of accounts maintained by the company pursuant to the notification by the central government for maintenance of cost records under sub-section 1 of section 148 of the Companies Act 2013 and on the basis of information received, we are of

## Annexure to the Auditors' Report (Contd...)

the opinion that prima-facie the prescribed accounts and records have been made and maintained as per the requirement. We have, however, not carried out a detailed examination or audit of the cost records with a view to determine whether they are accurate or complete.

7. (a) According to the records of the company, it is observed that there was some delay in payment of some of the undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess to the extent applicable with appropriate authorities which were subsequently paid in full.
- (b) The disputed statutory dues that have not been deposited on account of disputed matters pending before appropriate authorities are as under.

Sr. No	Name of the Statute	Name of the Dues	Section under which dispute is pending	Period to which amount relates (FY)	Amount (Rs. In Lakhs)	Forum where the dispute is pending
1	The Income Tax Act, 1961	Income Tax	143(3)	2002-03	36.99	Income Tax Appellate Tribunal
			271(1)(c)	2002-03	139.02	Commissioner of Income Tax (Appeals)
			143(3)	2005-06	58.59	Income Tax Appellate Tribunal
			271(1)(c)	2005-06	53.67	Income Tax Appellate Tribunal
			143(3)	2007-08	8.53	Income Tax Appellate Tribunal
			143(3)	2008-09	21.18	Income Tax Appellate Tribunal
			143(3)	2009-10	19.89	Commissioner of Income Tax (Appeals)
			143(3)	2010-11	316.06	Commissioner of Income Tax (Appeals)
2	The Central Excise Act, 1944	CENVAT Refund		2009-10	341.08	High court
				2009-10	83.74	Central Excise and Service Tax Appellate Tribunal
				2010-11	255.23	Central Excise Commissioner Appeal
				2010-11	153.73	High Court
		Similar Goods		2010-11	344.00	Central Excise Commissioner Appeal
				2011-12	4.09	Central Excise Commissioner Appeal
		Differential Duties		2011-12	21.40	Central Excise Commissioner Appeal
		Outward Transportation of Finished Goods		2013-14	2.17	Custom, Excise and Service Tax Appellant Tribunal, Ahmedabad



## Annexure to the Auditors' Report (Contd...)

8. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that, the Company has not defaulted in repayment of dues to any bank and debenture holder. The company has not borrowed from financial institution or government during the year.
9. According to the information and explanation given to us, the Company has not raised money through initial public offer nor taken any term loan during the year. Hence, the question of application of funds for the purpose for which these were borrowed does not arise.
10. Based on the audit procedures performed and the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year; nor have we been informed of such case by the management.
11. During the year under review, the company has paid managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
12. Based on the audit procedures performed and the information and explanations given to us, the company is not Nidhi Company, therefore it is not required to follow Nidhi Rule, 2014.
13. Based on the audit procedures performed and the information and explanations given to us, the transactions with related party are in compliance with sections 177 and 188 of the Companies Act, 2013.
14. According to the information and explanation given to us, during the year the Company has made preferential allotment to Kiri Employees Stock Options Trust for employees and to a relative of a director by way of conversion of Share Warrants into equity shares for which the requirements of section 42 of the Companies Act, 2013 and SEBI guidelines have been complied with and the amount raised have been used for the purposes for which the funds were raised.
15. According to the information and explanation given to us, the Company has not entered in to non-cash transaction with directors or person connected with them during the year.
16. According to the information and explanation given to us, the Company is not required to be registered under section 45-IA of Reserve Bank of India Act, 1934.

**For V.D. Shukla & Co.**  
Chartered Accountants  
Firm Registration No.: 110240W

**Vimal D. Shukla**  
(Proprietor)  
Membership No.: 036416

Place : Ahmedabad  
Date : May 30, 2016

## Annexure to the Auditors' Report (Contd...)

### ANNEXURE A

#### To the Independent Auditor's Report of even date on the Standalone Financial Statements of Kiri Industries Limited

##### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of Kiri Industries Ltd. ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

##### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

##### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

##### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

##### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

##### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For V.D. Shukla & Co.**  
Chartered Accountants  
Firm Registration No.: 110240W

**Vimal D. Shukla**  
(Proprietor)  
Membership No.: 036416

Place : Ahmedabad  
Date : May 30, 2016

## Balance Sheet as at 31<sup>st</sup> March, 2016

(Rs. in Lakhs)			
Particulars	Notes	As At 31 <sup>st</sup> March, 2016	As At 31 <sup>st</sup> March, 2015
<b>EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share Capital	2	3,088.35	2,705.86
Reserves and Surplus	3	13,023.62	8,799.60
Money Received Against Share Warrants		1,759.84	5,100.00
		17,871.81	16,605.46
<b>NON-CURRENT LIABILITIES</b>			
Long-term borrowings	4	26,885.30	73,461.48
Deferred tax liabilities (Net)	5	2,254.07	2,420.47
Long Term Provisions	6	493.94	28.81
		29,633.31	75,910.76
<b>CURRENT LIABILITIES</b>			
Short-term borrowings	7	130.72	3,652.24
Trade payables	8	12,374.23	8,865.46
Other current liabilities	9	16,750.28	11,754.15
Short-term provisions	10	88.91	135.26
		29,344.14	24,407.11
<b>Total</b>		<b>76,849.26</b>	<b>116,923.33</b>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Fixed assets			
Tangible assets	11	27,691.98	30,664.78
Capital work-in-progress	11	303.40	8,854.03
		27,995.38	39,518.81
Non-current investments	12	17,443.94	17,240.88
Long-term loans and advances	13	1,310.85	2,284.07
Other non-current assets	14	84.49	132.72
		18,839.28	19,657.67
<b>CURRENT ASSETS</b>			
Inventories	15	5,044.61	5,388.32
Trade receivables	16	20,280.71	44,121.73
Cash and cash equivalents	17	150.18	50.72
Short-term loans and advances	18	4,347.02	7,967.52
Other current assets	19	192.08	218.56
		30,014.60	57,746.85
<b>Total</b>		<b>76,849.26</b>	<b>116,923.33</b>

### Significant Accounting Policies

1

The Note numbers 2 to 50 form integral part of the Financial Statements

As per our separate report of even date attached herewith.

**For V. D. Shukla & Co.,**  
Chartered Accountants  
Firm Registration No. 110240W

**Vimal D. Shukla**  
Proprietor  
Membership No. 036416

Place : Ahmedabad  
Date : May 30, 2016

For and on behalf of the Board of Directors of  
Kiri Industries Limited

**Pravin A. Kiri**  
Chairman  
(DIN No 00198275)

**Suresh S. Gondalia**  
Company Secretary

Place : Ahmedabad  
Date : May 30, 2016

**Manish P. Kiri**  
Managing Director  
(DIN No 00198284)  
**Jayesh G. Vyas**  
Chief Financial Officer

## Statement of Profit & Loss for the Year ended on 31<sup>st</sup> March, 2016

		(Rs. in Lakhs)	
Particulars	Notes	2015 - 2016	2014 - 2015
Revenue from Operations		95,571.44	83,726.89
Less : Excise duty		6,801.31	5,697.76
Net Revenue from Operations	20	88,770.13	78,029.13
Other Income	21	789.57	229.90
<b>Total Revenue</b>		<b>89,559.70</b>	<b>78,259.03</b>
<b>Expenses:</b>			
Cost of Materials Consumed	22	65,693.18	53,094.38
Purchase of Stock-in-Trade		1,337.82	2,143.46
Changes in Inventories of Finished goods, Work-in-Progress & Stock-in-Trade	23	(570.80)	2,763.61
Employee Benefits Expense	24	3,213.20	2,555.62
Finance Costs	25	6,715.03	8,444.07
Depreciation	11	2,037.68	2,021.80
<b>Other Expenses</b>			
Administrative Expenses	26	2,551.50	2,698.53
Manufacturing Expenses	27	7,182.65	6,734.60
Selling & Distribution Expenses	28	1,108.53	977.44
Prior Period Adjustments	29	19.68	196.51
<b>Total Expenses</b>		<b>89,288.47</b>	<b>81,630.02</b>
<b>Profit/(Loss) before extraordinary items and tax</b>		<b>271.23</b>	<b>(3,370.99)</b>
Add: Extraordinary Items		469.62	-
<b>Profit/(Loss) Before Tax</b>		<b>740.85</b>	<b>(3,370.99)</b>
Tax Expense			
Current Tax		151.05	-
Net Current Tax		151.05	-
Deferred Tax		(166.40)	315.39
Mat credit entitlement		151.05	-
<b>Profit/(Loss) for the year</b>		<b>907.25</b>	<b>(3,686.38)</b>
<b>Earning per equity Share</b>			
Basic		3.60	(17.75)
Diluted		2.87	(12.92)

### Significant Accounting Policies

1

The Note numbers 2 to 50 form integral part of the Financial Statements

As per our separate report of even date attached herewith.

**For V. D. Shukla & Co.,**  
Chartered Accountants  
Firm Registration No. 110240W

**Vimal D. Shukla**  
Proprietor  
Membership No. 036416

Place : Ahmedabad  
Date : May 30, 2016

For and on behalf of the Board of Directors of Kiri Industries Limited

**Pravin A. Kiri**  
Chairman  
(DIN No 00198275)

**Suresh S. Gondalia**  
Company Secretary

Place : Ahmedabad  
Date : May 30, 2016

**Manish P. Kiri**  
Managing Director  
(DIN No 00198284)

**Jayesh G. Vyas**  
Chief Financial Officer

## Cash Flow Statement for the Year ended on 31<sup>st</sup> March, 2016

PARTICULARS	(Rs. in Lakhs)	
	2015-2016	2014-2015
<b>A. Cash Flow from Operating Activities :</b>		
Net Profit before Tax and Extraordinary items	740.85	(3,370.99)
Adjustment for		
- Depreciation	2,037.68	2,021.80
- Interest & Dividend Income	(359.00)	(228.07)
- Interest charged to P & L	6,715.03	8,444.07
- Profit on Sale of Fixed Assets	-	(1.83)
Operating Profit before working capital changes:	9,134.56	6,864.99
Adjustment for :		
- Trade Receivables	23,841.03	(12,840.47)
- Inventories	343.70	3,710.44
- Long Term Advances & Other Non Current Assets	1,021.44	(255.20)
- Short Term Advances & Other Current Assets	3,646.98	(1,858.78)
- Trade Payables	3,508.77	4,390.94
- Other Current Liabilities & Short Term Provisions	(9,172.49)	(9,007.02)
- Long Term Provisions	465.14	-
- Deferred Tax Liability	(166.40)	315.39
	23,488.17	(15,544.69)
Cash Generated from Operations	32,622.73	(8,679.71)
- Taxes paid/ provision & Deferred tax	166.40	(315.39)
Net Provisions no longer required	12,387.07	-
<b>Net Cash Flow from Operations</b>	<b>20,402.06</b>	<b>(8,995.10)</b>
<b>B. Cash Flow from Investment Activities :</b>		
- Purchase of Fixed Assets	(4,153.61)	(4,364.46)
- Sale of Fixed Assets	-	5.00
- Interest and Dividend Income	359.00	228.07
- Investment	(203.06)	(263.40)
<b>Net cash flow from Investing Activities</b>	<b>(3,997.67)</b>	<b>(4,394.79)</b>

## Cash Flow Statement for the Year ended on 31<sup>st</sup> March, 2016

PARTICULARS	(Rs. in Lakhs)	
	2015-2016	2014-2015
<b>C. Cash Flow from Financing Activities :</b>		
- Share Application Money	(3,340.16)	5,100.00
- Proceeds from Equity Share Capital	382.48	372.51
- Security Premium	3,316.76	2,864.62
- Proceeds from Long term Borrowings	-	15,319.76
- Interest charged	(6,715.03)	(8,444.07)
Repayment of Long Term Borrowings	(9,949.00)	(214.28)
Repayment of Short Term Borrowings	-	(2,174.32)
<b>Net Cash Flow from Financing Activities</b>	<b>(16,304.95)</b>	<b>12,824.22</b>
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	99.46	(565.67)
Cash and Cash Equivalents as at (Opening)	50.72	616.39
Cash and Cash Equivalents as at (Closing)	150.18	50.72

As per our separate report of even date attached herewith.

**For V. D. Shukla & Co.,**  
Chartered Accountants  
Firm Registration No. 110240W

**Vimal D. Shukla**  
Proprietor  
Membership No. 036416

Place : Ahmedabad  
Date : May 30, 2016

For and on behalf of the Board of Directors of Kiri Industries Limited

**Pravin A. Kiri**  
Chairman  
(DIN No 00198275)

**Suresh S. Gondalia**  
Company Secretary

Place : Ahmedabad  
Date : May 30, 2016

**Manish P. Kiri**  
Managing Director  
(DIN No 00198284)  
**Jayesh G. Vyas**  
Chief Financial Officer

## Notes to the Financial Statements

### 1) SIGNIFICANT ACCOUNTING POLICIES

#### 1.1 Accounting Convention:

The financial statements are prepared under the historical cost convention on the "Accrual Concept" of accountancy in accordance with the accounting principles generally accepted in India and comply with the accounting standards issued by the Institute of Chartered Accountants of India to the extent applicable and with the relevant provisions of the Companies Act, 2013.

#### 1.2 Use of Estimates:

The preparation of the financial statements requires estimates and assumption to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual result and estimates are recognized in the period in which the results are known / materialized.

#### 1.3 Accounting for Fixed Assets:

Fixed Assets are stated at cost of acquisition and subsequent improvements net of CENVAT credit and VAT but including freight and other incidental expenses related to acquisition, installation and foundation less accumulated depreciation. Direct expenses as well as pro rata identifiable indirect expenses on the projects during construction period are capitalized and apportioned on fixed assets on the date of commencement of commercial production. In the lines of opinion of the Expert Advisory Committee (EAC) of ICAI, the cost of acquisition of fixed assets acquired out of loans has been reduced to the extent of waiver of principal amount of term loans which was attributable to acquisition of fixed assets.

#### 1.4 Depreciation Accounting:

Depreciation has been provided on straight line method and in the manner specified in Schedule II to the Companies Act, 2013. Depreciation is not recorded on capital work-in-progress until construction and installation are complete and asset is ready for its intended use. In accordance with the provisions of the Companies Act 2013, effective from 1st April 2014, the company has reassessed the remaining useful life of its Fixed Assets as prescribed by Schedule II to the Act or actual useful life of assets, whichever is lower. The carrying value has been depreciated over the remaining of the revised life of

the assets and recognized in the Statement of Profit & Loss.

#### 1.5 Impairment of Assets:

An assets is treated as impaired when the carrying cost of assets exceeds its recoverable value & impairment loss is charged to Statement of profit and loss in the period in which assets is identified as impaired. The impairment loss, if any recognized in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

#### 1.6 Borrowing Cost:

Borrowing Costs that are attributable to the acquisition, construction or production of qualifying fixed assets are capitalized as part of the cost of such assets. All other borrowing costs are recognized as expenses in the period in which they are incurred.

#### 1.7 Preliminary and Pre-operative Expenses

Preliminary and pre-operative expenses are written off in 10 equal installments.

#### 1.8 Accounting for Investments:

Current investments are carried at the lower of cost and fair value computed category wise. Long term investments are stated at cost. Provision for diminution in the value of long term investments is made, only if, in the opinion of the management, such a decline is regarded as being other than temporary.

#### 1.9 Valuation of Inventories:

The inventories are valued as under:

- a. Raw materials are valued at lower of cost excluding excise duty and other taxes or market value.
- b. Work in process is valued at lower of cost or market value. Material lying on shop floor and awaiting packing and sending in bonded warehouse have been treated as work-in-process.
- c. Semi finished goods are valued at lower of cost to the stage of completion or market value.
- d. Finished goods are valued at lower of cost exclusive of excise duty or market value.
- e. Stock of packing materials is valued at lower of cost or market value.

## Notes to the Financial Statements (Contd...)

### 1.10 Revenue Recognition:

#### Sales

Sales are recognized when goods are supplied and are recorded net of trade discounts, rebates and Value Added Tax.

#### Interest:

Revenue is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

#### Dividends:

Revenue is recognized when the shareholders' right to receive payment is established by the balance sheet date. Dividend from subsidiaries/associates is recognized even if same are declared after the balance sheet date but pertains to period on or before the date of balance sheet as per the requirement of Schedule III to the Companies Act, 2013.

#### Export Incentives:

Revenue is recognized on an accrual basis. The revenue is accounted on a going concern basis.

### 1.11 Accounting for effects of changes in foreign exchange rates:

Outstanding balances of foreign currency monetary items at the year end are restated at the exchange rate prevailing at the year end. The exchange rate difference arising there from has been recognized as income or expense in the current year's Statement of Profit and Loss.

Foreign currency translations of revenue nature are translated into Indian Rupees at the exchange rate prevailing on the date of financial transactions.

### 1.12 Accounting for Retirement Benefits :

- i) Contributions to Employees' Provident Fund remitted to statutory authority are charged to revenue.
- ii) Liability on leave encashment to employees is provided based on actuarial valuation.
- iii) The company has made an arrangement with Life Insurance Corporation of India / State Bank of India for covering gratuity liability inclusive of past services.

### 1.13 Accounting for Taxes on Income :

Current tax is determined as the amount of tax payable in respect of taxable income for the period.

Deferred tax resulting from "timing difference" between taxable incomes and accounting income is accounted for, using the tax rates and tax laws that have been enacted or substantially enacted as on the Balance Sheet date.

### 1.14 Provisions, Contingent Liabilities and Contingent Assets :

Contingent Liabilities being a possible obligation as a result of past events the existence of which will be confirmed by the occurrence or non-occurrence of one or more future events not wholly in the control of the company. Contingent Liabilities are not recognized in the accounts. Further the nature of such liabilities, an estimate of its financial effect, etc. is disclosed as a part of Notes to Financial Statements.

### 1.15 Lease Rentals:

Operating lease is charged to Statement of profit and loss on accrual basis.



## Notes to the Financial Statements (Contd...)

### 2 SHARE CAPITAL

(Rs. in Lakhs)

Particulars	As At 31.03.2016	As At 31.03.2015
<b>Authorised Share Capital</b>		
15,00,00,000 Equity Shares (Previous year 15,00,00,000) of Rs 10/-each	15,000.00	15,000.00
5,00,00,000 Preference Shares (Previous year 5,00,00,000) of Rs 10/-each	5,000.00	5,000.00
	20,000.00	20,000.00
<b>Issued, Subscribed &amp; Paid-up Capital</b>		
26,549,951 Equity Shares (Previous year 22,725,126) of Rs 10/- each fully paid up	2,655.00	2,272.51
Out of above, 10,00,000 Equity Shares (Previous year NIL) of Rs 10/- each fully paid up issued under Kiri Employee Stock Option Scheme, 2014 to Independent Kiri Employee Stock Option Trust		
43,33,500 (0.15%) Cumulative Non Convertible Redeemable Preference Shares (Previous year 43,33,500) of Rs. 10/- each Fully paid up	433.35	433.35
<b>Total</b>	<b>3,088.35</b>	<b>2,705.86</b>

The reconciliation of the number of Equity Shares outstanding as at 31.03.2016 and 31.03.2015 is set out below:

Particulars	As At 31.03.2016	As At 31.03.2015
Number of shares at the beginning	22,725,126	19,000,053
Add: Shares issued during the year	3,824,825	3,725,073
Number of shares at the end	26,549,951	22,725,126

The reconciliation of the number of Preference Shares outstanding as at 31.03.2016 and 31.03.2015 is set out below:

Particulars	As At 31.03.2016	As At 31.03.2015
Number of shares at the beginning	4,333,500	-
Add: Shares issued during the year	-	4,333,500
Number of shares at the end	4,333,500	4,333,500

The details of shareholder holding more than 5% Equity Shares as at 31.03.2016 and 31.03.2015 are set out below :

Name of the shareholders	No. of shares	% held as at 31.03.2016	No. of shares	% held as at 31.03.2015
Mr. Pravin Kiri	2,501,680	9.42	2,501,680	11.01
Mr. Manish Kiri	1,822,728	6.87	1,822,728	8.02
Mrs. Anupama Kiri	4,407,238	16.60	1,951,238	8.59
LTS Investment Funds Limited	1,813,951	6.83	1,475,126	6.49
GMO Emerging Markets Fund	1,709,182	6.44	1,452,360	6.39

## Notes to the Financial Statements (Contd...)

### 3 RESERVES AND SURPLUS (Rs. in Lakhs)

Particulars	As At 31.03.2016	As At 31.03.2015
- <b>Debenture Redemption Reserve</b>		
Opening Balance	800.00	800.00
Add : Transfer from Statement of Profit & Loss	400.00	-
Closing Balance	1,200.00	800.00
- <b>Security Premium</b>		
Opening Balance	31,045.50	27,964.24
Addition during the year	3,352.05	3,097.22
Out of the above addition premium for 10,00,000 shares issued under Kiri Employee Stock Option Scheme, 2014 to Independent Kiri Employee Stock Option Trust of Rs. 25 per share (Previous Year NIL)		
Less : Share/FCCB Conversion Exps.	34.50	15.96
Closing Balance	34,363.05	31,045.50
- <b>General Reserve</b>		
Opening Balance	417.60	465.80
Less : Fixed Asset on account of change in method of Depreciation.	-	(48.20)
Closing Balance	417.60	417.60
- <b>Redemption Reserve of Non Convertible Preference Share</b>		
Opening Balance	-	-
Addition during the year	92.86	-
Closing Balance	92.86	-
- <b>Surplus</b>		
Opening Balance	(23,463.50)	(19,777.12)
Add : Net profit after tax transferred from Statement of Profit and Loss	907.25	(3,686.38)
Amount available for appropriation	(22,556.25)	(23,463.50)
Less : Provision for DDT on Pref Shares	0.13	-
Less : Provision for Dividend on Pref Shares	0.65	-
Less : Provision for Redemption Reserve of Non Convertible Preference Share	92.86	-
Less : Provision for Debenture Redemption Reserve	400.00	-
Closing Balance	(23,049.89)	(23,463.50)
<b>Total</b>	<b>13,023.62</b>	<b>8,799.60</b>

The Provision for Debenture redemption reserve has been made to the extent of availability of surplus.

### 4 LONG TERM BORROWINGS (Rs. in Lakhs)

Particulars	As At 31.03.2016	As At 31.03.2015
<b>Secured :</b>		
Non Convertible Debentures	-	3,350.00
Term Loans from Banks & Others	26,139.75	69,881.41
<b>Unsecured :</b>		
Zero Coupon Foreign Currency Convertible Bonds	745.55	230.07
<b>Total</b>	<b>26,885.30</b>	<b>73,461.48</b>

## Notes to the Financial Statements (Contd...)

The details of security offered for the long term borrowings and current maturity of long term debts are set out below:

Sr. No.	Description of Assets/Security	Security given to
1	All that piece or parcel of lease hold Plot No. 299/1/A, admeasuring about 3767 sq. mts., alongwith factory shed building, Plant and Machinery standing thereon of Vatwa Industrial Estate of Gujarat Industrial Development Corporation, situated upon land bearing Survey No. 416/p and 410/p of mouje: Vinzol, Taluka: Dascroi, Registration District Ahmedabad and Sub-District Ahmedabad-5 (Narol)	First pari passu charge for securing credit facilities from Invent Assets Securitisation and Reconstruction Private Limited, Assets Care & Reconstruction Enterprise Limited and Punjab National Bank.
2	All that piece or parcel of lease hold Plot No. 299/1/B, admeasuring about 2050 sq. mts., alongwith factory shed building, Plant and Machinery standing thereon of Vatwa Industrial Estate of Gujarat Industrial Development Corporation, situated upon land bearing Survey No. 416/p and 410/p of mouje: Vinzol, Taluka: Dascroi, Registration District Ahmedabad and Sub-District Ahmedabad-5 (Narol)	First pari passu charge for securing credit facilities from Invent Assets Securitisation and Reconstruction Private Limited, Assets Care & Reconstruction Enterprise Limited and Punjab National Bank.
3	All that piece or parcel of lease hold Plot No. 10/8, (Phase-I), admeasuring about 2539 Sq. Mtrs. alongwith Factory shed building, Plant and Machinery standing thereon of Vatwa Industrial Estate of Gujarat Industrial Development Corporation, situated upon land bearing Survey No. 418/p of mouje: Vinzol & Vatwa, Taluka: Dascroi, Registration District Ahmedabad and Sub-District Ahmedabad-5 (Narol)	First pari passu charge for securing credit facilities from Invent Assets Securitisation and Reconstruction Private Limited, Assets Care & Reconstruction Enterprise Limited and Punjab National Bank.
4	All that piece or parcel of non-agricultural land bearing amalgamated Block No. 396 (allotted in lieu of old Block Nos. 396, 399, 400/A, 400/B, 401, 402, 403 and 404/A) totally admeasuring about 45773 sq. mts. Alongwith factory shed building, plant and machinery at Mouje: Dudhawada, Taluka: Padra, Registration District Vadodara and Sub-District Padra.	First pari Passu Charge to IDBI Trusteeship Services Ltd for securing Non convertible debentures and credit facilities from Invent Assets Securitisation and Reconstruction Private Limited, Assets Care & Reconstruction Enterprise Limited and Punjab National Bank.
5	All that piece and parcel of non-agricultural land bearing Block No. 552/A, 566, 567, 569, 570 & 571 admeasuring about 31942 sq.mts., Alongwith factory shed building, plant and machinery at Mouje: Dudhwada, Taluka: Padra, Registration District: Vadodara and Sub-District: Padra	First pari Passu Charge to IDBI Trusteeship Services Ltd for securing Non convertible debentures and credit facilities from Invent Assets Securitisation and Reconstruction Private Limited, Assets Care & Reconstruction Enterprise Limited and Punjab National Bank.
6	All that piece or parcel of lease hold Plot Nos. 365 & 366, admeasuring about 1507.93 sq. mts., along with factory shed building standing thereon of Vatwa Industrial Estate of Gujarat Industrial Development Corporation, situated upon land bearing Survey 410/p of mouje: Vinzol, Taluka: Dascroi, Registration District Ahmedabad and Sub-District Ahmedabad-5 (Narol)	First pari passu charge for securing credit facilities from Invent Assets Securitisation and Reconstruction Private Limited and Punjab National Bank. Second charge for securing credit facilities from Assets Care & Reconstruction Enterprise Limited
7	All that piece and parcel of non agricultural land bearing Block No. 390/A, 390/B, 391/A, 391/B, 394/A/1, admeasuring about 22311 sq. mts., Alongwith factory shed building, plant and machinery situate lying and being at mouje: Dudhwada, Taluka: Padra, Registration District: Vadodara and Sub-District: Padra	First pari passu charge for securing credit facilities from Invent Assets Securitisation and Reconstruction Private Limited and Punjab National Bank. Second charge for securing credit facilities from Assets Care & Reconstruction Enterprise Limited.

## Notes to the Financial Statements (Contd...)

Sr. No.	Description of Assets/Security	Security given to
8	All that piece and parcel of non agricultural land bearing Block No. 393, 394/A/2 394/B/1, 394/B/2, admeasuring about 16313 sq.mts., Alongwith factory shed building, plant and machinery situate lying and being at mouje: Dudhwada, Taluka: Padra, Registration District: Vadodara and Sub-District: Padara	First Charge for securing credit facilities from Invent Assets Securitisation and Reconstruction Private Limited and Second pari passu charge for securing credit facilities from Punjab National Bank and Assets Care & Reconstruction Enterprise Limited
9	All that pieces and parcels of lands, comprised in and forming part of lands admeasuring 1,69,463 Sq. Mtrs., together with all buildings, structures, erections, etc. constructed and/or to be constructed thereon, both present and future, and being, lying and situated at Village: Kadodara, Taluka: Wagra & Distt. Bharuch and uninstalled plant and machinery of Hydrogen Peroxide Plant of the Company.	First charge for securing corporate loan from Assets Care and Reconstruction Enterprise Limited.
10	Pledge of 26,23,354 equity shares of Dystar Global Holdings (Singapore) Pte. Ltd.	Pledge of 13,11,677 equity shares to Invent Assets Securitisation and Reconstruction Private Limited, Assets Care & Reconstruction Enterprise Limited and Punjab National Bank on pari passu basis. Further, exclusive charge by way of pledge of 3,96,320 equity shares to Assets Care & Reconstruction Enterprise Limited and pledge of 9,15,357 equity shares to Invent Assets Securitisation and Reconstruction Private Limited

**The details of long term borrowings and current maturity of long term borrowings guaranted by Directors are set out below :**

### Secured Loans

Loans from Invent Assets Securitisation and Reconstruction Private Limited, Punjab National Bank and Asset Care and Reconstruction Enterprise Limited are secured by personal Guarantees of some of the directors.

**The details of terms of repayment etc of long term borrowings and current maturity of long term borrowings are given below :**

In respect of debts due to Invent Assets Securitisation and Reconstruction Private Limited ("Invent") and as per settlement agreements executed by the Company with Invent, the outstanding settlement amount shall be repayable in Monthly/Quarterly installments starting from September-2015 ending September, 2022. In respect of debts due to Assets Care and Reconstruction Enterprise Limited ("ACRE") and as per settlement agreements executed by the Company with ACRE, the outstanding settlement amount shall be repayable in Monthly/Quarterly installments starting from March, 2015 ending September, 2019. In respect of NCDs, as per settlement agreement executed between sole debenture holder, the Company and Gaurantors, total outstanding 335 Non Convertible Debentures ("NCDs") (Series A-207 NCDs and Series B -128 NCDs) of Rs. 10,00,000 each agreeegating to Rs. 3350.00 Lakhs shall be repaid at settlement amount of Rs. 2550.00 Lakhs in four quarterly installments starting from June 30, 2016 ending March 31, 2017 alongwith interest at the rate of 10.75%. p.a. In respect of debts due to Punjab National Bank and as per settlement agreement executed by the Company with Punjab National Bank, the outstanding settlement amount shall be repaid in monthly installment including simple interest at the rate of 10% p.a. starting from October, 2015 to February, 2017.

## Notes to the Financial Statements (Contd...)

### 5 DEFERRED TAX

The Company estimates deferred tax assets and liabilities using the applicable rate of taxation based on the impact of timing difference between financial statements and estimated taxable income for the current year. The net deferred tax assets /liabilities as at March 31, 2016 is given as below:

Particulars	(Rs. in Lakhs)	
	As At 31.03.2016	As At 31.03.2015
	Deferred Tax Assets	Deferred Tax Liabilities
Opening Balance of Deferred Tax Liabilities (Net )	-	2,420.47
Add : Addition during the year	-	(166.40)
<b>Total</b>	<b>-</b>	<b>2,254.07</b>

### 6 LONG TERM PROVISIONS

Particulars	(Rs. in Lakhs)	
	As At 31.03.2016	As At 31.03.2015
Provision for employee related liabilities	493.94	28.81
<b>Total</b>	<b>493.94</b>	<b>28.81</b>

### 7 SHORT-TERM BORROWINGS

Particulars	(Rs. in Lakhs)	
	As At 31.03.2016	As At 31.03.2015
<b>Secured :</b>		
Working Capital Loan from Banks	-	3,416.00
<b>Unsecured :</b>		
Loans from Directors / Promoters	-	105.52
Intercompany Deposits	130.72	130.72
<b>Total</b>	<b>130.72</b>	<b>3,652.24</b>

The details of Loans guaranteed by Directors or others are set out below :

Particulars	(Rs. in Lakhs)	
	Guaranteed by	Amount of Loan
<b>Unsecured Loans :</b>		
Inter Corporate Deposits	Personal Guarantee of some of the Directors	130.72

### 8 TRADE PAYABLES

Particulars	(Rs. in Lakhs)	
	As At 31.03.2016	As At 31.03.2015
Trade payables	12,374.23	8,865.46
<b>Total</b>	<b>12,374.23</b>	<b>8,865.46</b>

## Notes to the Financial Statements (Contd...)

### 9 OTHER CURRENT LIABILITIES

(Rs. in Lakhs)

Particulars	As At 31.03.2016	As At 31.03.2015
Current Maturity of Long-term secured debt	14,122.26	-
Credit Balances in Bank Accounts	444.58	52.32
Interest accrued but not due on borrowings	254.75	8,202.53
Advance received from Customers	345.02	2,553.70
Statutory Dues	163.13	67.32
Unpaid / Unclaimed Dividend	1.06	1.06
Employee Benefit Payables	142.14	226.59
Other Liabilities	1,277.34	650.63
<b>Total</b>	<b>16,750.28</b>	<b>11,754.15</b>

Current Maturity of Long-term secured debt includes loans from Punjab National Bank, Invent Assets Securitisation and Reconstruction Private Limited, Asset Care and Reconstruction Enterprise Limited and NCD holder.

### 10 SHORT-TERM PROVISIONS

(Rs. in Lakhs)

Particulars	As At 31.03.2016	As At 31.03.2015
Provision for Employee Benefit - current	88.65	88.76
Provision for Taxation	0.26	46.50
<b>Total</b>	<b>88.91</b>	<b>135.26</b>

### 11 FIXED ASSETS

(Rs. in Lakhs)

Assets	Gross Block as on 01.04.2015	Addition during the year	Deletion during the year	Closing Block as on 31.03.2016	Opening Depreciation Block as on 01.04.2015	Depreciation during the year	Deletion during the year	Transfer to retained Earnings	Closing Block as on 31.03.2016	WDV As On 31.03.2016	WDV As On 31.03.2015
<b>TANGIBLE ASSETS</b>											
Land	1,202.34	79.58	-	1,281.92	-	-	-	-	-	1,281.92	1,202.34
Building	7,785.77	402.74	755.79	7,432.72	1,179.94	219.78	94.65	-	1,305.07	6,127.65	6,605.83
Plant & Machinery	35,149.23	3,638.13	5,654.71	33,132.65	13,456.59	1,607.66	1,309.87	-	13,754.38	19,378.27	21,692.64
Electrification	1,134.14	5.00	124.48	1,014.66	441.86	95.94	42.10	-	495.70	518.96	692.28
Office Equipments	107.45	11.02	-	118.47	71.38	15.43	-	-	86.81	31.66	36.07
Furniture & Fixture	151.18	2.42	-	153.60	62.78	17.11	-	-	79.89	73.71	88.40
Vehicles	578.46	-	0.36	578.10	279.36	72.04	-	-	351.40	226.70	299.10
Computer	108.20	5.85	-	114.05	64.44	5.33	-	-	69.77	44.28	43.76
<b>INTANGIBLE ASSETS</b>	-	-	-	-	-	-	-	-	-	-	-
Computer Software	10.83	8.87	-	19.70	6.48	4.40	-	-	10.88	8.82	4.35
Capital Work In Progress	8,854.03	-	8,550.63	303.40	-	-	-	-	-	303.40	8,854.03
<b>TOTAL</b>	<b>55,081.63</b>	<b>4,153.61</b>	<b>15,085.97</b>	<b>44,149.27</b>	<b>15,562.83</b>	<b>2,037.68</b>	<b>1,446.62</b>	<b>-</b>	<b>16,153.89</b>	<b>27,995.38</b>	<b>39,518.81</b>
<b>PREVIOUS YEAR</b>	<b>50,730.77</b>	<b>6,417.98</b>	<b>2,066.77</b>	<b>55,081.98</b>	<b>13,503.24</b>	<b>2,021.80</b>	<b>10.08</b>	<b>48.20</b>	<b>15,563.17</b>	<b>39,518.81</b>	<b>37,227.53</b>

Note: Land includes Agricultural Land intended for Industrial purpose, held in the name of the Chairman of the Company in his fiduciary capacity as per Section 88 of the Indian Trust Act, 1882, pending necessary approval for conversion of agriculture land into non agriculture land.

## Notes to the Financial Statements (Contd...)

### 12 NON CURRENT INVESTMENTS

(Rs. in Lakhs)

Particulars	As At 31.03.2016	As At 31.03.2015
<b>Non-current Investment</b>		
<b>Trade (Unquoted)</b>		
- <b>Investments in Mutual Funds</b>		
100,375.955 Units (P.Y.100,000) SBI Mutual Fund (NAV of the units held Rs. 14.40 Lakhs (P.Y.3.58 Lakhs)	13.76	10.00
<b>Investment in Subsidiary</b>		
1 Equity Share (P.Y. 1) of US \$ 1 each in Kiri International (Mauritius) Private Ltd fully paid up.	-	-
38,39,000 Equity Shares (P.Y. 10,00,000) of HK \$ 1 each in Synthesis International Ltd fully paid up.	256.86	57.56
13,411 Equity Share (P.Y. 13,411) of SG \$ 1 each in Kiri Investment & Trading Singapore Pvt. Ltd. fully paid up.	5.00	5.00
9,70,000 Equity Shares (P.Y. 9,70,000) of NTD 10 each in SMS Chemical Co Ltd fully paid up.	339.53	339.53
200 Equity Shares (P.Y. 200) of AED 1000 each in Chemhub Trading DMCC fully paid up.	28.81	28.81
<b>Investment in Associate Company</b>		
26,23,354 Equity Shares (P.Y. 26,23,354) of SG \$ 10 each in DyStar Global Holdings (Singapore) Pte. Ltd. fully paid up.	9,550.23	9,550.23
26,25,000 Equity Shares (P.Y. 26,25,000) of Rs 10 each in Kiri Infrastructure Private Limited fully paid up.	1,443.75	1,443.75
<b>Investment in Joint Venture Company</b>		
3,00,00,000 Equity Shares (P.Y.3,00,00,000) of Rs.10 each in Lonsen Kiri Chemical Industries Limited fully paid up.	3,000.00	3,000.00
2,80,00,000 5% Non Cumulative Redeemable Preference Shares (P.Y. 2,80,00,000) of Rs 10 each in Lonsen Kiri Chemical Industries Limited fully paid up.	2,800.00	2,800.00
<b>Others (Unquoted)</b>		
- <b>Investments in Equity Instruments</b>		
20,000 Equity Shares (P.Y. 20,000) of Rs. 25 each in Kalupur Commercial Co-Operative Bank Limited. fully paid up	5.00	5.00
10,000 Equity Shares (P.Y. 10,000 ) of Rs. 10 each in Kapsil Aqua Enviro Limited fully paid up	1.00	1.00
<b>Total Non-current Investment</b>	<b>17,443.94</b>	<b>17,240.88</b>

## Notes to the Financial Statements (Contd...)

### 13 LONG-TERM LOANS AND ADVANCES

(Rs. in Lakhs)

Particulars	As At 31.03.2016	As At 31.03.2015
<b>Unsecured, considered good</b>		
Capital Advances	280.08	1,462.46
Security Deposits	585.88	428.57
Loans & Advance to Employees	417.09	78.26
Other Loans & Advances	27.80	314.78
<b>Total</b>	<b>1,310.85</b>	<b>2,284.07</b>

### 14 OTHER NON-CURRENT ASSETS

(Rs. in Lakhs)

Particulars	As At 31.03.2016	As At 31.03.2015
Deposits with Banks	84.26	132.27
Unamortised Expenses	0.23	0.45
<b>Total</b>	<b>84.49</b>	<b>132.72</b>

### 15 INVENTORIES

(Rs. in Lakhs)

Particulars	As At 31.03.2016	As At 31.03.2015
Raw Material	862.88	1,524.66
Finished Goods	1,008.33	524.75
Stock in Process & Semi Finished Goods	3,088.05	3,000.83
Packing Material	85.35	338.08
<b>Total</b>	<b>5,044.61</b>	<b>5,388.32</b>



## Notes to the Financial Statements (Contd...)

### 16 TRADE RECEIVABLES

(Rs. in Lakhs)

Particulars	As At 31.03.2016	As At 31.03.2015
Debt outstanding for a period exceeding six months		
Unsecured considered good	2,744.81	1,107.65
Doubtful	423.87	1,194.77
	3,168.68	2,302.42
Less : Allowance for Bad & Doubtful	-	-
	3,168.68	2,302.42
Other debts		
Unsecured considered good	17,112.03	41,819.31
	17,112.03	41,819.31
<b>Total</b>	<b>20,280.71</b>	<b>44,121.73</b>

### 17 CASH AND CASH EQUIVALENTS

(Rs. in Lakhs)

Particulars	As At 31.03.2016	As At 31.03.2015
Cash on Hand	4.66	22.28
<b>Balances with Scheduled Banks</b>		
In Current Account	144.46	27.38
Others		
Balances in Unpaid Dividend Accounts	1.06	1.06
<b>Total</b>	<b>150.18</b>	<b>50.72</b>

### 18 SHORT-TERM LOANS AND ADVANCES

(Rs. in Lakhs)

Particulars	As At 31.03.2016	As At 31.03.2015
Others		
<b>Unsecured, considered good</b>		
Advance Tax & Tax Deducted at Source (Net of Provision Rs.1,262.27 Lakhs Less: Rs.151.05 Lakhs)	1,111.22	1,289.75
MAT Credit Entitlement	556.90	405.85
Balance with Government Authorities	2,225.39	4,643.27
Advances to Suppliers	436.94	1,600.50
Prepaid expenses	16.57	28.15
<b>Total</b>	<b>4,347.02</b>	<b>7,967.52</b>

## Notes to the Financial Statements (Contd...)

### 19 OTHER CURRENT ASSETS (Rs. in Lakhs)

Particulars	As At 31.03.2016	As At 31.03.2015
Interest Accrued on Deposits	52.08	61.06
Dividend Receivable	140.00	157.50
<b>Total</b>	<b>192.08</b>	<b>218.56</b>

### 20 REVENUE FROM OPERATIONS (Rs. in Lakhs)

Particulars	2015-2016	2014-2015
Sale of Products	88,191.17	76,053.78
Other Operating Revenue	578.96	1,975.35
<b>Total</b>	<b>88,770.13</b>	<b>78,029.13</b>

### 21 OTHER INCOME (Rs. in Lakhs)

Particulars	2015-2016	2014-2015
Interest Income		
- FDs with Banks & ICDs	214.64	53.07
- Gain on Settlement of Loans	430.57	-
	645.21	53.07
Dividend Income	144.36	175.00
Profit on sale of Fixed Assets	-	1.83
<b>Total</b>	<b>789.57</b>	<b>229.90</b>

### 22 COST OF MATERIAL CONSUMED (Rs. in Lakhs)

Particulars	2015-2016	2014-2015
<b>Raw Material Consumed :</b>		
Opening Inventory	1,524.66	2,458.97
Add : Net Purchases	63,218.11	51,268.24
Less: Inventory at the end of the year	862.88	1,524.66
<b>Cost of Raw Material consumed during the year</b>	<b>63,879.89</b>	<b>52,202.55</b>
<b>Packing Material Consumed :</b>		
Opening Inventory	338.08	350.73
Add : Net Purchases	1,560.56	879.18
Less: Inventory at the end of the year	85.35	338.08
<b>Cost of Packing Material consumed during the year</b>	<b>1,813.29</b>	<b>891.83</b>
<b>Total</b>	<b>65,693.18</b>	<b>53,094.38</b>

## Notes to the Financial Statements (Contd...)

### 23 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS & STOCK-IN TRADE (Rs. in Lakhs)

Particulars	2015-2016	2014-2015
<b>(Increase)/decrease in Stocks</b>		
<b>Stock at the beginning of the year :</b>		
Finished Goods	524.75	2,028.49
Work in Progress & Semi Finished Goods	3,000.83	4,260.70
	3,525.58	6,289.19
<b>Stock at the end of the year :</b>		
Finished Goods	1,008.33	524.75
Work in Progress & Semi Finished Goods	3,088.05	3,000.83
	4,096.38	3,525.58
<b>Total</b>	<b>(570.80)</b>	<b>2,763.61</b>

### 24 EMPLOYEE BENEFITS EXPENSE (Rs. in Lakhs)

Particulars	2015-2016	2014-2015
Salaries, Wages & Bonus	3,002.72	2,286.78
Contribution to Provident fund & other funds	40.29	132.78
Welfare Expenses	170.19	136.06
<b>Total</b>	<b>3,213.20</b>	<b>2,555.62</b>

### 25 FINANCE COST (Rs. in Lakhs)

Particulars	2015-2016	2014-2015
Interest & Financial Charges		
- Interest Cost	6,657.33	8,382.39
- Financial Charges	57.70	61.68
<b>Total</b>	<b>6,715.03</b>	<b>8,444.07</b>

## Notes to the Financial Statements (Contd...)

### 26 ADMINISTRATIVE EXPENSES

(Rs. in Lakhs)

Particulars	2015-2016	2014-2015
Insurance Premium	66.48	66.72
Communication Expenses	35.09	31.71
Postage & Conveyance	28.16	25.65
Travelling & Conveyance	32.20	58.45
Repairs & Maintenance - Others	48.82	25.80
Membership & Subscription	1.37	2.23
Security Expenses	73.00	62.21
Legal & Professional Fees	440.81	788.35
Payment to Auditors	15.00	10.00
Rates & Taxes	153.41	37.96
Foreign Exchange Loss	1,630.23	1,542.28
CSR and Social Welfare Expenses	13.32	33.89
Miscellaneous Expenses	11.66	9.25
Preliminary Expenses Written Off	0.23	0.23
Software Expense	1.72	3.80
<b>Total</b>	<b>2,551.50</b>	<b>2,698.53</b>

### 27 MANUFACTURING EXPENSES

(Rs. in Lakhs)

Particulars	2015-2016	2014-2015
Operational & Other Expenses		
- Power & Fuel	5,317.28	4,992.93
Pollution Treatment Expenses	223.84	102.62
Repairs & Maintenance		
- Buildings	69.60	174.11
- Machineries	1,261.56	1,103.39
- Other Assets	218.49	249.69
	<u>1,549.65</u>	<u>1,527.19</u>
Laboratory Expenses	18.56	24.38
Factory Expenses	73.32	87.48
<b>Total</b>	<b>7,182.65</b>	<b>6,734.60</b>

## Notes to the Financial Statements (Contd...)

### 28 SELLING & DISTRIBUTION EXPENSES (Rs. in Lakhs)

Particulars	2015-2016	2014-2015
Warehouse Charges	-	0.72
Export Expenses	33.79	34.53
Outward Freight & Transportation Charges	859.32	849.59
Travelling Expenses	141.39	56.22
Advertisement & Sales Promotion Expenses	74.03	36.38
<b>Total</b>	<b>1,108.53</b>	<b>977.44</b>

### 29 PRIOR PERIOD ADJUSTMENTS (Rs. in Lakhs)

Particulars	2015-2016	2014-2015
Prior Period Expenses	19.68	196.51
<b>Total</b>	<b>19.68</b>	<b>196.51</b>

**30** Debit and Credit balances of debtors, creditors, loans and advances are subject to confirmation and reconciliation, if any and they are stated in the Balance Sheet if realized in the ordinary course of business. The provision for all known liabilities is adequate and not in excess of the amount reasonably necessary.

**31** During the year, the company entered into settlement agreement with ARCs/Bank. In accordance with the agreement, the company reduced its debts as lenders have agreed to waive principal sum of Rs.17,823.01 Lakhs and interest of Rs.23,490.02 Lakhs. Appropriate treatment has been given in the accounts on the lines of opinion of the Expert Advisory Committee (EAC) of ICAI, including the reduction in cost of acquisition of fixed assets acquired out of loans to the extent of waiver of principal amount of term loans which was attributable to acquisition of fixed assets.

### 32 Contingent Liabilities (Rs. in Lakhs)

Particulars	2015-2016	2014-2015
Guarantees given by Banks on behalf of the Company for various purposes.	84.26	182.96
Disputed Income Tax / Excise matters for various assessment years for which appeals are pending with Appellate authorities.	1,859.37	1,915.95

### 33 Directors' Remuneration (Rs. in Lakhs)

Particulars	2015-2016	2014-2015
Mr. Pravin A. Kiri	12.00	12.00
Mr. Manish P. Kiri	12.00	12.00
Directors Sitting Fees	2.01	2.35

### 34 Remuneration to Auditors (Rs. in Lakhs)

Particulars	2015-2016	2014-2015
Audit Fees	9.00	6.00
Taxation Matters	3.50	2.50
Certification and other Matters	2.50	1.50

## Notes to the Financial Statements (Contd...)

### 35 C.I.F. Value of imported goods (Rs. In Lakhs)

Particulars	2015-2016	2014-2015
Raw Material	1,066.52	1,169.45

### 36 Earnings in Foreign Currency (Rs. In Lakhs)

Particulars	2015-2016	2014-2015
F.O.B. Value of Exports	14,432.91	23,420.23

### 37 Expenditure in Foreign Currency (Rs. In Lakhs)

Particulars	2015-2016	2014-2015
Foreign Travel Expense	56.84	17.57
Export sales Commission	Nil	121.83
Legal & Professional Charges	138.33	Nil
Registration Fees – Stock Exchange Fees	Nil	9.72

### 38 Calculation of Earning Per Share

Earning per share		2015-2016	2014-2015
Profit / (Loss) attributable to equity shareholders	(Rs. in Lakhs)	907.25	(3,686.38)
Nominal Value of equity share	Rs.	10	10
Weighted average number of equity shares	Nos.		
- for Basic EPS		25,212,308	2,07,65,636
- for Diluted EPS		31,624,321	2,85,27,174
Basic EPS	Rs.	3.60	(17.75)
Diluted EPS	Rs.	2.87	(12.92)

### 39. Material Consumption Ratio (Rs. In Lakhs)

Material	2015-16		2014-15	
	Amount	% of Total Material Consumed	Amount	% of Total Material Consumed
Indigenous	64,626.66	98.38	51,924.93	97.80
Imported	1,066.52	1.62	1,169.45	2.20
<b>Total</b>	<b>65,693.18</b>	<b>100.00</b>	<b>53,094.38</b>	<b>100.00</b>

## Notes to the Financial Statements (Contd...)

### 40 Modifications of Terms and Conditions of Foreign Currency Convertible Bonds (FCCBs):

The Bond Holder, vide Extra Ordinary Resolution passed on March 24, 2016 has approved to modifications of existing terms and conditions of Foreign Currency Convertible Bonds (FCCBs). The Company has also executed the First Supplemental Trust Deed with the Trustee, the Bank of New York Mellon, London Branch, on March 29, 2016 to give effect of modification of terms of FCCBs. The details of modifications of terms and conditions are reproduced herein under:

- Maturity of date of Series B, D, E and F Bonds has been extended from January 17, 2018 to January 17, 2022.
- The offer price payable on each of the Series A, B, C, D, E and F FCCB's shall be payable on the earlier of the Conversion Date or the due date specified in the table below:

ORIGINAL							
Series of FCCBs	Due date for payment of balance subscription(A)	No. of Bonds originally in the Series(B)	Total Principal Amount Payable (US\$)(C)	Initial Subscription Paid at the time of allotment (D)		Balance payment due (US\$) after the allotment (E = C-D)	
				in US\$	in %	in US\$	in %
Series A	September 30, 2013	10	1,000,000	30,000	3	970,000	97
Series B	September 30, 2014	10	1,000,000	30,000	3	970,000	97
Series C	March 30, 2015	25	2,500,000	75,000	3	2,425,000	97
Series D	September 30, 2015	35	3,500,000	105,000	3	3,395,000	97
Series E	September 30, 2016	35	3,500,000	105,000	3	3,395,000	97
Series F	September 30, 2017	35	3,500,000	105,000	3	3,395,000	97

REVISED							
Series of FCCBs	Due date for payment of balance subscription(A)	No. of Bonds originally in the Series(B)	Total Principal Amount Payable (US\$)(C)	Initial Subscription Paid at the time of allotment (D)		Balance payment due (US\$) after the allotment (E = C-D)	
				in US\$	in %	in US\$	in %
Series A	N.A.*	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Series B	N.A.**	8	1,000,000	806,000	100	N.A.	N.A.
Series C	N.A.*	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Series D	June 30, 2016	9	900,000	105,000	11.67	795,000	88.33
Series E	September 30, 2016	14	1,400,000	105,000	7.50	1,295,000	92.50
Series F	December 31, 2016	14	1,400,000	105,000	7.50	1,295,000	92.50

\* Series A & C - Already converted into equity shares by the Company

\*\* Series B - 2 partly paid up Bonds have been converted into equity shares by the Company and the remaining 8 bonds have been fully subscribed and therefore, no further subscription is due.

- Where there is a default by any Series D,E and F bond holder, in paying balance amount due in respect of such bonds, the Company has right to Convert each partly paid up bonds to the extent initial 3% amount paid up on relevant Series D,E and F bonds and the balance 97% shall stand cancelled and each respective Series D,E and F bonds (on which default has been committed) shall be convertible into fully paid up equity shares of Rs. 10/- each at a premium of Rs. 2.03 per equity share aggregating to Rs. 12.03 per equity share.
- During the year the Company has issued 3,68,825 equity shares of Rs. 10.00 each at an issue price of Rs. 12.03 per equity share upon conversion of partly paid up 2 bonds of Series B FCCBs and 25 partly paid up bonds of Series C FCCBs. Expenses incurred towards modifications of terms of FCCBs and conversion of bonds into equity shares have been set off against the securities premium account.
  - During the year the Company has allotted 24,56,000 equity shares of Rs. 10 each at an issue price of Rs. 136 per equity share upon conversion of equal number of warrants issued to promoter group on preferential basis as per SEBI (ICDR)

## Notes to the Financial Statements (Contd...)

Regulations, 2009. The Company has also issued 10,00,000 equity shares of Rs. 10.00 each at an issue price of Rs. 35.00 per equity shares to Kiri Employee Stock Option Trust in terms of Kiri Industries Limited Employee Stock Option Scheme- 2014.

### 43. Employee Stock Option Scheme:

- A. During the financial year ended 31st March, 2016, the Nomination and Remuneration Committee of the Company at their meeting held on April 7, 2015 has granted 8,75,000 options to the Eligible Employee of the Company in accordance with the Kiri Industries Limited Employee Stock Option Scheme- 2014. The Scheme is administered by Kiri Employees Stock Option Trust, an independent trust. During the year the Company has allotted 10, 00,000 Equity Shares to the trust.

Particulars	No. of options	
	As on March 31, 2016	As on March 31, 2015
Options granted	8,75,000	-
Options exercised	-	-
Less : Forfeited / Lapsed / Idle/ Available for Reissue	-	-
Options Outstanding at the year end	8,75,000	-

All the Options Outstanding as on March 31, 2016 will be eligible for being exercised @ 20% every year for a period of five years starting from 01.04.2016 to 31.03.2021.

The employee share based payment plans have been accounted based on latest closing market price prior to the date of meeting of Nomination and Remuneration Committee for granting option (i.e.07.04.2015) and total compensation expense has been worked out at Rs. 9,08,68,750, out of which Rs.4,12,17,021/- has been recognized during the year as 'Employees Compensation Expense' and the balance has been deferred to be amortized over a period of remaining vesting period of four years based on the Guidance Note on Accounting for Employee Share-Based Payments issued by the Institute of Chartered Accountants of India (the Guidance Note).

- B. The Securities and Exchange Board of India (SEBI) has issued the SEBI Share Based Employee Benefits Regulation 2014 (the Regulation) which requires the accounting treatment for employee share based payments in compliance with the Guidance Note on Accounting for Employee Share-Based Payments issued by the Institute of Chartered Accountants of India (the Guidance Note).

The Company has provided loan of Rs.3,50,00,000 to Kiri Employees Stock Option Trust (ESOS Trust), which has purchased equity shares of Kiri Industries Limited directly from Kiri Industries Limited equivalent to the number of stock options to be allotted to eligible employees. The repayment of the loans granted by the Company to Kiri Employees Stock Option Trust (ESOS Trust) is dependent on the exercise of the options by the employees to whom options has been granted.

### 44. Related Party Disclosure –

- A) Related Party and their Relationship

#### Name of the Party

Kiri International (Mauritius) Private Limited  
Synthesis International Limited  
SMS Chemicals Co. Limited  
Chemhub Trading DMCC  
Kiri Investment and Trading Singapore Private Limited  
Kiri Laboratories Pvt. Ltd.  
Indochin Development Pvt. Ltd.  
Lonsen Kiri Chemical Industries Ltd.  
Dystar Global Holdings (Singapore) Pte. Ltd  
Kiri Infrastructure Pvt. Ltd.  
Mr. Pravin A Kiri  
Mr. Manish P Kiri  
Mrs. Aruna P Kiri  
Mrs. Anupama M. Kiri  
Pravin Kiri – HUF

#### Relationship

Wholly Owned Subsidiary  
Wholly Owned Subsidiary  
Wholly Owned Subsidiary  
Wholly Owned Subsidiary  
Wholly Owned Subsidiary  
Directors Relative of Key Managerial Personnel  
Directors Relative of Key Managerial Personnel  
Joint Venture  
Associate Company  
Associate Company  
Key Managerial Personnel  
Key Managerial Personnel  
Relative of Key Managerial Personnel  
Relative of Key Managerial Personnel  
HUF of Key Managerial Personnel



## Notes to the Financial Statements (Contd...)

### B) Transaction with Related Parties

(Figures in *Italics* represent figures as at 31<sup>st</sup> March, 2015)

(Rs. In Lakhs)

Particulars	Subsidiaries & Step Down Subsidiaries	Joint Ven tures	Associate Enterprise/ Subsidiaries of Associates Enterprise	Key Management Personnel & their Relatives	Entity Controlled by Key Management Personnel	Total
Purchase of Goods	-	709.48	-	-	-	709.48
	<i>20.74</i>	<i>271.82</i>	-	-	-	<i>292.56</i>
Sales of Goods / Job Work Income	499.53	7540.35	-	-	-	8,039.88
	<i>9.16</i>	<i>16,810.70</i>	-	-	-	<i>16,819.86</i>
Remuneration	-	-	-	24.00	-	24.00
	-	-	-	<i>24.00</i>	-	<i>24.00</i>
Investment	199.30	-	-	-	-	199.30
	<i>57.56</i>	<i>263.40</i>	-	-	-	<i>320.96</i>
Equity Shares	-	-	-	245.60	-	245.60
	-	-	-	-	-	-
Share Premium	-	-	-	3,094.56	-	3,094.56
	-	-	-	-	-	-
Advance repaid	-	-	-	-	-	-
	-	-	<i>349.32</i>	-	-	<i>349.32</i>
Loan Repaid	-	-	-	213.86	-	213.86
	-	-	-	<i>2,984.39</i>	-	<i>2,984.39</i>
Loan taken	-	-	-	108.35	-	108.35
	-	-	-	<i>1,420.22</i>	-	<i>1,420.22</i>
Dividend Income	-	140.00	-	-	-	140.00
	-	<i>175.00</i>	-	-	-	<i>175.00</i>
Share Application Money received	-	-	-	-	-	-
	-	-	-	<i>5,100.00</i>	-	<i>5,100.00</i>
Share Application Money repaid	-	-	-	-	-	-
	-	-	-	<i>3,891.65</i>	-	<i>3,891.65</i>
Outstanding Balance (Cr)	159.94	755.62	-	1.48	-	917.04
	-	<i>1,282.73</i>	-	<i>105.52</i>	-	<i>1,380.25</i>
Outstanding Balance (Dr)	82.26	140.00	25.41	-	-	247.67
	<i>1,545.15</i>	<i>157.50</i>	<i>123.05</i>	-	-	<i>1,825.70</i>

## Notes to the Financial Statements (Contd...)

### C) Disclosure in respect of material transactions with related parties

(Rs. in Lakhs)

Nature of Transaction	Name of the Related Party	2015-2016	2014-2015
Purchase of Goods	Lonsen Kiri Chemical Industries Ltd.	709.48	271.82
	SMS Chemicals Co. Ltd.	-	20.74
Sales of Goods /	Lonsen Kiri Chemical Industries Ltd.	7,540.35	16,810.70
Job work Income	Chemhub Trading DMCC	499.53	9.16
Remuneration	Mr. Pravin A. Kiri	12.00	12.00
	Mr. Manish P. Kiri	12.00	12.00
Investment	Lonsen Kiri Chemical Industries Ltd – Preference Share	-	263.40
	Synthesis International Limited	199.30	57.56
Equity Share	Mrs. Anupama M. Kiri	245.6	-
Share Premium	Mrs. Anupama M. Kiri	3,094.56	-
Advance repaid	Kiri Infrastructure Pvt. Ltd.	-	349.32
Loan repaid	Mrs. Aruna P. Kiri	118.75	215.76
	Mr. Pravin A. Kiri	-	980.19
	Mr. Manish P. Kiri	83.11	1,678.47
	Pravin Kiri – HUF	-	73.02
	Mrs. Anupama M. Kiri	12.00	36.95
Loan taken	Mrs. Aruna P. Kiri	50.85	67.91
	Mr. Manish P. Kiri	45.50	1,349.31
	Mrs. Anupama M. Kiri	12.00	3.00
Dividend Income	Lonsen Kiri Chemical Industries Ltd.	140.00	175.00
Money received against Share Warrant	Mrs. Anupama M. Kiri	-	5,100.00
Share Application Money repaid	Mrs. Anupama M. Kiri	-	3,891.65
Outstanding Balance (Cr)	Mrs. Aruna P. Kiri	-	67.91
	Mr. Manish P. Kiri	0.78	37.61
	Mr. Pravin A. Kiri	0.70	-
	SMS Chemicals Co. Ltd.	20.74	20.74
	Lonsen Kiri Chemical Industries Ltd.	755.62	1,282.73
	Chemhub Trading DMCC	139.20	-
Outstanding Balance (Dr)	Synthesis International Limited	82.26	1,081.93
	Chemhub Trading DMCC	-	463.22
	Dystar Global Holdings (Singapore) P te. Ltd	25.41	96.69
	Kiri International (Mauritius) Pvt. Ltd.	-	26.36
	Lonsen Kiri Chemical Industries Ltd. (Dividend Receivable)	140.00	157.50

- As there is no commission paid to any of the directors, the computation of profit u/s 197 of the Companies Act, 2013 has not been given.

## Notes to the Financial Statements (Contd...)

### 45 Segment Reporting

The Company operates mainly in manufacturing of Dyes, Dyes intermediates and Basic Chemicals. All other activities are incidental thereto, which have similar risk and return, accordingly, there are no separate reportable Segment as far as primary Segment is concerned.

#### Information about Secondary Geographical Segments:

(Rs. in Lakhs)

Particulars	Year ended 31 <sup>st</sup> March 2016	Year ended 31 <sup>st</sup> March 2015
Revenue by Geographical Segment		
India	71,629.64	58,803.43
Outside India	17,140.49	19,225.70
Addition to Fixed Assets and Intangible Assets		
India	4,153.61	6,417.98
Outside India	0.00	0.00
Carrying amount of Fixed Assets (Net)		
India	27,995.38	39,518.81
Outside India	0.00	0.00

### 46 Employee Benefits:

The present value of gratuity and leave encashment obligations is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of services as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

#### 1. Defined Benefit Plans:

(Rs. in Lakhs)

Particulars	Gratuity	Leave Encashment
<b>I. Expense recognized during the year</b>		
Current Service Cost	26.50	8.82
Interest Cost	7.87	2.76
Expected return on plan assets	-	-
Net actuarial Losses (Gains)	(4.81)	17.76
<b>II. Reconciliation of opening and closing balances of defined benefit obligation:</b>		
Defined benefit obligation at beginning of the Year	98.85	34.66
Service Cost	26.50	8.82
Interest Cost	7.87	2.76
Actuarial Losses (Gains)	(4.81)	17.76
Losses (Gains) on curtailments	-	-
Liabilities extinguished on settlements	-	-
Benefits paid	-	(28.72)
Defined benefit obligation at end of the year.	128.41	35.28
<b>III. Reconciliation of opening and closing balances of fair value of plan assets</b>		
Fair value of plan assets at the beginning of year	9.05	-
Expected return on plan assets	0.72	-
Actuarial Gains (Losses)	0.05	-
Contributions by employer	-	-
Benefit paid from fund	-	-
Defined benefit obligation at end of the year.	9.82	-

## Notes to the Financial Statements (Contd...)

(Rs. in Lakhs)		
Particulars	Gratuity	Leave Encashment
<b>IV. Reconciliation of the present value of defined benefit obligation and fair value of Planed assets</b>		
Present value of defined benefit obligations at the end of the year	(138.23)	(35.28)
Fair value of plan assets at the end of the year	9.82	-
Net assets (liability) at the end of year	(128.41)	(35.28)
<b>V. Investment details</b>	<b>Percentage invested as at 31.03.2016</b>	
Life Insurance Corporation of India (LIC) / SBI Life Insurance Company Ltd (SBI)	100%	
<b>VI. Actuarial Assumptions</b>		
Mortality Table (Indian Assured Lives Mortality)	2006-08 (Ultimate)	1994-96 (Ultimate)
Discount Rate (per annum)	8.01%	8.01%
Expected Return on plan assets (per annum)	8.01%	0.00%
Annual Increase in salary costs	6.00%	6.00%

### 2. Defined Contribution plans

Contribution of Defined Contribution Plan, recognized as expense for the year as under: (Rs. in Lakhs)

Particulars	2015-2016	2014-2015
Employer's Contribution to Provident Fund	83.72	72.10
Employer's Contribution to Superannuation Fund	—	—

47. The company has not received information from the suppliers regarding their status under The Micro, Small & Medium Enterprises Development Act, 2006. Hence, disclosures, if any relating to amounts unpaid as at the balance sheet date together with interest paid or payable as per the requirement under the said Act, have not been made.

48. Unhedged Foreign Currency Exposure:

Particulars	As at 31 March, 2016		As at 31 March, 2015	
	Amount in INR	Amount in Foreign currency	Amount in INR	Amount in Foreign currency
<b>Receivable</b>	298,450,641	USD 5,585,285	1,072,189,103	USD 24,111,139 EURO 18,975
<b>Payable</b>	31,586,719	USD 4,92,498	9,281,275	USD 174,748

49. Social Welfare Expenditure related to Corporate Social Responsibility as per section 135 of the Companies Act, 2013 read with Schedule VII thereof Rs.9.56 Lakhs (P.Y. Rs. 33.89 Lakhs) though not mandatory.

50. Figures have been rounded off to the nearest rupee and figures of previous year have been regrouped, reclassified and readjusted wherever found necessary.

As per our separate report of even date attached herewith.

**For V. D. Shukla & Co.,**  
Chartered Accountants  
Firm Registration No. 110240W

**Vimal D. Shukla**  
Proprietor  
Membership No. 036416

Place : Ahmedabad  
Date : May 30, 2016

For and on behalf of the Board of Directors of Kiri Industries Limited

**Pravin A. Kiri**  
Chairman  
(DIN No 00198275)

**Suresh S. Gondalia**  
Company Secretary

Place : Ahmedabad  
Date : May 30, 2016

**Manish P. Kiri**  
Managing Director  
(DIN No 00198284)  
**Jayesh G. Vyas**  
Chief Financial Officer

## Independent Auditors' Report

To  
The Members of  
Kiri Industries Limited

### Report on the Consolidated financial statements

We have audited the accompanying consolidated financial statements of Kiri Industries Limited ("the holding Company"), its subsidiaries and its joint ventures (collectively referred to as "the Group") which comprise the Consolidated Balance Sheet as at March 31, 2016, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

### Management's Responsibility for the Consolidated financial statements

The Holding Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the respective entity and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Board of Directors of the Holding Company, as aforesaid.

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors on which we have relied in terms of their reports referred to in Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2016;
- (b) in the case of consolidated statement of Profit and Loss, of the consolidated profit for the year ended on that date; and
- (c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

## Independent Auditors' Report (Contd...)

### Other Matters

1. We did not audit the financial statements of certain subsidiaries, whose financial statements reflect total assets of Rs. 1100.21 Lakhs as at March 31, 2016, total revenues of Rs. 1651.01 Lakhs, net cash inflows amounting to Rs. 344.88 Lakhs and financial statements of certain subsidiaries in which the share of loss of the Group is Rs. 155.33 Lakhs. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.
2. Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements approved by the Management.

### Report on Other Legal and Regulatory Requirements

As required by section 143(3) of the Act, we report that:

- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated financial statements;
- b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.;
- c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account and working/records maintained for the purpose of preparation of the consolidated financial statements;
- d. in our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- e. On the basis of the written representations received from directors of the Holding company as on March 31, 2016 taken on record by the Board of Directors of the Holding company and the reports of the statutory auditors of its subsidiary companies and jointly controlled entities incorporated in India, none of the directors of the Group companies is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164(2) of the Act.
- f. With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our report in "Annexure A", which is based on the Auditors' Reports of the Company and its subsidiary companies and jointly controlled entities incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the internal financial controls over financial reporting of the Company and its subsidiary companies and jointly controlled entities incorporated in India.
- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i The group has disclosed the impact of pending litigations on its financial position in the Consolidated financial statements;
  - ii The group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii There has been no delay in transferring amounts, where required to be transferred, to the Investor Education and Protection Fund by the Group;

**For V.D. Shukla & Co.**  
Chartered Accountants  
Firm Registration No.: 110240W

**Vimal D. Shukla**  
(Proprietor)  
Membership No.: 036416

Place : Ahmedabad  
Date : May 30, 2016

## Annexure to the Auditors' Report

### ANNEXURE A

#### To the Independent Auditor's Report of even date on the Consolidated Financial Statements of Kiri Industries Limited

#### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Kiri Industries Ltd. ("the Company") as of March 31, 2016 in conjunction with our audit of the consolidated financial statements of the Group for the year ended on that date.

#### Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

## Annexure to the Auditors' Report (Contd...)

- (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For V.D. Shukla &Co.**  
Chartered Accountants  
Firm Registration No.: 110240W

Place : Ahmedabad  
Date : May 30, 2016

**Vimal D. Shukla**  
(Proprietor)  
Membership No.: 036416



## Consolidated Balance Sheet as at 31<sup>st</sup> March, 2016

(Rs. in Lakhs)			
Particulars	Notes	As At 31 <sup>st</sup> March, 2016	As At 31 <sup>st</sup> March, 2015
<b>EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share Capital	3	3,088.35	2,705.86
Reserves and Surplus	4	59,823.29	36,963.68
Share Application Money		1,759.84	5,100.00
Translation Reserve		(220.27)	(25.74)
		<b>64,451.21</b>	<b>44,743.80</b>
<b>NON-CURRENT LIABILITIES</b>			
Long-term borrowings	5	26,885.30	73,461.48
Deferred tax liabilities (Net)	6	2,838.17	3,031.20
Long Term Provisions	7	493.94	28.79
		<b>30,217.41</b>	<b>76,521.47</b>
<b>CURRENT LIABILITIES</b>			
Short-term borrowings	8	1,460.12	5,238.43
Trade payables	9	18,383.94	15,380.11
Other current liabilities	10	18,076.69	13,151.06
Short-term provisions	11	177.42	532.64
		<b>38,098.17</b>	<b>34,302.24</b>
<b>Total</b>		<b>132,766.79</b>	<b>155,567.51</b>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Fixed assets			
Tangible assets	12	33,283.17	36,752.26
Capital work-in-progress	12	563.94	8,854.03
		<b>33,847.11</b>	<b>45,606.29</b>
Non-current investments	13	56,695.28	39,436.01
Long-term loans and advances	14	1,390.21	2,385.51
Other non-current assets	15	92.82	143.13
		<b>58,178.31</b>	<b>41,964.65</b>
<b>CURRENT ASSETS</b>			
Inventories	16	8,577.59	10,154.43
Trade receivables	17	23,974.82	46,823.50
Cash and cash equivalents	18	2,008.62	441.59
Short-term loans and advances	19	6,048.90	10,450.56
Other current assets	20	131.44	126.49
		<b>40,741.37</b>	<b>67,996.57</b>
<b>Total</b>		<b>132,766.79</b>	<b>155,567.51</b>

### Significant Accounting Policies

2

The Note numbers 3 to 44 form integral part of the Financial Statements

As per our separate report of even date attached herewith.

**For V. D. Shukla & Co.,**  
Chartered Accountants  
Firm Registration No. 110240W

**Vimal D. Shukla**  
Proprietor  
Membership No. 036416

Place : Ahmedabad  
Date : May 30, 2016

For and on behalf of the Board of Directors of  
Kiri Industries Limited

**Pravin A. Kiri**  
Chairman  
(DIN No 00198275)

**Suresh S. Gondalia**  
Company Secretary

Place : Ahmedabad  
Date : May 30, 2016

**Manish P. Kiri**  
Managing Director  
(DIN No 00198284)  
**Jayesh G. Vyas**  
Chief Financial Officer

## Consolidated Statement of Profit & Loss for the Year ended on 31<sup>st</sup> March, 2016

		(Rs. in Lakhs)	
Particulars	Notes	2015-2016	2014-2015
Revenue from Operations		110,005.13	99,178.24
Less : Excise duty		7,146.69	6,099.57
Net Revenue from Operations	21	102,858.44	93,078.67
Other Income	22	1,310.90	197.32
<b>Total Revenue</b>		<b>104,169.34</b>	<b>93,275.99</b>
<b>Expenses:</b>			
Cost of Materials Consumed	23	72,960.80	60,788.38
Purchase of Stock-in-Trade		1,337.82	2,143.46
Changes in Inventories of Finished goods, Work-in-Progress & Stock-in-Trade	24	519.87	2,883.32
Employee Benefits Expense	25	3,916.31	4,206.79
Finance Costs	26	7,347.95	8,630.65
Depreciation	12	2,686.26	2,835.78
<b>Other Expenses</b>			
Administrative Expenses	27	2,992.33	2,869.68
Manufacturing Expenses	28	8,624.87	8,300.24
Selling & Distribution Expenses	29	1,279.41	1,721.78
Prior Period Adjustments	30	22.17	215.03
<b>Total Expenses</b>		<b>101,687.79</b>	<b>94,595.11</b>
<b>Profit/(Loss) before extraordinary items and tax</b>		<b>2,481.55</b>	<b>(1,319.12)</b>
Add : Extraordinary Items		469.62	-
<b>Profit/(Loss) Before Tax</b>		<b>2,951.17</b>	<b>(1,319.12)</b>
Tax Expense			
Current Tax		701.05	392.20
Short Provision for earlier years		26.77	29.69
Net Current Tax		<b>727.82</b>	<b>421.89</b>
Deferred Tax		(193.03)	262.89
Mat Credit Entitlement		(151.05)	(392.16)
<b>Profit/(Loss) after tax for the year</b>		<b>2,567.43</b>	<b>(1,611.74)</b>
Share of Profit from Associate		17,003.92	19,764.20
<b>Profit for the year</b>		<b>19,571.35</b>	<b>18,152.46</b>
<b>Earning per equity Share</b>			
Basic		77.62	87.42
Diluted		61.88	63.63

**Significant Accounting Policies** 2  
The Note numbers 3 to 44 form integral part of the Financial Statements

As per our separate report of even date attached herewith.

**For V. D. Shukla & Co.,**  
Chartered Accountants  
Firm Registration No. 110240W

**Vimal D. Shukla**  
Proprietor  
Membership No. 036416

Place : Ahmedabad  
Date : May 30, 2016

For and on behalf of the Board of Directors of Kiri Industries Limited

**Pravin A. Kiri**  
Chairman  
(DIN No 00198275)

**Suresh S. Gondalia**  
Company Secretary

Place : Ahmedabad  
Date : May 30, 2016

**Manish P. Kiri**  
Managing Director  
(DIN No 00198284)  
**Jayesh G. Vyas**  
Chief Financial Officer

## Consolidated Cash Flow Statement for the Year ended on 31<sup>st</sup> March, 2016

		(Rs. in Lakhs)
PARTICULARS	2015-2016	2014-2015
<b>A. Cash Flow from Operating Activities :</b>		
Net Profit before Tax and Extraordinary items	2,951.17	(1,319.13)
Adjustment for		
- Depreciation	2,686.26	2,835.78
- Interest & Dividend Income	(679.82)	(98.03)
- Interest charged to P & L	7,347.95	8,630.65
- Profit on Sale of Fixed Assets	-	(1.82)
Operating Profit before working capital changes:	12,305.56	10,047.45
Adjustment for :		
- Trade Receivables	22,848.68	(13,683.31)
- Inventories	1,576.84	3,803.63
- Long Term Advances & Other Non Current Assets	1,045.61	(243.77)
- Short Term Advances & Other Current Assets	4,396.71	(2,873.89)
- Trade Payables	3,003.83	4,187.76
- Other Current Liabilities & Short Term Provisions	(9,581.14)	(9,545.79)
- Long Term Provision	465.15	28.79
- Foreign Currency Translation Reserve	(194.53)	(31.36)
- Deferred Tax Liability	(193.03)	262.89
	23,368.12	(18,095.06)
Cash Generated from Operations	35,673.68	(8,047.61)
- Taxes paid/ provision & Deferred tax	(383.74)	(292.62)
Net Provisions no longer required	12,643.86	-
<b>Net Cash Flow from Operations</b>	<b>22,646.08</b>	<b>(8,340.23)</b>
<b>B. Cash Flow from Investment Activities :</b>		
- Purchase of Fixed Assets	(4,566.44)	(4,961.70)
- Sale of Fixed Assets	-	7.08
- Interest and Dividend Income	679.82	98.03
- Investment	(17,259.27)	(19,822.26)
<b>Net cash flow from Investing Activities</b>	<b>(21,145.89)</b>	<b>(24,678.85)</b>

## Consolidated Cash Flow Statement for the Year ended on 31<sup>st</sup> March, 2016

	(Rs. in Lakhs)	
PARTICULARS	2015-2016	2014-2015
<b>C. Cash Flow from Financing Activities :</b>		
- Proceeds from Equity Share Capital	382.48	372.51
- Security Premium	3,317.54	2,864.62
- Share Application Money	(3,340.16)	4,811.55
- Proceeds from Long term Borrowings	-	15,399.76
- Proceeds from Short term Borrowings	-	1,586.19
- Interest charged	(7,347.95)	(8,630.65)
Share of Profit from Associates	17,003.93	19,764.20
Repayment of Long Term Borrowings	(9,949.00)	(305.45)
Repayment of Short Term Borrowings	-	(3,411.15)
<b>Net Cash Flow from Financing Activities</b>	<b>66.84</b>	<b>32,451.57</b>
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	1,567.03	(567.51)
Cash and Cash Equivalents as at (Opening)	441.59	1,009.10
Cash and Cash Equivalents as at (Closing)	2,008.62	441.59

As per our separate report of even date attached herewith.

**For V. D. Shukla & Co.,**  
Chartered Accountants  
Firm Registration No. 110240W

**Vimal D. Shukla**  
Proprietor  
Membership No. 036416

Place : Ahmedabad  
Date : May 30, 2016

For and on behalf of the Board of Directors of Kiri Industries Limited

**Pravin A. Kiri**  
Chairman  
(DIN No 00198275)

**Suresh S. Gondalia**  
Company Secretary

Place : Ahmedabad  
Date : May 30, 2016

**Manish P. Kiri**  
Managing Director  
(DIN No 00198284)

**Jayesh G. Vyas**  
Chief Financial Officer

## Notes to the Consolidated Financial Statements

### 1. Principles of consolidation:

The consolidated financial statements comprise the financial statements of Kiri Industries Limited, (hereinafter referred to as "the Parent company" or "The Company"), its subsidiary and a joint venture (together referred to as 'The Group').

The consolidated financial statements of the Group are prepared in accordance with Accounting Standard 21 – 'Consolidated Financial Statements', and Accounting Standard 27 – 'Financial Reporting of Interests in Joint Ventures' as notified by the Companies act 2013.

#### Subsidiary

- i. Subsidiary is continues to be consolidated until the date that control ceases.
- ii. The financial statements of the Company and its subsidiary have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra group balances and intra group transactions. The intra group transactions, intra group balances and unrealized profits & losses from intra-group transactions have been eliminated.
- iii. The excess of the cost to the Company of its investment in the subsidiary over the Company's portion of equity on the acquisition date is recognized in the financial statements as "Goodwill" and is tested for impairment annually. The excess of Company's portion of equity of the Subsidiary over the cost of investment therein is treated as "Capital Reserve". The Company's portion of the equity in the subsidiary at the date of acquisition is determined after realigning the material accounting policies of the subsidiary to that of the parent and the charge/(reversal) on account of realignment is adjusted to the accumulated reserves and surplus of the subsidiary at the date of acquisition.
- iv. The consolidated financial statements are prepared using uniform accounting policies for like transactions and events in similar circumstances and necessary adjustments required for deviations, if any to the extent possible, are made in the consolidated financial statements and are presented to the extent possible, in the same manner as the Company's standalone financial statements.
- v. Minority interest in the net assets of subsidiary consists of equity attributable to the minority shareholders at the date on which investments are made by the company in the subsidiary company and share of minority interest in the net profit is adjusted against the income to arrive at the net income attributable to minority interest shareholders. Minority interest's share of net assets is presented separately in the balance sheet.
- vi. If the Group losses control over a subsidiary, it:
  - a) derecognizes the assets (including goodwill) and liabilities of the subsidiary;
  - b) derecognizes the carrying amount of any minority interest;
  - c) derecognizes the cumulative translation differences, recorded in foreign currency translation reserve;
  - d) recognizes the value of the consideration received;
  - e) recognizes the value of any investment retained;
  - f) recognizes any surplus or deficit in profit or losses.
- vii. Financial statements of the subsidiary are prepared for the same reporting year as the parent company i.e. for the year ended March 31, 2016.
- viii. Financial Statement of the Joint Venture Company has been prepared for the same reporting year as the parent company i.e. for the year ended March 31, 2016.

#### Joint Venture

The Group recognizes its interest in the joint venture using the proportionate consolidation method as per Accounting Standard 27 – 'Financial Reporting of Interests in Joint Ventures' as notified by the Rules. The Group combines its proportionate share of each of the assets, liabilities, income and expenses of the joint venture with similar items, line by line, in its consolidated financial statements.

#### Associate Company

- i. Investment in associates where the company directly or indirectly through subsidiaries holds more than 20% of equity, are accounted for using equity method as per Accounting Standard 23 – "Accounting for Investment in Associates in Consolidated Financial Statements" notified by Companies (Accounting Standards) Rules, 2006.
- ii. The Company accounts for its share of post acquisition changes in net assets of associates, after eliminating unrealized profits and losses resulting from transactions between the company and its associates to the extent of its share, through its reserves for the balance based on available information.

## Notes to the Consolidated Financial Statements (Contd...)

- iii. The difference between the cost of investment in the associates and the Company's share of net assets at the time of acquisition of share in the associates is identified in the financial statements as Goodwill or Capital Reserve as the case may be.

### Details of Subsidiaries and Joint Venture with respective holdings thereof

- a) List of subsidiaries and Joint Venture companies which are included in the consolidation and the Company's effective holdings therein are as under:

Sr. No	Name of Company	Ownership in % either directly or through Subsidiaries		Country of Incorporation
		2015-16	2014-15	
<b>A</b>	<b>Subsidiaries</b>			
	Chemhub Trading DMCC	100.00	100.00	Dubai
<b>B</b>	<b>Joint Venture of Kiri Industries Limited</b>			
	Lonsen Kiri Chemical Industries Ltd	40.00	40.00	India

### C Details of Associate Company and Ownership interest is as follow: (Rs in Lakhs)

Name of the Company	% Share held	Original cost of Investment	Goodwill/ (Capital Reserve)	Carrying amount of Investments as at 31.03.2016
Kiri Infrastructure Private Limited	47.61 %	1,443.75	(174.78)	1,268.97
Dystar Global Holdings (Singapore) Pte. Ltd.	37.57 %	9,550.24	70,973.88	80,524.12
<b>Total</b>		10,993.99	70,798.44	81,792.43

Note: The Financial Statement of Kiri International (Mauritius) Private Limited, Mauritius, Kiri Investment and Trading Singapore Private Limited, Singapore and Synthesis International Limited, Hong Kong are not consolidated as the subsidiaries had discontinued its operations and are in the process of being wound up.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### a) Basis of accounting

The consolidated financial statements of the Group are prepared under the historical cost convention, on an accrual basis of accounting to comply in all material respects, with the mandatory accounting standards as notified by the Companies act 2013.

### b) Use of estimates

The preparation of consolidated financial statements in conformity with Indian Generally Accepted Accounting Principles (IGAAP) requires management to make estimates and assumptions that may affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the consolidated financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

### c) Fixed Assets

- Fixed assets are stated at cost of acquisition or construction less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Capital work-in-progress comprises of advances paid to acquire fixed assets and the cost of fixed assets that are not yet ready for their intended use as at the balance sheet date. In the case of new undertakings, pre-operative expenses are capitalized upon the commencement of commercial production.
- Insurance spares / standby equipments are capitalized as part of the mother assets.

### d) Depreciation

- Depreciation has been provided on straight line method and in the manner specified in Schedule II to the Companies Act, 2013.

## Notes to the Consolidated Financial Statements (Contd...)

- ii) Depreciation is not recorded on capital work-in-progress until construction and installation are complete and asset is ready for its intended use. Capital work - in - progress includes capital advances.

**e) Impairment**

- (i) The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.
- (ii) After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

**f) Borrowing Costs**

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

**g) Investments**

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long - term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. However, provision is made to recognize a decline, other than temporary, in the value of long term investments.

**h) Inventories**

Inventories are valued as follows:

**Raw materials, packing materials & stores and spares**

Lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Costs include all costs in bringing the inventories to their present location and condition. Cost is determined on First In First Out (FIFO) basis.

**Work – in – progress and finished goods**

Lower of cost and net realizable value. Cost includes direct materials, labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods held by the parent company excludes excise duty.

Obsolescence of inventory is determined on a specific review and is accordingly provided for, if any. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

**i) Revenue Recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

**Sale of Goods**

Revenue is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer. Excise Duty is deducted from turnover (gross) are the amount that is included in the amount of turnover (gross) and not the entire amount of liability arise during the year. Turnover (gross) is disclosed net of Sales tax and VAT.

**Interest**

Revenue is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

**Dividends**

Revenue is recognized when the shareholders' / unit holders' right to receive payment is established by the balance sheet date. Dividend from subsidiaries is recognized even if same are declared after the balance sheet date but pertains to period on or before the date of balance sheet as per the requirement of Schedule III of the Companies Act, 2013.

## Notes to the Consolidated Financial Statements (Contd...)

### **Export Incentives**

Revenue is recognized on an accrual basis.

### **j) Foreign Currency Translation**

#### **i) Initial Recognition**

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

#### **ii) Conversion**

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

#### **iii) Exchange Differences**

Exchange differences arising on a monetary item that, in substance, form part of the company's net investment in a non-integral foreign operation is accumulated in a foreign currency translation reserve in the financial statements until the disposal of the net investment, at which time they are recognized as income or as expenses.

Exchange differences arising on the settlement of monetary items not covered above, or on reporting such monetary items of company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

#### **iv) Forward Exchange Contracts not intended for trading or speculation purposes:**

The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognized in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the year.

#### **v) Foreign operations**

The financial statements of an integral foreign operation are translated as if the transactions of the foreign operation have been those of the company itself.

In translating the consolidated financial statements of a non-integral foreign operation for incorporation in consolidated financial statements, the assets and liabilities, both monetary and non-monetary (including goodwill and capital reserve), of the non-integral foreign operation are translated at the closing rate; income and expense items are translated at average exchange rates prevailing during the year. All resulting exchange differences are accounted in a foreign currency translation reserve until the disposal of the net investment.

On the disposal of a non-integral foreign operation, the cumulative amount of the exchange differences which have been deferred and which relate to that operation are recognized as income or an expenses in the same period in which the gain or loss on disposal is recognized.

When there is a change in the classification of a foreign operation, the translation procedures applicable to the revised classification are applied from the date of the change in the classification.

### **k) Employee Benefits**

#### **(i) Gratuity**

The Company has obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 to 30 days salary payable for each completed year of service. Vesting occurs upon completion of five years of service. The Company have obtained insurance policies with the Life Insurance Corporation of India and SBI Life Insurance Company Limited as an annual contribution towards gratuity fund. The company accounts for the liability for gratuity benefits payable in future based on an independent actuarial valuation.

#### **(ii) Provident fund**

The eligible employees of the Company are entitled to receive benefits in respect of provident fund, a defined contribution plan, in which both employees and the company/subsidiaries make monthly/annual contributions at a



## Notes to the Consolidated Financial Statements (Contd...)

specified percentage of the covered employees' salary. The contributions, as specified under the law, are made to the provident fund and pension fund set up by the Company and its subsidiaries or to respective Regional Provident Fund Commissioner and the Central Provident Fund under the State Pension scheme. The Company is generally liable for monthly/annual contributions and any shortfall in the fund assets based on the government specified minimum rates of return or pension and recognizes such contributions and short fall, if any, as an expense in the year incurred.

### (iii) Leave Salary

The Company provides for the encashment of leave or leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits, for future encashment. The liability is provided based on the number of days of unutilized leave at each balance sheet date on basis of an independent actuarial valuation.

### l) Income Taxes

Tax expense comprises current and deferred tax.

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and applicable foreign tax laws in case of foreign subsidiaries. Current tax is net of credit for entitlement for Minimum Alternative tax. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income that originates in the period and are capable of reversal in one or more subsequent periods.

In respect of foreign subsidiary, Deferred tax asset and liabilities are not recognized.

At each balance sheet date the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

### m) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

### n) Provisions, Contingent Liabilities and Contingent Assets

A provision is recognized when a Group has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Contingent liabilities are not recognized but are disclosed by way of notes to financial statement unless the possibility of an outflow is remote.

Contingent Assets are neither recognized nor disclosed in the consolidated financial statement.

### o) Cash and Cash equivalents

Cash and cash equivalents for the purpose of cash flow statement comprise of cash at bank, cash in hand and short-term investments with an original maturity of three months or less.

### p) Miscellaneous Expenditure

Miscellaneous Expenditure represents the expenses incurred on Initial Public Offer and preliminary expenses. Miscellaneous Expenditure is charged off to the Statement of Profit & Loss over 10 years on straight line basis.

## Notes to the Consolidated Financial Statements (Contd...)

### 3 SHARE CAPITAL

(Rs. in Lakhs)

Particulars	As At 31.03.2016	As At 31.03.2015
<b>Authorised Share Capital</b>		
15,00,00,000 Equity Shares (Previous year 15,00,00,000) of Rs 10/-each	15,000.00	15,000.00
5,00,00,000 Preference Shares (Previous year 5,00,00,000) of Rs 10/-each	5,000.00	5,000.00
	20,000.00	20,000.00
<b>Issued, Subscribed &amp; Paid-up Capital</b>		
26,549,951 Equity Shares (Previous year 22,725,126) of Rs 10/- each fully paid up	2,655.00	2,272.51
Out of above, 10,00,000 Equity Shares (Previous year NIL) of Rs 10/- each fully paid up issued under Kiri Employee Stock Option Scheme, 2014 to Independent Kiri Employee Stock Option Trust.		
43,33,500 (0.15%) Cumulative Non Convertible Redeemable Preference Shares (Previous year 43,33,500) of Rs. 10/- each Fully paid up	433.35	433.35
<b>Total</b>	<b>3,088.35</b>	<b>2,705.86</b>

The reconciliation of the number of Equity Shares outstanding as at 31.03.2016 and 31.03.2015 is set out below:

Particulars	As At 31.03.2016	As At 31.03.2015
Number of shares at the beginning	22,725,126	19,000,053
Add: Shares issued during the year	3,824,825	3,725,073
Number of shares at the end	<b>26,549,951</b>	<b>22,725,126</b>

The reconciliation of the number of Preference Shares outstanding as at 31.03.2016 and 31.03.2015 is set out below:

Particulars	As At 31.03.2016	As At 31.03.2015
Number of shares at the beginning	4,333,500	-
Add: Shares issued during the year	-	4,333,500
Number of shares at the end	<b>4,333,500</b>	<b>4,333,500</b>

The details of shareholder holding more than 5% Equity Shares as at 31.03.2016 and 31.03.2015 are set out below :

Name of the shareholders	No. of shares	% held as at 31.03.2016	No. of shares	% held as at 31.03.2015
Mr. Pravin Kiri	2,501,680	9.42	2,501,680	11.01
Mr. Manish Kiri	1,822,728	6.87	1,822,728	8.02
Mrs. Anupama Kiri	4,407,238	16.60	1,951,238	8.59
LTS Investment Funds Limited	1,813,951	6.83	1,475,126	6.49
GMO Emerging Markets Fund	1,709,182	6.44	1,452,360	6.39

## Notes to the Consolidated Financial Statements (Contd...)

### 4 RESERVES AND SURPLUS

(Rs. in Lakhs)

Particulars	As At 31.03.2016	As At 31.03.2015
<b>- Debenture Redemption Reserve</b>		
Opening Balance	800.00	800.00
Add : Transfer from Statement of Profit and Loss	400.00	-
Closing Balance	<b>1,200.00</b>	<b>800.00</b>
<b>- Preference Share Redemption Reserve</b>		
Opening Balance	2,029.28	1,332.00
Add : Transfer from Statement of Profit and Loss	863.58	697.28
Closing Balance	<b>2,892.86</b>	<b>2,029.28</b>
<b>- Security Premium</b>		
Opening Balance	31,045.51	27,964.24
Addition during the year	3,352.05	3,097.22
Out of the above addition premium for 10,00,000 shares issued under Kiri Employee Stock Option Scheme, 2014 to Independent Kiri Employee Stock Option Trust of Rs. 25 per share (Previous Year NIL)		
Less : Zero Coupon Convertible Bonds issue exps.	34.50	15.95
Closing Balance	<b>34,363.06</b>	<b>31,045.51</b>
<b>- General Reserve</b>		
Opening Balance	417.60	465.80
Add : Transfer from Statement of Profit and Loss	-	(48.20)
Closing Balance	<b>417.60</b>	<b>417.60</b>
<b>- Surplus</b>		
Opening Balance	2,671.29	(14,783.90)
Add : Net profit after tax transferred from Statement of Profit and Loss	19,571.35	18,152.47
Amount available for appropriation	22,242.64	3,368.57
Appropriation		
Less : Transfer to Preference Share Redemption Reserve	863.58	697.28
Less:- Proposed Preference Share Dividend	0.13	
Less : Provision for DDT on Pref Shares	29.15	
Less : Provision for Debenture Redemption Reserve	400.00	
Closing Balance	20,949.77	2,671.29
<b>Total</b>	<b>59,823.29</b>	<b>36,963.68</b>

The Provision for Debenture redemption reserve has been made to the extent of availability of surplus.

### 5 LONG TERM BORROWINGS

(Rs. in Lakhs)

Particulars	As At 31.03.2016	As At 31.03.2015
<b>Secured :</b>		
Non Convertible Debentures	-	3,350.00
Term Loans from Banks & Others	26,139.75	69,881.42
<b>Unsecured :</b>		
Zero Coupon Foreign Currency Convertible Bonds	745.55	230.06
<b>Total</b>	<b>26,885.30</b>	<b>73,461.48</b>

## Notes to the Consolidated Financial Statements (Contd...)

The details of security offered for the long term borrowings and current maturity of long term debts are set out below:

Sr. No.	Description of Assets/Security	Security given to
1	All that piece or parcel of lease hold Plot No. 299/1/A, admeasuring about 3767 sq. mts., alongwith factory shed building, Plant and Machinery standing thereon of Vatwa Industrial Estate of Gujarat Industrial Development Corporation, situated upon land bearing Survey No. 416/p and 410/p of mouje: Vinzol, Taluka: Dascroi, Registration District Ahmedabad and Sub-District Ahmedabad-5 (Narol)	First pari passu charge for securing credit facilities from Invent Assets Securitisation and Reconstruction Private Limited, Assets Care & Reconstruction Enterprise Limited and Punjab National Bank.
2	All that piece or parcel of lease hold Plot No. 299/1/B, admeasuring about 2050 sq. mts., alongwith factory shed building, Plant and Machinery standing thereon of Vatwa Industrial Estate of Gujarat Industrial Development Corporation, situated upon land bearing Survey No. 416/p and 410/p of mouje: Vinzol, Taluka: Dascroi, Registration District Ahmedabad and Sub-District Ahmedabad-5 (Narol)	First pari passu charge for securing credit facilities from Invent Assets Securitisation and Reconstruction Private Limited, Assets Care & Reconstruction Enterprise Limited and Punjab National Bank.
3	All that piece or parcel of lease hold Plot No. 10/8, (Phase-I), admeasuring about 2539 Sq. Mtrs. alongwith Factory shed building, Plant and Machinery standing thereon of Vatwa Industrial Estate of Gujarat Industrial Development Corporation, situated upon land bearing Survey No. 418/p of mouje: Vinzol & Vatwa, Taluka: Dascroi, Registration District Ahmedabad and Sub-District Ahmedabad-5 (Narol)	First pari passu charge for securing credit facilities from Invent Assets Securitisation and Reconstruction Private Limited, Assets Care & Reconstruction Enterprise Limited and Punjab National Bank.
4	All that piece or parcel of non-agricultural land bearing amalgamated Block No. 396 (allotted in lieu of old Block Nos. 396, 399, 400/A, 400/B, 401, 402, 403 and 404/A) totally admeasuring about 45773 sq. mts. Alongwith factory shed building, plant and machinery at Mouje: Dudhawada, Taluka: Padra, Registration District Vadodara and Sub-District Padra.	First pari Passu Charge to IDBI Trusteeship Services Ltd for securing Non convertible debentures and credit facilities from Invent Assets Securitisation and Reconstruction Private Limited, Assets Care & Reconstruction Enterprise Limited and Punjab National Bank.
5	All that piece and parcel of non-agricultural land bearing Block No. 552/A, 566, 567, 569, 570 & 571 admeasuring about 31942 sq.mts., Alongwith factory shed building, plant and machinery at Mouje: Dudhwada, Taluka: Padra, Registration District: Vadodara and Sub-District: Padra	First pari Passu Charge to IDBI Trusteeship Services Ltd for securing Non convertible debentures and credit facilities from Invent Assets Securitisation and Reconstruction Private Limited, Assets Care & Reconstruction Enterprise Limited and Punjab National Bank.
6	All that piece or parcel of lease hold Plot Nos. 365 & 366, admeasuring about 1507.93 sq. mts., along with factory shed building standing thereon of Vatwa Industrial Estate of Gujarat Industrial Development Corporation, situated upon land bearing Survey 410/p of mouje: Vinzol, Taluka: Dascroi, Registration District Ahmedabad and Sub-District Ahmedabad-5 (Narol)	First pari passu charge for securing credit facilities from Invent Assets Securitisation and Reconstruction Private Limited and Punjab National Bank. Second charge for securing credit facilities from Assets Care & Reconstruction Enterprise Limited
7	All that piece and parcel of non agricultural land bearing Block No. 390/A, 390/B, 391/A, 391/B, 394/A/1, admeasuring about 22311 sq. mts., Alongwith factory shed building, plant and machinery situate lying and being at mouje: Dudhwada, Taluka: Padra, Registration District: Vadodara and Sub-District: Padra	First pari passu charge for securing credit facilities from Invent Assets Securitisation and Reconstruction Private Limited and Punjab National Bank. Second charge for securing credit facilities from Assets Care & Reconstruction Enterprise Limited.

## Notes to the Consolidated Financial Statements (Contd...)

Sr. No.	Description of Assets/Security	Security given to
8	All that piece and parcel of non agricultural land bearing Block No. 393, 394/A/2 394/B/1, 394/B/2, admeasuring about 16313 sq.mts., Alongwith factory shed building, plant and machinery situate lying and being at mouje: Dudhwada, Taluka: Padra, Registration District: Vadodara and Sub-District: Padara	First Charge for securing credit facilities from Invent Assets Securitisation and Reconstruction Private Limited and Second pari passu charge for securing credit facilities from Punjab National Bank and Assets Care & Reconstruction Enterprise Limited
9	All that pieces and parcels of lands, comprised in and forming part of lands admeasuring 1,69,463 Sq. Mtrs., together with all buildings, structures, erections, etc. constructed and/or to be constructed thereon, both present and future, and being, lying and situated at Village: Kadodara, Taluka: Wagra & Distt. Bharuch and uninstalled plant and machinery of Hydrogen Peroxide Plant of the Company.	First charge for securing corporate loan from Assets Care and Reconstruction Enterprise Limited.
10	Pledge of 26,23,354 equity shares of Dystar Global Holdings (Singapore) Pte. Ltd.	Pledge of 13,11,677 equity shares to Invent Assets Securitisation and Reconstruction Private Limited, Assets Care & Reconstruction Enterprise Limited and Punjab National Bank on pari passu basis. Further, exclusive charge by way of pledge of 3,96,320 equity shares to Assets Care & Reconstruction Enterprise Limited and pledge of 9,15,357 equity shares to Invent Assets Securitisation and Reconstruction Private Limited
11.	All that piece or parcel of Non-Agricultural land for industrial purpose bearing Block Nos. 577/B, 584/B, 588, 589, 489, 490, 586 and 545 along with construction standing thereon situate lying and being at mouje: Dudhwada, Taluka: Padra, Registration District : Vadodara and Sub District: Padra.	First charge on land & building, for working capital facilities provided by Industrial and Commercial Bank of China.

**The details of long term borrowings and current maturity of long term borrowings guaranted by Directors are set out below :**

### Secured Loans

Loans from Invent Assets Securitisation and Reconstruction Private Limited, Punjab National Bank and Asset Care and Reconstruction Enterprise Limited are secured by personal Guarantees of some of the directors.

**The details of terms of repayment etc of long term borrowings and current maturity of long term borrowings are given below :**

In respect of debts due to Invent Assets Securitisation and Reconstruction Private Limited ("Invent") and as per settlement agreements executed by the Company with Invent, the outstanding settlement amount shall be repayable in Monthly/Quarterly installments starting from September-2015 ending September, 2022. In respect of debts due to Assets Care and Reconstruction Enterprise Limited ("ACRE") and as per settlement agreements executed by the Company with ACRE, the outstanding settlement amount shall be repayable in Monthly/Quarterly installments starting from March, 2015 ending September, 2019. In respect of NCDs, as per settlement agreement executed between sole debenture holder, the Company and Gaurantors, total outstanding 335 Non Convertible Debentures ("NCDs") (Series A-207 NCDs and Series B -128 NCDs) of Rs. 10,00,000 each agreeegating to Rs. 3350.00 Lakhs shall be repaid at settlement amount of Rs. 2550.00 Lakhs in four quarterly installments starting from June 30, 2016 ending March 31, 2017 alongwith interest at the rate of 10.75% p.a. In respect of debts due to Punjab National Bank and as per settlement agreement executed by the Company with Punjab National Bank, the outstanding settlement amount shall be repaid in monthly installment including simple interest at the rate of 10% p.a. starting from October, 2015 to February, 2017.

## Notes to the Consolidated Financial Statements (Contd...)

### 6 DEFERRED TAX

The Company estimates deferred tax assets and liabilities using the applicable rate of taxation based on the impact of timing difference between financial statements and estimated taxable income for the current year. The net deferred tax assets /liabilities as at March 31, 2016 is given as below:

(Rs. in Lakhs)

Particulars	De ferr ed Tax Liabilities	
	As At 31.03.2016	As At 31.03.2015
Opening Balance of Deferred Tax Liabilities (Net )	3,031.20	2,768.31
Add : Deduction/Addition during the year	(193.03)	262.89
<b>Total</b>	<b>2,838.17</b>	<b>3,031.20</b>

### 7 LONG TERM PROVISIONS

(Rs. in Lakhs)

Particulars	As At 31.03.2016	As At 31.03.2015
Provision for employee related liabilities	493.94	28.79
<b>Total</b>	<b>493.94</b>	<b>28.79</b>

### 8 SHORT-TERM BORROWINGS

(Rs. in Lakhs)

Particulars	As At 31.03.2016	As At 31.03.2015
<b>Secured :</b>		
Working Capital Loan from Banks	1,329.40	5,002.19
<b>Unsecured :</b>		
Loans from Direct ors / Promoters	-	105.52
Intercompany Deposits	130.72	130.72
<b>Total</b>	<b>1,460.12</b>	<b>5,238.43</b>

The details of Loans guaranteed by Directors or others are set out below :

(Rs. in Lakhs)

Particulars	Guaranteed by	Amount of Loan
<b>Unsecured Loans :</b>		
Inter Corporate Deposits	Personal Guarantee of some of the Direct ors	130.72

### 9 TRADE PAYABLES

(Rs. in Lakhs)

Particulars	As At 31.03.2016	As At 31.03.2015
Trade payables	18,383.94	15,380.11
<b>Total</b>	<b>18,383.94</b>	<b>15,380.11</b>

## Notes to the Consolidated Financial Statements (Contd...)

### 10 OTHER CURRENT LIABILITIES

(Rs. in Lakhs)

Particulars	As At 31.03.2016	As At 31.03.2015
Current Maturity of Long-term secured debt	14,122.26	-
Credit Balances in Bank Accounts	444.58	216.46
Interest accrued and not due on borrowings	254.75	8,202.53
Advance received from Customers	1,459.05	3,459.48
Statutory Dues	307.14	322.93
Unpaid / Unclaimed Dividend	1.06	1.06
Employee Bene fit Payables	142.14	226.81
Other Liabilities	1,345.71	721.79
<b>Total</b>	<b>18,076.69</b>	<b>13,151.06</b>

Current Maturity of Long-term secured debt includes loans from Punjab National Bank, Invent Assets Securitisation and Reconstruction Private Limited, Asset Care and Reconstruction Enterprise Limited and NCD holder.

### 11 SHORT-TERM PROVISIONS

(Rs. in Lakhs)

Particulars	As At 31.03.2016	As At 31.03.2015
Provision for Employee Bene fit - current	170.14	163.38
Provision for Taxation	7.28	369.26
<b>Total</b>	<b>177.42</b>	<b>532.64</b>

### 12 FIXED ASSETS

(Rs. in Lakhs)

Assets	Gross Block as on 01.04.2015	Addition during the year	Deletion during the year	Closing Block as on 31.03.2016	Opening Depreciation Block as on 01.04.2015	Depreciation during the year	Deletion during the year	Transfer to retained Earnings	Closing Block as on 31.03.2016	WDV As On 31.03.2016	WDV As On 31.03.2015
<b>TANGIBLE ASSETS</b>											
Land	1,420.92	79.58	-	1,500.50	-	-	-	-	-	1,500.50	1,420.92
Building	9,107.10	413.04	755.79	8,764.35	1,363.87	261.87	94.64	-	1,531.10	7,233.25	7,743.23
Plant & Machinery	40,840.64	3,767.99	5,654.71	38,953.92	14,836.84	2,154.13	1,309.87	-	15,681.10	23,272.82	26,003.80
Electrification	1,542.95	8.51	124.48	1,426.98	535.91	134.99	42.10	-	628.80	798.18	1,007.04
Office Equipments	114.00	11.92	-	125.92	76.23	15.94	-	-	92.17	33.75	37.77
Furniture & fixture	194.46	3.61	-	198.07	76.40	21.25	-	-	97.65	100.42	118.06
Vehicles	663.97	5.88	0.36	669.49	310.21	82.49	-	-	392.70	276.79	353.76
Computer	150.39	6.50	-	156.89	87.06	11.19	-	-	98.25	58.64	63.33
<b>INTANGIBLE ASSETS</b>											
Computer Software	10.83	8.87	-	19.70	6.48	4.40	-	-	10.88	8.82	4.35
Capital Work In Progress	8,854.03	260.54	8,550.63	563.94	-	-	-	-	-	563.94	8,854.03
<b>TOTAL</b>	<b>62,899.29</b>	<b>4,566.44</b>	<b>15,085.97</b>	<b>52,379.76</b>	<b>17,293.00</b>	<b>2,686.26</b>	<b>1,446.61</b>	<b>-</b>	<b>18,532.65</b>	<b>33,847.11</b>	<b>45,606.29</b>
<b>PREVIOUS YEAR</b>	<b>57,964.87</b>	<b>7,231.14</b>	<b>2,296.36</b>	<b>62,899.65</b>	<b>14,431.04</b>	<b>2,835.78</b>	<b>21.68</b>	<b>48.21</b>	<b>17,293.35</b>	<b>45,606.29</b>	<b>43,533.83</b>

## Notes to the Consolidated Financial Statements (Contd...)

### 13 NON CURRENT INVESTMENTS

(Rs. in Lakhs)

Particulars	As At 31.03.2016	As At 31.03.2015
<b>Non-current Investment</b>		
<b>Trade (Unquoted)</b>		
- <b>Investments in Mutual Funds</b>		
100,375.955 Units (P.Y.100,000) SBI Mutual Fund (NAV of the units held Rs. 14.40 Lakhs (P.Y.3.58 Lakhs)	13.76	10.00
<b>Investment in Subsidiary</b>		
1 Equity Share (P.Y. 1) of US \$ 1 In Kiri International (Mauritius) Private Ltd fully paid up.	-	-
38,39,000 Equity Shares (P.Y. 10,00,000) of HK \$ 1 Each In Synthesis International Ltd fully paid up.	256.86	57.56
13,411 Equity Share (P.Y. 13,411) of SG \$ 1 in Kiri Investment & Trading Singapore Pvt. Ltd fully paid up.	5.00	5.00
9,70,000 Equity Shares (P.Y. 9,70,000) of NTD 10 Each in SMS Chemical Co Ltd fully paid up.	339.53	339.53
<b>Investment in Associate Company</b>		
26,23,354 Equity Shares ( P.Y. 26,23,354) Each of SG \$ 10 Each of DyStar Global Holdings (Singapore) Pte. Ltd fully paid up.	9,550.24	9,550.24
26,25,000 Equity Shares (P.Y. 26,25,000) of Rs 10/- Each in Kiri Infrstructure Private Limited fully paid up.	1,443.75	1,443.75
Add : Share of Profit	45,027.65	28,023.73
<b>Other (Unquoted)</b>		
- <b>Investments in Equity Instruments</b>		
20,000 Equity Shares (P.Y. 20,000) of Rs. 25 Each in Kalupur Commercial Co-Operative Bank Limited fully paid up.	5.00	5.00
12,000 Equity Shares (P. Y. 12,000) of Rs. 10 Each in Kapsil Aqua Enviro Limited fully paid up.	1.20	1.20
- <b>Investments in Bank Deposit</b>		
Fixed Deposit in Bank	52.29	-
<b>Total Non-current Investment</b>	<b>56,695.28</b>	<b>39,436.01</b>



## Notes to the Consolidated Financial Statements (Contd...)

### 14 LONG-TERM LOANS AND ADVANCES

(Rs. in Lakhs)

Particulars	As At 31.03.2016	As At 31.03.2015
<b><u>Unsecured, considered good</u></b>		
Capital Advances	280.08	1,508.78
Security Deposits	682.89	471.31
Loans & Advance to Employees	417.09	78.22
Other Loans & Advances	10.15	327.20
<b>Total</b>	<b>1,390.21</b>	<b>2,385.51</b>

### 15 OTHER NON-CURRENT ASSETS

(Rs. in Lakhs)

Particulars	As At 31.03.2016	As At 31.03.2015
Deposits with Banks	84.26	132.26
Unamortised Expenses	8.56	10.87
<b>Total</b>	<b>92.82</b>	<b>143.13</b>

### 16 INVENTORIES

(Rs. in Lakhs)

Particulars	As At 31.03.2016	As At 31.03.2015
Raw Material	3,026.40	3,693.43
Finished Goods	2,122.34	2,711.10
Stock in Process & Semi Finished Goods	3,321.14	3,389.80
Stores & Spares in transit	0.40	-
Packing Material	107.31	360.10
<b>Total</b>	<b>8,577.59</b>	<b>10,154.43</b>

## Notes to the Consolidated Financial Statements (Contd...)

### 17 TRADE RECEIVABLES

(Rs. in Lakhs)

Particulars	As At 31.03.2016	As At 31.03.2015
<b>Debt outstanding for a period exceeding six months</b>		
Unsecured considered good	2,888.77	4,065.82
Doubtful	423.87	1,194.77
	3,312.64	5,260.59
Less : Allowance for Bad & Doubtful	-	-
	<b>3,312.64</b>	<b>5,260.59</b>
<b>Other debts</b>		
Secured, considered good	-	-
Unsecured considered good	20,662.18	41,562.91
Doubtful	-	-
	20,662.18	41,562.91
Less : Allowance for Bad & Doubtful	-	-
	<b>20,662.18</b>	<b>41,562.91</b>
<b>Total</b>	<b>23,974.82</b>	<b>46,823.50</b>

### 18 CASH AND CASH EQUIVALENTS

(Rs. in Lakhs)

Particulars	As At 31.03.2016	As At 31.03.2015
Cash on Hand	5.08	34.32
Balances with Scheduled Banks		
In Current Account	1,650.57	406.21
Balances with Non-Scheduled Banks		
In Current Account	351.91	-
Others		
Balances in Unpaid Dividend Accounts	1.06	1.06
<b>Total</b>	<b>2,008.62</b>	<b>441.59</b>

## Notes to the Consolidated Financial Statements (Contd...)

### 19 SHORT-TERM LOANS AND ADVANCES

(Rs. in Lakhs)

Particulars	As At 31.03.2016	As At 31.03.2015
Others		
<b>Unsecured, considered good</b>		
Advance Tax & Tax Deducted at Source (Net of Provision Rs.1,262.27 Lakhs Less: Rs.151.05 Lakhs)	1,111.22	1,395.47
MAT Credit Entitlement	1,044.18	893.13
Balance with Government Authorities	3,122.76	5,428.30
Advances to Suppliers	751.81	2,704.26
Prepaid expenses	16.57	28.15
Other Loans & Advances	2.36	1.25
	6,048.90	10,450.56
Less : Allowance for Bad & Doubtful	-	-
	6,048.90	10,450.56
<b>Total</b>	<b>6,048.90</b>	<b>10,450.56</b>

### 20 OTHER CURRENT ASSETS

(Rs. in Lakhs)

Particulars	As At 31.03.2016	As At 31.03.2015
Interest Accrued on Deposits	131.44	126.49
<b>Total</b>	<b>131.44</b>	<b>126.49</b>

## Notes to the Consolidated Financial Statements (Contd...)

### 21 REVENUE FROM OPERATIONS (Rs. in Lakhs)

Particulars	2015-2016	2014-2015
Sale of Products	102,261.73	92,822.10
Other Operating Revenue	596.71	256.57
<b>Total</b>	<b>102,858.44</b>	<b>93,078.67</b>

### 22 OTHER INCOME (Rs. in Lakhs)

Particulars	2015-2016	2014-2015
Interest Income		
- FDs with Banks & ICDs	239.18	44.14
- Others	436.28	53.89
	675.46	98.03
Dividend Income	4.36	-
Gain on sale of Fixed Assets	-	1.82
Foreign Exchange gain	-	86.41
Miscellaneous Income	631.08	11.06
<b>Total</b>	<b>1,310.90</b>	<b>197.32</b>

### 23 COST OF MATERIALS CONSUMED (Rs. in Lakhs)

Particulars	2015-2016	2014-2015
<b>Raw Material Consumed :</b>		
Opening Inventory	3,693.43	4,596.83
Add : Purchases (Net)	70,131.02	58,557.01
Less: Inventory at the end of the year	3,026.40	3,693.43
<b>Cost of Raw Material consumed during the year</b>	<b>70,798.05</b>	<b>59,460.41</b>
<b>Packing Material Consumed :</b>		
Opening Inventory	360.09	377.00
Add : Purchases (Net)	1,909.96	1,311.06
Less: Inventory at the end of the year	107.31	360.09
<b>Cost of Packing Material consumed during the year</b>	<b>2,162.75</b>	<b>1,327.97</b>
<b>Total</b>	<b>72,960.80</b>	<b>60,788.38</b>

### 24 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS & STOCK-IN TRADE (Rs. in Lakhs)

Particulars	2015-2016	2014-2015
<b>(Increase)/decrease in Stocks</b>		
<b>Stock at the beginning of the year :</b>		
Finished Goods	2,711.11	4,226.36
Work in Progress & Semi Finished Goods	3,389.80	4,757.87
	<b>6,100.91</b>	<b>8,984.23</b>
<b>Stock at the end of the year :</b>		
Finished Goods	2,122.34	2,711.11
Work in Progress & Semi Finished Goods	3,458.70	3,389.80
	<b>5,581.04</b>	<b>6,100.91</b>
<b>Total</b>	<b>519.87</b>	<b>2,883.32</b>

## Notes to the Consolidated Financial Statements (Contd...)

### 25 EMPLOYEE BENEFIT EXPENSES (Rs. in Lakhs)

Particulars	2015-2016	2014-2015
Salaries, Wages & Bonus	3,673.12	3,897.23
Contribution to Provident fund & other funds	66.93	164.63
Welfare Expenses	176.26	144.93
<b>Total</b>	<b>3,916.31</b>	<b>4,206.79</b>

### 26 FINANCE COST (Rs. in Lakhs)

Particulars	2015-2016	2014-2015
Interest & Financial Charges		
- Interest Cost	7,268.22	8,486.41
- Financial Charges	79.73	144.24
<b>Total</b>	<b>7,347.95</b>	<b>8,630.65</b>

### 27 ADMINISTRATIVE EXPENSES (Rs. in Lakhs)

Particulars	2015-2016	2014-2015
Insurance Premium	89.55	90.50
Communication Expenses	41.09	59.20
Postage & Conveyance	34.41	34.54
Travelling & Conveyance	75.03	110.42
Repairs & Maintenance - Others	48.82	25.71
Membership & Subscription	2.33	2.26
Security Expenses	87.22	77.08
Legal & Professional Fees	459.50	821.60
Payment to Auditors		
- Audit Fees	13.52	7.60
- For Tax Audit	3.80	2.80
- Certification and Other Matters	3.00	2.00
	<b>20.32</b>	<b>12.40</b>
Rates & Taxes	191.07	47.20
Foreign Exchange Loss	1,825.78	1,540.83
CSR & Social Welfare Expenses	13.32	17.95
Miscellaneous Expenses	101.58	25.81
Preliminary Expenses	2.31	4.18
<b>Total</b>	<b>2,992.33</b>	<b>2,869.68</b>

### 28 MANUFACTURING EXPENSES (Rs. in Lakhs)

Particulars	2015-2016	2014-2015
Operational & Other Expenses		
- Power & Fuel	6,300.87	5,930.69
Pollution Treatment Expenses	275.81	134.97
Repairs & Maintenance		
- Buildings	110.85	263.68
- Machineries	1,331.64	1,411.18
- Other Assets	459.14	345.18
	<b>1,901.63</b>	<b>2,020.03</b>
Laboratory Expenses	42.39	49.69
Factory Expenses	104.17	164.86
<b>Total</b>	<b>8,624.87</b>	<b>8,300.24</b>

## Notes to the Consolidated Financial Statements (Contd...)

### 29 SELLING & DISTRIBUTION EXPENSES

(Rs. in Lakhs)

Particulars	2015-2016	2014-2015
Warehouse Charges	-	0.72
Export Expenses	144.48	288.64
Outward Freight & Transportation Charges	916.08	1,068.48
Travelling Expenses	144.47	62.56
Advertisement & Sales Promotion Expenses	74.38	301.38
<b>Total</b>	<b>1,279.41</b>	<b>1,721.78</b>

### 30 PRIOR PERIOD ADJUSTMENTS

(Rs. in Lakhs)

Particulars	2015-2016	2014-2015
Prior Period Expenses	22.17	215.03
<b>Total</b>	<b>22.17</b>	<b>215.03</b>

31. The accounts of the subsidiary which are neither audited by us nor by any other auditor have been compiled, consolidated and certified by the management of respective subsidiary.

32. During the year, the company entered into settlement agreement with ARCs/Bank. In accordance with the agreement, the company reduced its debts as lenders have agreed to waive principal sum of Rs.17,823.01 Lakhs and interest of Rs.23,490.02 Lakhs. Appropriate treatment has been given in the accounts on the lines of opinion of the Expert Advisory Committee (EAC) of ICAI, including the reduction in cost of acquisition of fixed assets acquired out of loans to the extent of waiver of principal amount of term loans which was attributable to acquisition of fixed assets.

### 33. Segment Information

The Company operates mainly in manufacturing of Dyes, Dyes intermediates and Basic Chemicals. All other activities are incidental thereto, which have similar risk and return, accordingly, there are no separate reportable Segment as far as primary Segment is concerned.

#### Information about Secondary Geographical Segments:

(Rs. in Lakhs)

Particulars	Year ended 31 <sup>st</sup> March 2016	Year ended 31 <sup>st</sup> March 2015
<b>Revenue by Geographical Segment</b>		
India	69,800.08	54,417.07
Outside India	33,058.36	38,661.60
<b>Addition to Fixed Assets and Intangible Assets</b>		
India	4,566.44	7,231.14
Outside India	0.00	0.00
<b>Carrying amount of Fixed Assets (Net)</b>		
India	33,847.11	45,606.29
Outside India	0.00	0.00

## Notes to the Consolidated Financial Statements (Contd...)

### 34 Capital Commitments (Rs. In Lakhs)

Particulars	Year ended 31 <sup>st</sup> March 2016	Year ended 31 <sup>st</sup> March 2015
Estimated amount of contracts remaining to be executed on capital account and not provided for:		
• Parent Company	Nil	Nil
• Share of Joint venture	360.68	50.39
• Associate Company	Nil	Nil
<b>Total</b>	<b>360.68</b>	<b>50.39</b>

### 35 Contingent Liabilities not provided for (Rs. In Lakhs)

Particulars	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
Outstanding Letter of Credit		
• Joint Venture company Rs.31.18 Lakhs (P.Y. Rs. 30.50 Lakhs)	31.18	30.50
Guarantees given by Banks on behalf of the Company for various purposes		
• Parent company	84.26	182.96
• Joint Venture company	94.66	89.83
Claims against the Company not acknowledged as debts:		
Income Tax / Excise [under disputed Income Tax / Excise matters for various assessment years for which appeals are pending with Appellate authorities.]	1,859.37	1,915.95
<b>Total</b>	<b>2069.47</b>	<b>2219.24</b>

### 36 Earning Per Share (EPS)

Particulars		2015-2016	2014-2015
Profit as per Consolidated Statement of Profit and Loss	(Rs. in Lakhs)	19,571.35	18,152.46
Nominal Value of equity share	Rs.	10	10
Weighted average number of equity shares			
- for Basic EPS		2,52,12,308	2,07,65,636
- for Diluted EPS	Nos.	3,16,24,321	2,85,27,174
Basic EPS	Rs.	77.62	87.42
Diluted EPS	Rs.	61.88	63.63

### 37. Modifications of Terms and Conditions of Foreign Currency Convertible Bonds (FCCBs):

The Bond Holder, vide Extra Ordinary Resolution passed on March 24, 2016 has approved to modifications of existing terms and conditions of Foreign Currency Convertible Bonds (FCCBs). The Company has also executed the First Supplemental Trust Deed with the Trustee, the Bank of New York Mellon, London Branch, on March 29, 2016 to give effect of modification of terms of FCCBs. The details of modifications of terms and conditions are reproduced herein under:

- Maturity of date of Series B, D, E and F Bonds has been extended from January 17, 2018 to January 17, 2022.

## Notes to the Consolidated Financial Statements (Contd...)

- b. The offer price payable on each of the Series A, B, C, D, E and F FCCB's shall be payable on the earlier of the Conversion Date or the due date specified in the table below:

ORIGINAL							
Series of FCCBs	Due date for payment of balance subscription(A)	No. of Bonds originally in the Series(B)	Total Principal Amount Payable (US\$)(C)	Initial Subscription Paid at the time of allotment (D)		Balance payment due (US\$) after the allotment (E = C-D)	
				in US\$	in %	in US\$	in %
Series A	September 30, 2013	10	1,000,000	30,000	3	970,000	97
Series B	September 30, 2014	10	1,000,000	30,000	3	970,000	97
Series C	March 30, 2015	25	2,500,000	75,000	3	2,425,000	97
Series D	September 30, 2015	35	3,500,000	105,000	3	3,395,000	97
Series E	September 30, 2016	35	3,500,000	105,000	3	3,395,000	97
Series F	September 30, 2017	35	3,500,000	105,000	3	3,395,000	97

REVISED							
Series of FCCBs	Due date for payment of balance subscription(A)	No. of Bonds originally in the Series(B)	Total Principal Amount Payable (US\$)(C)	Initial Subscription Paid at the time of allotment (D)		Balance payment due (US\$) after the allotment (E = C-D)	
				in US\$	in %	in US\$	in %
Series A	N.A.*	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Series B	N.A.**	8	1,000,000	806,000	100	N.A.	N.A.
Series C	N.A.*	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Series D	June 30, 2016	9	900,000	105,000	11.67	795,000	88.33
Series E	September 30, 2016	14	1,400,000	105,000	7.50	1,295,000	92.50
Series F	December 31, 2016	14	1,400,000	105,000	7.50	1,295,000	92.50

\* Series A & C - Already converted into equity shares by the Company

\*\* Series B - 2 partly paid up Bonds have been converted into equity shares by the Company and the remaining 8 bonds have been fully subscribed and therefore, no further subscription is due.

3. Where there is a default by any Series D, E and F bond holder, in paying balance amount due in respect of such bonds, the Company has right to Convert each partly paid up bonds to the extent initial 3% amount paid up on relevant Series D, E and F bonds and the balance 97% shall stand cancelled and each respective Series D, E and F bonds (on which default has been committed) shall be convertible into fully paid up equity shares of Rs. 10/- each at a premium of Rs. 2.03 per equity share aggregating to Rs. 12.03 per equity share.

### 38. Related Parties

#### Names of related parties with whom transactions have taken place during the year:

Joint Venture (JV)	Lonsen Kiri Chemical Industries Limited
Associate Company (AC)	Kiri Infrastructure Private Limited DyStar Global Holdings (Singapore) Pte. Ltd.
Wholly Owned Subsidiaries	Chemhub Trading DMCC SMS Chemicals Co. Ltd. Kiri Investment & Trading Singapore Pvt. Ltd Synthesis International Limited
Directors Relative of Key Managerial Personnel	Kiri Laboratories Pvt. Ltd. Indochin Development Pvt. Ltd.



## Notes to the Consolidated Financial Statements (Contd...)

Key Management Personnel (KMPP)	Mr. Pravin A. Kiri – Chairman Mr. Manish P. Kiri – Managing Director
Relative of Key Management Personnel	Mrs. Anupama M. Kiri Mrs. Aruna P. Kiri Pravin Kiri – HUF

Disclosure in respect of material transactions with related parties		(Rs. in Lakhs)	
Nature of Transaction	Name of the Related Party	2015-2016	2014-2015
Purchase of Goods	Lonsen Kiri Chemical Industries Ltd.	425.69	163.09
Sales of Goods / Job work Income	Lonsen Kiri Chemical Industries Ltd.	4,524.21	10,086.42
Remuneration	Mr. Pravin A. Kiri	12.00	12.00
	Mr. Manish P. Kiri	12.00	12.00
Investment	Lonsen Kiri Chemical Industries Ltd – Preference Share	-	158.04
	Synthesis International Limited	199.30	57.56
Equity Share	Mrs. Anupama M. Kiri	245.6	-
Share Premium	Mrs. Anupama M. Kiri	3,094.56	-
Advance repaid	Kiri Infrastructure Pvt. Ltd.	-	349.32
Loan repaid	Mrs. Aruna P. Kiri	118.75	215.76
	Mr. Pravin A. Kiri	-	980.19
	Mr. Manish P. Kiri	83.11	1,678.47
	Pravin Kiri – HUF	-	73.02
	Mrs. Anupama M. Kiri	12.00	36.95
Loan taken	Mrs. Aruna P. Kiri	50.85	67.91
	Mr. Manish P. Kiri	45.50	1,349.31
	Mrs. Anupama M. Kiri	12.00	3.00
Money received against Share Warrant	Mrs. Anupama M. Kiri	-	5,100.00
Share Application Money repaid	Mrs. Anupama M. Kiri	-	3,891.65
Outstanding Balance (Cr)	Mrs. Aruna P. Kiri	-	67.91
	Mr. Manish P. Kiri	0.78	37.61
	Mr. Pravin A. Kiri	0.70	-
	SMS Chemicals Co. Ltd.	20.74	20.74
	Lonsen Kiri Chemical Industries Ltd.	755.62	1,282.73
	Chemhub Trading DMCC	139.20	-
Outstanding Balance (Dr)	Synthesis International Limited	82.26	1,081.93
	Chemhub Trading DMCC	-	463.22
	Dystar Global Holdings (Singapore) P te. Ltd	25.41	96.69
	Kiri International (Mauritius) Pvt. Ltd.	-	26.36
	Lonsen Kiri Chemical Industries Ltd. (Dividend Receivable)	140.00	157.50

- As there is no commission paid to any of the directors, the computation of profit u/s 197 of the Companies Act, 2013 has not been given.

## Notes to the Consolidated Financial Statements (Contd...)

### 39. Details of the Company's share in Joint Venture included in the Consolidated Financial Statements is as follows (Before inter-company eliminations):

The Company has a 40% interest in the assets, liabilities, income and expenses of the Lonsen Kiri Chemical Industries Ltd., incorporated in India, which is engaged in business of manufacturing various types of Synthetic Organic Dyes. The Company's share of the assets, liabilities, income and expenses of the joint venture is as follows:

(Rs. In Lakhs)					
Balance Sheet	As at March 31, 2016	As at March 31, 2015	Statement of Profit and Loss	Year ended March 31, 2016	Year ended March 31, 2015
<b>EQUITY AND LIABILITIES</b>					
<b>SHAREHOLDERS' FUNDS</b>					
Share Capital	5,800.00	5,800.00	Net Revenue from Operations	16,236.76	22,363.50
Reserves and Surplus	2,111.31	324.00	Other Income	661.33	137.64
	<b>7,911.31</b>	<b>6,124.00</b>	<b>Total Revenue</b>	<b>16,898.08</b>	<b>22,505.94</b>
<b>NON-CURRENT LIABILITIES</b>					
Long-term borrowings	0.00	0.00	<b>Expenses:</b>		
Deferred tax liabilities (Net)	584.10	610.72	Cost of Materials Consumed	9,826.38	15,552.14
	<b>584.10</b>	<b>610.72</b>	Changes in Inventories of Finished goods, Work-in-Progress & Stock-in-Trade	582.94	140.07
<b>CURRENT LIABILITIES</b>					
Short-term borrowings	1,329.40	1,586.19	Employee Benefits Expense	448.64	501.63
Trade payables	5,153.36	5,746.04	Finance Costs	658.02	180.80
Other current liabilities	1,604.25	1,676.53	Depreciation	648.58	813.97
Short-term provisions	88.50	397.64	<b>Other Expenses:</b>		
	<b>8,175.51</b>	<b>9,406.40</b>	Administrative Expenses	364.82	162.09
<b>Total</b>	<b>16,670.92</b>	<b>16,141.12</b>	Manufacturing Expenses	1,689.38	2,712.61
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
<b>Fixed assets</b>					
Tangible assets	5,591.19	6,087.49	Selling & Distribution Expenses	170.89	173.19
Capital work-in-progress	260.54	0.00	Prior Period Adjustments	2.49	18.52
	<b>5,851.73</b>	<b>6,087.49</b>	<b>Total Expenses</b>	<b>14,392.14</b>	<b>20,255.03</b>
<b>CURRENT ASSETS</b>					
Inventories	3,118.44	4,258.39	<b>Profit Before Tax</b>	<b>2,505.95</b>	<b>2,246.11</b>
Trade receivables	4,258.37	2,958.18	Tax Expense	(578.65)	(22.77)
Cash and cash equivalents	1,506.54	290.62	<b>Profit for the year</b>	<b>1,927.30</b>	<b>2,268.89</b>
Short-term loans and advances	1,698.65	2,401.16			
Other current assets	79.37	65.43			
	<b>10,661.37</b>	<b>9,973.78</b>			
<b>Total</b>	<b>16,670.92</b>	<b>16,141.12</b>			

Proportionate Contingent Liabilities: Rs. 125.84 Lakhs (P.Y. – Rs. 120.32 Lakhs)

Proportionate Estimated amount of contracts remaining to be executed on capital account and not provided for: Rs. 360.68 Lakhs (P.Y. – Rs. 50.39 Lakhs)

## Notes to the Consolidated Financial Statements (Contd...)

### 40. Details of Employee Benefits – Gratuity

The Parent company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with the Life Insurance Corporation of India and SBI Life Insurance in the form of a qualifying insurance policy.

#### 1. Defined Benefit Plans:

(Rs. in Lakhs)

Particulars	Gratuity	Leave Encashment
<b>I. Expense recognized during the year</b>		
Current Service Cost	26.50	8.82
Interest Cost	7.87	2.76
Expected return on plan assets	-	-
Net actuarial Losses (Gains)	(4.81)	17.76
<b>II. Reconciliation of opening and closing balances of defined benefit obligation:</b>		
Defined benefit obligation at beginning of the Year	98.85	34.66
Service Cost	26.50	8.82
Interest Cost	7.87	2.76
Actuarial Losses (Gains)	(4.81)	17.76
Losses (Gains) on curtailments	-	-
Liabilities extinguished on settlements	-	-
Benefits paid	-	(28.72)
Defined benefit obligation at end of the year.	128.41	35.28
<b>III. Reconciliation of opening and closing balances of fair value of plan assets</b>		
Fair value of plan assets at the beginning of year	9.05	-
Expected return on plan assets	0.72	-
Actuarial Gains (Losses)	0.05	-
Contributions by employer	-	-
Benefit paid from fund	-	-
Defined benefit obligation at end of the year.	9.82	-
<b>IV. Reconciliation of the present value of defined benefit obligation and fair value of Planed assets</b>		
Present value of defined benefit obligations at the end of the year	(138.23)	(35.28)
Fair value of plan assets at the end of the year	9.82	-
Net assets (liability) at the end of year	(128.41)	(35.28)
<b>V. Investment details</b>	<b>Percentage invested as at 31.03.2016</b>	
Life Insurance Corporation of India (LIC) / SBI Life Insurance Company Ltd (SBI)	100%	
<b>VI. Actuarial Assumptions</b>		
Mortality Table (LIC)	2006-08 (Ultimate)	1994-96 (Ultimate)
Discount Rate (per annum)	8.01%	8.01%
Expected Return on plan assets (per annum)	8.01%	0.00%
Annual Increase in salary costs	6.00%	6.00%

## Notes to the Consolidated Financial Statements (Contd...)

### 2. Defined Contribution plans

Contribution of Defined Contribution Plan, recognized as expense for the year as under:

Particulars	(Rs. In Lakhs)	
	2015-2016	2014-2015
Employer's Contribution to Provident Fund	83.72	72.10

### 41. Unhedged Foreign Currency Exposure:

Particulars	As at 31 March, 2016		As at 31 March, 2015	
	Amount in INR	Amount in Foreign currency	Amount in INR	Amount in Foreign currency
Receivable	298,450,641	USD 5,585,285	1,072,189,103	USD 24,111,139 EURO 18,975
Payable	31,586,719	USD 4,92,498	9,281,275	USD 174,748

42. Social Welfare Expenditure related to Corporate Social Responsibility as per section 135 of the Companies Act, 2013 read with Schedule VII thereof Rs. 87.56 Lakhs (P.Y. Rs. 36.87 Lakhs), though not mandatory.

43. Figures pertaining to subsidiaries, joint venture companies have been rounded off to the nearest rupee and figures of previous year have been regrouped, reclassified and readjusted wherever found necessary.

44. Previous year figures have been regrouped or rearranged wherever necessary.

As per our separate report of even date attached herewith.

**For V. D. Shukla & Co.,**  
Chartered Accountants  
Firm Registration No. 110240W

**Vimal D. Shukla**  
Proprietor  
Membership No. 036416

Place : Ahmedabad  
Date : May 30, 2016

For and on behalf of the Board of Directors of Kiri Industries Limited

**Pravin A. Kiri**  
Chairman  
(DIN No 00198275)

**Suresh S. Gondalia**  
Company Secretary

Place : Ahmedabad  
Date : May 30, 2016

**Manish P. Kiri**  
Managing Director  
(DIN No 00198284)  
**Jayesh G. Vyas**  
Chief Financial Officer

## ROUTE MAP OF AGM VENUE



## Attendance Slip / Proxy Form

### KIRI INDUSTRIES LIMITED

(CIN - L24231GJ1998PL C034094)

Regd. Office: 7<sup>th</sup> Floor Hasubhai Chambers, Opp. Town Hall, Ellisbridge, Ahmedabad – 380006.

### ATTENDANCE SLIP

PLEASE FILL THE ATTENDANCE SLIP AND HANDED IT OVER AT THE ENTRANCE OF THE MEETING HALL

I /We hereby record my / our presence 18<sup>th</sup> Annual General Meeting (AGM) of the company to be held on Friday, September 23, 2016 at 10.30 a.m. at Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad - 380 015.

DP ID	Client ID	Folio No.	No. of Shares held

\_\_\_\_\_  
Name of Member / Proxy in Block

\_\_\_\_\_  
Signature of Member / Proxy



(CIN - L24231GJ1998PL C034094)

Regd. Office: 7<sup>th</sup> Floor Hasubhai Chambers, Opp. Town Hall, Ellisbridge, Ahmedabad – 380006.

### PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Member (s) : \_\_\_\_\_

Registered Address : \_\_\_\_\_

E-mail Id : \_\_\_\_\_

Folio No. / DPID/Client ID : \_\_\_\_\_

I/We being the member(s) of \_\_\_\_\_ shares of Kiri Industries Limited hereby appoint:

(1) Name : \_\_\_\_\_

Address : \_\_\_\_\_

E-mail Id : \_\_\_\_\_ Signature : \_\_\_\_\_ or falling him;

(2) Name : \_\_\_\_\_

Address : \_\_\_\_\_

E-mail Id : \_\_\_\_\_ Signature : \_\_\_\_\_ or falling him;

(3) Name : \_\_\_\_\_

Address : \_\_\_\_\_

E-mail Id : \_\_\_\_\_ Signature : \_\_\_\_\_

As my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 18<sup>th</sup> Annual General Meeting of the company to be held on Friday, September 23, 2016 at 10.30 a.m. at Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad - 380 015 and at any adjournment thereof in respect of such resolutions as are stated overleaf:

[PTO]

## Attendance Slip / Proxy Form

**Note:**

1. Please complete the Folio No./ DP ID-Client ID, name, no. of shares and sign this Attendance Slip and hand it over at the Attendance Verification Counter at the ENTRANCE OF THE MEETING HALL.
2. The Notice of AGM as well as the Annual Report for the year 2015-16 along with Attendance Slip and Proxy Form are being sent to all the Members whose email address is registered with the Company / Depository Participant. Members receiving electronic copy and attending the AGM can print copy of this Attendance Slip.
3. Physical copy of the Annual Report for the year 2015-16 and Notice of AGM along with Attendance Slip and Proxy Form is sent in the permitted mode(s) to all Members whose email address is not registered or have requested for a hard copy.

Resolution No.	Particulars of Resolution	Optional (Please mention No. of Shares held)	
		For	Against
	<b>ORDINARY BUSINESS</b>		
1.	To receive, consider and adopt the Audited Balance Sheet as at March 31, 2016 and the Statement of Profit and Loss for the year ended on that date together with the Report of Directors' and Auditors' thereon.		
2.	To appoint a Director in place of Mr. Pravin Kiri (DIN-00198275), who retires by rotation and being eligible, offers himself for re-appointment.		
3.	To declare Dividend @0.15% on 43,33,500 Cumulative Redeemable Preference Share for the year 2015-16.		
4.	To ratify the appointment of Statutory Auditors and fix their remuneration.		
	<b>SPECIAL BUSINESS</b>		
5.	To ratify the remuneration of Cost Auditors of the Company for F.Y. 2016-17 - <b>Ordinary Resolution</b>		
6.	Approval of issue, offer and allotment of 35,00,000 Warrants on Preferential basis as per SEBI (ICDR) Guidelines, 2009. – <b>Special Resolution</b>		
7.	Reversion of Remuneration of Mr. Pravin Kiri, Chairman of the Company – <b>Special Resolution</b>		
8.	Reversion of Remuneration of Mr. Manish Kiri, Managing Director of the Company – <b>Special Resolution</b>		

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2016.

Signature of the Shareholder \_\_\_\_\_

Signature of first proxy holder(s) \_\_\_\_\_

Affix  
Revenue  
Stamp

**Notes:**

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. For the Resolutions, Explanatory Statement and Notes, please refer to the Notice of the 18<sup>th</sup> Annual General Meeting.
3. It is optional to put a 'X' in the appropriate column against the Resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all Resolutions, your proxy will be entitled to vote in the manner as he / she deem appropriate.
4. Please complete all details including details of member (s) in the above box before submission.

*If undelivered, please return to:*



**Kiri Industries Limited**

*Future Full of Colours.....*

(CIN : L24231GJ1998PLC034094)

**Registered Office**

7<sup>th</sup> Floor, Hasubhai Chambers, Opp. Town Hall,  
Ellisbridge, Ahmedabad – 380 006