



Annual Report  
2017-2018



Kiri Industries Limited

*Future Full of Colours.....*



## 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>
Veena Padia	<i>Independent Director</i>

### AUDIT COMMITTEE

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

### NOMINATION AND REMUNERATION COMMITTEE

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

### STAKEHOLDERS' RELATIONSHIP COMMITTEE

Veena Padia	<i>Chairman</i>
Manish Kiri	<i>Member</i>
Mukesh Desai	<i>Member</i>

### CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Veena 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. Pramodkumar Dad & Associates,  
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

### 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  
Website: www.cameoindia.com

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## Notice

**NOTICE** is hereby given that the 20<sup>th</sup> Annual General Meeting of the members of **KIRI INDUSTRIES LIMITED** will be held on Thursday, the 27<sup>th</sup> day of September, 2018 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 (Standalone and Consolidated) Financial Statements for the year ended March 31, 2018, 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 F.Y.2017-18.

### SPECIAL BUSINESS:

4. **To ratify the remuneration of Cost Auditors of the Company for F.Y. 2018-19:**

To consider and if thought fit to pass, 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 there under (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. 2,50,000/- (Rupees Two Lakh Fifty Thousand only) plus applicable 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 August 10, 2018, for audit of cost records of the Company for financial year 2018-19 and the same be and is hereby ratified and confirmed 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, things, deeds and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

5. **To approve re-appointment of Mr. Manish Kiri as Managing Director:**

To consider and if thought fit to pass, the following resolution as an **Ordinary Resolution**:

**“RESOLVED THAT** in accordance with the provisions of Sections 196, 197 and 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 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), approval of the members be and is hereby accorded to re-appoint Mr. Manish Kiri (DIN: 00198284) as Managing Director of the Company, for a period of 5 (five) years, with effect from April 01, 2018, on the terms and conditions including remuneration as set out in the explanatory statement annexed to the Notice convening this Meeting, with liberty to the Board of Directors and Nomination and Remuneration Committee to alter and vary the terms and conditions of the said re-appointment and / or remuneration as it may deem fit and as may be acceptable to Mr. Manish Kiri, subject to the same not exceeding the limits specified under Schedule V to the Companies Act, 2013.

**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 Schedule V to the Act for the time being in force.

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

6. **To approve re-appointment of Mr. Pravin Kiri as Chairman and Whole Time Director:**

To consider and if thought fit to pass, the following resolution as a **Special Resolution**:

**“RESOLVED THAT** in accordance with the provisions of Sections 196, 197 and 203 read with Schedule V and other applicable provisions, if any, of the Companies

## Notice (Contd...)

Act, 2013 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), approval of the members be and is hereby accorded to re-appoint Mr. Pravin Kiri (DIN: 00198275) as Chairman and Whole Time Director of the Company, for a period of 5 (five) years with effect from April 01, 2018, on the terms and conditions including remuneration as set out in the explanatory statement annexed to the Notice convening this Meeting, with liberty to the Board of Directors and Nomination and Remuneration Committee to alter and vary the terms and conditions of the said re-appointment and / or remuneration as it may deem fit and as may be acceptable to Mr. Pravin Kiri, subject to the same not exceeding the limits specified under Schedule V to the Companies Act, 2013.

**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 Schedule V to the Act for the time being in force.

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

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

**Place :** Ahmedabad  
**Date :** August 10, 2018

**Suresh Gondalia**  
**Company Secretary**

### Notes:

- 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.**
- 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.

- The Company has notified closure of Register of members and Share transfer books from Friday, 21<sup>st</sup> September, 2018 to Thursday, 27<sup>th</sup> September, 2018 (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 24, 2018.
- The Businesses 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.
- Corporate members intending to send their authorised representatives to attend the meeting are requested to send a certified true copy of Board Resolution.
- The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of the businesses set out above is annexed hereto.
- Brief profile of Directors who are proposed to be appointed / re-appointed, nature of their expertise in specific functional areas, names of companies in which they hold directorships and memberships / chairmanships of Board Committees, shareholding as stipulated under regulation 36(3) of the SEBI (Listing Obligation & Disclosure Requirements) Regulations, 2015 with the Stock Exchanges, are annexed to the Notice.
- In case of Joint holders attending the meeting, only such joint holder who is higher in order of names will be entitled to vote.
- 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.

## Notice (Contd...)

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 in electronic form.
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 ensuing Annual General Meeting. Therefore, members are requested to bring their copy of Annual Report in the Meeting. Members/
13. Proxies should also bring the Attendance Slip attached herewith, duly filled in all aspects for attending the meeting.
13. Copy of Annual Report has been available on the website of the Company [www.kiriindustries.com](http://www.kiriindustries.com).
14. Pursuant to Section 124 of the Companies Act, 2013, 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 authorities or the Company for the amounts so transferred.
15. Pursuant to Section 124 of the Companies Act, 2013, the Company has transferred unclaimed/unpaid Dividend for the financial year 2009-10 on November 06, 2017 to the 'Investor Education and Protection Fund' (IEPF), constituted by the Central Government.
16. Members who have not yet encashed their dividend pertaining to the final dividend for the financial year 2010-11, It may be noted that the unclaimed Final Dividend for the financial year 2010-11 declared by the Company can be claimed by the Members before due date of transfer in IEPF as mentioned herein under:

Financial Year	Type of Dividend	Dividend Rate (%)	Date of Declaration	Due date for transfer to IEPF
2010-11	Final	15%	29.09.2011	04.11.2018

17. Adhering to the various requirements set out in the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended, the Company has, during financial year 2017-18, there were no shares which shall be transferred to IEPF Authority.
18. The route map showing directions to reach the venue of the 20<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 above 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. Friday, September 21, 2018, 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 shareholders voting electronically are as under:**
- (i) The voting period begins on Monday, the 24<sup>th</sup> day of September, 2018 at 9.00 a.m. and ends on Wednesday, the 26<sup>th</sup> day of September, 2018 at 5.00 p.m. During this period shareholders' of the

## Notice (Contd...)

- Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (Record Date) Friday, September 21, 2018 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.
- (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	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> <li>Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on Attendance Slip indicated in the PAN field.</li> </ul>
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. <ul style="list-style-type: none"> <li>If both 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 use Mobile app - "m - Voting" for e voting. m - Voting app is available on Apple, Android and Windows based Mobile. Shareholders may log in to m - Voting using their e voting credentials to vote for the company resolution(s).

## Notice (Contd...)

### (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.
- 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, 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.

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:

- a) 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.
- b) 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.
- c) The Results declared alongwith 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.

## Notice (Contd...)

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

#### A. Mr. Manish Kiri

Name	Mr. Manish Kiri
Director Identification Number (DIN)	00198284
Date of Birth	December 26, 1972
Nationality	Indian
Date of Appointment	May 14, 1998
Qualifications	<ul style="list-style-type: none"> <li>➤ B.E. (Electronic &amp; Communication),</li> <li>➤ MBA (Wayne State University, USA)</li> </ul>
Brief resume and nature of expertise in specific functional areas	Formulating strategies and its implementation and also looks after overall business of the Company. He embarked upon a plan of fast growth and spearheaded the company's growth by establishing a large economy of scale manufacturing facilities and backward integration into manufacturing of intermediates and basic chemicals.
Disclosure of relationship between Directors inter-se	Mr. Manish Kiri is son of Mr. Pravin Kiri, Chairman of the Company.
Names of Listed entities in which the person also holds the directorship and the membership of committees of the board	NIL
Shareholding of Non – Executive Directors	Not Applicable

#### B. Mr. Pravin Kiri

Name	Mr. Pravin Kiri
Director Identification Number (DIN)	00198275
Date of Birth	November 01, 1945
Nationality	Indian
Date of Appointment	May 14, 1998
Qualifications	Bachelor of Science (Chemistry)
Brief resume and nature of expertise in specific functional areas	Aged 72 years, is the Chairman and Promoter of our Company and has an experience of more than 47 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.
Disclosure of relationship between Directors inter-se	Mr. Pravin Kiri is father of Mr. Manish Kiri, Managing Director.
Names of Listed entities in which the person also holds the directorship and the membership of committees of the board	NIL
Shareholding of Non – Executive Directors	Not Applicable



## Notice (Contd...)

### Explanatory Statement

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

#### Item No. 4

The Audit Committee of the Company at their meeting held on August 10, 2018 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 the Company for the financial year 2018-19. The Board of Directors of the Company at their meeting held on August 10, 2018 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. 4 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 resolution set out at Item No. 4 of the Notice.

#### Item No. 5

The Board of Directors of the Company ("Board"), at their meeting held on February 13, 2018 has re-appointed Mr. Manish Kiri (DIN: 00198284) as Managing Director, for a period of 5 (five) years with effect from April 01, 2018, on the terms and conditions including remuneration as recommended by the Nomination and Remuneration Committee ("NRC Committee").

It is proposed to seek members' approval for the re-appointment of and remuneration payable to Mr. Manish Kiri as Managing Director of the Company, in terms of the applicable provisions of the Act.

Broad particulars of the terms of re-appointment of, and remuneration payable to Mr. Manish Kiri are as under:

<b>1.</b>	<b>Salary</b>	Rs. 10,00,000 – 1,00,000 – 15,00,000 per month.
<b>2.</b>	<b>Perquisites</b>	The Managing Director 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.
<b>3.</b>	<b>Reimbursement</b>	The Managing Director shall be entitled to reimbursement of expenses incurred by him in connection with the business of the Company.
<b>4.</b>	<b>Compensation</b>	In the event of termination of office of Managing Director 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.
<b>5.</b>	<b>Commission</b>	Mr. Manish Kiri shall also be paid 1% commission, in addition to salary, perquisites, allowances and others, calculated with reference to net profit 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.

None of the directors/Key Managerial Personnel of the Company or their relatives are in anyway concerned or interested in the resolution set out at Item No. 5 of the Notice except Mr. Manish Kiri and Mr. Pravin Kiri.

The Board recommends an Ordinary Resolution set out at Item No. 5 of the Notice for approval by the Members.

## Notice (Contd...)

### Item No. 6

The Board of Directors of the Company ("Board"), at their meeting held on February 13, 2018 has re-appointed Mr. Pravin Kiri (DIN: 00198275) as Chairman and Whole Time Director, for a period of 5 (five) years with effect from April 01, 2018, on the terms and conditions including remuneration as recommended by the Nomination and Remuneration Committee ("NRC Committee").

It is proposed to seek members' approval for the re-appointment of and remuneration payable to Mr. Pravin Kiri as Chairman and Whole Time Director of the Company, in terms of the applicable provisions of the Act.

Broad particulars of the terms of re-appointment of, and remuneration payable to Mr. Pravin Kiri are as under:

<b>1.</b>	<b>Salary</b>	Rs. 10,00,000 – 1,00,000 – 15,00,000 per month.
<b>2.</b>	<b>Perquisites</b>	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.
<b>3.</b>	<b>Reimbursement</b>	The Chairman shall be entitled to reimbursement of expenses incurred by him in connection with the business of the Company.
<b>4.</b>	<b>Compensation</b>	In the event of termination of office of Chairman 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.
<b>5.</b>	<b>Commission</b>	Mr. Pravin Kiri shall also be paid 1% commission, in addition to salary, perquisites, allowances and others, calculated with reference to net profit 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.

None of the directors/Key Managerial Personnel of the Company or their relatives are in anyway concerned or interested in the resolution set out at Item No. 6 of the Notice except Mr. Pravin Kiri and Mr. Manish Kiri.

The Board recommends a Special Resolution set out at Item No. 6 of the Notice for approval by the Members.

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

**Place :** Ahmedabad  
**Date :** August 10, 2018

**Suresh Gondalia  
Company Secretary**

- Annual Report 2017-2018
- **Statutory Reports**
- Financial Statements

## Director's Report

To,  
The Members  
**Kiri Industries Limited**

Your Directors have pleasure in presenting their **20<sup>th</sup> Annual Report** together with Audited Accounts of the Company for the financial year ended on March 31, 2018.

### ❖ **Standalone Performance:**

The highlights of Company's financial performance, for the year ended March 31, 2018 are as under:

(Rs. In Crore)

Particulars	2017-18	2016-17
Total Revenue	904.59	1035.52
Earning Before Finance Cost, Depreciation and Tax	133.41	129.57
Less: Finance Cost	1.65	8.03
Depreciation	25.05	22.18
Earning before taxation	106.71	99.36
Less: Current Tax	22.77	--
Deferred Tax	4.17	5.14
Add: Other Comprehensive Income	0.69	(0.65)
Add: Adjustment of excess tax provision	(22.77)	--
Earnings After Tax	102.60	94.15

### ❖ **Highlights of Operations**

#### ❑ **Total Revenue:**

During the year under review, the revenues of the Company decreased by 13.00%. The Company has reported turnover of Rs. 904.59 Crore for the financial year 2018 as compared to Rs. 1035.52 Crore financial year 2017. The major reason for reduction in the revenues has been due to unavoidable shut down of certain plant(s) for certain modifications for enduring product mix and repairs and maintenance required to manufacture certain other products.

#### ❑ **Earning before Interest, Depreciation and Tax (EBIDTA):**

During the year under review, Earning(s) before Interest, Depreciation and Tax has increased by 3% from Rs.129.57 Crore to Rs.133.41 Crore. The increase in EBIDTA is mainly on account of increase in gross margins which have increased by around 6% as compared to previous year.

#### ❑ **Total Expense:**

During the financial year 2018, the company has achieved a reduction in total expense of around 15%, a reduction of Rs.138.28 Crore from Rs.936.16 Crore to Rs.797.88 Crore as compared to previous financial year. Finance cost reduced by 80% from Rs.8.03 Crore to Rs.1.65 Crore, on account of reduction of debts of the Company.

#### ❑ **Earnings After Tax:**

During the financial year 2018, earning after tax (EAT) has increased by around 9%. Earning after Tax (EAT) is increased to Rs.102.60 Crore as compared to Rs. 94.15 Crore of the previous financial year ended March 31, 2017. Improvement in gross margins by around 6% and reduction in finance cost are the two major factors for increase in EAT of the Company.

## Director's Report (Contd...)

### ❖ Highlights of Consolidated Performance

The highlights of Company's consolidated financial performance, for the year ended March 31, 2018 are as under:

(Rs. In Crore)

Particulars	2017-18	2016-17
Total Revenue	1136.76	1200.73
Earning Before Finance Cost, Depreciation and Tax	182.52	161.43
Less: Finance Cost	3.48	9.11
Depreciation	34.07	29.10
Earning Before Taxation	144.97	123.20
Less: Current Tax	37.62	8.36
Deferred Tax	3.45	4.49
Add: Adjustment of excess tax provision	(22.77)	0.84
Earnings After Tax	126.67	109.51
Add: Other Comprehensive Income	0.72	(0.19)
Add: Share of Profit from Associate	231.35	156.11
Earnings After Tax for the year	358.09	265.60

### ❖ Highlights of Operations

#### ❑ Total Revenue:

During the year under review, the total revenue reduced by 5% to Rs.1136.76 Crore from Rs.1200.73 Crore as compared to the previous financial year ended March 31, 2017. The consolidated revenues have decreased mainly on account of reduction in prices of key dyes intermediates and due to unavoidable shut down of certain plant(s) for certain modifications for enduring product mix and repairs and maintenance required to manufacture certain other products.

#### ❑ Earnings before Interest, Depreciation and Tax (EBIDTA):

During the year under review, improvement in gross margins and control over operational costs as compared to previous year have enhanced Earnings before Interest, Depreciation and Tax by 13% to Rs.182.52 Crore from Rs.161.43 Crore.

#### ❑ Finance Cost:

During the year under review, the Finance Costs has substantially reduced by around 62% amounting to Rs.3.48 Crore from Rs.9.11 Crore as compared to the previous financial year on account of reduction of high cost debt of the parent company.

#### ❑ Total Expense:

During the year under review, the consolidated total expenditure has decreased by 8% to Rs.991.79 Crore as compared to Rs.1077.53 Crore of the previous financial year. The reduction in operational costs and finance cost have been provided instrumental in reduction of total consolidated expenditure.

#### ❑ Earnings After Tax:

During the year under review, the earnings after tax before share of profit from associates & OCI is increased to Rs.126.67 Crore, as compared to Rs.109.51 Crore of previous financial year ended March 31, 2017. Consolidated EAT has been increased substantially by 16% as compared to previous financial year.

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## Director's Report (Contd...)

### ❖ Transfer to Reserves

Appropriations to general reserve for the financial year ended March 31, 2018 as per standalone and consolidated financial statements are as under:

Particulars	(Rs. In Crore)	
	Standalone	Consolidated
Net profit for the year	102.60	358.09
Balance of Reserve at the beginning of the year	228.89	867.25
Transfer to General Reserve	-	-
Balance of Reserve at the end of the year	416.09	1309.88

### ❖ Dividend

#### Dividend on Cumulative Redeemable Preference Shares:

Your Directors have recommended dividend @ 0.15% on 43,33,500 Cumulative Redeemable Preference Shares (Preference Shares) of Rs.10.00 each for the year ended March 31, 2018. The aggregate amount of the dividend on 43,33,500 Preference Shares is Rs. 78,235/-, including dividend distribution tax amounting to Rs. 13,233/-.

#### Dividend on Equity Shares:

Your directors are unable to declare any dividend on the equity shares of the Company pursuant to the proviso under section 123(1) of the Companies Act, 2013 as the carried over previous losses are not set off against the profit of the current financial year. Accordingly the profit realized during the current financial year are proposed to be utilized to meet envisaged capital expenditure and repayment of outstanding debts of the Company.

#### Transfer of Unclaimed Dividend to Investor Education and Protection Fund:

During the year 2017-18, unclaimed dividend for financial year 2009-10 of Rs. 81,266/- was transferred to the Investor Education and Protection Fund (IEPF), as required under the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016.

### ❖ Subsidiaries and Consolidated Financial Statements

The Company had prepared Consolidated Financial Statements in accordance with the Indian Accounting Standards (Ind AS). The Company has also presented financial statements as per Schedule III to the Companies Act, 2013. Except where otherwise stated, the accounting policies are consistently applied.

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 subsidiary/Associates and Joint Venture, which form part of this Annual Report. A statement containing salient features of the financial statements of the subsidiary / joint venture / associate companies in Form AOC-1 is provided as **Annexure A**, which forms part of the Directors Report of the Company.

In accordance with third proviso to Section 136 of the Companies Act, 2013, the Annual Report of your Company, contains inter alia the audited standalone and consolidated financial statements.

### ❖ 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 had paid Annual Listing fees to both the stock exchanges for the Financial Year 2018-19 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, Whole Time Director 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 of AGM of the Company.

## Director's Report (Contd...)

### ❖ 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 opinion of the Board, they fulfill the conditions of independence as specified in the Companies Act, 2013 and Rules made thereunder.

### ❖ Board Meetings as well as separate Meeting of Independent Directors:

During the year, the Board met 5 (Five) times on May 25, 2017, August 25, 2017, September 21, 2017, November 27, 2017 and February 13, 2018. The intervening gap between any two meetings was within the period prescribed by the Companies Act, 2013.

Pursuant to the requirements of Schedule IV to the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate Meeting of the Independent Directors of the Company was held on March 30, 2018.

### ❖ Statutory Auditors:

M/s. Pramodkumar Dad & Associates, Chartered Accountants were appointed as Statutory Auditors of the Company at the 19<sup>th</sup> Annual General Meeting of the Company for a term of 5 (Five) consecutive years and they shall hold the office upto 24<sup>th</sup> Annual General Meeting of the Company to be held in year 2022. They have confirmed that they are not disqualified for continuing as Auditors of the Company.

The Notes on 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, adverse remark or disclaimer.

### ❖ Cost Auditors:

The Audit Committee of the Company at their meeting held on May 25, 2017 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 the Company for the financial year 2017-18. The Board of Directors of the Company

at their meeting held on May 25, 2017 has appointed M/s. V. H. Savaliya & Associates as Cost Auditors of the Company.

The Cost Audit Report for the financial year 2017-18, issued by M/s. V. H. Savaliya & Associates, Cost Accountants does not contain any qualification, reservation or adverse remark.

### ❖ Secretarial Auditors:

In compliance of the provision of section 204 of the Companies Act, 2013, other applicable provisions of the Companies Act, 2013, the Companies (Appointment and Remuneration of Managerial Personnel), Rules 2014 and other applicable rules framed there under (subject to modification or re-enactment thereof from time to time), the Board of Directors at their meeting held on August 25, 2017 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 2017-18. 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. 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.

2. During the year under review, the Company has received a show cause notice from Securities and Exchange Board of India ("SEBI") dated August 04, 2017 regarding delayed disclosure to BSE and non-disclosure to NSE under Regulation 13(6) of SEBI (Prohibition of Insider Trading) Regulations, 1992 in respect of acquisition of 19,48,968 shares by Ms. Anupama M. Kiri, Promoter on 19th December, 2014. Based on our analysis of documents provided

## Director's Report (Contd...)

by the Company for audit, we observe that while the Company had made disclosure to both the exchanges, there was a delay of one (1) day in respect of making such a disclosure. The Company made a settlement application dated December 18, 2017 to SEBI and a subsequent offer dated May 30, 2018 proposing to pay Rs. 2,88,682 towards settlement terms and offered to undertake to comply with direction(s) which may be issued by SEBI. The matter is under consideration at the relevant forum at SEBI.

There was delay of 1 day in disclosure under Regulation 13(6) of SEBI (Prohibition of Insider Trading) Regulations, 1992 in respect of acquisition of 19,48,968 shares by Ms. Anupama M. Kiri, Promoter on 19th December, 2014, to buy mental piece, the company do not want to fight with regulators hence filed settlement application with SEBI and the matter wants to settle by payment of Rs. 2,88,682 towards consent fees.

3. The Company has filed all due ECB-2 returns for the financial year under review in respect of FCCB with some delays for certain months. Revision of drawdown dates for FCCB has been intimated directly in the relevant ECB-2 returns.

There was some delay in filing of ECB-2 returns for reporting under Foreign Exchange Management Act 1999 and ECB guideline with respect to reporting of Foreign Currency Convertible Bonds ("FCCBs") which do not have material impact on financial performance of the Company.

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

During the year under review, 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 and rules made thereunder.

### ❖ **Vigil Mechanism process:**

As per the provisions of Section 177 of the Companies Act, 2013 ("the Act") and Regulation 22 of the Listing Regulations, the Company has devised a vigil mechanism named Whistle Blower Policy for escalating

system of ethical concerns etc and to deal with instances of fraud and mismanagement, if any. The details of the Whistle Blower Policy are available on the website of the Company at [www.kiriindustries.com](http://www.kiriindustries.com).

### ❖ **Related Party Transactions:**

During the year under review, all the related party transactions are entered on arm's length basis, in the ordinary course of business and are in compliance with the applicable provisions of the Companies Act, 2013 and the SEBI (LODR) Regulations, 2015. There are no materially significant related party transactions made by the Company with Promoters, Directors or Key Managerial Personnel etc. which may have potential conflict with the interest of the Company at large or which requires the approval of the shareholders. Therefore, no transactions are being reported in Form AOC-2 in terms of Section 134 of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014. The details of the transactions with Related Party are provided in the Company's audited financial statements in accordance with the Accounting Standards.

All Related Party Transactions are placed before the Audit Committee and the Board in every quarter. Omnibus approval is obtained for the transactions which are forecasted and are repetitive in nature. An abridged policy on related party transactions is available on the website of the Company i.e. [www.kiriindustries.com](http://www.kiriindustries.com).

### ❖ **Material Subsidiaries Policy:**

Your Company has also implemented Material Subsidiary Policy as per the requirements under regulation 16 of the Listing Regulations for determining the material subsidiaries and material non-listed Indian subsidiaries of the Company and to provide the governance framework for them. The said policy available on the website of the Company i.e. [www.kiriindustries.com](http://www.kiriindustries.com).

### ❖ **Code of Conduct for Directors and Senior Managerial Persons:**

In terms of provisions of SEBI (LODR) Regulations, 2015, the Board of Directors of the Company have laid down a Code of Conduct for all Board Members and Senior Management Personnel of the Company. The Board Members and Senior Management Personnel of the Company have affirmed compliance with the Code. The Managing Director of the Company has given a

## Director's Report (Contd...)

declaration to the Company that all the Board Members and Senior Management Personnel of the Company have affirmed compliance with the Code. The said Code of Conduct has been available on the website of the Company at [www.kiriindustries.com](http://www.kiriindustries.com)

### ❖ Code for Prevention of Insider Trading:

The Company has adopted a Code of Conduct for Prevention of Insider Trading, approved by the Board of Directors, inter alia, prohibits trading in securities of the Company by Directors and employees while in possession of unpublished price sensitive information in relation to the Company. The said code is available on the website of the Company at [www.kiriindustries.com](http://www.kiriindustries.com).

### ❖ Prevention of Sexual Harassment at Workplaces:

The Company has zero tolerance for sexual harassment at workplace and has adopted a Policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules made thereunder. The said policy is available on the website of the Company at [www.kiriindustries.com](http://www.kiriindustries.com). The Company has an Internal Complaint Committees in compliance with the above mentioned Act and Rules. During the financial year 2017-18, no complaint in this regard was received by the Company.

### ❖ 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).

### ❖ 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 November 27, 2017 has allotted 24,00,000 Equity Shares upon conversion of warrants issued on preferential basis to Equinaire Chemtech LLP, Promoter Group of Company. Therefore, issued and paid up equity share capital has been increased from Rs.27.84 Crore to Rs.30.24 Crore.

During the year under review, the Company has not issued shares with differential voting rights and sweat equity shares.

### ❖ Employee Stock Option Scheme

In order to motivate, incentivize and reward employees, your Company has instituted employee stock options plan. The Board of Directors and Nomination and Remuneration Committee administers this plan. The stock option plan is in compliance with Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ("Employee Benefits Regulations") and there have been no material changes to this plan during the financial year. Disclosures on ESOP plan, details of options granted, shares transferred to employee through Kiri Employee Stock Option Trust ("ESOP Trust") upon exercise, etc. as required under the Employee Benefits Regulations read with Securities and Exchange Board of India circular no. CIR/CFD/POLICY CELL/2/2015 dated June 16, 2015 are available on the Company's website at [www.kiriindustries.com](http://www.kiriindustries.com).

No employee was issued stock option during the year equal to or exceeding 1% of the issued capital of the Company at the time of grant. Kiri Employee Stock Option Trust is an ESOP Trust set up by your Company pursuant to approval by the shareholders at their Annual General Meeting held on 26th September, 2014, the ESOP Trust is authorized to transfer shares from the Trust account to employees on exercise of vested options.

The Company has received a certificate from the statutory auditors of the Company 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 ensuing AGM for inspection by the members.

### ❖ 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, 2018, the applicable accounting standards read with requirements set out under Schedule III to the Act, have been



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## Director's Report (Contd...)

- followed and there are no material departures from the same;
- b) 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;
  - c) 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;
  - d) the Directors had prepared the annual accounts for the year ended March 31, 2018 on a 'going concern' basis;
  - 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.

### ❖ Composition of Committees:

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

### ❖ Audit Committee

As required under section 177 (8) of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015, the composition of the Audit Committee is mentioned herein below:

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

During the year all the recommendations made by the Audit Committee were accepted by the Board. A

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

### ❖ Corporate Social Responsibility:

Pursuant to Section 135 of Companies Act, 2013, the Company has constituted Corporate Social Responsibility Committee (CSR Committee) comprising of following members:

Name of Members	Designation
Mrs. Veena Padia	Chairman to the Committee
Mr. Pravin Kiri	Member
Mr. Manish Kiri	Member
Mr. Mukesh Desai	Member

Your Company has always been committed to the cause of social service 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.

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.

In compliance of Section 135 of the Companies Act, 2013, the Company shall in every financial year utilize at least 2% of average net profit of last three years towards CSR activities. The Annual Report on CSR containing particulars as specified under Rule 8 of Companies (Corporate Social Responsibility) Rules, 2014 is set out in **Annexure C** of this report. For other details regarding the CSR Committee, please refer to the corporate governance report.

The CSR policy is available on the website of the Company i.e. [www.kiriindustries.com](http://www.kiriindustries.com).

### ❖ Nomination and Remuneration Policy for Directors, Key Managerial Personnel and Other Employees

As prescribed under section 178 of the Companies Act, 2013 ("the Act"), your Company has adopted Nomination and Remuneration policy of Directors

## Director's Report (Contd...)

appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a Director and the same is available on the website of the Company i.e. [www.kiriindustries.com](http://www.kiriindustries.com). The relevant information as per Regulation 19 of the SEBI (LODR), Regulations, 2015 is available in the Corporate Governance report.

### ❖ **Board Evaluation:**

The Nomination and Remuneration Committee and the Board of Directors of the Company had laid down the process and criteria for annual performance evaluation of the Board, its Committees and individual Directors. The Board of Directors have carried out an evaluation of its own performance, its Committees and that of its individual Directors in compliance with the provisions of the Act and Listing Regulations.

The evaluation process covered aspects such as Board structure and composition, frequency of Board Meetings, participation in the long term strategic planning, contribution to and monitoring of corporate governance practices and the fulfilment of Directors' obligation and fiduciary responsibilities, including but not limited to, active participation at the Board and Committee meetings. The Board at its meeting reviewed the performance of the Board as a whole, its Committees and individual Directors, taking into account feedback of the Nomination and Remuneration Committee and the Independent Directors which included the evaluation of the Chairman and Non- Independent Directors of the Company.

### ❖ **Familiarisation Programme for Directors:**

The Company believes that a Board, which is adequately informed/familiarised with the Company and its affairs, can contribute significantly to effectively discharge its fiduciary duty as director of the company and that fulfils stakeholders' aspirations and societal expectations. In this regard, the Directors of the Company are updated on changes / developments in the domestic / global industry scenario in the sector which affect the business of the Company, to enable them to take well informed and timely decisions. The details of such familiarization programmes have been disclosed on the Company's website i.e. [www.kiriindustries.com](http://www.kiriindustries.com).

### ❖ **Details of Loans, Investments, Guarantees:**

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are provided in the notes to the Financial Statements of the Company for the year ended March 31, 2018.

### ❖ **Extract of annual return:**

In accordance with Section 134(3)(a) of the Companies Act, 2013, an extract of the annual return is annexed to this report as "**Annexure D**". The said annual return is also available on website of the Company i.e. [www.kiriindustries.com](http://www.kiriindustries.com).

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

The relevant 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 Company has a Risk Management framework in place to identify, assess, monitor and mitigate various risks to the business. This framework seeks to minimize adverse impact on the business objectives and enhance the Company's competitive advantage. The framework also defines the risk management approach across the company at various levels. Risk Management Committee reviews the process of risk management. The details of the Committee and its terms of reference are provided in the Corporate Governance Report forming part of the Board's Report. The Risk Management policy of the Company is available on website of the Company [www.kiriindustries.com](http://www.kiriindustries.com).

### ❖ **Internal Control Systems and their Adequacy:**

The Company has an Internal Control System, commensurate with the size and nature of its business operations. The Company has appointed an external audit firm for internal audit of the Company. The Internal Auditor reviews the adequacy of internal control system

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in the Company, its compliance with operating systems and laid down policies and procedures. Based on the report of internal auditor the account department undertake corrective actions in their respective areas and thereby strengthen the controls. Significant audit observations and corrective actions thereon are presented to the Audit Committee on quarterly basis.

### ❖ Particulars of Employees:

A Statement pursuant to section 197 of the Companies Act, 2013 read with Rule 5 of Companies (Appointment & remuneration of Managerial Personnel) Rules, 2014 have been attached hereto as "Annexure F".

### ❖ Human Resource Development:

The Company believes that Human Resources play a vital role in achieving its corporate goal. Hence, the Company continues to invest on hiring the best talent from other industries, developing and retaining the available talent to ensure a sustainable talent supply within the organization. The Company provides various opportunities to the employees to develop their skills to take up higher responsibilities in the organization.

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

As prescribed under Regulation 34 (3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate section on corporate governance practices implemented by the Company, along with 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.

The Management Discussion and Analysis Report on the Industry and business operations of the Company, as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is provided in a separate section and forms an integral part of this Report.

### ❖ Significant and Material orders passed by the Regulators or Courts:

During the financial year under review, no significant or material orders were passed by the Regulatory/ Statutory

Authorities or the Courts which would impact the going concern status of the Company and its future operations.

### ❖ Material Changes:

During the year under review, there has been no material changes and commitments affecting the financial position of the Company.

### ❖ Updates on court case in Singapore:

The Company is holding 37.57% stake in DyStar Global Holdings (Singapore) Pte. Ltd. ("DyStar"). On certain issues which are detailed below, the Company felt aggrieved and hence, has filed Minority oppression suit in June 2015 in Singapore High Court against Senda International Capital Limited ("Senda" /Majority Shareholder in DyStar), DyStar and nominated directors by Senda on DyStar Board for certain minority oppression acts by Senda and their nominated directors on Board of DyStar. The Company has filed suit because of below mentioned major oppressive acts by Senda:

- Legitimate expectation of Kiri under Share Subscription and Shareholders Agreement ("SSSA") with regard to DyStar be Board Managed Company, Senda alone can not control board of DyStar.
- Related Party Transactions with Longsheng related entities that only benefit to them at expenses of DyStar.
- Payment of Special Incentives of US\$ 2 million to Mr. Ruan Weixiang, Chairman of DyStar Board without approval of DyStar Board and without commercial justification.
- Exploitation of DyStar Patent.
- Payment of Fees to Longsheng for alleged service provided by Longsheng without approval of Board of DyStar.
- Denying Kiri for Dividend which is only benefit to Kiri for its investment in DyStar.
- Exclude Kiri's Directors from Management of DyStar by instructing DyStar Management not to provide information to Kiri.
- Payment of Special Incentive and Bonus to DyStar Management.
- DyStar's purchases from Kiri has stopped despite Kiri being a preferred supplier under the SSSA.

## Director's Report (Contd...)

- Blocked proposed sale of Kiri's stake in DyStar to the State General Reserve Fund ("SGRF") by Senda.

- The refusal to carry out an IPO for DyStar.

Later on the said suit has been Transfer to Singapore International Commercial Court (SICC) as Suit No 4 of 2017.

DyStar has filed suit no. 3 of 2017 and Senda had raised following issue in their counter claim:

- The Company, Mr. Manish Kiri, Mr. Pravin Kiri have breached their contractual obligation under SSSA with regard to compete with DyStar, Solicit customers of DyStar, disclosure of Confidential Information of DyStar.

- Mr. Manish Kiri and Mr. Amit Mukherjee (Kiri's Nominated Directors on DyStar Board) have breached their fiduciary duties as Directors of DyStar and their harassing and disruptive conduct is harmful to the DyStar.

- Claim against Kiri for payment of Euro 1.7 Millions for Process Technology Development fees and SG\$ 443,813 for audit costs.

The Singapore International Commercial Court (SICC) has released its judgment on July 3, 2018 in the legal suit filed by the Company and also for the legal suit filed by DyStar for payment of certain outstanding amounts and breaches of agreed non-compete provisions.

The Singapore Court has found Senda committed numerous acts of minority oppression against the Company and has ordered a buy-out of KIL's 37.57% stake in DyStar. The Court has further ordered that the losses caused to DyStar by Senda's oppressive acts be written back into DyStar's value determining fair value of the Company's share.

A significant proportion of DyStar's claims in its legal suit for amounts outstanding and non-compete provisions and Senda's counterclaims in legal suit filed by the Company, were dismissed. The Court only awarded judgment for DyStar against the Company in respect of the sums of EUR 1.7 million and S\$443,813 (comprising monies due and owing in respect of Process Technology

Development fees and audit costs, respectively), and damages to be assessed for a breach of non-complete clause in the Share Subscription and Shareholders Agreement ("SSSA") executed by the Parties. The court has dismissed all the claims and counterclaims against Mr. Pravin Kiri, Mr. Manish Kiri, Mr. Amitava Mukherjee (the Company's nominated director on DyStar Board).

The Court has ordered parties to attend a case management conference for the fixing of timelines for further submissions on matters relating to the valuation of Company's stake in DyStar. The case management conference fixed on August 16, 2018 for the following matters:

- Whether the valuation of Kiri's shareholding should be undertaken by (A) the court, (B) a valuer appointed by the court or the parties, or (C) some other method and (if so) what method;

- Whether a discount should be factored into the valuation of Kiri's shareholding given that Kiri is a minority shareholder;

- How (if at all) the court's rulings allowing part of DyStar's claims in Suit 3 and Senda's counterclaims in Suit 4 may affect the valuation of Kiri's shareholding;

- Any other questions relevant to the valuation of Kiri's shareholding; and

- The appropriate order for costs.

Further, on August 1, 2018 and August 3, 2018, Senda and DyStar have respectively preferred an appeal before the Court of Appeals, Singapore.

### ❖ Acknowledgement:

The Board takes this opportunity to sincerely thank all its stakeholders namely, shareholders, customers, suppliers/ contractors, bankers, employees, Government agencies, local authorities for their un-stinted support and co-operation during the year.

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

**Date :** August 10, 2018

**Place :** Ahmedabad

**Pravin Kiri**  
**Chairman**

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## Director's 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 Exchange 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	Investments	Turnover	Profit before taxation	Provision for taxation	Profit after taxation	Proposed Dividend	% of Shareholding
1	Chemhub Trading DMCC	31.03.2018	1USD = INR 65.04	35.44	(376.16)	5196.77	5196.77	Nil	12248.20	122.61	Nil	122.61	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**

## Director's Report (Contd...)

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

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

(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	31st March, 2018	31st December, 2017	31st March, 2018
3.	Shares of Associate/Joint Venture 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	9550.23	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	1263.69	118175.83	8992.75
7.	Profit / (Loss) for the year			
	i. Considered in Consolidation	(3.09)	23137.80	2431.56
	ii. Not Considered in Consolidation	(3.40)	38448.03	3647.33

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)

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

Place : Ahmedabad  
Date : August 10, 2018

**Suresh Gondalia**  
Company Secretary

**Jayesh Vyas**  
Chief Financial Officer

## Director's Report (Contd...)

### ANNEXURE - B

**FORM NO. MR-3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED ON 31<sup>ST</sup> MARCH, 2018**

*[Pursuant to Section 204(1) of the Companies Act, 2013 and  
Rule No.9 of the Companies (Appointment and Remuneration of Managerial 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 **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, 2018** 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, 2018 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, 2015
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
  - (d) 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

## Director's Report (Contd...)

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.

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

- (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. 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.
2. During the year under review, the Company has received a show cause notice from Securities and Exchange Board of India ("SEBI") dated August 04, 2017 regarding delayed disclosure to BSE and non-disclosure to NSE under Regulation 13(6) of SEBI (Prohibition of Insider Trading) Regulations, 1992 in respect of acquisition of 19,48,968 shares by Ms. Anupama M. Kiri, Promoter on 19<sup>th</sup> December, 2014. Based on our analysis of documents provided by the Company for audit, we observe that while the Company had made disclosure to both the exchanges, there was a delay of one (1) day in respect of making such a disclosure. The Company made a settlement application dated December 18, 2017 to SEBI and a subsequent offer dated May 30, 2018 proposing to pay Rs. 2,88,682 towards settlement terms and offered to undertake to comply with direction(s) which may be issued by SEBI. The matter is under consideration at the relevant forum at SEBI.
3. The Company has filed all due ECB-2 returns for the financial year under review in respect of FCCB with some delays for certain months. Revision of drawdown dates

for FCCB has been intimated directly in the relevant ECB-2 returns.

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. There is no change in the composition of the Board of Directors during the period under review.

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:

Duly passed Board Resolution for allotment of 24,00,000 Equity Shares to Promoter Group upon conversion of equal number of Equity Warrants allotted on preferential basis after compliance of necessary laws and guidelines.

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

**KASHYAP R. MEHTA**  
PROPRIETOR

Place : Ahmedabad  
Date : August 10, 2018

FCS-1821 : COP-2052  
FRN: S2011GJ166500

**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.



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## Director's Report (Contd...)

### 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 efficiency 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 10, 2018

## Director's Report (Contd...)

**ANNEXURE - C**

### Reporting of Corporate Social Responsibility (CSR)

Sr. No.	Particulars	
1.	Period for which CSR is being reported	From 01.04.2017 to 31.03.2018
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.	(a) Does the company have a written CSR policy If yes, attach a copy	Yes
5.	Brief contents of the CSR policy	The CSR policy is available on the website of the Company i.e. <a href="http://www.kiriindustries.com">www.kiriindustries.com</a>
6.	The Composition of the CSR Committee	<ol style="list-style-type: none"> <li>1. Mrs. Veena Padia – Chairman</li> <li>2. Mr. Pravin Kiri – Member</li> <li>3. Mr. Manish Kiri – Member</li> <li>4. Mr. Mukesh Desai – Member</li> </ol>
7.	Average net profit of the company for last three financial years:	The Average net profit of the Company for the last three financial years as per Section 198 of the Companies Act, 2013 is Rs. 2217.48 Lakhs.
8.	Prescribed CSR Expenditure (2% of amount as in item 7 above)	Rs. 44.35 Lakhs
9.	Details of CSR spent during the financial year	Rs. 45.37 Lakhs
10.	Total amount to be spent for the financial year	Not Applicable
11.	Amount unspent, if any	Not Applicable

## Director's Report (Contd...)

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

(Rs. In Lakhs)

Sr. No.	CSR project or activity identified	Sector 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 agency
1.	Animal Welfare	Cattle feed	Kheda Gujarat, Ahmedabad	NIL	0.11	0.32	Direct
2.	Promoting Education	Education	Ahmedabad/ Vadodara/ Dehgam/ Gandhinagar/ Mumbai/ Bharuch/ Pune	NIL	16.09	44.30	Direct
3.	Facilities For Senior Citizen	Oldage Home	Ahmedabad	NIL	0.51	0.85	Direct
4.	Promoting Health Care	Promoting Health Care & Medical Aid	Ahmedabad/ Surat/ Delhi	NIL	21.12	73.68	Direct
5.	Rural development	Sanitization	Vadodara	NIL	1.25	3.25	Direct
		Maintaining Quality of Soil and Water – Kahanva Village	Vadodara	NIL	2.50	5.25	Direct
6.	Women Empowerment	Women Empowerment	Ahmedabad/ Vadodara	NIL	2.11	7.82	Direct
7.	Eradicating extreme hunger	Eradicating extreme hunger	Ahmedabad	NIL	1.68	1.98	Direct
2	<b>Overheads:</b>	NIL	N.A.	NIL	NIL	NIL	N.A.
<b>Total</b>					<b>45.37</b>	<b>137.45</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 10, 2018

**Pravin Kiri**  
Chairman

## Director's Report (Contd...)

ANNEXURE - D

**FORM NO. MGT 9**  
**EXTRACT OF ANNUAL RETURN**  
**AS ON FINANCIAL YEAR ENDED ON MARCH 31, 2018**  
**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	7 <sup>th</sup> Floor, Hasubhai Chambers, Opp. Town Hall, Ellisbridge, Ahmedabad- 380 006. Email: <a href="mailto:info@kiriindustries.com">info@kiriindustries.com</a> 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 and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Dyes	20114	40.00
2	Intermediaries	2011	57.00
3	Chemicals	2011	3.00

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

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

## Director's 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-2017]				No. of Shares held at the end of the year [As on 31-March-2018]				% 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	10490878	-	10490878	37.68	10490878	-	10490878	34.69	(2.99)
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	-	-	-	2400000	-	2400000	7.94	7.94
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
<b>Sub Total (A) (1)</b>	<b>10490878</b>	<b>-</b>	<b>10490878</b>	<b>37.68</b>	<b>12890878</b>	<b>-</b>	<b>12890878</b>	<b>42.62</b>	<b>4.95</b>
<b>(2) Foreign</b>									
a) NRI Individuals	-	-	-	-	-	-	-	-	-
b) Other Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Any other	-	-	-	-	-	-	-	-	-
<b>Sub Total (A) (2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL (A)</b>	<b>10490878</b>	<b>-</b>	<b>10490878</b>	<b>37.68</b>	<b>12890878</b>	<b>-</b>	<b>12890878</b>	<b>42.62</b>	<b>4.95</b>
<b>B. Public</b>									
<b>(1) Institutions</b>									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	712536	-	712536	2.56	614651	-	614651	2.03	(0.53)
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	1607579	-	1607579	5.77	952970	-	952970	3.15	(2.62)
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
<b>i) Others (specify)</b>									
Stressed Assets Stabilisation Fund	-	-	-	-	-	-	-	-	-
Foreign Portfolio Investors	3056315	-	3056315	10.98	3648931	-	3648931	12.06	1.09
<b>Sub-total (B)(1):-</b>	<b>5376430</b>	<b>-</b>	<b>5376430</b>	<b>19.31</b>	<b>5216552</b>	<b>-</b>	<b>5216552</b>	<b>17.25</b>	<b>(2.06)</b>

## Director's Report (Contd...)

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01-April-2017]				No. of Shares held at the end of the year [As on 31-March-2018]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>(2) Non-Institutions</b>									
a) Bodies Corporate	1851112	-	1851112	6.65	1878800	-	1878800	6.21	(0.44)
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 2 lakh	5311107	153	5311260	19.08	5454642	153	5454795	18.04	(1.04)
ii) Individual shareholders holding nominal share capital in excess of Rs. 2 lakh	2724049	-	2724049	9.78	2861888	-	2861888	9.46	(0.32)
<b>c) Others (specify)</b>									
Clearing Members	160697	-	160697	0.58	120047	-	120047	0.40	(0.18)
Foreign Nationals	27510	102630	130140	0.47	69899	36902	106801	0.35	(0.11)
Hindu Undivided Families	494396	-	494396	1.78	556197	-	556197	1.84	0.06
Non Resident Indians	479989	-	479989	1.72	527493	-	527493	1.74	0.02
Trusts	825000	-	825000	2.96	630500	-	630500	2.08	(0.88)
<b>Sub-total (B)(2):-</b>	<b>11873860</b>	<b>102783</b>	<b>11976643</b>	<b>43.01</b>	<b>12099466</b>	<b>37055</b>	<b>12136521</b>	<b>40.13</b>	<b>(2.88)</b>
<b>Total Public (B)</b>	<b>17250290</b>	<b>102783</b>	<b>17353073</b>	<b>62.32</b>	<b>17316018</b>	<b>37055</b>	<b>17353073</b>	<b>57.38</b>	<b>(4.95)</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	<b>27741168</b>	<b>102783</b>	<b>27843951</b>	<b>100.00</b>	<b>30206896</b>	<b>37055</b>	<b>30243951</b>	<b>100.00</b>	-

### (ii) Shareholding of Promoter

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% 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 Kiri	2,501,680	8.98	2.23	2,501,680	8.27	2.23	(0.71)
2	Mr. Manish Kiri	1,822,728	6.55	0.12	1,822,728	6.03	0.12	(0.52)
3	Mrs. Arunaben Kiri	461,550	1.66	0.39	461,550	1.53	0.39	(0.13)
4	Mrs. Anupama Kiri	5,701,238	20.48	-	5,701,238	18.85	-	(1.63)
5	Pravin Kiri HUF	3,682	0.01	100.00	3,682	0.01	100.00	-
6	Equinaire Chemtech LLP	-	-	-	2,400,000	7.94	-	7.94

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The Percentage of Shareholding at the beginning of the year is calculated on the basis of total paid up share capital of Rs. 278439510 divided into 27843951 Equity Shares of Rs. 10 each. As on 27th November, 2017, the Board of Directors of the Company has allotted of 24,00,000 equity shares upon conversion of Warrants issued on preferential basis to M/s. Equinaire Chemtech LLP, Promoter Group, therefore the post paid up share capital of the Company is Rs. 302439510 divided into 30243951 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 Kiri	2501680	8.98	01.04.2017	No Change	-	-	2,501,680	8.98
				31.03.2018	At the end of the year	-	-	2,501,680	8.27
2	Mr. Manish Kiri	1822728	6.55	01.04.2017	No Change	-	-	1,822,728	6.55
				31.03.2018	At the end of the year	-	-	1,822,728	6.03
3	Mrs. Aruna Kiri	461550	1.66	01.04.2017	No Change	-	-	461,550	1.66
				31.03.2018	At the end of the year	-	-	461,550	1.53
4	Mrs. Anupama Kiri	5701238	20.48	01.04.2017	No Change	-	-	5,701,238	20.48
				31.03.2018	At the end of the year	-	-	5,701,238	18.85
5	Pravin Kiri - HUF	3682	0.01	01.04.2017	No Change	-	-	3,682	0.01
				31.03.2018	At the end of the year	-	-	3,682	0.01
6	Equinaire Chemtech LLP	-	-	27.11.2017	Increase due to Conversion of warrants	2,400,000	7.94	2,400,000	7.94
				31.03.2018	At the end of the year	-	-	2,400,000	7.94

The Percentage of Post shareholding changes of promoters and promoters group calculated on basis of increased capital i.e.Rs. 302439510.

## Director's Report (Contd...)

### (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 in Shareholding	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	GMO EMERGING MARKETS FUND, A SERIES OF GMO TRUST	01.04.2017		At the beginning of the year	1754682	6.3018	1754682	6.3018
		29.09.2017	Sale	Decrease	149267	0.5361	1605415	5.7658
		06.10.2017	Sale	Decrease	283332	1.0176	1322083	4.7482
		31.03.2018		At the end of the Year	1322083	4.3714	1322083	4.3714
2	VIKASA INDIA EIF I FUND	01.04.2017		At the beginning of the year	1498951	5.3834	1498951	5.3834
		02.06.2017	Sale	Decrease	70000	0.2514	1428951	5.1320
		09.06.2017	Sale	Decrease	104981	0.3770	1323970	4.7550
		16.06.2017	Sale	Decrease	35000	0.1257	1288970	4.6293
		23.06.2017	Sale	Decrease	15000	0.0539	1273970	4.5754
		30.06.2017	Sale	Decrease	70000	0.2514	1203970	4.3240
		07.07.2017	Sale	Decrease	75000	0.2694	1128970	4.0546
		14.07.2017	Sale	Decrease	20000	0.0718	1108970	3.9828
		28.07.2017	Sale	Decrease	5000	0.0180	1103970	3.9648
		04.08.2017	Sale	Decrease	60000	0.2155	1043970	3.7494
		18.08.2017	Purchase	Increase	20000	0.0718	1063970	3.8212
		01.09.2017	Sale	Decrease	20000	0.0718	1043970	3.7494
		29.09.2017	Sale	Decrease	75000	0.2694	968970	3.4800
		06.10.2017	Sale	Decrease	75000	0.2694	893970	3.2106
		15.12.2017	Sale	Decrease	10000	0.0331	883970	2.9228
22.12.2017	Sale	Decrease	40000	0.1323	843970	2.7905		
	31.03.2018		At the end of the Year	843970	2.7905	843970	2.7905	



## Director's Report (Contd...)

Sr. No	Name of Shareholders	Date	Reason	(+/-) Change in Shareholding	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
3	KIRI EMPLOYEE STOCK OPTION TRUST	01.04.2017		At the beginning of the year	825000	2.9629	825000	2.9629
		09.06.2017	Transfer to Employee	Decrease	195000	0.7003	630000	2.2626
		23.06.2017	Transfer to Employee	Decrease	5000	0.0180	625000	2.2447
		31.03.2018		At the end of the Year	625000	2.0665	625000	2.0665
4	INDIA OPPORTUNITIES GROWTH FUND LTD -PINEWOOD STRATEGY	01.04.2017		At the beginning of the year	593769	2.1325	593769	2.1325
		21.04.2017	Purchase	Increase	20000	0.0718	613769	2.2043
		30.06.2017	Purchase	Increase	15000	0.0539	628769	2.2582
		07.07.2017	Purchase	Increase	41102	0.1476	669871	2.4058
		04.08.2017	Purchase	Increase	75192	0.2700	745063	2.6759
		11.08.2017	Purchase	Increase	30000	0.1077	775063	2.7836
		18.08.2017	Purchase	Increase	140000	0.5028	915063	3.2864
		15.09.2017	Sale	Decrease	67060	0.2408	848003	3.0456
		03.11.2017	Sale	Decrease	26400	0.0948	821603	2.9507
		22.12.2017	Sale	Decrease	407752	1.3482	413851	1.3684
		29.12.2017	Sale	Decrease	87760	0.2902	326091	1.0782
		05.01.2018	Sale	Decrease	110000	0.3637	216091	0.7145
31.03.2018		At the end of the Year	216091	0.7145	216091	0.7145		
5	GENERAL INSURANCE CORPORATION OF INDIA	01.04.2017		At the beginning of the year	273000	0.9805	273000	0.9805
		19.01.2018	Sale	Decrease	54964	0.1817	218036	0.7209
		25.01.2018	Sale	Decrease	3979	0.0132	214057	0.7078
		31.03.2018		At the end of the Year	214057	0.7078	214057	0.7078

## Director's Report (Contd...)

Sr. No	Name of Shareholders	Date	Reason	(+/-) Change in Shareholding	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
6	LIFE INSURANCE CORPORATION OF INDIA	01.04.2017		At the beginning of the year	196552	0.7059	196552	0.7059
		31.03.2018		At the end of the Year	196552	0.6499	196552	0.6499
7	GMO EMERGING MARKETS EQUITY FUND, A SUB-FUND OF GMO FUNDS PLC	01.04.2017		At the beginning of the year	123717	0.4443	123717	0.4443
		29.09.2017	sale	Decrease	82796	0.2974	40921	0.1470
		09.02.2018	sale	Decrease	24876	0.0823	16045	0.0531
		31.03.2018		At the end of the Year	16045	0.0531	16045	0.0531
8	VIMAL SAGARMAL JAIN	01.04.2017		At the beginning of the year	120150	0.4315	120150	0.4315
		21.04.2017	sale	Decrease	35251	0.1266	84899	0.3049
		28.04.2017	sale	Decrease	71902	0.2582	12997	0.0467
		05.05.2017	sale	Decrease	12997	0.0467	-	-
		04.08.2017	Purchase	Increase	27000	0.0970	27000	0.0970
		01.09.2017	sale	Decrease	27000	0.0970	-	-
		31.03.2018		At the end of the Year	-	-	-	-
9	KAMINI BAKSHI	01.04.2017		At the beginning of the year	120000	0.4310	120000	0.4310
		08.09.2017	sale	Decrease	6500	0.0233	113500	0.4076
		31.03.2018		At the end of the Year	113500	0.3753	113500	0.3753
10	CLSA GLOBAL MARKETS PTE. LTD.	01.04.2017		At the beginning of the year	-	-	-	-
		12.01.2018	Purchase	Increase	255465	0.8447	255465	0.8447
		19.01.2018	Purchase	Increase	316640	1.0470	572105	1.8916
		25.01.2018	Purchase	Increase	99212	0.3280	671317	2.2197
		02.02.2018	Purchase	Increase	36000	0.1190	707317	2.3387
		23.02.2018	Purchase	Increase	57159	0.1890	764476	2.5277
		02.03.2018	Purchase	Increase	16841	0.0557	781317	2.5834
		31.03.2018		At the end of the Year	781317	2.5834	781317	2.5834

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### (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	<b>Name: Mr. Pravin Kiri</b>				
	<b>At the beginning of the year 01.04.2017</b>	<b>2501680</b>	<b>8.98</b>	<b>2501680</b>	<b>8.98</b>
	Date of Change	NA			
	Reason	NA			
	No. of Shares	NA			
	<b>At the End of the year 31.03.2018</b>			<b>2501680</b>	<b>8.27</b>
2	<b>Name: Mr. Manish Kiri</b>				
	<b>At the beginning of the year 01.04.2017</b>	<b>1822728</b>	<b>6.55</b>	<b>1822728</b>	<b>6.55</b>
	Date of Change	NA			
	Reason	NA			
	No. of Shares	NA			
	<b>At the End of the year 31.03.2018</b>			<b>1822728</b>	<b>6.03</b>
3	<b>Name: Mr. Suresh Gondalia</b>				
	<b>At the beginning of the year 01.04.2017</b>	<b>40027</b>	<b>0.14</b>	<b>40027</b>	<b>0.14</b>
	Date of Change	07.06.2017			
	Reason	Due to exercise of ESOP			
	No. of Shares	40000			
	<b>At the End of the year 31.03.2018</b>			<b>80027</b>	<b>0.26</b>
4	<b>Name: Mr. Jayesh Vyas</b>				
	<b>At the beginning of the year 01.04.2017</b>	<b>20000</b>	<b>0.07</b>	<b>20000</b>	<b>0.07</b>
	Date of Change	07.06.2017			
	Reason	Due to exercise of ESOP			
	No. of Shares	20000			
	<b>At the End of the year 31.03.2018</b>			<b>40000</b>	<b>0.13</b>

## Director's Report (Contd...)

### V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment. **(Rs in Lakhs)**

Particulars	Secured Loans excluding deposits	Unsecured Loans (including Deposit)	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	15,378.70	150.00	-	15,528.70
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>15,378.70</b>	<b>150.00</b>	<b>-</b>	<b>15,528.70</b>
<b>Change in Indebtedness during the financial year</b>				
* Addition	64.10	1,311.71	-	1,375.81
* Reduction	(241.18)	(150.00)	-	(391.18)
<b>Net Change</b>	<b>(177.08)</b>	<b>1,161.71</b>	<b>-</b>	<b>984.63</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	15,201.62	1,311.71	-	16,513.33
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>15,201.62</b>	<b>1,311.71</b>	<b>-</b>	<b>16,513.33</b>

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

**A. Remuneration to Managing Director, Whole-time Director and/or Manager: (Rs. In Lakhs)**

SN.	Particulars of Remuneration	Name of MD and WTD		Total Amount
		Mr. Pravin Kiri	Mr. Manish Kiri	
		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	96.00	96.00	192.00
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit	-	-	-
	- others, specify	-	-	-
5	Others, please specify	-	-	-
<b>Total</b>		<b>96.00</b>	<b>96.00</b>	<b>192.00</b>
Ceiling as per the Act		Within the ceiling limit as prescribed under Section 198 of the Companies Act, 2013		

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### B. Remuneration to other Directors

(Amount in Rs.)

SN.	Particulars of Remuneration	Name of Directors			Total Amount
		Mr. Keyoor Bakshi	Mr. Mukesh Desai	Mrs. Veenaben Padia	
1	Independent Directors				
	Fee for attending board committee meetings	75,000	65,000	55,000	1,95,000
	Commission	-	-	-	0
	Others, please specify	-	-	-	0
	<b>Total</b>	75,000	65,000	55,000	1,95,000
	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)

SN.	Particulars of Remuneration	Name of Key Managerial Personnel		Total Amount
		Mr. Jayesh Vyas	Mr. Suresh Gondalia	
	Name	Chief Financial Officer	Company Secretary	
	Designation			
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	19.24	17.15	36.39
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit	-	-	-
	- others, specify	-	-	-
5	Others, please specify	-	-	-
	<b>Total</b>	<b>19.24</b>	<b>17.15</b>	<b>36.39</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>					
			None		
<b>B. DIRECTORS</b>					
			None		
<b>C. OTHER OFFICERS IN DEFAULT</b>					
			None		

## Director's Report (Contd...)

### ANNEXURE E

#### Foreign Exchange Earnings & outgo:

(Rs. In Crore)

Particulars	2017-18	2016-17
Total Foreign Exchange outgo	60.53	44.10
Total Foreign Exchange earnings	206.32	189.96

#### Energy Absorption:

Sr. No.	Particulars	Particulars
1.	Steps taken or impact on conservation of energy	The Company is using gas as compared to other sources of energy and also generating 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. Further company is using LED lights in offices to save power and energy.
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 is trying to develop technology in house for manufacturing of dyes
Benefits derived like product improvement, cost reduction, product development or import substitution	The company is able to cater its customers through innovation in technology and through product mix
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 year
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. 0.78 Crore
Specific areas in which R & D was carried out by the Company	The Company is fully equipped with the Research and developing products as per specification of the customers. The Company is updating manufacturing process of the existing products leading to reduction in process time and cost of production and also in developing new products
Benefits derived as a result of the above (R & D)	
Future Plan of Action	The Company is continuously trying and will also try to absorb new technology available in the market to improve production processes which leads to reduce cost of production per unit.

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### ANNEXURE - F

Disclosure in Board's report 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)	53.33 : 1
2.	Mr. Manish Kiri, Managing Director	53.33: 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	45.10%
2.	Mr. Manish Kiri, Managing Director	44.99%
3.	Mr. Jayesh Vyas, Chief Financial Officer	8.89%
4.	Mr. Suresh Gondalia, Company Secretary	21.00%

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

Median 11.11 %

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

As on March 31, 2018 total 810 permanent employees on rolls of the 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;

- a. The Average percentile increase in the salaries of employees other than the managerial personnel in the Financial Year 2017-18 : 10.82.
- b. The average percentile increase in the remuneration of managerial personnel during the Financial Year 2017-18 : 53.33.

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

The Company affirms 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 alongwith 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 10, 2018

**Pravin Kiri**  
Chairman

## Management Discussion and Analysis Report

### Industry Structure and Development:

#### **Development in Indian Chemical Industries**

The Indian Chemical Industry is backbone of other industries such as agriculture, infrastructure, textiles, food processing plastic, paper etc. It is also play major role in growth of Indian GDP as well as export of India. The chemical sector has witnessed growth of 13-14% in the last 5 years. The Government of India has allowed 100% Foreign Direct Investment in Chemical Sector and recognizes Chemical industry as a key growth element of Indian economy.

China, one of the largest manufacturers of various chemicals is facing challenges on account of implementation of stringent environment norms in China in recent times. The structural changes in environment regulations in China have increase capital cost and operating cost for the companies in China. This has also resulted in decline in capacity utilization for chemical industries in China and reduction in supplies from China which in turn has improved competitiveness of Indian chemical companies in international chemical market. Further with a growing markets and purchasing power, the domestic industry is likely to growth at over 10-13% in the coming years. Increasing incomes and urbanization are driving the end consumption demand for paints, textiles, adhesives and construction, which has led to substantial growth opportunity for chemicals companies. The chemicals industry in India is the largest consumer of its own products, consuming 33% of its output. With promising growth trends in the chemicals industry, this internal consumption is also set to rise.

Contribution of Indian Chemicals Industries in Exports around 5.4% of India's total exports. India already has a strong presence in the export market of dyes, pharmaceuticals and agro chemicals. India exports dyes to Europe, USA and other Asian Countries showing upward trends.

Indian chemical industry is expected to register a growth of 8-9% in the next decade and is expected to double its share in global chemical industry to 5-6% by 2021. Indian Chemical industry has the potential to grow significantly provided some of the key growth imperatives are taken care of. Securing raw materials, Right Product Mix, Research and development activities, M&A opportunities are currently the key imperatives for chemical industry in India.

The domestic specialty chemical sector is expected to grow by about 10 per cent annually to almost double the market

size by FY25, driven by growth in end-user industries. The Indian chemicals sector is a market worth about USD 160 billion, with specialty chemicals representing about 20 per cent of the value. The specialty chemicals sector registered double-digit growth over FY13-FY17, supported by subdued oil prices and strong domestic and export demand. It is anticipate FY19 to be a strong year for the domestic specialty chemicals sector on anticipation of a continued increase in demand from end-user industries and tight global supply due to stringent environmental norms in China. Specialty chemical end-use industries such as textile, automotive, personal care, construction chemical, agrochemicals, as well as application-driven segments such as surfactants, paints, coatings and colorants, to experience high growth in the medium-term.

#### **Company Overview and Sustainable Profitable Growth Strategy**

Kiri is the largest manufacturer of Reactive Dyes, Dye Intermediates and Basic Chemicals with support of backward integration to manufacture from basic chemicals to dyes. The Company is also a total solution provider across the entire textile value chain.

The Company's facilities are also versatile enough to allow it the flexibility to produce Reactive Dyes, acid / metal complex dyes and wool reactive dyes. This in turn has enabled the Company to meet the time, quantity and quality requirement of its customers. By virtue of the large scale facilities and fully 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.

Kiri's R&D activities broadly comprise various processes for developing new products and standardizing new analytical methods. It's R&D center focuses especially on products and technologies that improve products and processes for a better ecological profile and provide cost advantages for customers. Through the R&D center, the Company continuously interacts with consumers to obtain feedback on its existing as well as new products to complement its new product development activities.

#### **Outlook and Opportunities**

Indian chemical companies support a sizable and highly diversified industry that includes commodities, specialty



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

chemicals, polymers, agrochemicals and a range of other groups. Total chemical sales are expected to grow from US\$ 139 billion in 2014 to US\$214 billion by 2019. By 2025, the Indian chemical industry is projected to reach US\$403 billion.

Further domestic chemical industry has been supported by the Government by providing protection against cheap imports by levying anti-dumping import duties on raw material and finished chemical products. There are more opportunities to Indian chemical industries to grow through innovation and invention and optimizing better production technologies and using cost effective energy sources. Indian companies are well positioned to take advantage of the structural changes on environment front in China. The benefits accrue to Indian Chemical Industry, since China has to now import many of its requirements from overseas markets, especially from India where it was earlier a net exporter of many specialty chemical.

### 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 all business decisions. The Company has developed a set of processes and systems to assess and minimize risks without losing opportunities while ensuring enhancement in stakeholders' value. The Company believes in early identification of risks and devising strategies to counter them and minimize their impact on operations.

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 has proper system to mitigate the said risks. However, the following major factors may hamper business operations and growth of the Company:

- (a) Volatility in prices of raw material especially crude oil and transportation cost can adversely affect the business operations and can thin out margin of the Company.
- (b) The Company is doing business with various countries, therefore, our business operations and growth is depend upon the political, economic, regulatory and social environment of such countries.

- (c) The Company is a leading exporter therefore; the volatility in foreign exchange rates may affect our margin.
- (d) Any regulatory change in the government policies, local environment regulations and changes in duties and tax, increase in interest rate due to inflation pressure may affect our business operations, financial performance and future growth.
- (e) Irregular supply of the raw materials can also affect the business of the Company.

### Internal Control System and their adequacy:

The Company follows Internal Control Systems which are covering all business aspects to provide reasonable assurance that all assets are safeguarded, transactions are authorized, recorded and reported properly, as per applicable statutes. The Company generally 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 independent 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, 2018 under Section 143(3)(i) of the Companies Act, 2013.

### Financial Performance of the Company

#### A. Standalone financial Performance:

During the year under review there is historical performance of the Company since its inception:

- i) Net Sales and Other Income:

During the financial year 2017-18, net sales and other income of the Company has reduced by 13% from Rs.1035.52 Crore to Rs.904.59 Crore as compared to the previous financial year 2016-17.

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

- |   |   |
|---|---|
| <p>ii) Expenditure:<br/>The total expenditure decreased by 15% from Rs. 936.16 Crore to Rs. 797.88 Crore as compared to the previous financial year 2016-17.</p> <p>iii) Employee benefits expenses:<br/>The Employee benefits expenses increased by 23% from Rs. 26.29 Crore to Rs.32.49 Crore as compared to the previous financial year 2016-17.</p> <p>iv) Finance Cost:<br/>The finance cost drastically decreased by 80% from Rs. 8.03 Crore to Rs. 1.65 Crore as compared to the previous financial year 2016-17.</p> <p>v) Operational &amp; other Expenses:<br/>The Operational &amp; other expenses increased by 22% from Rs.100.13 Crore to Rs.122.36 Crore as compared to the previous financial year 2016-17.</p> <p>vi) Net Profit:<br/>The Net Profit increased by 9% from Rs. 94.15 Crore to Rs. 102.60 Crore as compared to the previous financial year 2016-17.</p> <p>vii) Non-Current Liabilities:<br/>The non-current liabilities have decreased from Rs. 196.36 Crore to Rs. 189.01 Crore as compared to the previous financial year 2016-17.</p> <p>viii) Current Liabilities:<br/>The current liabilities have decreased from Rs. 184.32 Crore to Rs. 163.88 Crore as compared to the previous financial year 2016-17.</p> <p>ix) Non Current Assets:<br/>The non-current assets have increased from Rs. 528.90 Crore to Rs. 542.38 Crore as compared to the previous financial year 2016-17.</p> <p>x) Current Assets:<br/>The current assets have increased from Rs. 245.90 Crore to Rs. 321.42 Crore as compared to the previous financial year 2016-17.</p> | <p>ii) Total Expense:<br/>The total expenses have decreased by 8% from Rs. 1077.53 Crore to Rs. 991.79 Crore as compared to the previous financial year 2016-17.</p> <p>iii) Net profit:<br/>In the Current financial year the Company has recorded net profit of Rs. 358.09 Crore as compared to Rs. 265.60 Crore of the preceding financial year 2016-17.</p> <p>iv) Non Current Liabilities:<br/>The non-current liabilities have decreased from Rs. 202.47 Crore to Rs. 194.50 Crore as compared to the preceding financial year 2016-17.</p> <p>v) Current Liabilities:<br/>The current liabilities have decreased from Rs. 238.08 Crore to Rs. 228.70 Crore as compared to the preceding financial year 2016-17.</p> <p>vi) Non Current Assets:<br/>The non-current assets have increased from Rs. 1161.55 Crore to Rs. 1415.50 Crore as compared to the preceding financial year 2016-17.</p> <p>vii) Current Assets:<br/>The current assets have increased from Rs. 311.48 Crore to Rs. 412.40 Crore as compared to the preceding financial year 2016-17.</p> |
|---|---|

### Material Development in Human Resources

We believe that the core factor of our success is our people. We do not view our employees as 'resources'; we consider them our most valuable assets, and have been working towards keeping them engaged and inspired which has enabled us to enhance value for our stakeholders. We believe that engaged and Inspired employees are more satisfied with their work, tend to stay longer and are more productive and committed.

We recognize the importance of having a business –focused and performance-driven team that drives us to achieve our goal. The company has undertaken various initiatives and implemented policies which are drawn up to engage our employees, especially the younger generation, and ensure a healthy balance between business needs and individual aspirations. In order to motivate, incentivize and reward employees, your Company has instituted employee stock options plan.

### B. Consolidated Financial Performance:

- i) Total Revenue:  
The total revenue has decreased by 5% from Rs. 1200.73 Crore to Rs. 1136.76 Crore as compared to the previous financial year 2016-17.

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

Your Company continues with hiring of high quality talent, high engagement scores, focus on development and effective retention of high potential employees and also support in building a career of an individual which is successful and is long lasting.

**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

***(Corporate Governance for the year ended March 31, 2018, in terms of Regulation 34(3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015) ("SEBI (LODR) Regulations, 2015")***

Corporate Governance denotes system of practices and processes by which a company is managed, regulated and controlled in the best interest of its stakeholders. The Corporate governance includes transparency, accountability, ethical behavior, independence and corporate disclosures. Effective corporate governance practices is crucial for achievement of long term corporate goals of the Company.

### **1. Company's Philosophy on Code of Governance:**

Kiri Group is committed to the highest standards of Corporate Governance in all its activities and processes. Key elements in Corporate Governance are transparency, internal controls, risk management, corporate communications and standards of safety, health, environment. The Board of Directors believe that corporate governance is the foundation for long term sustainable performance and for better services to all its stakeholders. The entire process begins with the functioning of the Board of Directors, having professionals and experts serving as Independent Directors and represents in various Board Committees. The Company has always believed in and practices the highest standards of Corporate Governance since its inception and considers that sound governance practices are crucial for its smooth and efficient business operations, balancing the interests of all its stakeholders and providing shareholder value. Kiri's Corporate Governance philosophy is driven by the fundamental principles of continuous adherence of the governance

standards in compliance of laws and to maintain transparency in disclosure levels.

A report on the matters and the practices followed by the Company is detailed herein below:

### **2. Board of Directors:**

The Board of Directors and 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.

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 and business of the Company. All major decisions/approvals are taken at the Board Meeting. Any Board member may bring up any matter for consideration of the Board, in consultation with the Chairman.

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.

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

The details of the composition, nature of Directorship, the number of meetings attended and the directorships in other companies as at March 31, 2018 are detailed herein below:

Sr. No.	Name of Directors	Category	No. of Board Meetings held and attended during the year		Attendance at last AGM held during 29.09.2017	No. of Directorship in other Public Companies	No. of Committee positions held in other public companies	
			Held	Attended			Chairman	Member
1.	Mr. Pravin Kiri	Chairman	5	4	Yes	1	-	-
2.	Mr. Manish Kiri	Managing Director	5	5	Yes	2	-	2
3.	Mr. Keyoor Bakshi	Independent Director	5	5	Yes	5	4	2
4.	Mr. Mukesh Desai	Independent Director	5	5	No	1	-	3
5.	Mrs. Veena Padia	Independent Director	5	4	Yes	-	-	-

**Note:** 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.

- Disclosure of relationships between directors inter-se:  
None of the Directors are related inter-se except Mr. Pravin Kiri and Mr. Manish Kiri.
- Number of Board Meetings during the year:  
During the year 2017-18, the Board of Directors duly met 5 (Five) times on May 25, 2017, August 25, 2017, September 21, 2017, November 27, 2017, February 13, 2018.
- Number of shares and convertible instruments held by Non Executive Directors:  
Non Executive Directors do not holds any shares and convertible instruments in the Company.
- Web link where details of Familiarisation programmes imparted to independent directors is disclosed:  
All Independent Directors are familiarized from time to time with the company, their roles, rights, responsibilities in the company, nature of the industry in which the company operates, business model of the company, etc. The Company makes consistent efforts to periodically acquaint the Board with the overall business performance covering all

Business verticals, by way of presenting specific performance of each Plant, Product Category, global competition, diversification plan, major capital expenditure etc. The details regarding Independent Directors' Familiarisation Programmes is available on the website of the Company i.e. [www.kiriindustries.com](http://www.kiriindustries.com).

### 3. Committees of the Board:

The Company has constituted sub-committees to focus on specific areas and make informed decisions within the authority delegated to each of the Committees. Each Committee of the Board is guided by its Charter, which defines the scope, powers and composition of the Committee. All decisions and recommendations of the Committees are placed before the Board for information or approval. The Board has constituted the following five (5) Committees:

- a) Audit Committee;
- b) Nomination and Remuneration Committee;
- c) Stakeholders' Relationship Committee;
- d) Corporate Social Responsibility (CSR) Committee;
- e) Risk Management Committee

## Report on Corporate Governance (Contd..)

### (a) **Audit Committee:**

#### ➤ **Brief description of 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:

1. Review and monitor the auditors' independence and performance, and effectiveness of audit process;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
3. Examination of the financial statement and auditors' report thereon;

4. Approval or any subsequent modification of transactions of the company with related parties'
5. Scrutiny of inter-corporate loans and investment;
6. Valuation of undertakings or assets of the company, wherever it is necessary;
7. Evaluation of internal financial controls and risk management systems;
8. Monitoring the end use of funds raised through public offers and related matters
9. Any other matters as prescribed by law from time to time.

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, Meetings and Attendance of Audit Committee:**

During the Financial Year 2017-18 audit committee met 5 times on May 25, 2017, August 25, 2017, September 21, 2017, November 27, 2017 and February 13, 2018.

Name of Member	Designation	Category	No. of meetings held during the year 2017-18	
			Held	Attended
Mr. Keyoor Bakshi	Chairman	Independent Director	5	5
Mr. Manish Kiri	Member	Executive Director	5	5
Mr. Mukesh Desai	Member	Independent Director	5	5
Mrs. Veena Padia	Member	Independent Director	5	4

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

### (b) **Nomination and Remuneration Committee:**

#### ➤ **Brief description of terms of reference:**

In compliance with Section 178 of the Companies Act, 2013 and Regulation 19 of the SEBI (LODR), Regulation, 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.

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

5. Framing, recommending to the Board and implementing, on behalf of the Board and the Shareholders, policy on remuneration of Directors, Key Managerial Personnel (KMP) & other Employees, including ESOP, pension rights and any other compensation payment.

### ➤ **Composition, Meetings and Attendance of Nomination and Remuneration Committee:**

During the Financial year 2017-18 Nomination and Remuneration Committee met on May 25, 2017 and February 13, 2018.

Name of Member	Designation	Category	No. of meetings held during the year 2017-18	
			Held	Attended
Mr. Mukesh Desai	Chairman	Independent Director	2	2
Mr. Keyoor Bakshi	Member	Independent Director	2	2
Mrs. Veena Padia	Member	Independent Director	2	2

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

### ➤ **Nomination and Remuneration policy:**

The remuneration paid to Executive Directors of the Company is approved by the Board of Directors on the recommendation of the Nomination and Remuneration Committee. The Company's remuneration strategy is market-driven and aims at attracting and retaining high caliber talent. The strategy is in consonance with the existing industry practice and is directed towards rewarding performance, based on performance review, on a periodical basis. The Board has approved a Nomination and Remuneration Policy of the Company and available 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.

of the Company, its Committees and Individual Directors, including Independent Directors. The framework is monitored, reviewed and updated by the Board, in consultation with the Nomination and Remuneration Committee, based on need and new compliance requirements.

During the year, the Board adopted a formal mechanism for evaluating its performance as well as that of its Committees and individual Directors. The exercise was carried out through a structured evaluation process covering various aspects of the Boards functioning such as composition of the Board & Committees, experience & competencies, performance of specific duties & obligations, governance issues etc. Separate exercise was carried out to evaluate the performance of individual Directors including the Chairman who were evaluated on parameters such as attendance, contribution at the meetings, independent judgement, safeguarding of minority shareholders interest etc.

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

Pursuant to applicable provisions of the Companies Act, 2013 and the Listing Regulations, the Board, in consultation with its Nomination & Remuneration Committee, has formulated a framework containing, inter-alia, the process, format, attributes and criteria for performance evaluation of the entire Board

The evaluation of the Independent Directors was carried out by the entire Board and that of the Chairman and the Executive Director were carried out by the Independent Directors. The Directors were satisfied with the evaluation results.

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

### Details of Remuneration to all the Directors:

#### Executive Directors:

The aggregate value of salary and perquisites paid during the year 2017-18 to the Executive Directors are as follows:  
(Rs. In Lakhs)

Name	Designation	Salary	Perquisites and allowances	Stock Options	Total
Mr. Pravin Kiri	Chairman	96.00	Nil	Nil	96.00
Mr. Manish Kiri	Managing Director	96.00	Nil	Nil	96.00

Executive Directors are not paid sitting fees for attending the meeting of Board of Directors or committee thereof.

#### Independent Directors:

Sitting fee paid to Independent Directors during the financial year 2017-18 are as under:

Name	Sitting Fees (in Rs.)
Mr. Keyoor Bakshi	75,000
Mr. Mukesh Desai	65,000
Mrs. Veena Padia	55,000

#### (c) 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 Stakeholders' Relationship Committee comprises of three members. The main responsibility of the Committee is to ensure cordial investor relations and supervise the mechanism for redressal of investor grievances pertaining to transfer of shares, non-receipt of annual report,

non-receipt of declared dividends etc. It performs the functions of transfer/transmission/ remat/ demat/ split-up/ sub-division and consolidation of shares, issue of duplicate share certificates and allied matter(s).

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

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

#### ➤ Composition, Meetings and Attendance of Stakeholders' Relationship Committee:

During the Financial year 2017-18 Stakeholders' Relationship Committee met on March 30, 2018.

Name of member	Designation	Category	No. of meetings held during the year 2017-18	
			Held	Attended
Mrs. Veena Padia	Chairman	Independent Director	1	1
Mr. Manish Kiri	Member	Executive Director	1	1
Mr. Mukesh Desai	Member	Independent Director	1	1

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

#### ➤ Details of investor complaints received and redressed during the year 2017-18 are as follow:

Number of shareholders complaints received and resolved	Number of complaints not solved to the satisfy action of shareholders	Number of pending complaints
0	0	0



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

### (d) Corporate Social Responsibility Committee:

The 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 utilized on the activities referred to in clause (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 2017-18 Corporate Social Responsibility Committee met 2 (Two) times on February 13, 2018 and March 30, 2018.

Name of member	Designation	Category	No. of meetings held during the year 2017-18	
			Held	Attended
Mrs. Veena Padia	Chairman	Independent Director	2	2
Mr. Pravin Kiri	Member	Executive Director	2	2
Mr. Manish Kiri	Member	Executive Director	2	2
Mr. Mukesh Desai	Member	Independent Director	2	2

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

#### ➤ Corporate Social Responsibility Policy:

The CSR activities shall be focused not just around the plants and offices of the Company, but also in other geographies, based on the needs of the communities. The four key focus areas where special Community Development programmes would be run are:

1. Eradicating hunger, poverty and malnutrition;
2. Promoting Health care including preventive health care;
3. Ensuring environmental sustainability;
4. Employment and livelihood enhancing vocational skills and projects development

The Board has approved a Corporate Social Responsibility Policy of the Company which

is available on the website of the Company i.e. [www.kiriindustries.com](http://www.kiriindustries.com). This Policy is in compliance with Section 135 of the Companies Act, 2013, read with the applicable rules thereto.

### (e) 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, and identifying and maximizing opportunities. The committee is responsible for reviewing the risk management

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

plan and ensuring its effectiveness. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis.

### ➤ **Composition of the Committee as on March 31, 2018:**

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 Gondalia, Company Secretary & Compliance officer acts as a Secretary to the Committee.

### ➤ **Risk Management policy:**

The Company has adopted the Risk Management Policy to protect and safeguard 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)

## 4. **General Body Meetings:**

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

Financial Year	Date	Time	Location
2016-17	September 29, 2017	10.30 a.m.	Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad - 380 015
2015-16	September 23, 2016	10.30 a.m.	
2014-15	September 26, 2015	10.30 a.m.	

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

- No Special Resolution was passed in the 19<sup>th</sup> AGM held on September 29, 2017.
- The members of the Company has passed following 3 (Three) Special Resolutions in the 18<sup>th</sup> AGM held on September 23, 2016:
- Approval of issue, offer and allotment of 35,00,000 Warrants on Preferential basis as per SEBI (ICDR) Guidelines, 2009
- Revision in terms of Remuneration of Mr. Pravin Kiri, Chairman of the Company.
- Revision in terms of Remuneration of Mr. Manish Kiri, Managing Director of the Company.
- No Special Resolution was passed in the 17<sup>th</sup> AGM held on September 26, 2015.

### ➤ **Details of special resolutions passed through postal ballot:**

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

## 5. **Disclosures:**

### ➤ **Related Party Transactions:**

During the 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. Necessary disclosures as required under Indian Accounting Standards (Ind AS) have been made in the Notes to the financial statements. As required under Regulation 46(2) of SEBI (LODR), Regulations, 2015, the Company has

## Report on Corporate Governance (Contd..)

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 has established a whistle blower mechanism to provide an avenue to raise concerns, if any, in line with the Company's commitment to the high standards of ethical, moral and legal conduct of business. The mechanism also provides for adequate safeguards against victimization of employees who avail of the mechanism. The policy also lays down the process to be followed for dealing with complaints and in exceptional cases, also provides for excess to the Chairman of the Audit Committee. The Whistle blower policy is available on the Company's website at [www.kiriindustries.com](http://www.kiriindustries.com).

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

## 6. 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. All information, which could have a material bearing on the share prices, is released at the earliest to the BSE Limited and National Stock Exchange of (India) Ltd. in accordance with the requirements of SEBI (LODR) Regulations through BSE Corporate Compliance & Listing Centre (the "Listing Centre") and NSE Electronic Application Processing System (NEAPS) respectively. The results are available on the website of the Company. The Company normally publishes financial results and other communications of the Company in one English Language newspaper and also in Gujarati Language newspaper. The Company has published management notes on financial performance of current financial year on the website of the Company.

## 7. General Shareholders Information:

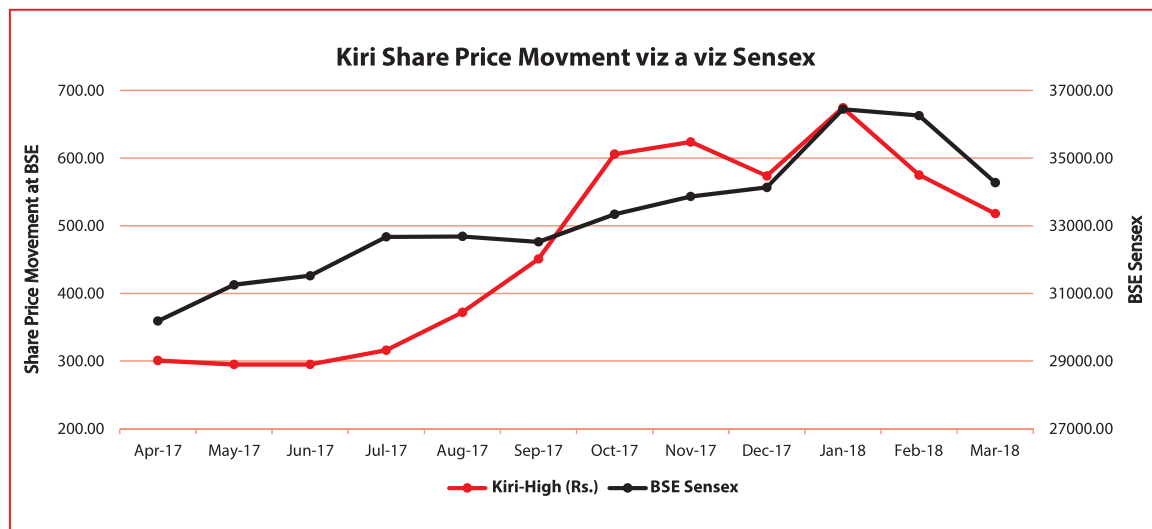
<b>A. Annual General Meeting:</b>	Day : Thursday Date : September 27, 2018 Time : 10.30 a.m.
<b>B. Financial Year:</b>	The Financial Year of the Company is 1 <sup>st</sup> April to 31 <sup>st</sup> March.
<b>C. Date of Book Closure:</b>	From Friday, September 21, 2018, to Thursday, September 27, 2018 (both days inclusive)
<b>D. Listing on Stock Exchanges:</b>	<b>The BSE Limited</b> Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400001  <b>The National Stock Exchange of India Limited</b> Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai-400 051.
<b>E. Listing Fees :</b>	The Company has paid annual listing fees to both Stock Exchanges for the year 2018-19.
<b>F. Stock Code:</b>	The BSE Limited : 532967 The National Stock Exchange of India Limited: KIRIINDUS
<b>G. CIN of the Company:</b>	L24231GJ1998PLC034094
<b>H. ISIN:</b>	INE415I01015

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

- I. Monthly high, low prices and number of shares traded from April, 2017 to March, 2018 on the BSE Limited and the National Stock Exchange of India Limited are as follows:

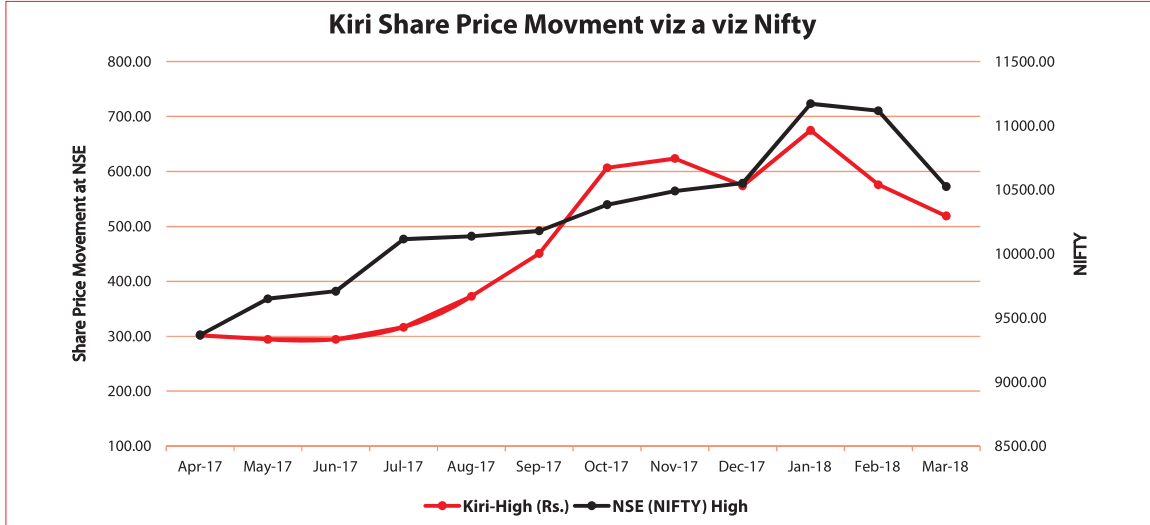
Months	BSE Limited		BSE Sensex			NSE		NSE (NIFTY)		
	High (Rs.)	Low (Rs.)	High	Low	Volumes	High (Rs.)	Low (Rs.)	High	Low	Volumes
April-17	301.00	277.90	30,184.22	29,241.48	6,59,446	301.65	278.00	9,367.15	9,075.15	25,33,028
May-17	295.00	255.90	31,255.28	29,804.12	5,46,584	294.45	256.15	9,649.60	9,269.90	32,24,042
June-17	295.00	253.00	31,522.87	30,680.66	5,48,691	294.40	255.75	9,709.30	9,448.75	30,40,124
July-17	316.15	263.50	32,672.66	31,017.11	12,11,960	316.50	262.90	10,114.85	9,543.55	49,22,429
August-17	372.00	227.05	32,686.48	31,128.02	17,12,672	372.75	230.00	10,137.85	9,685.55	75,90,883
September-17	451.00	353.00	32,524.11	31,081.83	36,12,592	450.90	360.75	10,178.95	9,687.55	1,67,13,035
October-17	605.80	351.95	33,340.17	31,440.48	33,63,391	606.90	351.40	10,384.50	9,831.05	1,68,97,343
November-17	624.00	502.95	33,865.95	32,683.59	28,48,887	623.70	502.15	10,490.45	10,094.00	1,28,90,005
December-17	573.60	490.50	34,137.97	32,565.16	13,25,431	573.90	491.15	10,552.40	10,033.35	63,98,439
January-18	674.40	502.00	36,443.98	33,703.37	31,52,961	675.00	503.25	11,171.55	10,404.65	1,51,35,430
February-18	575.00	464.00	36,256.83	33,482.81	10,57,662	575.95	480.10	11,117.35	10,276.30	52,00,128
March-18	518.00	408.00	34,278.63	32,483.84	10,98,728	519.10	407.00	10,525.50	9,951.90	45,15,851

### Performance in comparison to broad-based indices viz. BSE Sensex



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

### Performance in comparison to broad-based indices viz. NSE Nifty



**J. 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)

**K. 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.

**L. 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, investor@kiriindustries.com  
**Website:** [www.kiriindustries.com](http://www.kiriindustries.com)

**M. 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, Karakhadi, Tal: Padra, Dist: Vadodara, Gujarat, India
- **Basic Chemicals Division:**  
 Block No. 552/A, Village: Dudhwada, Karakhadi, Tal: Padra, Dist: Vadodara, Gujarat, India.

## Report on Corporate Governance (Contd..)

**N. Dematerialization of Shares:** 99.88% paid-up Equity Share capital of the Company is in dematerialised form as on March 31, 2018.

**O. 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. The Board of Directors on 4<sup>th</sup> October, 2016 had allotted 35,00,000 warrants to M/s Equinaire Chemtech LLP, Promoter Group on Preferential basis as per SEBI (ICDR) Guideline, 2009. Out of said warrants, 11,00,000 warrants pending for conversion as on March 31, 2018.

**P. Shareholding Pattern as on March 31, 2018:**

Sr. No.	Categories	No. of Shares	% of Total Capital
1	Promoters and Promoter Group	12890878	42.62
2	Financial Institutions / Banks	614651	2.03
3	Bodies Corporate	1878800	6.21
4	Individuals	8316683	27.50
5	Clearing Members	120047	0.40
6	Foreign Nationals	106801	0.35
7	Hindu Undivided Family	556197	1.84
8	Non Resident Indians	527493	1.74
9	Foreign Institutional Investor ( FIs)	952970	3.15
10	Trusts	630500	2.10
11	Foreign Portfolio Investments	3648931	12.06
<b>Total</b>		<b>30243951</b>	<b>100.00</b>

**Q. Distribution Schedule as on March 31, 2018:**

Sr. No.	Holding	Number	% of Total	Shares	% of Total
1.	Between 1 and 1000	14,999	66.10	62,38,700	2.06
2.	Between 1001 and 5000	4,971	21.91	1,28,85,870	4.26
3.	Between 5001 and 10000	1,154	5.09	92,21,350	3.05
4.	Between 10001 and 20000	664	2.93	1,00,18,870	3.31
5.	Between 20001 and 30000	265	1.17	66,71,430	2.21
6.	Between 30001 and 40000	132	0.58	47,83,120	1.58
7.	Between 40001 and 50000	103	0.45	48,63,020	1.61
8.	Between 50001 and 100000	193	0.85	1,39,28,110	4.61
9.	>100000	212	0.93	23,38,29,040	77.31
<b>Total</b>		<b>22,693</b>	<b>100.00</b>	<b>30,24,39,510</b>	<b>100.00</b>

**R. Position of Shares as on 31<sup>st</sup> March, 2018:**

The Percentage of Shares held in NSDL (80.8153%), CDSL (19.0622%) and in Physical Form (0.1225%).

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## Report on Corporate Governance (Contd..)

### S. 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 10, 2018  
Place : Ahmedabad

**Pravin Kiri**  
**Chairman**

### 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, 2018, 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 10, 2018  
Place : Ahmedabad

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

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

### **M.D. / C.F.O. Certification**

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 financial statements and the cash flow statement for the year ended on March 31, 2018 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. We have not come across any reportable deficiencies in the design or operation of such internal controls.
- D. We have indicated to the auditors and the Audit committee:
  - a. there are no significant changes in internal control over financial reporting during the year
  - b. there are no significant changes in accounting policies during the year; and
  - c. there are no instances of significant fraud of which we are aware.

**For Kiri Industries Limited**

Place : Ahmedabad  
Date : August 10, 2018

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

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



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

### **INDEPENDENT AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE**

To  
The Members of  
**Kiri Industries Limited**

We have examined all the relevant records of "Kiri Industries Limited" for the purpose of certifying compliance of the conditions of the Corporate Governance under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the financial year ended March 31, 2018.

We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of certification. The compliance of conditions of corporate governance is the responsibility of the Management. Our examination was limited to the procedure and implementation process adopted by the Company for ensuring the compliance of the conditions of the corporate governance.

This certificate 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. In our opinion and to the best of our information and according to the explanations and information furnished to us, we certify that the Company has complied with all the mandatory requirements of Corporate Governance as stipulated in Schedule II of the said SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. As regards discretionary Requirements specified in Part E of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has complied with items C, D and E.

**For Pramodkumar Dad & Associates**  
**Chartered Accountants**

**CA Pramod Dad**  
**Partner**  
MRN: 038261  
FRN: 115869W

Place : Ahmedabad  
Date : August 10, 2018

## Independent Auditor's Report

To  
The Members of  
**Kiri Industries Ltd.**

### Report on the Financial Statements

We have audited the accompanying Standalone Ind AS financial statements of **Kiri Industries Ltd.** ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "Ind AS Financial Statements").

### Management's Responsibility for the Financial Statements

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

This responsibility also includes the maintenance of 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 adequate 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 Ind AS 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 financial statements based on our audit.

In conducting 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 thereunder.

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 Ind AS financial statements are free from material misstatement.

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

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Standalone Ind AS 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 including Ind AS:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2018;
- (b) in the case of the Statement of Profit and Loss, 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.

### Other Matter

The comparative financial information of the company for the year ended 31<sup>st</sup> March 2017 and the transition date opening

## Independent Auditor's Report (Contd...)

balance sheet as 1<sup>st</sup> April 2016 included in these Standalone Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards), Rules, 2006 audited by another firm of auditors whose report for year ended 31<sup>st</sup> March 2017 and 31<sup>st</sup> March 2016 dated May 25, 2017 and May 30, 2016 respectively expressed an unmodified opinion on those financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by Central Government of India in terms of sub-Section (11) of section 143 of the Act, we give in "**Annexure-1**", a statement on the matters specified in paragraphs 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 it appears from our examination of those books;
  - c. the Balance Sheet, Statement of Profit and Loss, Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
  - d. in our opinion, the aforesaid Standalone Ind AS financial statement comply with the Indian 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, 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, 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 of the Company and the operating effectiveness of such controls, refer to our separate report in "**Annexure-2**".
- 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, as amended, 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 statements.
  - 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, Pramodkumar Dad & Associates**  
Chartered Accountants

**CA Pramod Dad**  
(Partner)

Place : Ahmedabad  
Date : May 29, 2018

MRN: 038261  
FRN: 115869W

## **Annexure to the Independent Auditor's Report**

### **Annexure-1 to The Independent Auditors' Report for the year ended March 31, 2018**

(Referred to in Paragraph 1 under "Report on Other Legal and Regulatory Requirements" section of our report of even date on the Standalone Ind AS financial statements of the company for the year ended March 31, 2018.)

On the basis of such checks as we considered appropriate, according to the information and explanation given to us by the management and on the basis of examination of books of accounts 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) Fixed assets were physically verified during the year by the management at reasonable intervals; no material discrepancies were noticed on such verification.
  - (c) 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 agricultural land into non agricultural land.
2. (a) Inventories have been physically verified during the year by the management at reasonable intervals; and
  - (b) No material discrepancy was noticed on physical verification of stocks by the management and company is generally maintaining proper records of the inventories.
3. 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 3(a), 3(b) and 3(c) of the order are not applicable to the Company.
4. The company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
5. The company has not accepted any deposits under section 73 to 76 or any other relevant provision of the companies act during the concerned financial year.
6. We have been informed that maintenance of cost records under sub-section 1 of section 148 of the Companies Act 2013 is mandatory to the company and the cost records are maintained by the company. However we have not made the detailed examination of the cost records with a view to determine whether they are accurate or complete.
7. (a) According to the records of the company, 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 and any other statutory dues have generally been regularly deposited with the appropriate authorities. According to the information and explanations given to us there were no outstanding undisputed statutory dues as on March 31, 2018 for a period of more than six months from the date they became payable.
  - (b) There are no disputed statutory dues that have not been deposited on account of disputed matters pending before appropriate authorities. According to the information and explanation given to us, the dues outstanding with respect to, income tax, sales tax, service tax, value added tax, customs duty, excise duty on account of any dispute, are as follows.

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## Annexure to the Independent Auditor's Report (Contd..)

Sr No.	Name of the Statute	Section under which dispute is pending	Period to which amount relates (FY)	Amount (Rs. in Lakhs)	Forum where the dispute is pending
1	Income Tax Act, 1961	143 (3)	2002-03	36.99	Income Tax Appellate Tribunal
		143 (3)	2005-06	53.67	Income Tax Appellate Tribunal
		271(1)(c)	2005-06	53.67	Income Tax Appellate Tribunal
		143 (3)	2007-08	4.78	Income Tax Appellate Tribunal
		143 (3)	2008-09	21.18	Income Tax Appellate Tribunal
		143 (3)	2009-10	19.89	Income Tax Appellate Tribunal
		271(1)(c)	2009-10	0.88	Commissioner of Income Tax (Appeals)
		143 (3)	2010-11	316.06	Income Tax Appellate Tribunal
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
		Outward Transportation of Finished Goods	2013-14	2.17	Custom, Excise and Service Tax Appellant Tribunal, Ahmedabad
3	The Gujarat VAT Act, 2003	VAT Liabilities	2007-08	62.39	Gujarat Value Added Tax Tribunal

8. The Company has not defaulted in repayment of dues to any bank or debenture holder.
9. 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. 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 the section 197 read with schedule V to the companies act.
12. The company is not Nidhi Company, therefore it is not required to follow Nidhi Rule, 2014.
13. The transactions with related party are in compliance with sections 177 and 188 of the Companies Act, 2013.
14. The Company has made preferential allotment to a firm of promoter group 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 in the year of receipt.
15. The Company has not entered in to non-cash transaction with directors or person connected with them during the year.
16. The Company is not required to be registered under section 45-IA of Reserve Bank of India Act, 1934.

**For, Pramodkumar Dad & Associates**  
Chartered Accountants

**CA Pramod Dad**  
(Partner)  
MRN: 038261  
FRN: 115869W

Place : Ahmedabad  
Date : May 29, 2018

## **Annexure to the Independent Auditor's Report (Contd..)**

### **Annexure-2 to The Independent Auditors' Report for the year ended March 31, 2018**

(Referred to in Paragraph 2(f) under "Report on Other Legal and Regulatory Requirements" section of our report of even date on the Standalone Ind AS financial statements of the company for the year ended March 31, 2018.)

#### **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, 2018 in conjunction with our audit of the Standalone Ind AS 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. 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 Ind AS 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 Ind AS 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 Ind AS financial statements in accordance with generally

## Annexure to the Independent Auditor's Report (Contd..)

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, 2018, 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, Pramodkumar Dad & Associates**  
Chartered Accountants

**CA Pramod Dad**  
(Partner)

Place : Ahmedabad  
Date : May 29, 2018

MRN: 038261  
FRN: 115869W

## Balance Sheet as at 31st March, 2018

(Rs. in Lakhs)

Particulars	Note No.	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
<b>I. ASSETS</b>				
<b>(1) Non-current assets</b>				
(a) Property, Plant and Equipment	2.1	34,847.18	30,478.44	27,665.77
(b) Other Intangible assets	2.2	13.06	9.99	8.82
(c) Capital work-in-progress	2.3	3,212.85	3,603.39	303.40
(d) Investment in Subsidiary / Associate	3	14,602.79	16,502.79	16,827.79
(e) Financial Assets				
(i) Investments	4	6.00	23.61	20.40
(ii) Other Financial Assets	5	639.65	615.50	551.88
(f) Other Assets	6	916.07	1,656.33	945.52
<b>Total Non - Current Assets</b>		<b>54,237.60</b>	<b>52,890.05</b>	<b>46,323.58</b>
<b>(2) Current assets</b>				
(a) Inventories	7	5,677.32	4,032.54	5,044.61
(b) Financial Assets				
(i) Investments	8	2,220.00	320.00	-
(ii) Trade receivables	9	17,495.84	14,040.14	21,651.31
(iii) Cash and cash equivalents	10	558.45	357.40	149.12
(iv) Bank balances other than (iii) above	11	98.21	100.46	85.32
(v) Loans	12	1,201.84	467.64	27.80
(vi) Others Financial Assets	13	1,017.96	1,653.74	1,455.02
(c) Current Tax Assets (Net)	14	1,063.75	954.43	1,370.77
(d) Other current assets	15	2,809.56	2,664.40	1,281.20
<b>Total Current Assets</b>		<b>32,142.93</b>	<b>24,590.75</b>	<b>31,065.15</b>
<b>Total Assets</b>		<b>86,380.53</b>	<b>77,480.80</b>	<b>77,388.73</b>
<b>II. EQUITY AND LIABILITIES</b>				
<b>(1) Equity</b>				
(a) Equity Share capital	16	3,024.40	2,784.40	2,655.00
(b) Other Equity	17	48,066.59	36,627.87	14,353.92
<b>Total Equity</b>		<b>51,090.99</b>	<b>39,412.27</b>	<b>17,008.92</b>
<b>(2) Non-current liabilities</b>				
(a) Financial Liabilities	18	14,323.33	15,792.12	26,789.77
(b) Provisions	19	1,221.06	904.50	667.93
(c) Deferred tax liabilities (Net)	20	3,356.92	2,939.82	2,425.37
(d) Other non-current liabilities		-	-	-
<b>Total Non - Current Liabilities</b>		<b>18,901.31</b>	<b>19,636.44</b>	<b>29,883.07</b>
<b>(3) Current liabilities</b>				
(a) Financial Liabilities				
(i) Borrowings	21	1,311.71	1,450.00	130.72
(ii) Trade payables	22	11,520.67	14,573.36	13,527.55
(iii) Other financial liabilities	23	2,323.46	967.80	15,394.64
(b) Other current liabilities	24	1,096.76	1,340.77	1,361.91
(c) Provisions	25	135.63	100.16	81.92
(d) Current Tax Liabilities (Net)		-	-	-
<b>Total Current Liabilities</b>		<b>16,388.23</b>	<b>18,432.09</b>	<b>30,496.74</b>
<b>Total Equity and Liabilities</b>		<b>86,380.53</b>	<b>77,480.80</b>	<b>77,388.73</b>

See accompanying notes to the financial statements

As per our attached report of even date.

**For Pramodkumar Dad & Associates**

Chartered Accountants

**CA Pramod Dad**

Partner

MRN : 038261

FRN : 115869W

Place : Ahmedabad

Date : May 29, 2018

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

**Pravin Kiri**

(Chairman)

DIN : 00198275

**Suresh Gondalia**

(Company Secretary)

Place : Ahmedabad

Date : May 29, 2018

**Manish Kiri**

(Managing Director)

DIN : 00198284

**Jayesh Vyas**

(Chief Financial Officer)



- Annual Report 2017-2018
- Statutory Reports
- Financial Statements - Standalone

## Statement of Profit and Loss for the year ended on 31st March, 2018

(Rs. In Lakhs)

Particulars	Note No.	2017-2018	2016-2017
<b>Income</b>			
I Revenue From Operations	26	90,134.08	103,352.04
II Other Income	27	325.02	200.23
<b>III Total Income (I+II)</b>		<b>90,459.10</b>	<b>103,552.27</b>
<b>IV Expenses</b>			
Cost of materials consumed	28	56,400.19	63,659.60
Purchases of Stock-in-Trade		1,526.37	2,110.66
Changes in inventories of finished goods, Stock-in -Trade and work-in-progress	29	(2,206.68)	2,351.22
Employee benefits expense	30	3,249.08	2,628.92
Finance costs	31	165.42	802.93
Depreciation and amortization expense	2	2,504.86	2,218.24
Excise Duty on Sales		1,714.20	6,869.09
Other expenses	32	16,434.98	12,975.32
<b>Total expenses (IV)</b>		<b>79,788.42</b>	<b>93,615.98</b>
<b>V Profit before exceptional items and tax (I-IV)</b>		<b>10,670.68</b>	<b>9,936.29</b>
VI Exceptional Items		-	-
<b>VII Profit before tax (V-VI)</b>		<b>10,670.68</b>	<b>9,936.29</b>
VIII Tax expense:	20		
(1) Current tax		2,277.29	-
(2) Deferred tax		417.10	514.44
(3) Adjustment of excess tax provision		(2,277.29)	-
<b>IX Profit for the period from continuing operations (VII-VIII)</b>		<b>10,253.58</b>	<b>9,421.85</b>
<b>X Profit for the Period</b>		<b>10,253.58</b>	<b>9,421.85</b>
<b>XI Other Comprehensive Income</b>			
A (i) Items that will not be reclassified to Profit or Loss		6.90	(6.50)
<b>Total Other Comprehensive Income (XI)</b>		<b>6.90</b>	<b>(6.50)</b>
<b>XII Total Comprehensive Income for the period (X+XI)(Comprising Profit and Other Comprehensive Income for the period)</b>		<b>10,260.48</b>	<b>9,415.35</b>
<b>XIII Earnings per equity share of Rs 10 eac (For Continuing Operations)</b>			
(1) Basic		35.80	33.81
(2) Diluted		22.33	25.82
<b>XIV Earnings per equity share (For Discontinued Operation)</b>			
(1) Basic		-	-
(2) Diluted		-	-
<b>XV Earnings per equity share(For Discontinued &amp; Continuing Operations)</b>			
(1) Basic		35.80	33.81
(2) Diluted		22.33	25.82

See accompanying notes to the financial statements

As per our attached report of even date.

**For Pramodkumar Dad & Associates**

Chartered Accountants

**CA Pramod Dad**

Partner

MRN : 038261

FRN : 115869W

Place : Ahmedabad  
Date : May 29, 2018

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

**Pravin Kiri**

(Chairman)

DIN : 00198275

**Suresh Gondalia**

(Company Secretary)

Place : Ahmedabad  
Date : May 29, 2018

**Manish Kiri**

(Managing Director)

DIN : 00198284

**Jayesh Vyas**

(Chief Financial Officer)

## Cash Flow Statement for the year ended on 31st March, 2018

(Rs. In Lakhs)

PARTICULARS	2017-2018	2016-2017
<b>A. Cash Flow from Operating Activities :</b>		
<b>Net Profit before Tax and Extraordinary items</b>	10,670.68	9,936.29
<b>Adjustment for</b>		
- Depreciation	2,504.86	2,218.24
- Actuarial Valuation of Gratuity	6.90	(6.50)
- Interest & Dividend Income	(325.02)	(200.23)
- Interest charged to P & L	165.42	802.93
- Profit on Sale of Fixed Assets	0.65	-
<b>Operating Profit before working capital changes:</b>	<b>13,023.49</b>	<b>12,750.73</b>
<b>Adjustment for :</b>		
- Trade Receivables	(3,455.69)	7,611.17
- Inventories	(1,644.78)	1,012.07
- Other Current Financial Assets	638.02	(213.85)
- Other Current Assets	(145.16)	(1,383.20)
- Other Non-Current Financial Assets	(24.15)	(63.62)
- Other Non-Current Assets	740.26	(710.81)
- Trade Payables	(3,052.69)	1,045.81
- Other Current Financial Liabilities	63.94	(541.18)
- Other Current Liabilities	(244.01)	(21.14)
- Provisions	352.03	254.81
	(6,772.22)	6,990.06
<b>Cash Generated from Operations</b>	<b>6,251.27</b>	<b>19,740.79</b>
- Taxes paid/ provision & Deferred tax	(109.32)	(166.06)
<b>Net Provisions no longer required</b>	<b>-</b>	<b>(582.40)</b>
<b>Net Cash Flow from Operations</b>	<b>6,141.96</b>	<b>20,157.13</b>
<b>B. Cash Flow from Investment Activities :</b>		
- Purchase of Fixed Assets	(2,700.60)	(5,032.08)
- Addition to CWIP	(3,792.09)	(3,299.98)
- Sale of Fixed Assets	5.90	-
- Interest and Dividend Income	325.02	200.23
- Loan Given	(734.20)	(439.85)
- Investment	17.61	1.78
<b>Net cash flow from Investing Activities</b>	<b>(6,878.36)</b>	<b>(8,569.90)</b>

## Cash Flow Statement for the year ended on 31st March, 2018 (Contd...)

(Rs. In Lakhs)

PARTICULARS	2017-2018	2016-2017
<b>C. Cash Flow from Financing Activities :</b>		
- Share/Warrent Application Money	-	12,705.00
- Proceeds from FCCB	1,430.95	288.48
- Security Premium	(12.71)	(5.47)
- Proceeds from Long term Borrowings	53.00	-
- Proceeds from Short term Borrowings	-	1,319.28
- Interest charged	(165.42)	(802.93)
Exceptional Items	-	-
Repayment of Long Term Borrowings	(230.08)	(24,883.31)
Repayment of Short Term Borrowings	(138.29)	-
<b>Net Cash Flow from Financing Activities</b>	<b>937.45</b>	<b>(11,378.95)</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>201.05</b>	<b>208.28</b>
Cash and Cash Equivalents as at (Opening)	357.40	149.12
Cash and Cash Equivalents as at (Closing)	558.45	357.40
<b>Reconciliation of Cash and Cash Equivalent</b>		
<b>Total Cash and Bank Balance as per Balance Sheet</b>	<b>558.45</b>	<b>357.40</b>
<b>Cash and Cash Equivalents comprises as under:</b>		
Balance with Banks in Current account	555.90	353.88
Cash on Hand	2.55	3.52
<b>Cash and Cash Equivalent at the end of the year</b>	<b>558.45</b>	<b>357.40</b>

As per our attached report of even date.

**For Pramodkumar Dad & Associates**

Chartered Accountants

**CA Pramod Dad**

Partner

MRN : 038261

FRN : 115869W

Place : Ahmedabad

Date : May 29, 2018

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

**Pravin Kiri**

(Chairman)

DIN : 00198275

**Suresh Gondalia**

(Company Secretary)

Place : Ahmedabad

Date : May 29, 2018

**Manish Kiri**

(Managing Director)

DIN : 00198284

**Jayesh Vyas**

(Chief Financial Officer)

## Statement of Changes in Equity for the year ended on 31st March, 2018

Particulars	As at 31st March, 2018			As at 31st March, 2017			As at 1st April, 2016		
	Equity component of compound financial instruments	No. of Shares	Amount	No. of Shares	Amount	No. of Shares	Amount	Money received against share warrants	Total
		Capital Reserve	Debt Redemption reserve	Preference Share Redemption Reserve	Reserves and Surplus	Retained Earnings			
<b>Equity Share Capital</b>									
Balance at the beginning of the reporting period	27,843,951	2,784.40	26,549,951	2,655.00	26,549,951	2,655.00		14,353.92	
Changes in equity share capital during the year	2,400,000	240.00	1,294,000	129.40	-	-		12,705.00	12,993.48
Balance at the end of the reporting period	30,243,951	3,024.40	27,843,951	2,784.40	26,549,951	2,655.00		(1,759.84)	(129.40)
<b>Other Equity</b>									
Balance as at 1st April, 2016	745.55	1,200.00	92.86	417.60	24,008.31	14,353.92			
Fund received against Convertible Bond / Warrant	288.48	-	-	-	-	-			
Issue of Shares against Warrants / Fund received against Convertible Bond	-	-	1,630.44	-	-	-			
Share Issue Expense	-	-	(5.47)	-	-	(5.47)			(5.47)
Changes in accounting policy or prior period errors	-	-	-	-	-	-			-
Restated balance at the beginning of the reporting period	-	-	-	-	(24,008.31)	-			-
<b>Total Comprehensive Income for the year</b>	-	-	-	-	<b>9,415.35</b>	<b>9,415.35</b>			<b>9,415.35</b>
Dividends	-	-	-	-	-	-			-
Transfer from Debt Redemption Reserve to General Reserve	-	(1,200.00)	-	1,200.00	-	-			-
Transfer from Retained Earnings to Preference Share Redemption Reserve	-	-	30.95	-	(30.95)	-			-
<b>Balance as at 31st March, 2017</b>	<b>1,034.03</b>	-	<b>123.81</b>	<b>1,617.60</b>	<b>(14,623.92)</b>	<b>36,627.87</b>			
Issue of Shares against Warrants / Fund received against Convertible Bond	1,430.95	-	8,472.00	-	-	1,190.95			
Share Issue Expense	-	-	(12.71)	-	-	(12.71)			(12.71)
Changes in accounting policy or prior period errors	-	-	-	-	-	-			-
Restated balance at the beginning of the reporting period	-	-	-	-	(14,623.92)	-			-
<b>Total Comprehensive Income for the year</b>	-	-	-	-	<b>10,260.48</b>	<b>10,260.48</b>			<b>10,260.48</b>
Dividends	-	-	-	-	-	-			-
Transfer from Retained Earnings to Preference Share Redemption Reserve	-	-	61.91	-	(61.91)	-			-
<b>Balance as at 31st March, 2018</b>	<b>2,464.98</b>	-	<b>185.72</b>	<b>1,617.60</b>	<b>(4,425.35)</b>	<b>48,066.59</b>			

## Statement on Significant Accounting Policies

### BACKGROUND

Kiri Industries Limited (the Company) is a public company limited by shares domiciled in India, incorporated under the provisions of Companies Act, 1956. Its shares are listed on National Stock Exchange of India Limited and BSE Limited. Its registered office is situated at 7<sup>TH</sup> Floor, Hasubhai Chambers, Nr. Town Hall, Ellisbridge, Ahmedabad-380 006 Gujarat India. The Company is engaged in manufacturing and selling of Dyes, Dyes Intermediates and Basic Chemicals.

### 1. STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the Significant Accounting Policies adopted in the preparation of the Financial Statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### 1.1 BASIS FOR PREPARATION OF ACCOUNTS

##### a) Statement of compliance with Ind AS

The Standalone Financial Statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

The Financial statements for the year ended 31st March 2017 were prepared in accordance with the accounting standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act.

These Financial Statements for the year ended 31st March 2018 are the first financial statements of the Company under Ind AS. The date of transition to Ind AS is 1st April, 2016. Refer Note 44 for an explanation of how the transition from Indian GAAP (IGAAP) to Ind AS has affected the Company's financial position, financial performance and Cash Flows.

##### b) Current versus Non-Current classification

All assets and liabilities have been classified as Current or Non Current as per the Company's normal operation cycle i.e. twelve months and other criteria set out in the Schedule III of the Act.

##### c) Historical Cost Convention

The financial statements are prepared on accrual basis of accounting under historical cost convention in accordance with Generally Accepted Accounting Principles in India and the relevant provisions of the Companies Act, 2013 including Indian Accounting Standards notified there under, except for the following:

- Certain financial assets and liabilities measured at fair value;
- Defined benefit plans - plan assets measured at fair value

#### 1.2 USE OF ESTIMATES

The presentation of the financial statements are in conformity with the Ind AS which requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses and disclosure of contingent liabilities. Such estimates and assumptions are based on management's evaluation of relevant facts and circumstances as on the date of financial statements. The actual outcome may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

This note provides an overview of the areas that involved a higher degree of judgment or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in

## **Statement on Significant Accounting Policies (Contd...)**

relevant notes together with information about the basis of calculation for each affected line item in the Financial Statements.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

Note 20 - Current/deferred tax expense

Note 35 - Measurement of defined benefit obligations

Note 34 - Provisions and contingencies

### **1.3 REVENUE RECOGNITION**

#### **i) Sale of Goods**

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, related discounts and volume rebates. It includes excise duty and subsidy and excludes Value Added Tax / Sales Tax and Goods and Service Tax.

#### **ii) Export Benefits**

- Incomes in respect of Duty Drawback in respect of exports made during the year are accounted on accrual basis.
- Merchandise Exports from India Scheme (MEIS) income is recognised on accrual basis when considering the related expenses to the same profit or losses on transfer of licenses are accounted in year of the sales.

#### **iii) Dividend**

Dividend income is recognised when the right to receive the same is established.

#### **iv) Insurance Claims**

Insurance claims are accounted for on the basis of claims admitted/expected to be admitted and to the extent that there is no uncertainty in receiving the claims.

### **1.4 FOREIGN CURRENCY TRANSACTIONS**

#### **Functional and Presentation Currency**

The financial statements are presented in Indian Rupee (INR), which is company's functional and presentation currency.

#### **Transactions and Balances**

- (i) Transactions in foreign currencies are recorded in Indian Rupees using the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, recorded monetary balance are reported in Indian Rupees at the rates of exchange prevailing at the balance sheet date. All realised and unrealised exchange adjustment gains and losses are dealt with in the Statement of Profit and Loss.
- (ii) In order to hedge exposure to foreign exchange risks arising from Export or Import foreign currency, bank borrowings and trade receivables, the Company may enters into forward contracts. Any profit or loss arising on the cancellation or renewal of a forward exchange contract is recognised as income or expenses for the year.

## **Statement on Significant Accounting Policies (Contd...)**

- (iii) Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit and loss on a net basis within other gains/ ( losses ).
- (iv) 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.

### **1.5 PROPERTY, PLANT AND EQUIPMENTS**

#### **TANGIBLE ASSETS**

- (i) Freehold Land is carried at historical cost. All other items of Property, Plant and Equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.
- (ii) The cost of self-constructed assets includes cost of materials plus any other directly attributable costs of bringing the assets to working condition for its intended use.
- (iii) Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.
- (iv) An item of Property, Plant or Equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.
- (v) Items of fixed assets that are retired from active use and are held for disposal are stated at the lower of their net book value and net realizable value and are presented separately in the Financial Statements. Any expected loss is recognized immediately in the Statement of Profit and Loss.
- (vi) The gain or loss arising on the disposal or retirement of an asset is determined as the difference between sales proceeds and the carrying amount of the asset and is recognized in Statement of Profit and Loss for the relevant financial year.
- (vii) Capital Work in Progress includes expenditure directly related to construction and incidental thereto. The same is transferred or allocated to respective item Property, Plant, and Equipment on commissioning of the project.

#### **Transition to Ind AS**

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its Property, Plant and Equipment recognised as at 1 April 2016 measured as per the IGAAP and use that carrying value as the deemed cost of the property, plant and equipment. Hence regarded thereafter as historical cost.

### **1.6 INTANGIBLE ASSETS**

#### **Intangible Assets acquired separately**

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment Losses.

#### **Internally-generated intangible assets - Research and Development expenditure**

Assessment of whether an internally generated Intangible Asset meets the criteria for recognition, the expenditure on generation of the asset is classified into research phase and development phase. Expenses incurred during research phase are recognized immediately in the Statement of Profit and Loss. Expenditure

## **Statement on Significant Accounting Policies (Contd...)**

during the development phase is recognized as an Intangible Asset under development on fulfilment of following conditions:-

- The technical feasibility of completing the Intangible Asset so that it will be available for use or sale;
- The intention to complete the Intangible Asset and use or sell it;
- The ability to use or sell the Intangible Asset;
- The Intangible Asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the Intangible Asset; and
- The ability to measure reliably the expenditure attributable to the Intangible Asset during its development.

The amount initially recognised for internally-generated Intangible Assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in the Statement of Profit and Loss in the period in which it is incurred.

### **Derecognition of Intangible Assets**

An Intangible Asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal.

Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in the Statement of Profit and Loss when the asset is de-recognised

### **Transition to Ind AS**

On transition to Ind AS, the Company has elected to continue with the carrying value of all its intangible assets recognised as at 1st April 2016 measured as per the IGAAP and use that carrying value as the deemed cost of the intangible assets

## **1.7 IMPAIRMENT OF INVESTMENT**

The Company reviews its carrying value of investments carried at amortised cost annually, or more frequently when there is an indication for impairment. If the recoverable amount is less than its carrying amount, the impairment loss is accounted for.

## **1.8 IMPAIRMENT OF NON- FINANCIAL ASSETS**

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash-Generating Unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

## **1.9 DEPRECIATION AND AMORTISATION**

Depreciation is calculated to systematically allocate the cost of Property, Plant and Equipment and Intangible Asset net of the estimated residual values over the estimated useful life. Freehold land is not depreciated. Depreciation is computed using Straight Line Method (SLM) over the useful lives of the assets as specified in Schedule II to the Companies Act, 2013.



## Statement on Significant Accounting Policies (Contd...)

The residual values are not more than 5% of the original cost of the item of Property, Plant and Equipment. The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

**Useful lives of the items of Property, Plant and Equipment are as follows:**

Asset	Estimated Useful Life
Leasehold Land	99 years
Building	30 years
Plant & Machinery	15 years
Furniture and Fixtures	10 years
Vehicles	8 years
Computers	3 years

Intangible Assets are amortized over their individual estimated useful lives on a Straight Line basis, commencing from the year in which the same are available to the Company for its intended use. The useful life so determined is as follows:

Asset	Amortisation Period
Software Licenses	3 years

Depreciation on items of Property, Plant and Equipment acquired / disposed off during the year is provided on pro-rata basis with reference to the date of addition / disposal.

Depreciation is not provided on Freehold Land. Leasehold land is amortized over the available balance lease period.

### 1.10 NON-DERIVATIVE FINANCIAL INSTRUMENTS

Financial Assets and Liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of Financial Assets and Financial Liabilities (other than financial assets and financial liabilities valued at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of Financial Asset or Financial Liability.

#### Cash and Cash Equivalents

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and Cash Equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

#### Financial Assets at Amortised cost

Financial Assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual Cash Flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

#### Financial Assets at Fair Value Through Other Comprehensive Income (FVTOCI)

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows that give rise on specified dates to solely payments of principal and interest on the principal amount outstanding and by selling financial assets.

## **Statement on Significant Accounting Policies (Contd...)**

The Company has made an irrevocable election to present subsequent changes in the fair value of equity investments not held for trading in Other Comprehensive Income.

### **Financial Assets at Fair Value Through Profit or Loss ( FVTPL )**

Financial Assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognized in profit or loss.

### **Financial Liabilities**

Financial Liabilities are measured at amortised cost using the effective interest method.

### **Equity Investment**

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Group makes such election on an instrument by instrument basis. The classification is made on initial recognition and is irrevocable.

### **Loan and Borrowings**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

### **Trade and Other Payables**

These amounts represent liability for good and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

### **Offsetting of Financial Instruments**

Financial assets and financial liabilities are offset and the net amount is reported in financial statements if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

#### **I. Investments in Subsidiaries**

##### **A Subsidiary is an entity that is controlled by the Company.**

The Company accounts for the each category of investments in subsidiaries at cost in accordance with Ind AS 27- Separate Financial Statements.

#### **II. Impairment**

##### **Financial Assets (other than at fair value)**

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVTOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

## Statement on Significant Accounting Policies (Contd...)

### 1.11 INVENTORIES

Inventories are stated at the lower of cost and net realizable value.

Cost of Raw Material is determined on FIFO basis.

Stores and Consumables are valued at cost or net realizable value whichever is lower.

Finished goods are valued at cost or net realizable value whichever is lower. Cost comprises direct materials and where applicable, direct labour costs, those overheads that have been incurred in bringing the inventories to their present location and condition.

Net realizable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Work in Progress is valued at cost or net realizable value whichever is less. Cost comprises direct materials and appropriate portion of direct labour costs, manufacturing overheads and depreciation.

### 1.12 RECOVERABILITY OF TRADE RECEIVABLE

Judgements are required in assessing the recoverability of overdue trade receivables and determining whether a provision against those receivables is required. Factors considered include the credit rating of the counterparty, the amount and timing of anticipated future payments and any possible actions that can be taken to mitigate the risk of non-payment.

### 1.13 LITIGATION

From time to time, the Company is subject to legal proceedings, the ultimate outcome of each being always subject to many uncertainties inherent in litigation. A provision for litigation is made when it is considered probable that a payment will be made and the amount of the loss can be reasonably estimated. Significant judgement is made when evaluating, among other factors, the probability of unfavourable outcome and the ability to make a reasonable estimate of the amount of potential loss. Litigation provisions are reviewed at each accounting period and revisions made for the changes in facts and circumstances.

### 1.14 BORROWING COSTS

Borrowing Costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets, wherever applicable, till the assets are ready for their intended use. Such capitalisation is done only when it is probable that the asset will result in future economic benefits and the costs can be measured reliably. Capitalisation of borrowing costs commences when all the following conditions are satisfied:

- i. Expenditure for the acquisition, construction or production of a qualifying asset is being incurred;
- ii. Borrowing costs are being incurred; and
- iii. Activities that are necessary to prepare the asset for its intended use are in progress.

A qualifying asset is one which necessarily takes substantial period to get ready for intended use. All other borrowing costs are charged to revenue account. Capitalisation of borrowing cost is suspended when active development is interrupted

### 1.15 EMPLOYEE BENEFITS

#### i. Short term employee benefit obligations

Liabilities for wages, salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related services are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are to be settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

## **Statement on Significant Accounting Policies (Contd...)**

### **ii. Other long term employee benefit obligations**

The liabilities for earned leave is not expected to be settled wholly within 12 months after the end of the period in which employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of reporting period using the projected unit credit method. The benefits are discounted using the market yield at the end of reporting period that have terms approximating to the terms of related obligation. Remeasurement as a result of experience adjustments and changes in actuarial assumptions are recognised in the other comprehensive income.

The obligations are presented as current liabilities in the balance sheet if the Company does not have unconditional right to defer settlement for at least 12 months after the reporting period, regardless of when the actual settlement is expected to occur.

### **iii. Post-employment obligations**

The Company operates the following post-employment schemes:

- A. Defined benefit plans such as Gratuity; and
- B. Defined contribution plan such as Provident Fund

#### **Gratuity Obligations**

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plans is present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligations is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expenses in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in present value of the defined benefit obligation resulting from plan amendment or curtailments are recognised immediately in profit or loss as past service cost.

#### **Defined Contribution Plans**

The Company pays provident fund contributions to publicly administered funds as per the local regulations. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expenses when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payment is available.

### **1.16 CENVAT / GST**

CENVAT/GST Credit of Raw Materials and Other Consumables is accounted at the time of purchase and the same is being adjusted to the cost of Raw Materials and Other Consumables.

## Statement on Significant Accounting Policies (Contd...)

### 1.17 ACCOUNTING FOR TAXES ON INCOME

#### Income Taxes

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in Deferred Tax Assets and Liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period i.e. as per the provisions of the Income Tax Act, 1961, as amended from time to time. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on the rates and tax laws enacted or substantively enacted, at the reporting date in the country where the Company operates and generates taxable income. Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

#### Deferred Taxes

Deferred tax is provided in full on temporary difference arising between the tax bases of the assets and liabilities and their carrying amounts in standalone financial statements. Deferred tax amounts of income taxes recoverable in future periods in respect of deductible temporary differences, the carry forward of unused tax losses and the carry forward of unused tax credits.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred Tax Assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred Tax Assets and Liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the Company has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and Deferred Tax is recognised in the Statement of Profit and Loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The carrying amount of Deferred Tax Assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the Deferred Tax Asset to be utilised. Unrecognised Deferred Tax Assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

### 1.18 PROVISIONS AND CONTINGENT LIABILITIES

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Statement of Profit and Loss net of any reimbursement. Provisions are not recognised for future operating losses.

## **Statement on Significant Accounting Policies (Contd...)**

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

As a policy, the company is regularly accessing the liability arising due to delay in fulfillment of the obligation against advance licenses taken for duty free import of the goods / various investment related schemes and required provisions are carried out in the books.

### **Contingent Liability is disclosed in the case of:**

- i. A present obligation arising from the past events, when it is not probable that an outflow of resources will be required to settle the obligation;
- ii. A present obligation arising from the past events, when no reliable estimate is possible;
- iii. A possible obligation arising from the past events, unless the probability of outflow of resources is remote.

Contingent liabilities are not provided for and if material, are disclosed by way of notes to accounts. Contingent assets are not recognized in financial statements. However, the same is disclosed, where an inflow of economic benefit is probable.

### **1.19 LEASES**

Leases are classified as finance leases whenever the terms of lease transfer substantially all the risks and rewards of ownership to the Lessee. Leases where a significant portion of the risks and rewards of ownership are retained by the Lessor are classified as operating leases.

#### **(i) Operating Lease:**

Operating lease payments are recognized as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term except where another systematic basis is more representative of the time pattern in which economic benefits from leased assets are consumed. The aggregate benefit of incentives (excluding inflationary increases where rentals are structured solely to increase in line with the expected general inflation to compensate for the Lessor's inflationary cost increases, such increases are recognised in the year in which the benefits accrue) provided by the Lessor is recognized as a reduction of rental expense over the lease term on a straight-line basis.

#### **(ii) Finance Lease:**

Assets held under finance leases are initially recognized as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the Lessor is included in the Balance Sheet as a finance lease obligation.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease. Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized immediately in Statement of Profit or Loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on borrowing costs. Contingent rentals are recognized as expenses in the periods in which they are incurred.

### **1.20 EARNING PER SHARE**

#### **Basic Earnings Per Share**

Basic Earnings Per Share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining

## Statement on Significant Accounting Policies (Contd...)

the company's earnings per share is the net profit for the period after deducting preference dividends, if any, and any attributable distribution tax thereto for the period.

### Diluted Earnings Per Share

Diluted Earnings Per Share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential equity shares and the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares

### 1.21 CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents comprise cash and deposits with banks. The Company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### 1.22 STATEMENT OF CASH FLOWS

Cash Flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing Cash Flows. The cash flows from operating, investing and financing activities of the Company are segregated.

#### Amendment to Ind AS 7:

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and noncash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

### 1.23 EVENTS OCCURRING AFTER THE REPORTING DATE

Adjusting events occurring after the balance sheet date are recognized in the financial statements. Material non adjusting events occurring after the balance sheet date that represents material change and commitment affecting the financial position are disclosed in the Director's Report.

### 1.24 Exceptional Items

Certain occasions, the size, type or incidence of an item of income or expense, pertaining to the ordinary activities of the Company is such that disclosure improves the understanding of the performance of the Company, such income or expense is classified as an exceptional item and accordingly, disclosed in the notes accompanying to the financial statements.

## Notes to the Financial Statements

(Rs. In Lakhs)

### 2. PROPERTY, PLANT AND EQUIPMENTS AS AT 31ST MARCH, 2018

ASSETS	GROSS BLOCK				DEPRECIATION/AMORTISATION				WDV as at 31st March, 2018
	Gross Block as at 1st April, 2017	Addition during the year	Sales / Adjustment during the year	Closing Block as at 31st March, 2018	Opening Depreciation Block as at 1st April, 2017	Depreciation during the year	Sales / Adjustment during the year	Closing Block as at 31st March, 2018	
<b>2.1 PROPERTY PLANT &amp; EQUIPMENT</b>									
Freehold Land	802.86	-	-	802.86	-	-	-	-	802.86
Leasehold Land	519.72	1,815.00	-	2,334.72	2.51	11.05	-	13.56	2,321.16
Building	6,362.60	784.48	-	7,147.08	236.24	245.63	-	481.87	6,665.21
Plant & Machinery	24,032.10	4,031.25	-	28,063.35	1,768.63	2,034.33	-	3,802.96	24,260.39
Electrification	527.67	12.61	-	540.28	105.87	101.47	-	207.34	332.94
Office Equipments	47.69	14.05	-	61.74	10.02	11.78	-	21.80	39.94
Furniture & Fixture	74.76	0.97	-	75.73	18.14	17.06	-	35.20	40.53
Vehicles	274.27	208.77	10.99	472.05	64.88	69.95	4.43	130.39	341.66
Computer	49.67	5.36	-	55.03	6.61	5.93	-	12.54	42.49
<b>Total Property Plant &amp; Equipment (A)</b>	<b>32,691.34</b>	<b>6,872.49</b>	<b>10.99</b>	<b>39,552.84</b>	<b>2,212.90</b>	<b>2,497.19</b>	<b>4.43</b>	<b>4,705.66</b>	<b>34,847.18</b>
<b>2.2 INTANGIBLE ASSETS</b>									
Computer Software	15.33	10.74	-	26.07	5.34	7.67	-	13.01	13.06
<b>Total Intangible Assets (B)</b>	<b>15.33</b>	<b>10.74</b>	<b>-</b>	<b>26.07</b>	<b>5.34</b>	<b>7.67</b>	<b>-</b>	<b>13.01</b>	<b>13.06</b>
<b>2.3 CAPITAL WORK IN PROGRESS</b>									
Capital Work In Progress	3,603.39	3,792.09	4,182.63	3,212.85	-	-	-	-	3,212.85
<b>Total Capital Work in Progress (C)</b>	<b>3,603.39</b>	<b>3,792.09</b>	<b>4,182.63</b>	<b>3,212.85</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,212.85</b>
<b>TOTAL PROPERTY PLANT &amp; EQUIPMENT</b>	<b>36,310.06</b>	<b>10,675.32</b>	<b>4,193.62</b>	<b>42,791.76</b>	<b>2,218.24</b>	<b>2,504.86</b>	<b>4.43</b>	<b>4,718.67</b>	<b>38,073.09</b>

- 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...)

(Rs. In Lakhs)

### 2. PROPERTY, PLANT AND EQUIPMENTS AS AT 31ST MARCH, 2017

ASSETS	GROSS BLOCK			DEPRECIATION/AMORTISATION				WDV as at 31st March, 2017
	Gross Block as at 1st April, 2016	Addition during the year	Sales / Adjustment during the year	Closing Block as at 31st March, 2017	Opening Depreciation Block as at 1st April, 2016	Depreciation during the year	Sales / Adjustment during the year	
<b>2.1 PROPERTY PLANT &amp; EQUIPMENT</b>								
Freehold Land	744.82	58.04	-	802.86	-	-	-	802.86
Leasehold Land	519.72	-	-	519.72	-	2.51	-	517.21
Building	6,127.64	234.96	-	6,362.60	-	236.24	-	6,126.36
Plant & Machinery	19,378.28	4,653.82	-	24,032.10	-	1,768.63	-	22,263.47
Electrification	518.95	8.72	-	527.67	-	105.87	-	421.80
Office Equipments	31.67	16.02	-	47.69	-	10.02	-	37.67
Furniture & Fixture	73.71	1.05	-	74.76	-	18.14	-	56.62
Vehicles	226.70	47.57	-	274.27	-	64.88	-	209.39
Computer	44.28	5.39	-	49.67	-	6.61	-	43.06
<b>Total Property Plant &amp; Equipment (A)</b>	<b>27,665.77</b>	<b>5,025.57</b>	-	<b>32,691.34</b>	-	<b>2,212.90</b>	-	<b>30,478.44</b>
<b>2.2 INTANGIBLE ASSETS</b>								
Computer Software	8.82	6.51	-	15.33	-	5.34	-	9.99
<b>Total Intangible Assets (B)</b>	<b>8.82</b>	<b>6.51</b>	-	<b>15.33</b>	-	<b>5.34</b>	-	<b>9.99</b>
<b>2.3 CAPITAL WORK IN PROGRESS</b>								
Capital Work In Progress	303.40	7,638.87	4,338.88	3,603.39	-	-	-	3,603.39
<b>Total Capital Work in Progress (C)</b>	<b>303.40</b>	<b>7,638.87</b>	<b>4,338.88</b>	<b>3,603.39</b>	-	-	-	<b>3,603.39</b>
<b>TOTAL PROPERTY PLANT &amp; EQUIPMENT</b>	<b>27,977.99</b>	<b>12,670.95</b>	<b>4,338.88</b>	<b>36,310.06</b>	-	<b>2,218.24</b>	-	<b>34,091.82</b>

- 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...)

(Rs. In Lakhs)

### 2. PROPERTY, PLANT AND EQUIPMENTS AS AT 1ST APRIL, 2016

ASSETS	GROSS BLOCK			DEPRECIATION/AMORTISATION				CLOSING BALANCE as at 1st April, 2016
	Gross Block as at 1st April, 2016	Addition during the year	Sales / Adjustment during the year	Closing Block as at 1st April, 2016	Opening Depreciation Block as at 1st April, 2016	Depreciation during the year	Sales / Adjustment during the year	
<b>2.1 PROPERTY PLANT &amp; EQUIPMENT</b>								
Freehold Land	744.82	-	-	744.82	-	-	-	744.82
Leasehold Land	519.72	-	-	519.72	-	-	-	519.72
Building	6,127.64	-	-	6,127.64	-	-	-	6,127.64
Plant & Machinery	19,378.28	-	-	19,378.28	-	-	-	19,378.28
Electrification	518.95	-	-	518.95	-	-	-	518.95
Office Equipments	31.67	-	-	31.67	-	-	-	31.67
Furniture & Fixture	73.71	-	-	73.71	-	-	-	73.71
Vehicles	226.70	-	-	226.70	-	-	-	226.70
Computer	44.28	-	-	44.28	-	-	-	44.28
<b>Total Property Plant &amp; Equipment (A)</b>	<b>27,665.77</b>	<b>-</b>	<b>-</b>	<b>27,665.77</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>27,665.77</b>
<b>2.2 INTANGIBLE ASSETS</b>								
Computer Software	8.82	-	-	8.82	-	-	-	8.82
<b>Total Intangible Assets (B)</b>	<b>8.82</b>	<b>-</b>	<b>-</b>	<b>8.82</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8.82</b>
<b>2.3 CAPITAL WORK IN PROGRESS</b>								
Capital Work In Progress	303.40	-	-	303.40	-	-	-	303.40
<b>Total Capital Work in Progress (C)</b>	<b>303.40</b>	<b>-</b>	<b>-</b>	<b>303.40</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>303.40</b>
<b>TOTAL PROPERTY PLANT &amp; EQUIPMENT</b>	<b>27,977.99</b>	<b>-</b>	<b>-</b>	<b>27,977.99</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>27,977.99</b>

- 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.

- Annual Report 2017-2018
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## Notes to the Financial Statements (Contd...)

### 2.A PROPERTY, PLANT AND EQUIPMENTS - BREAKUP AS ON 1ST APRIL, 2016

(Rs. In Lakhs)

ASSETS	Gross Carrying Value	Depreciation Fund	Net Carrying Value
<b>Tangible Assets</b>			
Freehold Land	744.82	-	744.82
Leasehold Land	537.11	17.39	519.72
Building	7,432.71	1,305.07	6,127.64
Plant & Machinery	33,132.66	13,754.38	19,378.28
Electrification	1,014.66	495.70	518.95
Office Equipments	118.47	86.80	31.67
Furniture & Fixture	153.60	79.89	73.71
Vehicles	578.10	351.40	226.70
Computer	114.05	69.77	44.28
<b>Total Property Plant &amp; Equipment (A)</b>	<b>43,826.17</b>	<b>16,160.40</b>	<b>27,665.77</b>
<b>INTANGIBLE ASSETS</b>			
Computer Software	19.70	10.88	8.82
<b>Total Intangible Assets (B)</b>	<b>19.70</b>	<b>10.88</b>	<b>8.82</b>
<b>TOTAL</b>	<b>43,845.87</b>	<b>16,171.28</b>	<b>27,674.59</b>

The Company has availed deemed cost exemption in relation to Property, Plant and Equipment on the date of transition i.e. 1st April 2016 and hence net block carrying amount has been considered as the gross block carrying amount on that date. Refer Note 2A for the gross book value and accumulated depreciation as on 1st April 2016 under Previous GAAP.

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

### 3 INVESTMENTS IN SUBSIDIARY / ASSOCIATE - NON CURRENT

(Rs. In Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
<b>A) Investments in Equity Shares carried at Amortised Cost (Fully Paid) - Unquoted Equity Shares</b>			
<b>(I) In Subsidiaries, Joint Venture and Associate Enterprise</b>			
NIL Equity Share (P.Y. Nil) of US \$ 1 each in Kiri International (Mauritius) Private Ltd.	-	-	-
38,39,000 Equity Shares (P.Y. 38,39,000) of HK \$ 1 each in Synthesis International Ltd.	-	-	256.86
NIL Equity Share (P.Y. Nil) of SG \$ 1 each in Kiri Investment & Trading Singapore Pvt. Ltd.	-	-	5.00
9,70,000 Equity Shares (P.Y. 9,70,000) of NTD 10 each in SMS Chemical Co Ltd	-	-	339.53
200 Equity Shares (P.Y. 200) of AED 1000 each in Chemhub Trading DMCC	28.81	28.81	28.81
Less : Impairment of Investments	-	-	(596.39)
<b>(II) 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.	9,550.23	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	1,443.75	1,443.75	1,443.75
<b>(III) 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.	3,000.00	3,000.00	3,000.00
<b>B) Investments in Preference Shares carried at Amortised Cost (Fully Paid) -</b>			
<b>(I) Investment in Joint Venture Company</b>			
58,00,000, 5% Non Cumulative Redeemable Preference Shares (P.Y.2,48,00,000) of Rs.10 each in Lonsen Kiri Chemical Industries Limited.	580.00	2,480.00	2,800.00
<b>Total</b>	<b>14,602.79</b>	<b>16,502.79</b>	<b>16,827.79</b>

### AGGREGATE VALUE OF UNQUOTED INVESTMENT

(Rs. In Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Non -current	14,602.79	16,502.79	16,827.79
Aggregate Value of Impairment In Value of Investment	-	-	596.39

#### Note

- i) The Company had made assessment of investment in its Subsidiary SMS Chemical Co Ltd and taken into account the past business performances and prevailing condition. As a matter of prudence, the company has written off diminution in carrying value of investments of Rs. 339.53 Lakhs as on 1st April 2016.

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

- ii) The Company had made investment in its Subsidiary Synthesis International Limited (Wholly Owned Subsidiary). The company has already initiated the process for winding up of the Company with competent authority. As a matter of prudence, the company has written off diminution in carrying value of investments of Rs. 256.86 Lakhs as on 1st April 2016.
- iii) The Company had made investment in its Subsidiary Kiri Investment and Trading Singapore Private Limited and Kiri International (Mauritius) Private Limited (both Wholly Owned Subsidiary). Both the entities already liquidated and accordingly investment in these companies have been written off.

### 4 NON-CURRENT FINANCIAL ASSETS - INVESTMENTS

(Rs. In Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
<b>(I) Investments in Equity Shares carried at Amortised Cost (Fully Paid) - Unquoted Equity Shares</b>			
20,000 Equity Shares (P.Y. 20,000) of Rs. 25 each in Kalapur Commercial Co-Operative Bank Limited.	5.00	5.00	5.00
10,000 Equity Shares (P.Y. 10,000 ) of Rs. 10 each in Kapsil Aqua Enviro Limited	1.00	1.00	1.00
<b>(II) Investments in Mutual Funds accounted through profit &amp; loss</b>			
Nil Units (P.Y.100,395.43) SBI Mutual Fund (NAV of the units held Rs. Nil (P.Y. Rs.17.61 Lakhs)	-	17.61	14.40
<b>Total</b>	<b>6.00</b>	<b>23.61</b>	<b>20.40</b>

### AGGREGATE VALUE OF UNQUOTED INVESTMENT

(Rs. In Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Non-current	6.00	23.61	20.40
Aggregate Value of Provision for Diminution in Value	-	-	-

### 5 OTHER NON-CURRENT FINANCIAL ASSETS

(Rs. In Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Security Deposits	639.65	615.50	551.88
Deposits (for Margin Money with Banks exceeding one year)	-	-	-
<b>Total</b>	<b>639.65</b>	<b>615.50</b>	<b>551.88</b>

### 6 OTHER NON-CURRENT ASSETS

(Rs. In Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Capital Advances	431.05	1,173.64	411.89
Balances with Government Authorities	485.02	482.69	533.63
<b>Total</b>	<b>916.07</b>	<b>1,656.33</b>	<b>945.52</b>

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

### 7 INVENTORIES

(Rs. In Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Raw Material & Fuel	1,633.85	2,166.54	862.88
Finished Goods	3,085.58	1,263.87	1,008.33
Stock in Process & Semi Finished Goods	866.26	481.29	3,088.05
Packing Material	91.63	120.84	85.35
<b>Total</b>	<b>5,677.32</b>	<b>4,032.54</b>	<b>5,044.61</b>

### 8 INVESTMENTS IN SUBSIDIARY / ASSOCIATE - CURRENT

(Rs. In Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
<b>Investments in Preference Shares carried at Amortised Cost (Fully Paid) -</b>			
<b>Investment in Joint Venture Company</b>			
2,20,00,000, 5% Non Cumulative Redeemable Preference Shares (P.Y.32,00,000) of Rs.10 each in Lonsen Kiri Chemical Industries Limited.	2,220.00	320.00	-
<b>Total</b>	<b>2,220.00</b>	<b>320.00</b>	<b>-</b>

#### Note

- i) Out of the total long term investment of Rs. 28,00,00,000 in the redeemable preference shares of Lonsen Kiri Chemical Industries Limited a Joint Venture Company, a sum of Rs. 3,20,00,000 was due and receivable by the Company in December, 2017. However, the Company has not received this money so far. We have been informed that the Company is likely to receive the same during the financial year 2018-19. Hence, this sum has been shown as current investments.

### 9 TRADE RECEIVABLES (Unsecured and Considered good)

(Rs. In Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Exceeding Six months from Due Date	4,203.16	3,136.90	3,168.67
Others	13,292.68	10,903.24	18,482.64
	<b>17,495.84</b>	<b>14,040.14</b>	<b>21,651.31</b>
Less : Provision for Doubtful Debts	-	-	-
<b>Total</b>	<b>17,495.84</b>	<b>14,040.14</b>	<b>21,651.31</b>

#### Note

- i) Trade Receivables exceeding six months Includes Rs. 274.65 Lakhs as at 31st March 2018 (Previous Year as at 31st March 2017 Nil and as at 1st April 2016 Nil ) due from related parties.
- ii) Trade Receivables Others Includes Rs. 3680.65 Lakhs as at 31st March 2018 (Previous Year as at 31st March 2017 Rs. 1914.91 Lakhs and as at 1st April 2016 Nil) due from related parties.
- iii) The Company has called for balance confirmation of Trade Receivables on random basis. Out of which the Company has received response from some of the parties, which are subject to reconciliation with Company's account. The other balances of Trade Receivables are subject to confirmation.

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### 10 CASH AND CASH EQUIVALENTS

(Rs. In Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Balance with Banks in Current Accounts	555.90	353.88	144.46
Cash on Hand	2.55	3.52	4.66
<b>Total</b>	<b>558.45</b>	<b>357.40</b>	<b>149.12</b>

### 11 OTHER BANK BALANCES

(Rs. In Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Deposit for Margin Money with Banks	97.86	99.48	84.26
Balances with Banks for Un paid Dividends	0.35	0.98	1.06
<b>Total</b>	<b>98.21</b>	<b>100.46</b>	<b>85.32</b>

#### Note

- i) The Current Account balance includes unpaid dividend of Rs. 0.35 Lakh as at 31st March 2018 (Previous Year as at 31st March 2017 Rs. 0.98 Lakh and as at 1st April 2016 Rs. 1.06 Lakh) which have been kept in separate earmarked accounts and no transactions except for the stated purpose are done through such accounts.

### 12 LOANS

(Rs. In Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Unsecured and Considered Good:			
Advance to Subsidiary Company (Share Application Money)	17.64	17.64	27.80
Loan to Others	1,184.20	450.00	-
<b>Total</b>	<b>1,201.84</b>	<b>467.64</b>	<b>27.80</b>

### 13 OTHER CURRENT FINANCIAL ASSETS (Unsecured and Considered Good)

(Rs. In Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Export Benefit Receivable	339.39	1,064.68	846.36
Advances to Employees	515.84	520.31	416.36
Others	162.73	68.75	192.30
<b>Total</b>	<b>1,017.96</b>	<b>1,653.74</b>	<b>1,455.02</b>

### 14 CURRENT TAX ASSETS (NET)

(Rs. In Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Advance tax and TDS	1,063.75	954.43	1,370.77
<b>Total</b>	<b>1,063.75</b>	<b>954.43</b>	<b>1,370.77</b>

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

### 15 OTHER CURRENT ASSETS

(Rs. In Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Balance with Government Authorities	905.69	1,403.06	1,117.47
Advances to Suppliers	1,797.72	1,140.03	147.16
Prepaid Expenses	106.15	121.31	16.57
<b>Total</b>	<b>2,809.56</b>	<b>2,664.40</b>	<b>1,281.20</b>

### 16 SHARE CAPITAL

(Rs. In Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
<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	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	5,000.00
<b>Total</b>	<b>20,000.00</b>	<b>20,000.00</b>	<b>20,000.00</b>
<b>Issued, Subscribed &amp; Paid-up Capital</b>			
30,243,951 Equity Shares (Previous year as at 31st March, 2017 27,843,951 and as at 1st April, 2016 26,549,951) of Rs 10/- each fully paid up	3,024.40	2,784.40	2,655.00
<b>Total</b>	<b>3,024.40</b>	<b>2,784.40</b>	<b>2,655.00</b>

The reconciliation of the number of Equity Shares outstanding as at 31st March, 2018 and 31st March, 2017 is set out below:

(Rs. In Lakhs)

Particulars	As at 31st March, 2018		As at 31st March, 2017		As at 1st April, 2016	
	No. of Shares	Share Value	No. of Shares	Share Value	No. of Shares	Share Value
Number of shares at the beginning of the year	27,843,951	2,784.40	26,549,951	2,655.00	26,549,951	2,655.00
Add: Shares issued during the year	2,400,000	240.00	1,294,000	129.40	-	-
Number of shares at the end of the year	30,243,951	3,024.40	27,843,951	2,784.40	26,549,951	2,655.00

The details of shareholder holding more than 5% Equity Shares:

Particulars	As at 31st March, 2018		As at 31st March, 2017		As at 1st April, 2016	
	No. of shares	% held	No. of shares	% held	No. of shares	% held
Mr. Pravin Kiri	2,501,680	8.27	2,501,680	8.98	2,501,680	9.42
Mr. Manish Kiri	1,822,728	6.03	1,822,728	6.55	1,822,728	6.87
Mrs. Anupama Kiri	5,701,238	18.85	5,701,238	20.48	4,407,238	16.60
Equinaire Chemtech LLP	2,400,000	7.94	-	-	-	-
GMO Emerging Markets Fund	1,322,083	4.37	1,754,682	6.30	1,709,182	6.44
Vikasa India EIF I Fund	843,970	2.79	1,498,951	5.38	-	-
LTS Investment Funds Limited	-	-	-	-	1,813,951	6.83



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### 17 OTHER EQUITY

(Rs. In Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
<b>Securities Premium Account</b>			
As per Last year accounts	35,771.35	34,146.38	30,828.83
Add : Addition during the year	8,472.00	1,630.44	3,352.05
Less : Share / FCCB Conversion Exps.	(12.71)	(5.47)	(34.50)
	<b>44,230.64</b>	<b>35,771.35</b>	<b>34,146.38</b>
<b>General Reserve</b>			
As per Last year accounts	1,617.60	417.60	417.60
Add : Addition during the year	-	1,200.00	-
	<b>1,617.60</b>	<b>1,617.60</b>	<b>417.60</b>
<b>Money Received against Share Warrant</b>			
As per Last year accounts	12,705.00	1,759.84	1,759.84
Add : Addition during the year	-	12,705.00	-
Less : Issue of Share against Warrant	(8,712.00)	(1,759.84)	
	<b>3,993.00</b>	<b>12,705.00</b>	<b>1,759.84</b>
<b>Equity Component of Convertible Foreign Currency Bond</b>			
As per Last year accounts	1,034.03	745.55	745.55
Add : Addition during the year	1,430.95	288.48	-
Less : Issue of Share against Warrant	-	-	
	<b>2,464.98</b>	<b>1,034.03</b>	<b>745.55</b>
<b>Debenture Redemption Reserve</b>			
As per Last year accounts	-	1,200.00	800.00
Less : Transfer to General Reserve	-	(1,200.00)	400.00
	-	-	<b>1,200.00</b>
<b>Redemption Reserve for Non Convertible Preference Shares</b>			
As per Last year accounts	123.81	92.86	-
Add : Addition during the year	61.91	30.95	92.86
	<b>185.72</b>	<b>123.81</b>	<b>92.86</b>
<b>Retained Earnings</b>			
As per Last year accounts	(14,623.92)	(24,008.31)	(24,421.92)
Add : Surplus during the year	10,260.48	9,415.35	907.25
	<b>(4,363.44)</b>	<b>(14,592.97)</b>	<b>(23,514.67)</b>
Less : Redemption Reserve for Non Convertible Preference Shares	(61.91)	(30.95)	(92.86)
Less : Provision for DDT on Pref Shares	-	-	(0.13)
Less : Provision for Dividend on Pref Shares	-	-	(0.65)
Less : Provision for Debenture Redemption Reserve	-	-	(400.00)
	<b>(4,425.35)</b>	<b>(14,623.92)</b>	<b>(24,008.31)</b>
<b>Total</b>	<b>48,066.59</b>	<b>36,627.87</b>	<b>14,353.92</b>

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

### 18 FINANCIAL LIABILITIES

(Rs. In Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
<b>BORROWINGS</b>			
Term Loan Facility from Banks & Others In Indian Currency (Refer Note - 23 for Current Maturity of Term Loan Rs. 1528.32 Lakhs (P.Y. Rs. 236.60 Lakhs)	13,620.30	15,142.09	26,139.74
Other Borrowings	53.00	-	-
<b>OTHER NON CURRENT LIABILITIES</b>			
43,33,500 (P.Y. 43,33,500) 0.15% Cummulative Non Convertible Redeemable Preference Shares Redemption Price - Rs. 15 per share	650.03	650.03	650.03
<b>Total</b>	<b>14,323.33</b>	<b>15,792.12</b>	<b>26,789.77</b>

The details of security offered for the long term borrowings and current maturity of long term borrowings 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 charge for securing debt of Invent Assets Securitisation and Reconstruction Private Limited
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 charge for securing debt of Invent Assets Securitisation and Reconstruction Private Limited
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 charge for securing debt of Invent Assets Securitisation and Reconstruction Private Limited
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: Dudhavada, Taluka: Padra, Registration District Vadodara and Sub-District Padra.	First charge for securing debt of Invent Assets Securitisation and Reconstruction Private Limited

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Sr. No.	Description of Assets/Security	Security given to
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 charge for securing debt of Invent Assets Securitisation and Reconstruction Private Limited
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 charge for securing debt of Invent Assets Securitisation and Reconstruction Private 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 situated and being at mouje: Dudhwada, Taluka: Padra, Registration District: Vadodara and Sub-District: Padra	First charge for securing debt of Invent Assets Securitisation and Reconstruction Private Limited
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, Power plant situated and being at mouje: Dudhwada, Taluka: Padra, Registration District: Vadodara and Sub-District: Padara	First charge for securing debt of Invent Assets Securitisation and Reconstruction Private 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, Tehsil: Wagra & Distt. Bharuch and uninstalled plant and machinery of Hydrogen Peroxide Plant of the Company.	First charge for securing debts of Assets Care and Reconstruction Enterprise Limited.
10	Pledge of 13,11,677 equity shares of Dystar Global Holdings (Singapore) Pte. Ltd.	Pledge of 13,11,677 equity shares for securing debt of Invent Assets Securitisation and Reconstruction Private Limited.

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

### Secured Loans

Loans from Invent Assets Securitisation and Reconstruction Private Limited, and Assets 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 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 agreement executed by the Company with ACRE, the outstanding settlement amount shall be repayable in Quarterly installments starting from March, 2015 ending September, 2019.

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

### 19 PROVISIONS

(Rs. In Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
<b>Provision for Employee Benefits (Refer Note 35)</b>			
Gratuity	94.60	68.29	51.58
Compensated Absences	26.28	18.40	30.19
Provision Others	1,100.18	817.81	586.16
<b>Total</b>	<b>1,221.06</b>	<b>904.50</b>	<b>667.93</b>

### 20 TAX EXPENSE - DEFERRED TAX

#### Current Tax :

#### a) Amounts recognised in Statement of Profit and Loss

(Rs. In Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Current Income Tax*	2,277.29	-	-
Excess provision of Income Tax for Earlier Years	(2,277.29)	-	-
MAT Credit Entitlement	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>

\* Current Income Tax provided u/s. 115JB

#### b) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31st March 2018 and 31st March 2017

(Rs. In Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Accounting profit before tax from continuing operations	10,670.68	9,936.29
Accounting profit before Income Tax	10,670.68	9,936.29
Tax at India's statutory income tax rate of 34.61% (31st March 2017 : 34.61%)	3,693.12	3,438.95
Adjustment for tax purposes:		
Adjustment of unabsorbed Loss/Depreciation as per Book u/s. 115JB	3,693.12	3,438.95

#### Deferred Tax Liabilities :

(Rs. In Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Deferred Tax	3,356.92	2,939.82	2,425.37
<b>Total</b>	<b>3,356.92</b>	<b>2,939.82</b>	<b>2,425.37</b>

#### a) Movement in Deferred Tax Expenses

(Rs. In Lakhs)

					As at 31st March, 2018		
	Net balance 1st April, 2017	Recognised in Profit & Loss	Recognised in OCI	Other	Net	Deferred Tax Asset	Deferred Tax Liability
<b>Deferred Tax Asset</b>							
Property, Plant and Equipment	(3,092.36)	(333.07)	-	-	(3,425.43)	-	(3,425.43)
Investment	201.62	(0.32)	-	-	201.30	201.30	-
Disallowance of Expenditures	(49.08)	(83.71)	-	-	(132.79)	-	(132.79)
<b>Tax Asset/Liabilities</b>	<b>(2,939.82)</b>	<b>(417.10)</b>	<b>-</b>	<b>-</b>	<b>(3,356.92)</b>	<b>201.30</b>	<b>(3,558.22)</b>
<b>Net Tax Assets/(Liabilities)</b>							<b>(3,356.92)</b>

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

### b) Movement in Deferred Tax Expenses

(Rs. In Lakhs)

					As at 31st March, 2017		
	Net balance 1st April, 2016	Recognised in Profit & Loss	Recognised in OCI	Other	Net	Deferred Tax Asset	Deferred Tax Liability
<b>Deferred Tax Asset</b>							
Property, Plant and Equipment	(2,627.87)	(464.49)	-	-	(3,092.36)	-	(3,092.36)
Investment	202.50	(0.88)	-	-	201.62	201.62	-
Disallowance of Expenditures		(49.08)	-	-	(49.08)	-	(49.08)
<b>Tax Asset/Liabilities</b>	<b>(2,425.37)</b>	<b>(514.45)</b>	<b>-</b>	<b>-</b>	<b>(2,939.82)</b>	<b>201.62</b>	<b>(3,141.44)</b>
<b>Net Tax Assets/(Liabilities)</b>							<b>(2,939.82)</b>

### 21 BORROWINGS

(Rs. In Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
<b>Unsecured Loans</b>			
From Others - In Indian Currency	1,311.71	1,450.00	130.72
<b>Total</b>	<b>1,311.71</b>	<b>1,450.00</b>	<b>130.72</b>

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

Particulars	Guaranted by
<b>Unsecured Loans :</b>	
Inter Corporate Deposits	Personal Guarantee of some of Director

### 22 TRADE PAYABLES

(Rs. In Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Trade Payables	11,520.67	14,573.36	13,527.55
<b>Total</b>	<b>11,520.67</b>	<b>14,573.36</b>	<b>13,527.55</b>

#### Notes :

- i. Balances of Creditors 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.
- ii. 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.
- iii. Trade Payable includes amount due to Related Parties Rs. 361.11 Lakhs as at 31st March 2018 (Previous Year as at 31st March 2017 Rs. 502.88 Lakhs and as at 1st April, 2016 Rs. 755.62 Lakhs)

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

### 23 OTHER CURRENT FINANCIAL LIABILITIES

(Rs. In Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Current Maturity of Long-term secured debt	1,528.32	236.60	14,122.26
Interest accrued but not due on borrowings	0.78	0.78	255.53
Credit Balances in Bank Accounts	206.13	162.49	444.58
Employee Benefit Payable	261.35	277.87	141.26
Unpaid Dividend	0.34	0.98	1.06
Trade Payable - Capital Goods	267.54	223.08	368.99
Deposits received from Customer	59.00	66.00	60.96
<b>Total</b>	<b>2,323.46</b>	<b>967.80</b>	<b>15,394.64</b>

#### Notes :

- i. There is no amount outstanding in respect of Unpaid Dividend to be transferred to Investor Education & Protection Fund under Section 125 of the Companies Act, 2013.

### 24 OTHER CURRENT LIABILITIES

(Rs. In Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Advance received from Customer	116.37	446.01	399.53
Statutory Dues	163.06	77.16	144.78
Other Liabilities	817.33	817.60	817.60
<b>Total</b>	<b>1,096.76</b>	<b>1,340.77</b>	<b>1,361.91</b>

### 25 PROVISIONS

(Rs. In Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
<b>Provision for Employee Benefits</b>			
Gratuity	130.79	95.37	76.83
Compensated Absences	4.84	4.79	5.09
<b>Total</b>	<b>135.63</b>	<b>100.16</b>	<b>81.92</b>

### 26 REVENUE FROM OPERATIONS

(Rs. In Lakhs)

Particulars	2017-2018	2016-2017
Sale of Products	88,953.27	102,495.91
Other Operating Revenue	1,180.81	856.13
<b>Total</b>	<b>90,134.08</b>	<b>103,352.04</b>

### 27 OTHER INCOME

(Rs. In Lakhs)

Particulars	2017-2018	2016-2017
<b>Interest Income</b>		
- FDs with Banks	43.64	190.30
Dividend Income	280.60	0.60
Profit on sale of Fixed Assets	-	-
Other Income	0.78	9.33
<b>Total</b>	<b>325.02</b>	<b>200.23</b>

- Annual Report 2017-2018
- Statutory Reports
- Financial Statements - Standalone

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

### 28 COST OF MATERIALS CONSUMED

(Rs. In Lakhs)

Particulars	2017-2018	2016-2017
<b>Raw Material Consumed :</b>		
Opening Inventory	1,938.48	814.66
Add : Net Purchases	54,884.96	63,740.88
Less: Inventory at the end of the year	1,548.00	1,938.48
<b>Cost of Raw Material consumed during the year</b>	<b>55,275.44</b>	<b>62,617.06</b>
<b>Packing Material Consumed :</b>		
Opening Inventory	120.84	85.35
Add : Net Purchases	1,095.54	1,078.03
Less: Inventory at the end of the year	91.63	120.84
<b>Cost of Packing Material consumed during the year</b>	<b>1,124.75</b>	<b>1,042.54</b>
<b>Total</b>	<b>56,400.19</b>	<b>63,659.60</b>

### 29 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS & STOCK-IN TRADE

(Rs. In Lakhs)

Particulars	2017-2018	2016-2017
<b>(Increase)/decrease in Stocks</b>		
<b>Stock at the beginning of the year :</b>		
Finished Goods	1,263.87	1,008.33
Work in Progress & Semi Finished Goods	481.29	3,088.05
	<b>1,745.16</b>	<b>4,096.38</b>
<b>Stock at the end of the year :</b>		
Finished Goods	3,085.58	1,263.87
Work in Progress & Semi Finished Goods	866.26	481.29
	<b>3,951.84</b>	<b>1,745.16</b>
<b>Total</b>	<b>(2,206.68)</b>	<b>2,351.22</b>

### 30 EMPLOYEE BENEFITS EXPENSE

(Rs. In Lakhs)

Particulars	2017-2018	2016-2017
Salaries, Wages & Bonus	2,858.93	2,371.95
Contribution to Provident fund & other funds	85.76	47.90
Welfare Expenses	304.39	209.07
<b>Total</b>	<b>3,249.08</b>	<b>2,628.92</b>

### 31 FINANCE COST

(Rs. In Lakhs)

Particulars	2017-2018	2016-2017
<b>Interest &amp; Financial Charges</b>		
Interest Cost	110.84	748.57
Financial Charges	54.58	54.36
<b>Total</b>	<b>165.42</b>	<b>802.93</b>

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

### 32 OTHER EXPENSES

(Rs. In Lakhs)

Particulars	2017-2018	2016-2017
<b>Operational &amp; Other Expenses</b>		
- Power & Fuel	8,002.92	6,348.29
Pollution Treatment Expenses	466.61	272.23
<b>Repairs &amp; Maintenance</b>		
- Buildings	32.90	80.98
- Machineries	2,122.28	1,684.19
- Other Assets	265.40	210.08
	<b>2,420.58</b>	<b>1,975.25</b>
Laboratory Expenses	78.38	95.04
Factory Expenses	74.79	161.61
Labour Charges	1,192.85	1,160.38
Insurance Premium	77.74	68.39
Communication Expenses	39.57	49.50
Postage & Courier	31.41	29.50
Travelling & Conveyance	48.33	33.02
Repairs & Maintenance - Others	63.09	57.34
Membership & Subscription	1.96	1.89
Security Expenses	107.81	94.90
Legal & Professional Fees	1,739.33	809.86
Payment to Auditors	23.50	15.00
Rates & Taxes	113.55	34.55
Foreign Exchange Loss	230.39	110.83
CSR and Social Welfare Expenses	46.11	78.34
Miscellaneous Expenses	38.15	43.94
Preliminary Expenses Written Off	-	0.23
Software Expense	12.76	2.29
Export Expenses	157.77	66.85
Outward Freight & Transportation Charges	1,276.77	1,312.65
Travelling Expenses	125.10	100.92
Advertisement & Sales Promotion Expenses	65.51	52.53
<b>Total</b>	<b>16,434.98</b>	<b>12,975.32</b>

#### Notes :

#### i. Details of Payment made to Auditor is as below:

(Rs. In Lakhs)

Particulars	2017-2018	2016-2017
For Statutory Audit Fees	15.00	9.00
For Taxation matters	5.00	3.50
For Other services	3.50	2.50

#### ii Corporate Social Responsibility Expenditure - spent during the year is Rs. 45.37 Lakhs (Previous Year Rs. 78.34 Lakhs)

(Rs. In Lakhs)

Particulars	2017-2018	2016-2017
Amount Required to be spent as per Section 135 of the Act	44.35	N.A.
Amount spent during the year	45.37	78.34



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

### 33. EARNING PER SHARE FROM CONTINUING OPERATIONS

Particulars	As at 31st March, 2018	As at 31st March, 2017
Net Profit After Tax attributable to Shareholders (Rs. In Lakhs)	10,260.48	9,415.35
Weighted Average number of Equity Shares at the end of year	28,659,294	27,843,951
Nominal Value of Share	10	10
Basic Earnings Per Share	35.80	33.81
Diluted Earnings Per Share	22.33	25.82

### 34. CONTINGENT LIABILITIES

(Rs. In Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
In respect of Bank Guarantees	57.00	64.53	84.26
In respect of Letter of Credit	-	-	-
In respect of Disputed Tax Liabilities	1,753.55	1,757.30	1,859.37

### 35. EMPLOYEE BENEFIT OBLIGATIONS

#### (A) Retirement Benefits

As per Ind AS 19 the Company has recognized "Employees Benefits" in the financial statements in respect of Employee Benefits Schemes as per Actuarial Valuation as on 31st March 2018

#### I. Expense recognized in statement of Profit or Loss for the Current Period - Gratuity

(Rs. In Lakhs)

Particulars	2017-2018	2016-2017
Current Service Cost	38.12	28.89
Net Interest Cost	12.39	10.29
Past Service Cost	3.57	--
Expected return on plan assets	(4.76)	(1.29)
Net actuarial Losses (Gains)	2.00	11.00
Expenses Recognized	51.32	48.89

#### II. Net Asset/(Liability) recognized in Balance Sheet: Gratuity

(Rs. In Lakhs)

Particulars	2017-2018	2016-2017
Present Value of Obligation	225.39	175.55
Fair Value of Plan Assets	(17.55)	(11.89)
Assets/(Liability) recognized in Balance Sheet	207.84	163.66

#### III. Change in Defined Benefit Obligation (DBO):

(Rs. In Lakhs)

Particulars	2017-2018	2016-2017
Opening Balance of Present Value of Obligation	163.66	128.41
Current Service Cost	38.12	28.89
Interest Cost	12.39	10.29
Past Service Cost	3.57	--
Actuarial (Gain)/Loss	(2.76)	9.71
Benefit paid	(7.14)	13.65
Closing Balance of Present Value Obligation	207.84	163.66

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

### IV. Change in Fair Value of Plan Assets:

(Rs. In Lakhs)

Particulars	2017-2018	2016-2017
Fair value of plan assets at the beginning of year	11.89	9.82
Expected return on plan assets	5.66	2.07
Actuarial Losses (Gains)	---	---
Contributions by employer	---	---
Benefit paid	---	---
Defined benefit obligation at end of the year.	17.55	11.89

### V. Actuarial Assumptions - Gratuity

Particulars	2017-2018	2016-2017
Mortality Table (LIC)	2006-08 (Ultimate)	2006-08 (Ultimate)
Discount Rate (per annum)	7.87%	7.57%
Attrition Rate	2.00%	2.00%
Annual Increase in salary costs	6.00%	6.00%

### VI. Investment details

Particulars	Percentage invested as at 31.03.2018	Percentage invested as at 31.03.2017
Insurance Company and Others	100.00%	100.00%

### VII. Sensitivity Analysis - Gratuity

(Rs. In Lakhs)

Particulars	2017-18		2016-17	
	Increase	Decrease	Increase	Decrease
Change in Rate of Discounting (1.00% movement)	(26.12)	31.74	(20.68)	25.18
Change in Rate of Salary Growth (1.00% movement)	31.39	(26.44)	25.33	(21.13)
Change in Rate of Employee Turnover (1.00% movement)	4.88	(5.86)	2.83	(3.47)

### (B) Defined Contribution Plans

Amount recognised as expenses on account of "Contribution / Provision to and for Provident and other Funds" of Statement of Profit and Loss –Rs. 85.76 Lakhs (Previous year Rs. 47.90 Lakhs)

## 36. SEGMENT REPORTING

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

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

### (b) Analysis by Geographical Segment

(Rs. In Lakhs)

Particulars	2017-2018	2016-2017
Domestic Sales	62,660.58	68,764.20
Export Sales	24,578.48	26,862.62

### 37. TERMS AND CONDITIONS OF FOREIGN CURRENCY CONVERTIBLE BONDS (FCCB):

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. As per modification of terms maturity date of Series B, D, E and F Bonds has been extended from January 17, 2018 to January 17, 2022.

**Details of FCCBs pending for conversion in to equity shares of Rs. 10 each at premium of Rs. 2.03 per equity share are given below:**

Series of FCCBs	No of Bonds	Principal Amount (USD)
Series B	8	800,000
Series D	9	900,000
Series E	14	1,400,000
Series F	14	1,400,000

### 38. SHARE BASED PAYMENTS :

- a. Pursuant to the approval accorded by shareholders at their Annual General Meeting held on 26<sup>th</sup> September 2014 and in compliance with the provisions of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999,, the Nomination and Remuneration Committee of the Company formulated Kiri Industries Limited Employee Stock Option Scheme - 2014 (**ESOP Scheme – 2014**).
- b. The Board of Directors of the Company at their meeting held on 7<sup>th</sup> August, 2015 has allotted 1,000,000 equity shares of Rs. 10 each at an issue price of Rs. 35 per equity share to Kiri Employee Stock Option Trust for transfer of said equity shares to eligible employee upon exercise of equal number of options granted under the Scheme. The exercise price of the options shall be Rs. 35 (Face Value of Rs. 10 each) on the grant date.
- c. **Under the Scheme:**
  1. Vesting has commenced after the date of Grant and may extend up to five years from the date of Grant or such other percentage of vesting each year as decided by the Board and / or Nomination & Remuneration Committee or any other committee constituted by the Board.
  2. The exercise price for the purposes of the grant of Stock Options is as per terms & conditions decided by the Board and / or Nomination & Remuneration Committee or any other committee constituted by the Board at the time of respective grant of Stock Options, but at a price not below the face value of the equity share and not exceeding the market price as per the SEBI Guidelines.
  3. The exercise Period would be 5 (Five) years from the date of Grant or such other period as may be decided by the Board and / or Nomination & Remuneration Committee or any other committee constituted by the Board at the time of respective grant of Stock Options.

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

- d. The information related to stock options granted, exercised and outstanding as at 31st March, 2018 (as certified by the management) are as follows:

Particular	As at 31st March, 2018	As at 31st March, 2017
Options outstanding at the beginning of the year	825,000	875,000
Options Granted	-	125,000
Shares Transferred to Employee account from Trust Account	200,000	175,000
Options outstanding at the end of the Financial year	625,000	825,000

### 39. RELATED PARTIES DISCLOSURES

#### A) Related Party and their Relationship

Name of the Party	Relationship
Synthesis International Limited	Wholly Owned Subsidiary
SMS Chemicals Co. Limited	Wholly Owned Subsidiary
Chemhub Trading DMCC	Wholly Owned Subsidiary
Kiri Laboratories Pvt. Ltd.	Directors' Relative are Key Managerial Personnel
Indochin Development Pvt. Ltd.	Directors' Relative are Key Managerial Personnel
Kiri Peroxide Ltd.	Directors' Relative are Key Managerial Personnel
Lonsen Kiri Chemical Industries Ltd.	Joint Venture
Dystar Global Holdings (Singapore) Pte. Ltd	Associate Company
Kiri Infrastructure Pvt. Ltd.	Associate Company
Kiri Carbon Pvt. Ltd.	Promoters are Key Managerial Personnel
Equinaire Chemtech LLP	Promoters are Partner
Mr. Pravin A Kiri	Key Managerial Personnel
Mr. Manish P Kiri	Key Managerial Personnel
Mrs. Aruna P Kiri	Relative of Key Managerial Personnel
Mrs. Anupama M. Kiri	Relative of Key Managerial Personnel
Pravin A. Kiri – HUF	HUF of Key Managerial Personnel

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

### B) Transaction with Related Parties

Figures in *Italics* represent figures as at 31st March, 2017

(Rs. in Lakhs)

Particulars	Subsidiaries & Step Down Subsidiaries	Joint Ventures	Associates Enterprise / Subsidiaries of Associates Enterprise	Key Management Personnel & their Relatives	Entity Controlled by Key Management Personnel	Total
Purchase of Goods	-	1,720.99	-	-	-	1,720.99
	-	<i>1,051.19</i>	-	<i>33.00</i>	-	<i>1,084.49</i>
Sales of Goods /Job Work Income	8,889.96	14,567.15	-	1.75	-	23,458.86
	<i>7,950.83</i>	<i>11,301.00</i>	-	-	-	<i>19,251.83</i>
Gain on Investment of Winding up of Subsidiary	-	-	-	-	-	-
	<i>5.46</i>	-	-	-	-	<i>5.46</i>
Loss in Investment of Winding up of Subsidiary	-	-	-	-	-	-
	<i>15.14</i>	-	-	-	-	<i>15.14</i>
Remuneration	-	-	-	192.00	-	192.00
	-	-	-	<i>132.37</i>	-	<i>132.37</i>
Investment	-	-	-	-	-	-
	-	-	-	-	-	-
Equity Shares	-	-	-	-	240.00	240.00
	-	-	-	<i>129.40</i>	-	<i>129.40</i>
Share Premium	-	-	-	-	8,472.00	8,472.00
	-	-	-	<i>1,630.44</i>	-	<i>1,630.44</i>
Dividend Income	-	280.00	-	-	-	280.00
	-	-	-	-	-	-
Money Received Against Share Warrants	-	-	-	-	-	-
	-	-	-	-	<i>12,705.00</i>	<i>12,705.00</i>
Outstanding Balance (Cr)	-	361.11	25.41	-	-	386.52
	-	<i>502.88</i>	<i>25.41</i>	<i>12.92</i>	-	<i>541.21</i>
Outstanding Balance (Dr)	3,955.30	140.00	-	-	-	4,095.30
	<i>1,914.91</i>	-	-	-	-	<i>1,914.91</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	2017-18	2016-17
Purchase of Goods	Lonsen Kiri Chemical Industries Ltd.	1,720.99	1,051.19
	Kiri Laboratories Pvt. Ltd.	--	33.00
Sales of Goods / Job work Income	Lonsen Kiri Chemical Industries Ltd.	14,567.15	11,301.00
	Kiri Laboratories Pvt. Ltd.	1.75	--
	Chemhub Trading DMCC	8,889.96	7,950.83
Gain on Investment of Winding up of Subsidiary	Kiri International (Mauritius) Private Limited	--	5.46
Loss of Investment of Winding up of Subsidiary	Kiri Investment and Trading Singapore Private Limited	--	15.14
Remuneration	Mr. Pravin A. Kiri	96.00	66.16
	Mr. Manish P. Kiri	96.00	66.21
Equity Share	Mrs. Anupama M. Kiri	--	129.40
	Equinaire Chemtech LLP	240.00	--
Share Premium	Mrs. Anupama M. Kiri	--	1,630.44
	Equinaire Chemtech LLP	8,472.00	--
Dividend Income	Lonsen Kiri Chemical Industries Ltd.	280.00	--
Money received against Share Warrant	Equinaire Chemtech LLP	--	12,705.00
Outstanding Balance (Cr)	Mr. Manish P. Kiri	--	5.98
	Mr. Pravin A. Kiri	--	6.94
	Lonsen Kiri Chemical Industries Ltd.	361.11	502.88
	Dystar Global Holdings (Singapore) Pte. Ltd	25.41	25.41
Outstanding Balance (Dr)	Chemhub Trading DMCC	3,955.30	1,914.91
	Lonsen Kiri Chemical Industries Ltd. (Dividend Receivable)	140.00	--

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.

#### 40. CAPITAL MANAGEMENT

The Company's policy is to maintain a strong capital base and to sustain future development of the business. Management monitors the return on capital.

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

The Company monitors capital using a ratio of 'adjusted net debt' to 'adjusted equity'. For this purpose, adjusted net debt is defined as total liabilities, comprising interest-bearing loans and borrowings and obligations under finance leases, less cash and cash equivalents. Adjusted equity comprises all components of equity.

(Rs in Lakhs)

Particulars	2017-2018	2016-2017
Total Interest bearing Liabilities	17,163.36	17,478.72
Less : Cash and Cash Equivalents	558.45	357.40
Adjusted Net Debt	16,604.90	17,121.32
Total Equity	51,090.99	39,412.27
Adjusted Net Debt to Equity Ratio	0.33	0.43

### 41. FAIR VALUE MEASUREMENT AND FINANCIAL RISK MANAGEMENT

A. The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

(Rs. in Lakhs)

Financial Assets and Liabilities as at 31st March, 2018	Carrying value				Fair Value			
	Routed through Profit and Loss	Routed through OCI	Carried at amortised cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>								
Non Current Investment	-	-	6.00	6.00	-	6.00	-	6.00
Other Financial Assets								
Non Current	-	-	639.65	639.65	-	639.65	-	639.65
Current	-	-	1,017.96	1,017.96	-	-	-	-
Trade receivable	-	-	17,495.84	17,495.84	-	-	-	-
Cash and Cash equivalents	-	-	558.45	558.45	-	-	-	-
Other Bank Balance	-	-	98.21	98.21	-	-	-	-
Loans	-	-	1,201.84	1,201.84	-	-	-	-
<b>Total</b>	-	-	<b>21,017.95</b>	<b>21,017.95</b>	-	<b>645.65</b>	-	<b>645.65</b>
<b>Financial Liabilities</b>								
Borrowings								
Non Current	-	-	14,323.33	14,323.33	-	14,323.33	-	14,323.33
Current	-	-	1,311.71	1,311.71	-	-	-	-
Trade Payables	-	-	11,520.67	11,520.67	-	-	-	-
Other Financial Liabilities	-	-	2,323.46	2,323.46	-	-	-	-
<b>Total</b>	-	-	<b>29,479.17</b>	<b>29,479.17</b>	-	<b>14,323.33</b>	-	<b>14,323.33</b>

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

(Rs. in Lakhs)

Financial Assets and Liabilities as at 31st March, 2017	Carrying value				Fair Value			
	Routed through Profit and Loss	Routed through OCI	Carried at amortised cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>								
Non Current Investment	-	-	23.61	23.61	-	23.61	-	23.61
Other Financial Assets								
Non Current	-	-	615.50	615.50	-	615.50	-	615.50
Current	-	-	1,653.74	1,653.74	-	-	-	-
Trade receivable	-	-	14,040.14	14,040.14	-	-	-	-
Cash and Cash equivalents	-	-	357.40	357.40	-	-	-	-
Other Bank Balance	-	-	100.46	100.46	-	-	-	-
Loans	-	-	467.64	467.64	-	-	-	-
<b>Total</b>	-	-	<b>17,258.49</b>	<b>17,258.49</b>	-	<b>639.11</b>	-	<b>639.11</b>
<b>Financial Liabilities</b>								
Borrowings								
Non Current	-	-	15,792.12	15,792.12	-	15,792.12	-	15,792.12
Current	-	-	1,450.00	1,450.00	-	-	-	-
Trade Payables	-	-	14,573.36	14,573.36	-	-	-	-
Other Financial Liabilities	-	-	967.80	967.80	-	-	-	-
<b>Total</b>	-	-	<b>32,783.28</b>	<b>32,783.28</b>	-	<b>15,792.12</b>	-	<b>15,792.12</b>



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

(Rs. in Lakhs)

Financial Assets and Liabilities as at 1st April, 2016	Carrying value				Fair Value			
	Routed through Profit and Loss	Routed through OCI	Carried at amortised cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>								
Non Current Investment	-	-	20.40	20.40	-	20.40	-	20.40
Other Financial Assets								
Non Current	-	-	551.88	551.88	-	551.88	-	551.88
Current	-	-	1,455.02	1,455.02	-	-	-	-
Trade receivable	-	-	21,651.31	21,651.31	-	-	-	-
Cash and Cash equivalents	-	-	149.12	149.12	-	-	-	-
Other Bank Balance	-	-	85.32	85.32	-	-	-	-
Loans	-	-	27.80	27.80	-	-	-	-
<b>Total</b>	-	-	<b>23,940.85</b>	<b>23,940.85</b>	-	<b>572.28</b>	-	<b>572.28</b>
<b>Financial Liabilities</b>								
Borrowings								
Non Current	-	-	26,789.77	26,789.77	-	26,789.77	-	26,789.77
Current	-	-	130.72	130.72	-	-	-	-
Trade Payables	-	-	13,527.55	13,527.55	-	-	-	-
Other Financial Liabilities	-	-	15,394.64	15,394.64	-	-	-	-
<b>Total</b>	-	-	<b>55,842.68</b>	<b>55,842.68</b>	-	<b>26,789.77</b>	-	<b>26,789.77</b>

### J. Measurement of Fair Value:

Investment in Subsidiary/Joint Venture /Associates carried at amortised cost. Further Fair Value of the Financial Assets and Liabilities are not disclosed separately as they are measured at Amortised Cost and it is materially same.

Fair value of cash and short-term deposits, trade and other short term receivables, trade payables, other current liabilities, short term loans from banks and other financial institutions approximate their carrying amounts largely due to short term maturities of these instruments.

### K. Fair Value Hierarchy:

The fair value of financial instruments as referred to above have been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements).

**Level 1:** Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds and mutual funds that have quoted price. The fair value of all equity instruments which are traded in the stock exchanges is valued using the closing price as at the reporting period.

**Level 2:** The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities included in level 3.

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

### 42. FINANCIAL RISK MANAGEMENT

The Company's financial risk management is an integral part of how to plan and execute its business strategies. The Company's activities expose it to a variety of its financial risk including

- **Credit Risk**
- **Liquidity Risk and**
- **Market Risk**

#### **Risk Management Framework**

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's activities expose it to market risk, liquidity risk and credit risk. The Company manages this risk through treasury department, which evaluates and exercises independent control over the entire process of market risk management. The treasury department recommends risk management objectives and policies which are approved by Board of directors and which ultimately provides principles on foreign exchange risk, interest rate risk, credit risk, use of financial derivatives etc. Compliance with policies and exposure limits is reviewed by risk management committee and internal auditors. The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purpose.

The Company's audit committee also oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

#### **A. Credit Risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's trade and other receivables. The carrying amounts of financial assets represent the maximum credit risk exposure.

##### **Trade Receivables**

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Company has established a credit policy under which each new customer is analysed individually for creditworthiness before the standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, if they are available, financial statements, credit agency information, industry information and in some cases bank references. Sale limits are established for each customer and reviewed periodically.

The Company measures the expected credit loss of trade receivables and loan from individual customers based on historical trend, industry practices and the business environment in which the entity operates. Loss rates are based on actual credit loss experience and past trends. Based on the historical data, as per management perceptions, loss on collection of receivable is not material hence no additional provision considered

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

The maximum exposure to Credit Risk for Trade Receivables by geographic region was as follows:

(Rs. In Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Domestic	10,728.47	8,424.06	19,661.08
Other Region	6,767.37	5,616.08	1,990.23
<b>Total</b>	<b>17,495.84</b>	<b>14,040.14</b>	<b>21,651.31</b>

### Age of Receivables

(Rs. In Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Neither due nor impaired	3,614.79	2,618.24	1,676.99
Past due 1 – 90 days	2,373.22	3,371.45	8,345.02
Past due 91 – 180 days	7,304.67	4,913.55	8,460.63
More than 180 days	4,203.16	3,136.90	3,168.67

Management believes that the unimpaired amounts that are past due by more than 30 days are still collectible in full, based on historical payment behavior and extensive analysis of customer Credit Risk, including underlying customers' Credit Ratings if they are available.

### B. Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

### Maturity of financial liabilities

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements.

(Rs. In Lakhs)

Contractual maturities of financial liabilities as at 31st March, 2018	1 year or less	1-2 years	2- 5 years	Total
Non-derivatives Financial Liabilities				
Long term borrowings incl. current maturity	1,528.32	1,475.23	12,848.10	15,851.65
Working Capital Facility and Short term loans and borrowings	1,311.71	-	-	1,311.71
Trade payables	11,520.67	-	-	11,520.67
<b>Total non-derivative liabilities</b>	<b>14,360.70</b>	<b>1,475.23</b>	<b>12,848.10</b>	<b>28,684.03</b>

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

(Rs. In Lakhs)

<b>Contractual maturities of financial liabilities as at 31st March, 2017</b>	<b>1 year or less</b>	<b>1-2 years</b>	<b>2- 5 years</b>	<b>Total</b>
Non-derivatives Financial Liabilities				
Long term borrowings incl. current maturity	236.60	1,521.70	14,270.42	16,028.72
Working Capital Facility and Short term loans and borrowings	1,450.00	-	-	1,450.00
Trade payables	14,573.36	-	-	14,573.36
<b>Total non-derivative liabilities</b>	<b>16,259.96</b>	<b>1,521.70</b>	<b>14,270.42</b>	<b>32,052.08</b>

(Rs. In Lakhs)

<b>Contractual maturities of financial liabilities as at 1st April, 2016</b>	<b>1 year or less</b>	<b>1-2 years</b>	<b>2- 5 years</b>	<b>Total</b>
Non-derivatives Financial Liabilities				
Long term borrowings incl. current maturity	24,883.31	236.60	15,792.12	40,912.03
Working Capital Facility and Short term loans and borrowings	130.72	-	-	130.72
Trade payables	13,527.55	-	-	13,527.55
<b>Total non-derivative liabilities</b>	<b>38,541.58</b>	<b>236.60</b>	<b>15,792.12</b>	<b>54,570.31</b>

### C. Market Risk

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from adverse changes in market rates and prices (such as interest rates and foreign currency exchange rates) or in the price of market risk-sensitive instruments as a result of such adverse changes in market rates and prices. Market risk is attributable to all market risk-sensitive financial instruments, all foreign currency receivables and payables and all short-term and long-term debt. The Company is exposed to market risk primarily related to foreign exchange rate risk and interest rate risk.

#### i. Foreign currency risk

The Company operates internationally and is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the USD, EURO and SGD. The Company has in place the Risk management policy to manage the foreign exchange exposure.

The Foreign currency exchange rate exposure is partly balanced through natural hedge. This provide an economic hedge without derivatives being entered into and therefore hedge accounting not applied in these circumstances.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Company's policy is to ensure that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

The company can enter into foreign currency forward contracts and other authorized derivative contracts, which are not intended for trading or speculative purposes but for hedge purposes to establish the amount of reporting currency required or available at the settlement date of certain payables/receivables and borrowings.

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

### Foreign currency risk exposure:

The currency profile of Financial Assets and Financial Liabilities with exposure to foreign currency risk at the end of the reporting period expressed in rupees, are as follows.

(Rs. in Lakhs)

Sr. no.	Particulars	Currency	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
<b>A</b>	<b>Financial assets</b>				
(i)	Trade receivables	EURO	6.68	29.89	-
		USD	6,942.71	4,428.55	2,984.51
(ii)	Loans and Advances	USD	310.06	-	-
(iii)	Bank balance in EEFC accounts	USD	138.17	-	-
<b>B</b>	<b>Financial liabilities</b>				
(i)	Trade payables	USD	1,104.75	295.53	315.87
		EURO	-	-	-

### C Sensitivity

A reasonably possible strengthening (weakening) of the Indian Rupee against various currency mentioned in the table below as at March 31 would have affected the measurement of financial instruments denominated in foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

(Rs in Lakhs)

	Profit / (loss) before tax gain / (loss)		(Decreased)
	Strengthening	Weakening	
<b>Mar-18</b>			
Effect in INR			
3 % movement			
USD	(188.59)	188.59	188.59
EUR	(0.20)	0.20	0.20
<b>Mar-17</b>			
Effect in INR			
3 % movement			
USD	(123.99)	123.99	123.99
EUR	(0.90)	0.90	0.90
<b>Mar-16</b>			
Effect in INR			
3 % movement			
USD	(80.06)	80.06	80.06

\* Holding all other variables constant

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

### 43. TAX EXPENSES

Based on legal opinion obtained by the company, the company does not expect any regular/MAT tax liability for both the years.

### 44. TRANSITION TO IND AS

These are the Company's first financial statements prepared in accordance with Ind AS.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31st March 2018, the comparative information presented in these financial statements for the year ended 31st March, 2017 and in the preparation of an opening Ind AS Balance Sheet at 1st April, 2016 (the Company's date of transition).

In preparing its opening Ind AS Balance Sheet, the Company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP). An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and Cash Flows is set out in the following tables and notes

#### Exemption applied

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions:

#### Optional – Exemption

##### (i) Deemed cost- Fair value of Property, Plant and Equipment (PPE)

The Company has elected to measure all the items of PPE, intangible assets and investment property at its Indian GAAP carrying values which shall be the deemed cost as at the date of transition. As per Frequently Asked Questions (FAQs) issued by Accounting Standards Board (ASB) by Ind AS Transition Facilitation Group of Ind AS (IFRS) Implementation Committee of ICAI, deemed cost, is the amount used as a surrogate for the cost or depreciated cost and for the purpose of subsequent depreciation or amortisation, deemed cost becomes the cost as the starting point. Information regarding gross block of assets, accumulated depreciation and provision for impairment under Indian GAAP has been disclosed by way of a note forming part of the financial statements

##### (ii) Investments in Subsidiaries, Joint Ventures and Associates

Under, Ind AS 101 an entity can determine the value of investment in a Subsidiary, Associate or Joint ventures as either of the below:-

Cost determined in accordance with Ind AS 27 (i.e. retrospective application of Ind AS 27)- Fair value at the entity's date of transition to Ind AS- Previous GAAP carrying amount Accordingly, if an entity chooses to measure its investment at fair value at the date of transition then that is deemed to be cost of such investment for the Company and, therefore, it shall carry its investment at that amount (i.e. fair value at the date of transition) after the date of transition. The Company has elected to carry forward the previous GAAP amounts as the deemed cost for investment in equity shares of Subsidiary, Associates and Joint Ventures in the Standalone Financial Statements."

#### Mandatory – Exemption

##### 1. Estimates

On an assessment of the estimates made under Indian GAAP the Company has concluded that there was no necessity to revise the estimates under Ind AS except where estimates were required by Ind AS and not required by Indian GAAP or the basis of measurement were different.

##### 2. Classification and Measurement of Financial Assets

Ind AS 101 requires an entity to assess classification and measurement of Financial Assets (investment in debt instruments) on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

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

### Reconciliation of Equity as at 1st April, 2016

(Rs. in Lakhs)

Particulars	Amount as per previous GAAP **	Effects due to Transition Provision	Amount as per Ind AS
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, Plant and Equipment	27,683.16	(17.39)	27,665.77
Other Intangible assets	8.82	-	8.82
Capital work-in-progress	303.40	-	303.40
Investment in Subsidiary / Associate	17,424.18	(596.39)	16,827.79
<b>Financial Assets</b>			
Investments	19.76	0.64	20.40
Other Financial Assets	551.88	-	551.88
Other Assets	945.52	-	945.52
<b>Total Non - Current Assets</b>	<b>46,936.72</b>	<b>(613.14)</b>	<b>46,323.58</b>
<b>Current assets</b>			
Inventories	5,044.61	-	5,044.61
Financial Assets			
Investments	-	-	-
Trade receivables	21,651.31	-	21,651.31
Cash and cash equivalents	149.12	-	149.12
Bank balances other than (iii) above	85.32	-	85.32
Loans	27.80	-	27.80
Others Financial Assets	1,455.02	-	1,455.02
Current Tax Assets (Net)	1,370.77	-	1,370.77
Other current assets	1,281.20	-	1,281.20
<b>Total Current Assets</b>	<b>31,065.15</b>	-	<b>31,065.15</b>
<b>Total Assets</b>	<b>78,001.87</b>	<b>(613.14)</b>	<b>77,388.73</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share capital	3,088.35	(433.35)	2,655.00
Other Equity	14,783.47	(429.55)	14,353.92
<b>Total Equity</b>	<b>17,871.81</b>	<b>(862.90)</b>	<b>17,008.92</b>
<b>Non-current liabilities</b>			
Financial Liabilities	26,885.30	(95.52)	26,789.77
Provisions	493.94	173.99	667.93
Deferred tax liabilities (Net)	2,254.07	171.30	2,425.37
Other non-current liabilities	-	-	-
<b>Total Non - Current Liabilities</b>	<b>29,633.32</b>	<b>249.76</b>	<b>29,883.07</b>
<b>Current liabilities</b>			
Financial Liabilities			
Borrowings	130.72	-	130.72
Trade payables	13,527.55	-	13,527.55
Other financial liabilities	15,394.65	-	15,394.64
Other current liabilities	1,361.91	-	1,361.91
Provisions	81.92	-	81.92
<b>Total Current Liabilities</b>	<b>30,496.74</b>	-	<b>30,496.74</b>
<b>Total Equity and Liabilities</b>	<b>78,001.87</b>	<b>(613.14)</b>	<b>77,388.73</b>

\*\* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirement for the purpose of this note

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

### Reconciliation of Equity as at 31st March, 2017

(Rs. in Lakhs)

Particulars	Amount as per previous GAAP **	Effects due to Transition Provision	Amount as per Ind AS
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, Plant and Equipment	30,479.68	(1.25)	30,478.44
Other Intangible assets	10.09	(0.09)	9.99
Capital work-in-progress	3,603.39	-	3,603.39
Investment in Subsidiary / Associate	17,099.18	(596.39)	16,502.79
<b>Financial Assets</b>			
Investments	19.96	3.65	23.61
Other Financial Assets	615.50	-	615.50
Other Assets	1,656.33	-	1,656.33
<b>Total Non - Current Assets</b>	<b>53,484.13</b>	<b>(594.07)</b>	<b>52,890.05</b>
<b>Current assets</b>			
Inventories	4,032.54	-	4,032.54
Financial Assets			
Investments	320.00	-	320.00
Trade receivables	14,040.14	-	14,040.14
Cash and cash equivalents	357.40	-	357.40
Bank balances other than (iii) above	100.46	-	100.46
Loans	467.64	-	467.64
Others Financial Assets	1,653.74	-	1,653.74
Current Tax Assets (Net)	954.43	-	954.43
Other current assets	2,664.40	-	2,664.40
<b>Total Current Assets</b>	<b>24,590.75</b>	-	<b>24,590.75</b>
<b>Total Assets</b>	<b>78,074.88</b>	<b>(594.07)</b>	<b>77,480.80</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share capital	3,217.75	(433.35)	2,784.40
Other Equity	36876.48	(248.61)	36,627.87
<b>Total Equity</b>	<b>40,094.23</b>	<b>(681.96)</b>	<b>39,412.27</b>
<b>Non-current liabilities</b>			
Financial Liabilities	16,176.13	(384.01)	15,792.12
Provisions	730.51	173.99	904.50
Deferred tax liabilities (Net)	2,641.91	297.91	2,939.82
Other non-current liabilities	-	-	-
<b>Total Non - Current Liabilities</b>	<b>19,548.56</b>	<b>87.89</b>	<b>19,636.44</b>
<b>Current liabilities</b>			
Financial Liabilities			
Borrowings	1,450.00	-	1,450.00
Trade payables	14,573.36	-	14,573.36
Other financial liabilities	967.80	-	967.80
Other current liabilities	1,340.77	-	1,340.77
Provisions	100.16	-	100.16
<b>Total Current Liabilities</b>	<b>18,432.09</b>	-	<b>18,432.09</b>
<b>Total Equity and Liabilities</b>	<b>78,074.88</b>	<b>(594.07)</b>	<b>77,480.80</b>

\*\* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirement for the purpose of this note.



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

### Statement of Profit and Loss for the year ended on 31st March 2017

(Rs. in Lakhs)

Particulars	Amount as per Previous GAAP **	Effects due to Transition Provision	Amount as per Ind AS
<b>Income</b>			
Revenue From Operations	103,352.04	-	103,352.04
Other Income	200.42	(0.19)	200.23
<b>Total Income</b>	<b>103,552.46</b>	<b>(0.19)</b>	<b>103,552.27</b>
<b>Expenses</b>			
Cost of materials consumed	63,659.60	-	63,659.60
Purchases of Stock-in-Trade	2,110.66	-	2,110.66
(Increase) / Decrease in Stock	2,351.22	-	2,351.22
Employee benefits expense	2,638.63	(9.71)	2,628.92
Finance costs	802.15	0.78	802.93
Depreciation and amortization expense	2,234.29	(16.05)	2,218.24
Excise Duty on Sales	6,869.09	-	6,869.09
Other expenses	12,975.32	-	12,975.32
<b>Total expenses</b>	<b>93,640.96</b>	<b>(24.98)</b>	<b>93,615.98</b>
<b>Profit before exceptional items and tax</b>	<b>9,911.50</b>	<b>24.79</b>	<b>9,936.29</b>
Exceptional Items	-	-	-
<b>Profit before tax</b>	<b>9,911.50</b>	<b>24.79</b>	<b>9,936.29</b>
<b>Tax expense:</b>			
(1) Current tax	-	-	-
(2) Deferred tax	387.84	126.61	514.44
(3) Adjustment of Current tax / MAT credit Entitemetn / Adjustment	-	-	-
<b>Profit/(Loss) for the period from continuing operations</b>	<b>9,523.66</b>	<b>(101.82)</b>	<b>9,421.85</b>
<b>Profit/(Loss) For the Period</b>	<b>9,523.66</b>	<b>(101.82)</b>	<b>9,421.85</b>
<b>Other Comprehensive Income</b>			
(i) Items that will not be reclassified to Profit or Loss	-	(6.50)	(6.50)
(ii) Income tax relating to items that will not be reclassified to Profit or Loss	-	-	-
<b>Total Comprehensive Income for the period (Comprising Profit/(Loss) and Other Comprehensive Income for the period)</b>	<b>9,523.66</b>	<b>(108.32)</b>	<b>9,415.35</b>

\*\* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirement for the purpose of this note.

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

### NOTES TO RECONCILIATION :

#### Reconciliation of Equity

(Rs. in Lakhs)

Particulars	As at 31st March, 2017	As at 1st April, 2016
<b>Indian GAAP Equity</b>	<b>40,094.22</b>	<b>17,871.81</b>
For Recognition of Amortisation Cost & Depreciation	1.34	17.39
For Recognition of Impairment in Value of Investment	596.39	596.39
For Recognition of Deferred Employee Benefit Cost	173.98	173.98
For Deferred Tax Adjustment	297.91	171.30
For Reclassification of Debt component of Redeemable Pref. Shares as Borrowings	650.02	650.02
For Recognition of Mutual Fund Investment at Fair Value	(3.65)	(0.63)
For Recognition of Equity portion of Convertible Bond into Equity	(1,034.03)	(745.55)
<b>Net Impact on Retained Earnings</b>	<b>681.96</b>	<b>862.90</b>
<b>Ind AS Equity</b>	<b>39,412.26</b>	<b>17,008.91</b>

#### Reconciliation of Deferred Tax

(Rs. in Lakhs)

Particulars	As at 31st March, 2017	As at 1st April, 2016
For Change in value of Depreciable Assets as per IT Act.	450.45	373.80
For Disallowance of Expenditure	49.08	-
For Recognition of Impairment in Value of Investment	(201.62)	(202.50)
<b>Total</b>	<b>297.91</b>	<b>171.30</b>

As per our attached report of even date.

**For Pramodkumar Dad & Associates**

Chartered Accountants

**CA Pramod Dad**

Partner

MRN : 038261

FRN : 115869W

Place : Ahmedabad

Date : May 29, 2018

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

**Pravin Kiri**

(Chairman)

DIN : 00198275

**Suresh Gondalia**

(Company Secretary)

Place : Ahmedabad

Date : May 29, 2018

**Manish Kiri**

(Managing Director)

DIN : 00198284

**Jayesh Vyas**

(Chief Financial Officer)

## Independent Auditor's Report

To  
The Members of  
**Kiri Industries Ltd.**

### Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of Kiri Industries Limited (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its associates comprising of the Consolidated Balance Sheet as at March 31, 2018, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity for the year then ended and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Ind AS Financial Statements").

### Management's Responsibility for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these Consolidated Ind AS Financial Statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian 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 Group 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 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 Ind AS 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 Ind AS Financial Statements by the Directors of the Holding Company, as aforesaid.

### Auditor's Responsibility

Our responsibility is to express an opinion on these Consolidated Ind AS Financial Statements based on our audit. While conducting the 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 thereunder.

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 Ind AS Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Consolidated Ind AS Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS 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 Ind AS 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 accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the Consolidated Ind AS Financial Statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their report referred to in Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Ind AS Financial Statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate Ind AS financial statements and on other financial information of the subsidiaries, the aforesaid Consolidated Ind AS 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

## Independent Auditor's Report (Contd...)

including the Ind AS, of the consolidated state of affairs of the Group as at 31<sup>st</sup> March, 2018, their consolidated financial performance including other comprehensive income, consolidated changes in equity and consolidated cash flows for the year ended on that date.

### Other Matters

- (a) We did not audit the financial statements of 1 (one) subsidiary, whose financial statements reflects total assets of Rs.51.97 Crores and net assets of Rs.-3.41Crores as at March 31, 2018, total revenues of Rs.122.48 Crores and net cash outflow amounting to Rs. 0.21 Crores for the year ended on that date, as considered in the Consolidated Ind AS Financial Statements. These Ind AS financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the Consolidated Ind AS 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-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors. These Consolidated Ind AS Financial Statements also includes Group's share of net Profit/(Loss) of Rs.231.35 Crores for the year ended March 31, 2018, as considered in the Consolidated Ind AS Financial Statement, in respect of 2 (Two) Associates, whose Financial Statements have been audited by other auditor and reliance has been placed by the other auditor in respect of this report.

Further these financial statements also include unaudited net Profit/(Loss) of Rs. 24.32 Crores, Total assets of Rs. 177.42 Crores and total revenues of Rs. 249.35 Crores for the year ended March 31, 2018, in respect of 1 Joint Venture, which will be audited by us.

Our opinion on the Consolidated Ind AS Financial Statements and our report on the 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 Ind AS financial statements certified by the management.

### Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, we report, to the extent applicable, 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 Ind AS Financial Statements;
- b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Ind AS Financial Statements have been kept by the Company 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, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Ind AS Financial Statements;
- d. In our opinion, the aforesaid Consolidated Ind AS Financial Statements comply with the Indian 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 of the Holding Company as on March 31, 2018 taken on record by the Board of Directors of the Holding Company, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2018 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 of the Holding Company and its associate companies incorporated in India, and the operating effectiveness of such controls, we give our separate Report in the "Annexure".
- 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 Consolidated Ind AS Financial Statements disclose the impact of pending litigations on the

## Independent Auditor's Report (Contd...)

- consolidated financial position of the Group– Refer Note 34 on Contingent Liability to the Consolidated Ind AS Financial Statements;
- (ii) The Group, its associated and jointly controlled companies did not have any material foreseeable losses on long – term contracts including derivative contracts as at March 31, 2018.
- (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company;
- (iv) The reporting on disclosures relating to Specified Bank Notes is not applicable to the Group for the year ended March 31, 2018.

**For, Pramodkumar Dad & Associates**  
Chartered Accountants

**CA Pramod Dad**  
(Partner)  
MRN: 038261  
FRN: 115869W

Place : Ahmedabad  
Date : May 29, 2018

## **Annexure to the Independent Auditor's Report**

### **Annexure-1 to The Independent Auditors' Report of even date on consolidated Ind AS financial statements for the year ended 31<sup>st</sup> March 2018**

#### **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") (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its associates comprising of the Consolidated Balance Sheet as at March 31, 2018 in conjunction with our audit of the Consolidated Ind AS financial statements of the Company as of and 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. 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 Ind AS 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 Ind AS 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 Ind AS 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 Independent Auditor's 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<sup>st</sup>, 2018, 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, Pramodkumar Dad & Associates**  
Chartered Accountants

**CA Pramod Dad**  
(Partner)  
MRN: 038261  
FRN: 115869W

Place : Ahmedabad  
Date : May 29, 2018

## Consolidated Balance Sheet as at 31st March, 2018

(Rs. in Lakhs)

Particulars	Note No.	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
<b>I. ASSETS</b>				
<b>(1) Non-current assets</b>				
(a) Property, Plant and Equipment	2.1	40,328.43	36,675.83	33,256.96
(b) Other Intangible assets	2.2	846.10	957.76	8.82
(c) Capital work-in-progress	2.3	3,212.85	3,603.39	563.94
(d) Investment in Subsidiary / Associate	3	94,767.71	71,633.01	56,026.64
(e) Financial Assets				
(i) Investments	4	6.20	23.81	20.60
(ii) Other Financial Assets	5	737.45	712.50	648.89
(f) Other Assets	6	1,651.16	2,548.50	1,842.90
<b>Total Non - Current Assets</b>		<b>141,549.90</b>	<b>116,154.80</b>	<b>92,368.75</b>
<b>(2) Current assets</b>				
(a) Inventories	7	11,907.49	8,250.01	8,577.59
(b) Financial Assets				
(i) Trade receivables	8	20,930.98	14,747.76	25,345.41
(ii) Cash and cash equivalents	9	1,249.83	1,218.14	1,919.56
(iii) Bank balances other than (ii) above	10	323.70	337.52	225.61
(iv) Loans	11	1,184.20	450.00	10.15
(v) Others Financial Assets	12	905.49	1,769.91	1,544.06
(c) Current Tax Assets (Net)	13	1,063.75	954.43	1,370.77
(d) Other current assets	14	3,674.69	3,420.56	2,076.02
<b>Total Current Assets</b>		<b>41,240.13</b>	<b>31,148.33</b>	<b>41,069.17</b>
<b>Total Assets</b>		<b>182,790.03</b>	<b>147,303.13</b>	<b>133,437.92</b>
<b>II. EQUITY AND LIABILITIES</b>				
<b>(1) Equity</b>				
(a) Equity Share capital	15	3,024.40	2,784.40	2,655.00
(b) Other Equity	16	137,445.90	100,463.82	60,879.11
<b>Total Equity</b>		<b>140,470.30</b>	<b>103,248.22</b>	<b>63,534.11</b>
<b>(2) Non-current liabilities</b>				
(a) Financial Liabilities				
(i) Borrowings	17	14,323.33	15,792.12	26,789.77
(b) Provisions	18	1,276.31	949.79	698.18
(c) Deferred tax liabilities (Net)	19	3,849.95	3,504.76	3,055.35
(d) Other non-current liabilities		-	-	-
<b>Total Non - Current Liabilities</b>		<b>19,449.59</b>	<b>20,246.67</b>	<b>30,543.30</b>
<b>(3) Current liabilities</b>				
(a) Financial Liabilities				
(i) Borrowings	20	1,571.91	2,351.95	1,460.12
(ii) Trade payables	21	16,807.32	18,397.00	19,441.40
(iii) Other financial liabilities	22	2,489.75	1,129.46	15,511.69
(b) Other current liabilities	23	1,143.98	1,412.53	2,857.17
(c) Provisions	24	138.14	102.06	83.12
(d) Current Tax Liabilities (Net)	25	719.04	415.24	7.01
<b>Total Current Liabilities</b>		<b>22,870.14</b>	<b>23,808.24</b>	<b>39,360.51</b>
<b>Total Equity and Liabilities</b>		<b>182,790.03</b>	<b>147,303.13</b>	<b>133,437.92</b>

See accompanying notes to the financial statements

As per our attached report of even date.

**For Pramodkumar Dad & Associates**

Chartered Accountants

**CA Pramod Dad**

Partner

MRN : 038261

FRN : 115869W

Place : Ahmedabad

Date : May 29, 2018

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

**Pravin Kiri**

(Chairman)

DIN : 00198275

**Suresh Gondalia**

(Company Secretary)

Place : Ahmedabad

Date : May 29, 2018

**Manish Kiri**

(Managing Director)

DIN : 00198284

**Jayesh Vyas**

(Chief Financial Officer)



## Consolidated Statement of Profit and Loss for the year ended on 31st March, 2018

(Rs. In Lakhs)

Particulars	Note No.	2017-2018	2016-2017
<b>Income</b>			
I Revenue From Operations	26	113,516.83	119,825.02
II Other Income	27	159.08	248.01
III <b>Total Income (I+II)</b>		<b>113,675.91</b>	<b>120,073.03</b>
<b>IV Expenses</b>			
Cost of materials consumed	28	68,094.11	71,970.96
Purchases of Stock-in-Trade		4,794.40	5,049.91
Changes in inventories of finished goods,	29	(2,205.58)	1,450.34
Stock-in-Trade and work-in-progress			
Employee benefits expense	30	3,821.60	3,140.56
Finance costs	31	348.41	911.58
Depreciation and amortization expense	2	3,406.81	2,910.80
Excise Duty on Sales		1,823.67	7,298.21
Other expenses	32	19,095.51	15,020.26
<b>Total expenses (IV)</b>		<b>99,178.93</b>	<b>107,752.62</b>
V <b>Profit before exceptional items and share of net profit of investment tax (I-IV)</b>		<b>14,496.98</b>	<b>12,320.41</b>
Share of Net profit of associates		<b>23,134.70</b>	<b>15,611.36</b>
<b>Profit before exceptional items and tax (I-IV)</b>		<b>37,631.68</b>	<b>27,931.77</b>
VI Exceptional Items		-	-
VII <b>Profit before tax (V-VI)</b>		<b>37,631.68</b>	<b>27,931.77</b>
VIII <b>Tax expense:</b>		<b>1,829.55</b>	<b>1,370.06</b>
(1) Current tax		3,761.66	836.64
(2) Deferred tax	19	345.18	449.42
(3) Adjustment of excess tax provision		(2,277.29)	83.99
IX <b>Profit for the period from continuing operations (VII-VIII)</b>		<b>35,802.13</b>	<b>26,561.71</b>
X <b>Profit For the Period</b>		<b>35,802.13</b>	<b>26,561.71</b>
<b>XI Other Comprehensive Income</b>			
A (i) Items that will not be reclassified to Profit or Loss		7.22	(1.90)
(ii) Income tax relating to items that will not be reclassified to Profit or Loss		-	-
B (i) Items that will be reclassified to Profit or Loss		-	-
(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
<b>Total Other Comprehensive Income (XI)</b>		<b>7.22</b>	<b>(1.90)</b>
XII <b>Total Comprehensive Income for the period (X+XI)(Comprising Profit and Other Comprehensive Income for the period)</b>		<b>35,809.35</b>	<b>26,559.81</b>
<b>XIII Earnings per equity share of Rs 10 each (For Continuing Operations)</b>			
(1) Basic		124.95	95.39
(2) Diluted		77.93	72.84
<b>XIV Earnings per equity share (For Discontinued Operation)</b>			
(1) Basic		-	-
(2) Diluted		-	-
<b>XV Earnings per equity share(For Discontinued &amp; Continuing Operations)</b>			
(1) Basic		124.95	95.39
(2) Diluted		77.93	72.84
<b>See accompanying notes to the financial statements</b>			

As per our attached report of even date.

**For Pramodkumar Dad & Associates**  
Chartered Accountants

**CA Pramod Dad**  
Partner  
MRN : 038261  
FRN : 115869W

Place : Ahmedabad  
Date : May 29, 2018

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

**Pravin Kiri**  
(Chairman)  
DIN : 00198275

**Suresh Gondalia**  
(Company Secretary)

Place : Ahmedabad  
Date : May 29, 2018

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

**Jayesh Vyas**  
(Chief Financial Officer)

## Consolidated Cash Flow Statement for the year ended on 31st March, 2018

(Rs. In Lakhs)

PARTICULARS	2017-2018	2016-2017
<b>A. Cash Flow from Operating Activities :</b>		
<b>Net Profit before Tax and Extraordinary items</b>	14,496.98	12,320.41
<b>Adjustment for</b>		
- Depreciation	3,406.81	2,910.80
- Actuarial Valuation of Gratuity	7.22	(1.90)
- Interest & Dividend Income	(159.08)	(248.01)
- Interest charged to P & L	348.41	911.59
- Profit on Sale of Fixed Assets	4.83	1.40
<b>Operating Profit before working capital changes:</b>	<b>18,105.17</b>	<b>15,894.29</b>
<b>Adjustment for :</b>		
- Trade Receivables	(6,183.21)	10,597.65
- Inventories	(3,657.49)	327.59
- Other Current Financial Assets	878.24	(337.76)
- Other Current Assets	(254.13)	(1,344.53)
- Other Non-Current Financial Assets	(24.95)	(63.62)
- Other Non-Current Assets	897.34	(705.60)
- Trade Payables	(1,589.68)	(1,044.40)
- Other Current Financial Liabilities	68.58	(496.57)
- Other Current Liabilities	(268.56)	(1,444.65)
- Foreign Currency Translation Reserve	(5.52)	166.28
- Provisions	362.60	270.55
<b>Cash Generated from Operations</b>	<b>8,328.39</b>	<b>21,819.23</b>
- Taxes paid/ provision & Deferred tax	(1,289.88)	(678.47)
<b>Net Provisions no longer required</b>	-	<b>(582.40)</b>
<b>Net Cash Flow from Operations</b>	<b>7,038.51</b>	<b>21,723.16</b>
<b>B. Cash Flow from Investment Activities :</b>		
- Purchase of Fixed Assets	(2,779.87)	(7,282.02)
- Addition to CWIP	(3,792.09)	(3,039.45)
- Sale of Fixed Assets	9.93	2.00
- Interest and Dividend Income	159.08	248.01
- Loan Given	(734.20)	(439.85)
- Investment	17.61	1.78
<b>Net cash flow from Investing Activities</b>	<b>(7,119.54)</b>	<b>(10,509.53)</b>

## Consolidated Cash Flow Statement for the year ended on 31st March, 2018 (Contd...)

(Rs. In Lakhs)

PARTICULARS	2017-2018	2016-2017
<b>C. Cash Flow from Financing Activities :</b>		
- Dividend & Interim Dividend Paid	-	-
- Dividend Distribution Tax	-	-
- Share/Warrent Application Money	-	12,705.00
- Proceeds from FCCB	1,430.95	288.48
- Security Premium	(12.71)	(5.47)
- Proceeds from Long term Borrowings	53.00	-
- Proceeds from Short term Borrowings	-	891.83
- Repayment of Other Borrowings	(780.04)	-
- Interest charged	(348.41)	(911.59)
Exceptional Items	-	-
Repayment of Long Term Borrowings	(230.07)	(24,883.31)
Repayment of Short Term Borrowings	-	-
<b>Net Cash Flow from Financing Activities</b>	<b>112.72</b>	<b>(11,915.05)</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>31.69</b>	<b>(701.42)</b>
Cash and Cash Equivalents as at (Opening)	1,218.14	1,919.56
Cash and Cash Equivalents as at (Closing)	1,249.83	1,218.14
<b>Reconciliation of Cash and Cash Equivalent</b>		
<b>Total Cash and Bank Balance as per Balance Sheet</b>	<b>1,249.83</b>	<b>1,218.14</b>
<b>Cash and Cash Equivalents comprises as under:</b>		
Balance with Banks in Current account	1,245.26	1,213.30
Cash on Hand	4.57	4.84
<b>Cash and Cash Equivalent at the end of the year</b>	<b>1,249.83</b>	<b>1,218.14</b>

As per our attached report of even date.

**For Pramodkumar Dad & Associates**

Chartered Accountants

**CA Pramod Dad**

Partner  
MRN : 038261  
FRN : 115869W

Place : Ahmedabad  
Date : May 29, 2018

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

**Pravin Kiri**  
(Chairman)  
DIN : 00198275

**Suresh Gondalia**  
(Company Secretary)

Place : Ahmedabad  
Date : May 29, 2018

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

**Jayesh Vyas**  
(Chief Financial Officer)

## Statement of Changes in Equity for the year ended on 31st March, 2018

	As at 31st March, 2018			As at 31st March, 2017			As at 1st April, 2016		
	No. of Shares	Amount		No. of Shares	Amount		No. of Shares	Amount	
<b>A. Equity Share Capital</b>									
<b>Equity Share Capital</b>									
Balance at the beginning of the reporting period	27,843,951	2,784.40		26,549,951	2,655.00		26,549,951	2,655.00	
Changes in equity share capital during the year	2,400,000	240.00		1,294,000	129.40		-	-	
Balance at the end of the reporting period	30,243,951	3,024.40		27,843,951	2,784.40		26,549,951	2,655.00	
<b>B. Other Equity</b>									
<b>Particulars</b>	<b>Equity component of compound financial instruments</b>	<b>Reserves and Surplus</b>			<b>Retained Earnings</b>	<b>Money received against share warrants</b>	<b>Total</b>		
		<b>Foreign Currency Translation Reserve</b>	<b>Debt Redemption reserve</b>	<b>Preference Share Redemption Reserve</b>	<b>Securities Premium Reserve</b>	<b>General Reserve</b>			
<b>Balance at 1st April, 2016</b>	<b>745.55</b>	<b>(237.84)</b>	<b>1,200.00</b>	<b>2,892.86</b>	<b>34,146.38</b>	<b>417.60</b>	<b>19,954.73</b>		
Fund received against Convertible Bond / Warrant	288.48	-	-	-	-	-	12,705.00		
Issue of Shares against Warrants / Fund received against Convertible Bond	-	-	-	-	1,630.44	-	(1,759.84)		
Share Issue Expense	-	-	-	-	(5.47)	-	-		
Changes in accounting policy or prior period errors	-	-	-	-	-	-	-		
Restated balance at the beginning of the reporting period	-	-	-	-	-	-	19,954.73		
<b>Total Comprehensive Income for the year</b>	-	-	-	-	-	-	<b>26,559.81</b>		
Dividends	-	-	-	-	-	-	-		
Transfer from Debt Redemption Reserve to General Reserve	-	-	(1,200.00)	-	-	1,200.00	-		
Transfer from Retained Earnings to Preference Share Redemption Reserve	-	-	-	30.95	-	-	(30.95)		
Share Redemption Reserve	-	-	-	-	-	-	-		
<b>Addition/Deduction during the year</b>	<b>166.28</b>	<b>(71.56)</b>	<b>-</b>	<b>2,923.81</b>	<b>35,771.35</b>	<b>1,617.60</b>	<b>66,438.32</b>		
<b>Balance at 31st March, 2017</b>	<b>1,034.03</b>	<b>(71.56)</b>	<b>-</b>	<b>2,923.81</b>	<b>35,771.35</b>	<b>1,617.60</b>	<b>66,438.32</b>		
Issue of Shares against Warrants / Fund received against Convertible Bond	1,430.95	-	-	-	8,472.00	-	(8,712.00)		
Share Issue Expense	-	-	-	-	(12.71)	-	-		
Changes in accounting policy or prior period errors	-	-	-	-	-	-	-		
<b>Restated balance at the beginning of the reporting period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>66,438.32</b>		
<b>Total Comprehensive Income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>35,809.35</b>		
Dividends	-	-	-	-	-	-	-		
Transfer from Retained Earnings to Preference Share Redemption Reserve	-	-	-	61.91	-	-	(61.91)		
Share Redemption Reserve	-	-	-	-	-	-	-		
Addition/Deduction during the year	(5.51)	(77.07)	-	-	-	-	-		
<b>Balance at 31st March, 2018</b>	<b>2,464.98</b>	<b>(77.07)</b>	<b>-</b>	<b>2,985.72</b>	<b>44,230.64</b>	<b>1,617.60</b>	<b>168,624.08</b>		
							<b>3,993.00</b>		
							<b>137,445.90</b>		

## Statement on Significant Accounting Policies

### BACKGROUND

Kiri Industries Limited (the Company) is a public company limited by shares domiciled in India, incorporated under the provisions of Companies Act, 1956. Its shares are listed on National Stock Exchange of India Limited and BSE Limited. Its registered office is situated at 7<sup>TH</sup> Floor, Hasubhai Chambers, Nr. Town Hall, Ellisbridge, Ahmedabad-380 006 Gujarat India. The Company is engaged in manufacturing and selling of Dyes, Dyes Intermediates and Basic Chemicals.

Kiri Industries Limited along with its Subsidiaries is collectively referred to as 'the Group'.

### 1. STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the Significant Accounting Policies adopted in the preparation of the Financial Statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### 1.1 BASIS FOR PREPARATION OF ACCOUNTS

##### a) Statement of compliance with Ind AS

The Consolidated Financial Statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

The Financial Statements up to year ended 31st March, 2017 were prepared in accordance with the accounting standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act.

These Financial Statements for the year ended 31st March, 2018 are the first financial statements of the Group under Ind AS. The date of transition to Ind AS is 1st April, 2016. Refer Note 43 for an explanation of how the transition from Indian GAAP (IGAAP) to Ind AS has affected the Group's financial position, financial performance and cash flows.

##### b) Current versus Non-Current classification

All assets and liabilities have been classified as Current or Non Current as per the Group's normal operation cycle i.e. twelve months and other criteria set out in the Schedule III of the Act.

##### c) Historical Cost Convention

The financial statements are prepared on accrual basis of accounting under historical cost convention in accordance with Generally Accepted Accounting Principles in India and the relevant provisions of the Companies Act, 2013 including Indian Accounting Standards notified there under, except for the following:

- Certain financial assets and liabilities measured at fair value;
- Defined benefit plans - plan assets measured at fair value

##### d) Basis 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').

### Subsidiaries

Subsidiaries are all entities that are controlled by the Company. Control exist when the Company is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affects those returns through power over the entity. In accessing control, potential voting rights are considered only if the rights are

## Statement on Significant Accounting Policies (Contd...)

substantive. The financial statements of subsidiaries are included in these consolidated financial statements from the date that control commences until the date that control ceases. The Group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, income and expenses. For the purpose of preparing these consolidated financial statements, the accounting policies of the subsidiaries have been changed where necessary to align them with the policies adopted by the Company.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the Consolidated Statement of Profit and Loss, Consolidated Statement of Changes in Equity and Consolidated Balance sheet respectively.

### Joint Venture

The Group recognizes its interest in the joint venture using the proportionate consolidation method as the Group is having interest in the Joint operations. 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

Associates are those entities over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the entities but is not control or joint control of those policies. Significant influence is generally presumed to exist when the Company holds between 20% and 50% of the voting power of another entity. Investments in associate entities are accounted for using the equity method and are initially recognized at cost. Investments in such entities are accounted by the equity method of accounting. When the Company's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest (including any long-term investments) is reduced to zero and the recognition of further losses is discontinued except to the extent that the Company has an obligation or has made payments on behalf of the investee.

For the purpose of estimating share of interest in 1 (One) associate whose financial year ends on 31<sup>st</sup> December of every year, Latest audit report of that associate is adjusted by incorporating provisional financial results of First quarter w.r.t. next year and eliminating First Quarter of the latest audit report, thereby arriving at the financial results for year ending on 31<sup>st</sup> March.

### 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
		2017-2018	2016-2017	
<b>A</b>	<b>Subsidiary</b>			
	i) Chemhub Trading DMCC	100.00	100.00	Dubai
<b>B</b>	<b>Joint Venture</b>			
	i) Lonsen Kiri Chemical Industries Ltd	40.00	40.00	India

## Statement on Significant Accounting Policies (Contd...)

c) **Details of Associate Company and Ownership interest is as follow:** (Rs. In Lakhs)

Name of Company	% Share held	Original Cost of Investment	Goodwill / (Capital Reserve)	Carrying amount of Investments as at 31st March, 2018
Kiri Infrastructure Private Limited	47.61%	1,443.75	(180.06)	1,263.69
Dystar Global Holdings (Singapore) Pte. Ltd.	37.57%	9,550.24	83,953.78	93,504.02
<b>Total</b>		<b>10,993.99</b>	<b>83,773.72</b>	<b>94,767.71</b>

**Note:**

The Financial Statement of Synthesis International Limited, Hong Kong is not consolidated as the subsidiary has discontinued its operations and is in the process of being wound up.

**Transactions eliminated on consolidation**

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in full while preparing these consolidated financial statements. Unrealized gains or losses arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Company's interest in the investee.

### 1.2 USE OF ESTIMATES

The presentation of the financial statements are in conformity with the Ind AS which requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses and disclosure of contingent liabilities. Such estimates and assumptions are based on management's evaluation of relevant facts and circumstances as on the date of financial statements. The actual outcome may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

This note provides an overview of the areas that involved a higher degree of judgment or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the Financial Statements.

**Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:**

Note 19 - Current/deferred tax expense

Note 35 - Measurement of defined benefit obligations

Note 34 - Provisions and contingencies

### 1.3 REVENUE RECOGNITION

i) **Sale of Goods**

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, related discounts and volume rebates. It includes excise duty and excludes Value Added Tax / Sales Tax and Goods and Service Tax.

## Statement on Significant Accounting Policies (Contd...)

### ii) **Export Benefits**

- Incomes in respect of Duty Drawback in respect of exports made during the year are accounted on accrual basis.
- Merchandise Exports from India Scheme (MEIS) income is recognised on accrual basis when considering the related expenses to the same profit or losses on transfer of licenses are accounted in year of the sales.

### iii) **Dividend**

Dividend income is recognised when the right to receive the same is established.

### iv) **Insurance Claims**

Insurance claims are accounted for on the basis of claims admitted/expected to be admitted and to the extent that there is no uncertainty in receiving the claims.

## 1.4 FOREIGN CURRENCY TRANSACTIONS

### **Functional and Presentation Currency**

The financial statements are presented in Indian Rupee (INR), which is company's functional and presentation currency.

### **Transactions and Balances**

- (i) Transactions in foreign currencies are recorded in Indian Rupees using the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, recorded monetary balance are reported in Indian Rupees at the rates of exchange prevailing at the balance sheet date. All realised and unrealised exchange adjustment gains and losses are dealt with in the Statement of Profit and Loss.
- (ii) In order to hedge exposure to foreign exchange risks arising from Export or Import foreign currency, bank borrowings and trade receivables, the Group may enters into forward contracts. Any profit or loss arising on the cancellation or renewal of a forward exchange contract is recognised as income or expenses for the year.
- (iii) Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit and loss on a net basis within other gains/ ( losses ).
- (iv) 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.

## 1.5 PROPERTY, PLANT AND EQUIPMENTS

### **TANGIBLE ASSETS**

- (i) Freehold Land is carried at historical cost. All other items of Property, Plant and Equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.
- (ii) The cost of self-constructed assets includes cost of materials plus any other directly attributable costs of bringing the assets to working condition for its intended use.
- (iii) Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.
- (iv) An item of Property, Plant or Equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.



## Statement on Significant Accounting Policies (Contd...)

- (v) Items of fixed assets that are retired from active use and are held for disposal are stated at the lower of their net book value and net realizable value and are presented separately in the Financial Statements. Any expected loss is recognized immediately in the Statement of Profit and Loss.
- (vi) The gain or loss arising on the disposal or retirement of an asset is determined as the difference between sales proceeds and the carrying amount of the asset and is recognized in Statement of Profit and Loss for the relevant financial year.
- (vii) Capital Work in Progress includes expenditure directly related to construction and incidental thereto. The same is transferred or allocated to respective item Property, Plant, and Equipment on commissioning of the project.

### Transition to Ind AS

On transition to Ind AS, the Group has elected to continue with the carrying value of all of its Property, Plant and Equipment recognised as at 1 April 2016 measured as per the IGAAP and use that carrying value as the deemed cost of the property, plant and equipment. Hence regarded thereafter as historical cost.

## 1.6 INTANGIBLE ASSETS

### Intangible Assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment Losses.

### Internally-generated intangible assets - Research and Development expenditure

Assessment of whether an internally generated Intangible Asset meets the criteria for recognition, the expenditure on generation of the asset is classified into research phase and development phase. Expenses incurred during research phase are recognized immediately in the Statement of Profit and Loss. Expenditure during the development phase is recognized as an Intangible Asset under development on fulfilment of following conditions:-

- The technical feasibility of completing the Intangible Asset so that it will be available for use or sale;
- The intention to complete the Intangible Asset and use or sell it;
- The ability to use or sell the Intangible Asset;
- The Intangible Asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the Intangible Asset; and
- The ability to measure reliably the expenditure attributable to the Intangible Asset during its development.

The amount initially recognised for internally-generated Intangible Assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in the Statement of Profit and Loss in the period in which it is incurred.

### Derecognition of Intangible Assets

An Intangible Asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal.

Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in the Statement of Profit and Loss when the asset is de-recognised

## Statement on Significant Accounting Policies (Contd...)

### Transition to Ind AS

On transition to Ind AS, the Group has elected to continue with the carrying value of all its intangible assets recognised as at 1st April 2016 measured as per the IGAAP and use that carrying value as the deemed cost of the intangible assets

### 1.7 IMPAIRMENT OF INVESTMENT

The Company reviews its carrying value of investments carried at amortised cost annually, or more frequently when there is an indication for impairment. If the recoverable amount is less than its carrying amount, the impairment loss is accounted for.

### 1.8 IMPAIRMENT OF NON- FINANCIAL ASSETS

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash-Generating Unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

### 1.9 DEPRECIATION AND AMORTISATION

Depreciation is calculated to systematically allocate the cost of Property, Plant and Equipment and Intangible Asset net of the estimated residual values over the estimated useful life. Freehold land is not depreciated. Depreciation is computed using Straight Line Method (SLM) over the useful lives of the assets as specified in Schedule II to the Companies Act, 2013.

The residual values are not more than 5% of the original cost of the item of Property, Plant and Equipment. The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

#### Useful lives of the items of Property, Plant and Equipment are as follows:

Asset	Estimated Useful Life
Leasehold Land	99 years
Building	30 years
Plant & Machinery	15 years
Furniture and Fixtures	10 years
Vehicles	8 years
Computers	3 years

Intangible Assets are amortized over their individual estimated useful lives on a Straight Line basis, commencing from the year in which the same are available to the Group for its intended use. The useful life so determined is as follows:

Asset	Amortisation Period
Software Licenses	3 years

Depreciation on items of Property, Plant and Equipment acquired / disposed off during the year is provided on pro-rata basis with reference to the date of addition / disposal.

Depreciation is not provided on Freehold Land. Leasehold land is amortized over the available balance lease period.

## Statement on Significant Accounting Policies (Contd...)

### 1.10 NON-DERIVATIVE FINANCIAL INSTRUMENTS

Financial Assets and Liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of Financial Assets and Financial Liabilities (other than financial assets and financial liabilities valued at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of Financial Asset or Financial Liability.

#### Cash and Cash Equivalents

The Group considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and Cash Equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

#### Financial Assets at Amortised cost

Financial Assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual Cash Flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

#### Financial Assets at Fair Value Through Other Comprehensive Income (FVTOCI)

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows that give rise on specified dates to solely payments of principal and interest on the principal amount outstanding and by selling financial assets.

The Group has made an irrevocable election to present subsequent changes in the fair value of equity investments not held for trading in Other Comprehensive Income.

#### Financial Assets at Fair Value Through Profit or Loss (FVTPL)

Financial Assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognized in profit or loss.

#### Financial Liabilities

Financial Liabilities are measured at amortised cost using the effective interest method.

#### Equity Investment

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Group makes such election on an instrument by instrument basis. The classification is made on initial recognition and is irrevocable.

#### Loan and Borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

#### Trade and Other Payables

These amounts represent liability for good and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting

## **Statement on Significant Accounting Policies (Contd...)**

period. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

### **Offsetting of Financial Instruments**

Financial assets and financial liabilities are offset and the net amount is reported in financial statements if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

#### **I. Investments in Subsidiaries**

##### **A Subsidiary is an entity that is controlled by the Company.**

The Group accounts for the each category of investments in subsidiaries at cost in accordance with Ind AS 27- Separate Financial Statements.

#### **II. Impairment**

##### **Financial Assets (other than at fair value)**

The Group assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVTOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables only, the Group applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

### **1.11 INVENTORIES**

Inventories are stated at the lower of cost and net realizable value.

Cost of Raw Material is determined on FIFO basis.

Stores and Consumables are valued at cost or net realizable value whichever is lower.

Finished goods are valued at cost or net realizable value whichever is lower. Cost comprises direct materials and where applicable, direct labour costs, those overheads that have been incurred in bringing the inventories to their present location and condition.

Net realizable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Work in Progress is valued at cost or net realizable value whichever is less. Cost comprises direct materials and appropriate portion of direct labour costs, manufacturing overheads and depreciation.

### **1.12 RECOVERABILITY OF TRADE RECEIVABLE**

Judgements are required in assessing the recoverability of overdue trade receivables and determining whether a provision against those receivables is required. Factors considered include the credit rating of the counterparty, the amount and timing of anticipated future payments and any possible actions that can be taken to mitigate the risk of non-payment.

### **1.13 LITIGATION**

From time to time, the Company is subject to legal proceedings, the ultimate outcome of each being always subject to many uncertainties inherent in litigation. A provision for litigation is made when it is considered probable that a payment will be made and the amount of the loss can be reasonably estimated. Significant judgement is made when evaluating, among other factors, the probability of unfavourable outcome and the ability to make a reasonable estimate of the amount of potential loss. Litigation provisions are reviewed at each accounting period and revisions made for the changes in facts and circumstances.

## Statement on Significant Accounting Policies (Contd...)

### 1.14 BORROWING COSTS

Borrowing Costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets, wherever applicable, till the assets are ready for their intended use. Such capitalisation is done only when it is probable that the asset will result in future economic benefits and the costs can be measured reliably. Capitalisation of borrowing costs commences when all the following conditions are satisfied:

- i. Expenditure for the acquisition, construction or production of a qualifying asset is being incurred;
- ii. Borrowing costs are being incurred; and
- iii. Activities that are necessary to prepare the asset for its intended use are in progress.

A qualifying asset is one which necessarily takes substantial period to get ready for intended use. All other borrowing costs are charged to revenue account. Capitalisation of borrowing cost is suspended when active development is interrupted

### 1.15 EMPLOYEE BENEFITS

#### i. Short term employee benefit obligations

Liabilities for wages, salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related services are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are to be settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

#### ii. Other long term employee benefit obligations

The liabilities for earned leave is not expected to be settled wholly within 12 months after the end of the period in which employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of reporting period using the projected unit credit method. The benefits are discounted using the market yield at the end of reporting period that have terms approximating to the terms of related obligation. Remeasurement as a result of experience adjustments and changes in actuarial assumptions are recognised in the other comprehensive income.

The obligations are presented as current liabilities in the balance sheet if the Group does not have unconditional right to defer settlement for at least 12 months after the reporting period, regardless of when the actual settlement is expected to occur.

#### iii. Post-employment obligations

The Group operates the following post-employment schemes:

- A. Defined benefit plans such as Gratuity; and
- B. Defined contribution plan such as Provident Fund

##### **Gratuity Obligations**

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plans is present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligations is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expenses in the statement of profit and loss.

## **Statement on Significant Accounting Policies (Contd...)**

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in present value of the defined benefit obligation resulting from plan amendment or curtailments are recognised immediately in profit or loss as past service cost.

### **Defined Contribution Plans**

The Group pays provident fund contributions to publicly administered funds as per the local regulations. The Group has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expenses when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payment is available.

### **1.16 CENVAT / GST**

CENVAT / GST Credit of Raw Materials and Other Consumables is accounted at the time of purchase and the same is being adjusted to the cost of Raw Materials and Other Consumables.

### **1.17 ACCOUNTING FOR TAXES ON INCOME**

#### **Income Taxes**

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in Deferred Tax Assets and Liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period i.e. as per the provisions of the Income Tax Act, 1961, as amended from time to time. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on the rates and tax laws enacted or substantively enacted, at the reporting date in the country where the Group operates and generates taxable income. Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

#### **Deferred Taxes**

Deferred tax is provided in full on temporary difference arising between the tax bases of the assets and liabilities and their carrying amounts in standalone financial statements. Deferred tax amounts of income taxes recoverable in future periods in respect of deductible temporary differences, the carry forward of unused tax losses and the carry forward of unused tax credits.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred Tax Assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred Tax Assets and Liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the Group has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

## Statement on Significant Accounting Policies (Contd...)

Current and Deferred Tax is recognised in the Statement of Profit and Loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The carrying amount of Deferred Tax Assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the Deferred Tax Asset to be utilised. Unrecognised Deferred Tax Assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

### 1.18 PROVISIONS AND CONTINGENT LIABILITIES

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Statement of Profit and Loss net of any reimbursement. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

As a policy, the company is regularly accessing the liability arising due to delay in fulfillment of the obligation against advance licenses taken for duty free import of the goods / various investment related schemes and required provisions are carried out in the books.

#### Contingent Liability is disclosed in the case of:

- i. A present obligation arising from the past events, when it is not probable that an outflow of resources will be required to settle the obligation;
- ii. A present obligation arising from the past events, when no reliable estimate is possible;
- iii. A possible obligation arising from the past events, unless the probability of outflow of resources is remote.

Contingent liabilities are not provided for and if material, are disclosed by way of notes to accounts. Contingent assets are not recognized in financial statements. However, the same is disclosed, where an inflow of economic benefit is probable.

### 1.19 LEASES

Leases are classified as finance leases whenever the terms of lease transfer substantially all the risks and rewards of ownership to the Lessee. Leases where a significant portion of the risks and rewards of ownership are retained by the Lessor are classified as operating leases.

#### (i) Operating Lease:

Operating lease payments are recognized as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term except where another systematic basis is more representative of the time pattern in which economic benefits from leased assets are consumed. The aggregate benefit of incentives (excluding inflationary increases where rentals are structured solely to increase in line with the expected general inflation to compensate for the Lessor's inflationary cost increases, such increases are recognised in the year in which the benefits accrue) provided by the Lessor is recognized as a reduction of rental expense over the lease term on a straight-line basis.

## **Statement on Significant Accounting Policies (Contd...)**

### **(ii) Finance Lease:**

Assets held under finance leases are initially recognized as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the Lessor is included in the Balance Sheet as a finance lease obligation.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease. Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized immediately in Statement of Profit or Loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Group's general policy on borrowing costs. Contingent rentals are recognized as expenses in the periods in which they are incurred.

### **1.20 EARNING PER SHARE**

#### **Basic Earnings Per Share**

Basic Earnings Per Share is calculated by dividing the profit attributable to owners of the Group by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Group's earnings per share is the net profit for the period after deducting preference dividends, if any, and any attributable distribution tax thereto for the period.

#### **Diluted Earnings Per Share**

Diluted Earnings Per Share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential equity shares and the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares

### **1.21 CASH AND CASH EQUIVALENTS**

Cash and Cash Equivalents comprise cash and deposits with banks. The Group considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### **1.22 STATEMENT OF CASH FLOWS**

Cash Flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing Cash Flows. The cash flows from operating, investing and financing activities of the Group are segregated.

#### **Amendment to Ind AS 7:**

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and noncash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.



## Statement on Significant Accounting Policies (Contd...)

### 1.23 EVENTS OCCURRING AFTER THE REPORTING DATE

Adjusting events occurring after the balance sheet date are recognized in the financial statements. Material non adjusting events occurring after the balance sheet date that represents material change and commitment affecting the financial position are disclosed in the Director's Report.

### 1.24 Exceptional Items

Certain occasions, the size, type or incidence of an item of income or expense, pertaining to the ordinary activities of the Group is such that disclosure improves the understanding of the performance of the Group, such income or expense is classified as an exceptional item and accordingly, disclosed in the notes accompanying to the financial statements.

## Notes to the Consolidated Financial Statements

(Rs. In Lakhs)

### 2. PROPERTY, PLANT AND EQUIPMENTS AS AT 31ST MARCH, 2018

ASSETS	GROSS BLOCK			DEPRECIATION/AMORTISATION				WDV as at 31st March, 2018
	Gross Block as at 1st April, 2017	Addition during the year	Sales / Adjustment during the year	Closing Block as at 31st March, 2018	Opening Depreciation Block as at 1st April, 2017	Depreciation during the year	Sales / Adjustment during the year	
<b>2.1 PROPERTY PLANT &amp; EQUIPMENT</b>								
Freehold Land	1,021.43	-	-	1,021.43	-	-	-	1,021.43
Leasehold Land	519.72	1,815.00	-	2,334.72	2.51	11.05	-	2,321.16
Building	7,689.20	806.61	-	8,495.81	281.22	294.11	-	7,920.48
Plant & Machinery	28,600.17	4,033.11	10.87	32,622.41	2,345.02	2,652.01	5.25	27,630.63
Electrification	1,193.41	35.64	-	1,229.05	159.45	179.32	-	890.28
Office Equipments	50.78	14.05	0.03	64.80	10.59	12.22	-	41.99
Furniture & Fixture	106.48	1.77	-	108.25	22.63	21.81	-	63.81
Vehicles	324.97	213.74	15.32	523.39	74.90	79.02	6.21	375.67
Computer	75.10	7.49	-	82.59	9.10	10.51	-	62.98
<b>Total Property Plant &amp; Equipment (A)</b>	<b>39,581.26</b>	<b>6,927.41</b>	<b>26.22</b>	<b>46,482.45</b>	<b>2,905.42</b>	<b>3,260.06</b>	<b>11.46</b>	<b>40,328.43</b>
<b>2.2 INTANGIBLE ASSETS</b>								
Computer Software	15.33	10.74	-	26.07	5.34	7.67	-	13.01
Intellectual Property	947.77	24.35	-	972.12	-	139.09	-	833.03
<b>Total Intangible Assets (B)</b>	<b>963.10</b>	<b>35.09</b>	<b>-</b>	<b>998.19</b>	<b>5.34</b>	<b>146.75</b>	<b>-</b>	<b>846.09</b>
<b>2.3 CAPITAL WORK IN PROGRESS</b>								
Capital Work In Progress	3,603.39	3,792.09	4,182.63	3,212.85	-	-	-	3,212.85
<b>Total Capital Work in Progress (C)</b>	<b>3,603.39</b>	<b>3,792.09</b>	<b>4,182.63</b>	<b>3,212.85</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,212.85</b>
<b>TOTAL PROPERTY PLANT &amp; EQUIPMENT</b>	<b>44,147.75</b>	<b>10,754.59</b>	<b>4,208.85</b>	<b>50,693.49</b>	<b>2,910.76</b>	<b>3,406.81</b>	<b>11.46</b>	<b>44,387.37</b>

- 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 Consolidated Financial Statements (Contd...)

(Rs. In Lakhs)

### 2. PROPERTY, PLANT AND EQUIPMENTS AS AT 31ST MARCH, 2017

ASSETS	GROSS BLOCK			DEPRECIATION/AMORTISATION				WDV as at 31st March, 2017
	Gross Block as at 1st April, 2016	Addition during the year	Sales / Adjustment during the year	Closing Block as at 31st March, 2017	Opening Depreciation Block as at 1st April, 2016	Depreciation during the year	Sales / Adjustment during the year	
<b>2.1 PROPERTY PLANT &amp; EQUIPMENT</b>								
Freehold Land	963.39	58.04	-	1,021.43	-	-	-	1,021.43
Leasehold Land	519.72	-	-	519.72	-	2.51	-	517.21
Building	7,233.25	455.95	-	7,689.20	-	281.22	-	7,407.98
Plant & Machinery	23,272.81	5,327.36	-	28,600.17	-	2,345.02	-	26,255.15
Electrification	798.18	395.23	-	1,193.41	-	159.45	-	1,033.96
Office Equipments	33.74	17.04	-	50.78	-	10.59	-	40.19
Furniture & Fixture	100.43	6.05	-	106.48	-	22.63	-	83.85
Vehicles	276.79	51.62	3.45	324.97	-	74.94	0.04	250.07
Computer	58.65	16.45	-	75.10	-	9.10	-	66.00
<b>Total Property Plant &amp; Equipment (A)</b>	<b>33,256.96</b>	<b>6,327.74</b>	<b>3.45</b>	<b>39,581.26</b>	<b>-</b>	<b>2,905.46</b>	<b>0.04</b>	<b>36,675.84</b>
<b>2.2 INTANGIBLE ASSETS</b>								
Computer Software	8.82	6.51	-	15.33	-	5.34	-	9.99
Intellectual Property	-	947.77	-	947.77	-	-	-	947.77
<b>Total Intangible Assets (B)</b>	<b>8.82</b>	<b>954.28</b>	<b>-</b>	<b>963.10</b>	<b>-</b>	<b>5.34</b>	<b>-</b>	<b>957.76</b>
<b>2.3 CAPITAL WORK IN PROGRESS</b>								
Capital Work In Progress	563.94	7,638.87	4,599.43	3,603.39	-	-	-	3,603.39
<b>Total Capital Work in Progress (C)</b>	<b>563.94</b>	<b>7,638.87</b>	<b>4,599.43</b>	<b>3,603.39</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,603.39</b>
<b>TOTAL PROPERTY PLANT &amp; EQUIPMENT</b>	<b>33,829.72</b>	<b>14,920.89</b>	<b>4,602.88</b>	<b>44,147.75</b>	<b>-</b>	<b>2,910.80</b>	<b>0.04</b>	<b>41,236.99</b>

- 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 Consolidated Financial Statements (Contd..)

(Rs. In Lakhs)

### 2. PROPERTY, PLANT AND EQUIPMENTS AS AT 1ST APRIL, 2016

ASSETS	GROSS BLOCK			DEPRECIATION/AMORTISATION			CLOSING BALANCE as at 1st April, 2016
	Gross Block as at 1st April, 2016	Addition during the year	Sales / Adjustment during the year	Closing Block as at 1st April, 2016	Depreciation during the year	Sales / Adjustment during the year	
<b>2.1 PROPERTY PLANT &amp; EQUIPMENT</b>							
Freehold Land	963.39	-	-	963.39	-	-	963.39
Leasehold Land	519.72	-	-	519.72	-	-	519.72
Building	7,233.25	-	-	7,233.25	-	-	7,233.25
Plant & Machinery	23,272.81	-	-	23,272.81	-	-	23,272.81
Electrification	798.18	-	-	798.18	-	-	798.18
Office Equipments	33.74	-	-	33.74	-	-	33.74
Furniture & Fixture	100.43	-	-	100.43	-	-	100.43
Vehicles	276.79	-	-	276.79	-	-	276.79
Computer	58.65	-	-	58.65	-	-	58.65
<b>Total Property Plant &amp; Equipment (A)</b>	<b>33,256.96</b>	-	-	<b>33,256.96</b>	-	-	<b>33,256.96</b>
<b>2.2 INTANGIBLE ASSETS</b>							
Computer Software	8.82	-	-	8.82	-	-	8.82
<b>Total Intangible Assets (B)</b>	<b>8.82</b>	-	-	<b>8.82</b>	-	-	<b>8.82</b>
<b>2.3 CAPITAL WORK IN PROGRESS</b>							
Capital Work In Progress	563.94	-	-	563.94	-	-	563.94
<b>Total Capital Work in Progress (C)</b>	<b>563.94</b>	-	-	<b>563.94</b>	-	-	<b>563.94</b>
<b>TOTAL PROPERTY PLANT &amp; EQUIPMENT</b>	<b>33,829.72</b>	-	-	<b>33,829.72</b>	-	-	<b>33,829.72</b>

- 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 Consolidated Financial Statements (Contd...)

### 3 INVESTMENTS IN SUBSIDIARY / ASSOCIATE - NON CURRENT

(Rs. In Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
<b>A) Investments in Equity Shares carried at Amortised Cost (Fully Paid) - Unquoted Equity Shares</b>			
<b>(I) In Subsidiaries, Joint Venture and Associate Enterprise</b>			
NIL Equity Share (P.Y. Nil) of US \$ 1 each in Kiri International (Mauritius) Private Ltd.	-	-	-
38,39,000 Equity Shares (P.Y. 38,39,000) of HK \$ 1 each in Synthesis International Ltd.	-	-	256.86
NIL Equity Share (P.Y. Nil) of SG \$ 1 each in Kiri Investment & Trading Singapore Pvt. Ltd.	-	-	5.00
9,70,000 Equity Shares (P.Y. 9,70,000) of NTD 10 each in SMS Chemical Co Ltd.	-	-	339.53
200 Equity Shares (P.Y. 200) of AED 1000 each in Chemhub Trading DMCC	-	-	-
Less : Impairment of Investments	-	-	(596.39)
<b>(II) 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.	9,550.23	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	1,443.75	1,443.75	1,443.75
Add : Share of Profit	83,773.73	60,639.03	45,027.66
<b>Total</b>	<b>94,767.71</b>	<b>71,633.01</b>	<b>56,026.64</b>

### AGGREGATE VALUE OF UNQUOTED INVESTMENT

(Rs. In Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Non -current	94,767.71	71,633.01	56,026.64
Aggregate Value of Impairment In Value of Investment	-	-	596.39

#### Note

- i) The Company had made assessment of investment in its Subsidiary SMS Chemical Co Ltd and taken into account the past business performances and prevailing condition. As a matter of prudence, the company has written off diminution in carrying value of investments of Rs. 339.53 Lakhs as on 1st April 2016.
- ii) The Company had made investment in its Subsidiary Synthesis International Limited (Wholly Owned Subsidiary). The company has already initiated the process for winding up of the Company with competent authority. As a matter of prudence, the company has written off diminution in carrying value of investments of Rs. 256.86 Lakhs as on 1st April 2016.
- iii) The Company had made investment in its Subsidiary Kiri Investment and Trading Singapore Private Limited and Kiri International (Mauritius) Private Limited (both Wholly Owned Subsidiary). Both the entities already liquidated and accordingly investment in these companies have been written off.

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

### 4 NON-CURRENT FINANCIAL ASSETS - INVESTMENTS

(Rs. In Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
<b>(I) Investments in Equity Shares carried at Amortised Cost (Fully Paid) - Unquoted Equity Shares</b>			
20,000 Equity Shares (P.Y. 20,000) of Rs. 25 each in Kalupur Commercial Co-Operative Bank Limited.	5.00	5.00	5.00
12,000 Equity Shares (P.Y. 12,000 ) of Rs. 10 each in Kapsil Aqua Enviro Limited	1.20	1.20	1.20
<b>(II) Investments in Mutual Funds accounted through profit &amp; loss</b>			
Nil Units (PY.100,395.43) SBI Mutual Fund (NAV of the units held Rs. Nil (P.Y. Rs.17.61 Lakhs)	-	17.61	14.40
<b>Total</b>	<b>6.20</b>	<b>23.81</b>	<b>20.60</b>

### AGGREGATE VALUE OF UNQUOTED INVESTMENT

(Rs. In Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Non-current	6.20	23.81	20.60
Aggregate Value of Provision for Diinution in Value	-	-	-

### 5 OTHER NON-CURRENT FINANCIAL ASSETS

(Rs. In Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Security Deposits	737.45	712.50	648.89
<b>Total</b>	<b>737.45</b>	<b>712.50</b>	<b>648.89</b>

### 6 OTHER NON-CURRENT ASSETS

(Rs. In Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Capital Advances	431.05	1,173.64	411.89
Balances with Government Authorities	1,220.11	1,374.86	1,431.01
<b>Total</b>	<b>1,651.16</b>	<b>2,548.50</b>	<b>1,842.90</b>

### 7 INVENTORIES

(Rs. In Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Raw Material & Fuel	4,463.89	3,959.50	2,474.31
Finished Goods	5,891.01	2,806.16	2,537.27
Stock in Process & Semi Finished Goods	1,434.62	1,325.31	3,458.70
Packing Material	117.97	159.04	107.31
<b>Total</b>	<b>11,907.49</b>	<b>8,250.01</b>	<b>8,577.59</b>

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

### 8 TRADE RECEIVABLES

(Rs. In Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
(Secured and Considered good)			
Exceeding Six months from Due Date	-	-	-
Others	-	-	-
(Unsecured and Considered good)			
Exceeding Six months from Due Date	4041.22	3219.77	3392.18
Others	16,889.76	11,527.99	21,953.23
	<b>20,930.98</b>	<b>14,747.76</b>	<b>25,345.41</b>
Less : Provision for Doubtful Debts	-	-	-
<b>Total</b>	<b>20,930.98</b>	<b>14,747.76</b>	<b>25,345.41</b>

#### Note

- i) The Company has called for balance confirmation of Trade Receivables on random basis. Out of which the Company has received response from some of the parties, which are subject to reconciliation with Company's account. The other balances of Trade Receivables are subject to confirmation.

### 9 CASH AND CASH EQUIVALENTS

(Rs. In Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Balance with Banks in Current Accounts	1,245.26	1,213.30	1,914.48
Cash on Hand	4.57	4.84	5.08
<b>Total</b>	<b>1,249.83</b>	<b>1,218.14</b>	<b>1,919.56</b>

### 10 OTHER BANK BALANCES

(Rs. In Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Deposits with Banks	323.35	336.54	224.55
Balances with Banks for Un paid Dividends	0.35	0.98	1.06
<b>Total</b>	<b>323.70</b>	<b>337.52</b>	<b>225.61</b>

#### Note

- i) The Current Account balance includes unpaid dividend of Rs. 0.35 Lakhs as at 31st March 2018 (Previous Year as at 31st March 2017 Rs. 0.98 Lakhs and as at 1st April 2016 Rs. 1.06 Lakhs) which have been kept in separate earmarked accounts and no transactions except for the stated purpose are done through such accounts.
- ii) Fixed Deposit with banks which is held as Margin Money or Security, Guarantee etc. of Rs. 97.85 Lakhs as at 31st March 2018 (Previous Year as at 31st March 2017 Rs. 99.48 Lakhs and as at 1st April 2016 Rs. 84.26 Lakhs)

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

### 11 LOANS

(Rs. In Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Unsecured and Considered Good:			
Loan to Subsidiary Companies	-	-	10.15
Loan to Others	1,184.20	450.00	-
<b>Total</b>	<b>1,184.20</b>	<b>450.00</b>	<b>10.15</b>

### 12 OTHER CURRENT FINANCIAL ASSETS (Unsecured and Considered Good)

(Rs. In Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Export Benefit Receivable	352.65	1,075.73	850.45
Advances to Employees	517.86	522.43	418.72
Others	34.98	171.75	274.89
<b>Total</b>	<b>905.49</b>	<b>1,769.91</b>	<b>1,544.06</b>

### 13 CURRENT TAX ASSETS (NET)

(Rs. In Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Advance payment of Income Tax (Net of Provision)	1,063.75	954.43	1,370.77
<b>Total</b>	<b>1,063.75</b>	<b>954.43</b>	<b>1,370.77</b>

### 14 OTHER CURRENT ASSETS

(Rs. In Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Balance with Government Authorities	1,560.02	2,045.51	1,600.66
Advances to Suppliers	1,977.80	1,231.20	450.24
Prepaid Expenses	136.87	143.85	25.12
<b>Total</b>	<b>3,674.69</b>	<b>3,420.56</b>	<b>2,076.02</b>

### 15 SHARE CAPITAL

(Rs. In Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
<b>AUTHORISED</b>			
15,00,00,000 Equity Shares (Previous year 15,00,00,000) of Rs. 10/-each	15,000.00	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	5,000.00
<b>Total</b>	<b>20,000.00</b>	<b>20,000.00</b>	<b>20,000.00</b>
<b>Issued, Subscribed &amp; Paid-up Capital</b>			
30,243,951 Equity Shares (Previous year as at 31st March, 2017 27,843,951 and as at 1st April, 2016 26,549,951) of Rs. 10/- each fully paid up	3,024.40	2,784.40	2,655.00
<b>Total</b>	<b>3,024.40</b>	<b>2,784.40</b>	<b>2,655.00</b>



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

The reconciliation of the number of Equity Shares outstanding as at 31st March, 2018 and 31st March, 2017 is set out below:

Particulars	As at	As at	As at
	31st March, 2018	31st March, 2017	1st April, 2016
	No of Shares	No. of Shares	No. of Shares
Number of shares at the beginning of the year	27,843,951	26,549,951	26,549,951
Add: Shares issued during the year	2,400,000	1,294,000	-
Number of shares at the end of the year	30,243,951	27,843,951	26,549,951

(Rs. In Lakhs)

Particulars	As at	As at	As at
	31st March, 2018	31st March, 2017	1st April, 2016
	Share Value	Share Value	Share Value
Shares value at the beginning of the year	2,784.40	2,655.00	2,655.00
Addition during the year	240.00	129.40	-
Shares value at the end of the year	3,024.40	2,784.40	2,655.00

### 16 OTHER EQUITY

(Rs. In Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
<b>Securities Premium Account</b>			
As per Last year accounts	35,771.35	34,146.38	30,828.83
Add : Addition during the year	8,472.00	1,630.44	3,352.05
Less : Share / FCCB Conversion Expenses	(12.71)	(5.47)	(34.50)
	<b>44,230.64</b>	<b>35,771.35</b>	<b>34,146.38</b>
<b>General Reserve</b>			
As per Last year accounts	1,617.60	417.60	417.60
Add : Addition during the year	-	1,200.00	-
	<b>1,617.60</b>	<b>1,617.60</b>	<b>417.60</b>
<b>Money Received against Share Warrant</b>			
As per Last year accounts	12,705.00	1,759.84	1,759.84
Add : Addition during the year	-	12,705.00	-
Less : Issue of Share against Warrant	(8,712.00)	(1,759.84)	-
	<b>3,993.00</b>	<b>12,705.00</b>	<b>1,759.84</b>
<b>Equity Component of Convertible Foreign Currency Bond</b>			
As per Last year accounts	1,034.03	745.55	745.55
Add : Addition during the year	1,430.95	288.48	-
	<b>2,464.98</b>	<b>1,034.03</b>	<b>745.55</b>
<b>Debenture Redemption Reserve</b>			
As per Last year accounts	-	1,200.00	800.00
Less : Transfer to General Reserve	-	(1,200.00)	400.00
	-	-	<b>1,200.00</b>

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

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
<b>Redemption Reserve for Non Convertible Preference Shares</b>			
As per Last year accounts	2,923.81	2,892.86	2,029.28
Add : Addition during the year	61.91	30.95	863.58
	<b>2,985.72</b>	<b>2,923.81</b>	<b>2,892.86</b>
<b>Retained Earnings</b>			
As per Last year accounts	46,483.59	19,954.73	1,676.24
Add : Surplus during the year	35,809.35	26,559.81	19,571.34
	<b>82,292.94</b>	<b>46,514.54</b>	<b>21,247.58</b>
Less : Redemption Reserve for Non Convertible Preference Shares	(61.91)	(30.95)	(863.58)
Less : Provision for DDT on Pref Shares	-	-	(0.65)
Less : Provision for Dividend on Pref Shares	-	-	(28.63)
Less : Provision for Debenture Redemption Reserve	-	-	(400.00)
	<b>82,231.03</b>	<b>46,483.59</b>	<b>19,954.72</b>
<b>Translation Reserve</b>	<b>(77.08)</b>	<b>(71.56)</b>	<b>(237.84)</b>
<b>Total</b>	<b>137,445.89</b>	<b>100,463.82</b>	<b>60,879.11</b>

### 17 BORROWINGS - NON CURRENT

(Rs. In Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
<b>Term Loan Facility from Banks &amp; Others</b>			
In Indian Currency	13,620.30	15,142.09	26,139.74
(Refer Note - 22 for Current Maturity of Term Loan Rs. 1528.32 Lakhs (P.Y. Rs. 236.60 Lakhs)			
Other Borrowings	53.00	-	-
<b>OTHER NON CURRENT LIABILITIES</b>			
43,33,500 0.15% Cummulative Non Convertible Redeemable Preference Shares (Previous year 43,33,500) of Rs. 10/- each Fully paid up	650.03	650.03	650.03
<b>Total</b>	<b>14,323.33</b>	<b>15,792.12</b>	<b>26,789.77</b>

The details of security offered for the long term borrowings and current maturity of long term borrowings 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 charge for securing debt of Invent Assets Securitisation and Reconstruction Private Limited

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

Sr. No.	Description of Assets/Security	Security given to
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 charge for securing debt of Invent Assets Securitisation and Reconstruction Private Limited
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 charge for securing debt of Invent Assets Securitisation and Reconstruction Private Limited
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: Dudhavada, Taluka: Padra, Registration District Vadodara and Sub-District Padra.	First charge for securing debt of Invent Assets Securitisation and Reconstruction Private Limited
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 charge for securing debt of Invent Assets Securitisation and Reconstruction Private Limited
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 charge for securing debt of Invent Assets Securitisation and Reconstruction Private 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 situated and being at mouje: Dudhwada, Taluka: Padra, Registration District: Vadodara and Sub-District: Padra	First charge for securing debt of Invent Assets Securitisation and Reconstruction Private Limited
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, Power plant situated and being at mouje: Dudhwada, Taluka: Padra, Registration District: Vadodara and Sub-District: Padara	First charge for securing debt of Invent Assets Securitisation and Reconstruction Private Limited

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

Sr. No.	Description of Assets/Security	Security given to
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, Tehsil: Wagra & Distt. Bharuch and uninstalled plant and machinery of Hydrogen Peroxide Plant of the Company.	First charge for securing debt of Assets Care and Reconstruction Enterprise Limited.
10	Pledge of 13,11,677 equity shares of Dystar Global Holdings (Singapore) Pte. Ltd.	Pledge of 13,11,677 equity shares for securing debt of Invent Assets Securitisation and Reconstruction Private Limited.

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

### Secured Loans

Loans from Invent Assets Securitisation and Reconstruction Private Limited, and Assets 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 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 agreement executed by the Company with ACRE, the outstanding settlement amount shall be repayable in Quarterly installments starting from March, 2015 ending September, 2019.

## 18 PROVISIONS

(Rs. In Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Provision for Employee Benefits (Refer Note 35):			
Gratuity	138.63	103.98	75.69
Compensated Absences	37.49	27.99	36.33
Provision Others	1,100.19	817.82	586.16
<b>Total</b>	<b>1,276.31</b>	<b>949.79</b>	<b>698.18</b>

## 19 TAX EXPENSE - DEFERRED TAX

### Current Tax :

#### a) Amounts recognised in Statement of Profit and Loss

(Rs. In Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Current Income Tax*	3,761.66	836.64	550.00
Excess provision of Income Tax for Earlier Years	(2,277.29)	-	26.77
MAT Credit Entitlement	-	83.99	
<b>Total</b>	<b>1,484.37</b>	<b>920.63</b>	<b>576.77</b>

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### (b) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31st March 2018 and 31st March 2017

(Rs. In Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Accounting profit before tax from continuing operations for Indian Entities	14,374.37	12,431.39
Accounting profit before Income Tax		
Tax at India's statutory income tax rate of 34.61% (31st March 2017 : 34.61%)	4,974.97	4,302.50
Adjustment for tax purposes		
Adjustment of unabsorbed Loss/Depreciation as per Book u/s. 115JB-for Holding Company	3,693.12	3,438.95
Permanent Disallowances	83.47	60.97
Others	70.68	(42.93)
<b>Income tax expense</b>	<b>1,127.70</b>	<b>845.51</b>
<b>Effective Tax Rate</b>	<b>7.85%</b>	<b>6.80%</b>

### Deferred Tax Liabilities :

(Rs. In Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Deferred Tax	3,849.95	3,504.76	3,055.35
<b>Total</b>	<b>3,849.95</b>	<b>3,504.76</b>	<b>3,055.35</b>

### a) Movement in Deferred Tax Expenses

(Rs. In Lakhs)

	Net balance 1st April, 2017	Recognised in Profit & Loss	As at 31st March, 2018		
			Net	Deferred Tax Asset	Deferred Tax Liability
<b>Deferred Tax Asset</b>					
Property, Plant and Equipment	(3,716.74)	(260.46)	(3,977.20)	-	(3,977.20)
Investment	201.62	(0.32)	201.30	201.30	-
Other Current Assets	2.12	(0.70)	1.42	1.42	-
Other Financial Liabilities	57.32	-	57.32	57.32	-
Disallowance of Expenditures	(49.08)	(83.71)	(132.79)	-	(132.79)
<b>Tax Asset/Liabilities</b>	<b>(3,504.76)</b>	<b>(345.19)</b>	<b>(3,849.95)</b>	<b>260.04</b>	<b>(4,109.99)</b>
<b>Net Tax Assets/(Liabilities)</b>					<b>(3,849.95)</b>

### b) Movement in Deferred Tax Expenses

(Rs. In Lakhs)

	Net balance 1st April, 2016	Recognised in Profit & Loss	As at 31st March, 2017		
			Net	Deferred Tax Asset	Deferred Tax Liability
<b>Deferred Tax Asset</b>					
Property, Plant and Equipment	(3,260.67)	(456.07)	(3,716.74)	-	(3,716.74)
Investment	202.50	(0.88)	201.62	201.62	-
Other Current Assets	2.83	(0.71)	2.12	2.12	-
Other Financial Liabilities		57.32	57.32	57.32	-
Disallowance of Expenditures		(49.08)	(49.08)	-	(49.08)
<b>Tax Asset/Liabilities</b>	<b>(3,055.34)</b>	<b>(449.42)</b>	<b>(3,504.76)</b>	<b>261.06</b>	<b>(3,765.82)</b>
<b>Net Tax Assets/(Liabilities)</b>					<b>(3,504.76)</b>

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

### 20 BORROWINGS

(Rs. In Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
<b>Secured Loans</b>			
From Banks - In Indian Currency	260.20	901.96	1,329.40
<b>Unsecured Loans</b>			
From Others - In Indian Currency	1,311.71	1,450.00	130.72
<b>Total</b>	<b>1,571.91</b>	<b>2,351.96</b>	<b>1,460.12</b>

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

Particulars	Guaranted by
<b>Unsecured Loans :</b>	
Working capital loan taken from ICBC bank	Standby letter of credit issued by ICBC Zhejiang Branch and the value of standy letter of credit will be Rs.50 Crore only
All that piece or parcel of Non-Agricultural Land for industrial purpose bearing Blok 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 charges on land & building for working capital facilities provied by ICBC bank.

### 21 TRADE PAYABLES

(Rs. In Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Trade Payables	16,807.32	18,397.00	19,441.40
<b>Total</b>	<b>16,807.32</b>	<b>18,397.00</b>	<b>19,441.40</b>

#### Notes :

- Balances of Creditors 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.
- 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.

### 22 OTHER CURRENT FINANCIAL LIABILITIES

(Rs. In Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Current Maturity of Long-term secured debt	1,528.32	236.60	14,122.26
Interest accrued but not due on borrowings	29.56	29.42	255.53
Credit Balances in Bank Accounts	206.13	162.50	444.58
Employee Benefit Payable	328.97	335.00	220.40
Unpaid Dividend	0.34	0.98	1.06
Trade Payable - Capital Goods	337.43	298.96	406.90
Deposits received from Customer	59.00	66.00	60.96
<b>Total</b>	<b>2,489.75</b>	<b>1,129.46</b>	<b>15,511.69</b>

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

### 23 OTHER CURRENT LIABILITIES

(Rs. In Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Advance received from Customer	122.76	447.32	1,652.76
Statutory Dues	203.89	147.61	386.81
Other Liabilities	817.33	817.60	817.60
<b>Total</b>	<b>1,143.98</b>	<b>1,412.53</b>	<b>2,857.17</b>

### 24 PROVISIONS

(Rs. In Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
<b>Provision for Employee Benefits</b>			
Gratuity	132.10	96.12	77.22
Compensated Absences	6.04	5.94	5.90
<b>Total</b>	<b>138.14</b>	<b>102.06</b>	<b>83.12</b>

### 25 CURRENT TAX LIABILITIES

(Rs. In Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Current Tax Payable	719.04	415.24	7.01
Wealth Tax Provision	-	-	-
<b>Total</b>	<b>719.04</b>	<b>415.24</b>	<b>7.01</b>

### 26 REVENUE FROM OPERATIONS

(Rs. In Lakhs)

Particulars	2017-2018	2016-2017
Sale of Products	111,950.73	118,705.17
Other Operating Revenue	1,566.10	1,119.85
<b>Total</b>	<b>113,516.83</b>	<b>119,825.02</b>

### 27 OTHER INCOME

(Rs. In Lakhs)

Particulars	2017-2018	2016-2017
<b>Interest Income</b>		
- FDs with Banks	74.02	237.44
Dividend Income	70.60	0.60
Profit on sale of Fixed Assets	-	-
Other Income	14.46	9.97
<b>Total</b>	<b>159.08</b>	<b>248.01</b>

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

### 28 COST OF MATERIALS CONSUMED

(Rs. In Lakhs)

Particulars	2017-2018	2016-2017
<b>Raw Material Consumed :</b>		
Opening Inventory	3,703.71	2,402.22
Add : Net Purchases	67,146.49	71,875.29
Less: Inventory at the end of the year	4,356.66	3,703.71
<b>Cost of Raw Material consumed during the year</b>	<b>66,493.54</b>	<b>70,573.80</b>
<b>Packing Material Consumed :</b>		
Opening Inventory	159.04	107.31
Add : Net Purchases	1,559.50	1,448.89
Less: Inventory at the end of the year	117.97	159.04
<b>Cost of Packing Material consumed during the year</b>	<b>1,600.57</b>	<b>1,397.16</b>
<b>Total</b>	<b>68,094.11</b>	<b>71,970.96</b>

### 29 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS & STOCK-IN TRADE

(Rs. In Lakhs)

Particulars	2017-2018	2016-2017
<b>(Increase)/decrease in Stocks</b>		
<b>Stock at the beginning of the year :</b>		
Finished Goods	2,805.39	2,122.34
Work in Progress & Semi Finished Goods	1,325.31	3,458.70
	<b>4,130.70</b>	<b>5,581.04</b>
<b>Stock at the end of the year :</b>		
Finished Goods	4,901.66	2,805.39
Work in Progress & Semi Finished Goods	1,434.62	1,325.31
	<b>6,336.28</b>	<b>4,130.70</b>
<b>Total</b>	<b>(2,205.58)</b>	<b>1,450.34</b>

### 30 EMPLOYEE BENEFITS EXPENSE

(Rs. In Lakhs)

Particulars	2017-2018	2016-2017
Salaries, Wages & Bonus	3,387.32	2,835.91
Contribution to Provident fund & other funds	120.29	87.74
Welfare Expenses	313.99	216.91
<b>Total</b>	<b>3,821.60</b>	<b>3,140.56</b>

### 31 FINANCE COST

(Rs. In Lakhs)

Particulars	2017-2018	2016-2017
<b>Interest &amp; Financial Charges</b>		
Interest Cost	125.38	661.43
Financial Charges	223.03	250.15
<b>Total</b>	<b>348.41</b>	<b>911.58</b>



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

### 32 OTHER EXPENSES

(Rs. In Lakhs)

Particulars	2017-2018	2016-2017
Operational & Other Expenses		
- Power & Fuel	9,240.97	7,403.85
Pollution Treatment Expenses	662.61	360.97
Repairs & Maintenance		
- Buildings	93.05	113.19
- Machineries	2,464.50	1,824.04
- Other Assets	303.88	239.33
	<b>2,861.43</b>	<b>2,176.56</b>
Laboratory Expenses	100.21	117.16
Factory Expenses	128.78	219.68
Labour Expenses	1,372.74	1,380.58
Insurance Premium	116.21	91.64
Communication Expenses	48.12	57.04
Postage & Courier	39.09	36.57
Travelling & Conveyance	80.77	64.62
Repairs & Maintenance - Others	63.09	57.34
Membership & Subscription	8.93	6.17
Security Expenses	126.49	111.69
Legal & Professional Fees	1,778.29	826.80
Payment to Auditors	29.55	20.61
Rates & Taxes	123.41	57.86
Foreign Exchange Loss	230.39	112.25
CSR and Social Welfare Expenses	96.09	116.15
Miscellaneous Expenses	62.51	59.72
Preliminary Expenses Written Off	-	4.46
Software Expense	15.31	3.72
Export Expenses	159.90	67.54
Outward Freight & Transportation Charges	1,545.64	1,509.70
Travelling Expenses	127.20	103.08
Advertisement & Sales Promotion Expenses	77.78	54.50
<b>Total</b>	<b>19,095.51</b>	<b>15,020.26</b>

#### Notes :

#### i. Details of Payment made to Auditor is as below.

(Rs. In Lakhs)

Particulars	2017-2018	2016-2017
For Statutory Audit Fees	20.55	14.21
For Taxation matters	5.30	3.80
For Other services	3.70	2.60

#### ii Corporate Social Responsibility Expenditure - spent during the year is Rs. 95.35 Lakhs (Previous Year Rs. 116.15 Lakhs)

(Rs. In Lakhs)

Particulars	2017-2018	2016-2017
Amount Required to be spent as per Section 135 of the Act	92.87	35.64
Amount spent during the year	95.35	116.15

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

### 33. EARNING PER SHARE FROM CONTINUING OPERATIONS

Particulars	As at 31st March, 2018	As at 31st March, 2017
Net Profit After Tax attributable to Shareholders (Rs. In Lakhs)	35,809.35	26,559.81
Weighted Average number of Equity Shares at the end of year	28,659,294	27,843,951
Nominal Value of Share	10	10
Basic Earnings Per Share	124.95	95.39
Diluted Earnings Per Share	77.93	72.84

### 34. CONTINGENT LIABILITIES

(Rs. In Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
In respect of Bank Guarantees	181.60	149.93	178.92
In respect of Letter of Credit	277.01	132.05	31.18
In respect of Disputed Tax Liabilities	1,756.42	1,757.30	1,859.37

### 35. EMPLOYEE BENEFIT OBLIGATIONS

#### (A) Retirement Benefits

As per Ind AS 19 the Group has recognized "Employees Benefits" in the financial statements in respect of Employee Benefits Schemes as per Actuarial Valuation as on 31st March 2018

#### I. Expense recognized in statement of Profit or Loss for the Current Period - Gratuity

(Rs. In Lakhs)

Particulars	2017-2018	2016-2017
Current Service Cost	47.13	35.98
Net Interest Cost	15.15	12.25
Past Service Cost	3.57	--
Expected return on plan assets	(4.76)	(1.29)
Net actuarial Losses (Gains)	1.68	15.60
Expenses Recognized	62.78	62.54

#### II. Net Asset/(Liability) recognized in Balance Sheet: Gratuity

(Rs. In Lakhs)

Particulars	2017-2018	2016-2017
Present Value of Obligation	270.74	211.99
Fair Value of Plan Assets	(17.55)	(11.89)
Assets/(Liability) recognized in Balance Sheet	253.19	200.10

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

### III. Change in Defined Benefit Obligation (DBO): (Rs. In Lakhs)

Particulars	2017-2018	2016-2017
Opening Balance of Present Value of Obligation	200.10	152.91
Current Service Cost	47.13	35.98
Interest Cost	15.15	12.25
Past Service Cost	3.57	--
Actuarial (Gain)/Loss	(3.08)	14.31
Benefit paid	(9.69)	11.94
Closing Balance of Present Value Obligation	253.19	200.10

### IV. Change in Fair Value of Plan Assets: (Rs. In Lakhs)

Particulars	2017-2018	2016-2017
Fair value of plan assets at the beginning of year	11.89	9.82
Expected return on plan assets	5.66	2.07
Actuarial Losses (Gains)	---	---
Contributions by employer	---	---
Benefit paid	---	---
Defined benefit obligation at end of the year.	17.55	11.89

### V. Actuarial Assumptions - Gratuity

Particulars	2017-2018	2016-2017
Mortality Table (LIC)	2006-08 (Ultimate)	2006-08 (Ultimate)
Discount Rate (per annum)	7.87%	7.57%
Attrition Rate	2.00%	2.00%
Annual Increase in salary costs	6.00%	6.00%

### VI. Investment details

Particulars	Percentage invested as at 31st March, 2018	Percentage invested as at 31st March, 2017
Insurance Company and Others	100.00%	100.00%

### VII. Sensitivity Analysis - Gratuity (Rs. In Lakhs)

Particulars	2017-18		2016-17	
	Increase	Decrease	Increase	Decrease
Change in Rate of Discounting (1.00% movement)	(31.74)	38.56	(25.48)	31.06
Change in Rate of Salary Growth (1.00% movement)	38.28	(32.20)	31.22	(26.04)
Change in Rate of Employee Turnover (1.00% movement)	5.97	(7.15)	3.53	(4.33)

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

### (B) Defined Contribution Plans

Amount recognised as expenses on account of “Contribution / Provision to and for Provident and other Funds” of Statement of Profit and Loss –Rs. 120.28 Lakhs (Previous year Rs. 87.75 Lakhs)

### 36. SEGMENT REPORTING

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

#### (b) Analysis by Geographical Segment

(Rs. In Lakhs)

Particulars	2017-2018	2016-2017
Domestic Sales	64,730.32	73,532.63
Export Sales	47,220.41	45,172.54

### 37. Terms and Conditions of Foreign Currency Convertible Bonds (FCCB):

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. As per modification of terms maturity date of Series B, D, E and F Bonds has been extended from January 17, 2018 to January 17, 2022.

**Details of FCCBs pending for conversion in to equity shares of Rs. 10 each at premium of Rs. 2.03 per equity share are given below:**

Series of FCCBs	No of Bonds	Principal Amount (USD)
Series B	8	800,000
Series D	9	900,000
Series E	14	1,400,000
Series F	14	1,400,000

### 38. Share Based Payments :

- Pursuant to the approval accorded by shareholders at their Annual General Meeting held on 26th September 2014 and in compliance with the provisions of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999,, the Nomination and Remuneration Committee of the Company formulated Kiri Industries Limited Employee Stock Option Scheme - 2014 (**ESOP Scheme – 2014**).
- The Board of Directors of the Company at their meeting held on 7th August, 2015 has allotted 1,000,000 equity shares of Rs. 10 each at an issue price of Rs. 35 per equity share to Kiri Employee Stock Option Trust for transfer of said equity shares to eligible employee upon exercise of equal number of options granted under the Scheme. The exercise price of the options shall be Rs. 35 (Face Value of Rs. 10 each) on the grant date.
- Under the Scheme:**
  - Vesting has commenced after the date of Grant and may extend up to five years from the date of Grant or such other percentage of vesting each year as decided by the Board and / or Nomination & Remuneration Committee or any other committee constituted by the Board.

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

2. The exercise price for the purposes of the grant of Stock Options is as per terms & conditions decided by the Board and / or Nomination & Remuneration Committee or any other committee constituted by the Board at the time of respective grant of Stock Options, but at a price not below the face value of the equity share and not exceeding the market price as per the SEBI Guidelines.
3. The exercise Period would be 5 (Five) years from the date of Grant or such other period as may be decided by the Board and / or Nomination & Remuneration Committee or any other committee constituted by the Board at the time of respective grant of Stock Options.

**d. The information related to stock options granted, exercised and outstanding as on March 31, 2018 (as certified by the management) are as follows:**

Particular	As at 31st March, 2018	As at 31st March, 2017
Options outstanding at the beginning of the year	825,000	875,000
Options Granted	-	125,000
Shares Transferred to Employee account from Trust Account	200,000	175,000
Options outstanding at the end of the Financial year	625,000	825,000

### 39. RELATED PARTIES DISCLOSURES

**A) Related Party and their Relationship**

Name of the Party	Relationship
Synthesis International Limited	Wholly Owned Subsidiary
SMS Chemicals Co. Limited	Wholly Owned Subsidiary
Kiri Laboratories Pvt. Ltd.	Directors' Relative are Key Managerial Personnel
Indochin Development Pvt. Ltd.	Directors' Relative are Key Managerial Personnel
Kiri Peroxide Ltd.	Directors' Relative are Key Managerial Personnel
Kiri Carbon Pvt. Ltd.	Promoters are Key Managerial Personnel
Equinaire Chemtech LLP	Promoters are Partner
Mr. Pravin A Kiri	Key Managerial Personnel
Mr. Manish P Kiri	Key Managerial Personnel
Mrs. Aruna P Kiri	Relative of Key Managerial Personnel
Mrs. Anupama M. Kiri	Relative of Key Managerial Personnel
Pravin A. Kiri – HUF	HUF of Key Managerial Personnel

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

### B) Transaction with Related Parties

Figures in *Italics* represent figures as at 31st March, 2017

(Rs. in Lakhs)

Particulars	Associates Enterprise / Subsidiaries of Associates Enterprise	Key Management Personnel & their Relatives	Entity Controlled by Key Management Personnel	Total
Purchase of Goods	-	--	-	-
	-	<i>33.00</i>	-	<i>33.00</i>
Sales of Goods /Job Work Income	-	1.75	-	1.75
	-	-	-	-
Gain on Investment of Winding up of Subsidiary	-	-	-	-
	-	-	-	<i>5.46</i>
Loss in Investment of Winding up of Subsidiary	-	-	-	-
	-	-	-	<i>15.14</i>
Remuneration	-	192.00	-	192.00
	-	<i>132.37</i>	-	<i>132.37</i>
Equity Shares	-	-	<i>240.00</i>	<i>240.00</i>
	-	<i>129.40</i>	-	<i>129.40</i>
Share Premium	-	-	8,472.00	8,472.00
	-	<i>1,630.44</i>	-	<i>1,630.44</i>
Money Received Against Share Warrants	-	-	-	-
	-	-	<i>12,705.00</i>	<i>12,705.00</i>
Outstanding Balance (Cr)	25.41	-	-	25.41
	<i>25.41</i>	<i>12.92</i>	-	<i>38.33</i>

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

### C) Disclosure in respect of material transactions with related parties (Rs. in Lakhs)

Nature of Transaction	Name of the Related Party	2017-18	2016-17
Purchase of Goods	Kiri Laboratories Pvt. Ltd.	--	33.00
Sales of Goods / Job work Income	Kiri Laboratories Pvt. Ltd.	1.75	--
Gain on Investment of Winding up of Subsidiary	Kiri International (Mauritius) Private Limited	--	5.46
Loss of Investment of Winding up of Subsidiary	Kiri Investment and Trading Singapore Private Limited	--	15.14
Remuneration	Mr. Pravin A. Kiri	96.00	66.16
	Mr. Manish P. Kiri	96.00	66.21
Equity Share	Mrs. Anupama M. Kiri	--	129.40
	Equinaire Chemtech LLP	240.00	--
Share Premium	Mrs. Anupama M. Kiri	--	1630.44
	Equinaire Chemtech LLP	8472.00	--
Money received against Share Warrant	Equinaire Chemtech LLP	--	12705.00
Outstanding Balance (Cr)	Mr. Manish P. Kiri	--	5.98
	Mr. Pravin A. Kiri	--	6.94
	Dystar Global Holdings (Singapore) Pte. Ltd	25.41	25.41

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.

### 40. CAPITAL MANAGEMENT

The Group's policy is to maintain a strong capital base and to sustain future development of the business. Management monitors the return on capital.

The Group monitors capital using a ratio of 'adjusted net debt' to 'adjusted equity'. For this purpose, adjusted net debt is defined as total liabilities, comprising interest-bearing loans and borrowings and obligations under finance leases, less cash and cash equivalents. Adjusted equity comprises all components of equity.

(Rs. in Lakhs)

Particulars	2017-2018	2016-2017
Total Interest bearing Liabilities	17,423.56	18,380.68
Less : Cash and Cash Equivalents	1,249.83	1,218.14
Adjusted Net Debt	16,173.73	17,162.54
Total Equity	140,470.30	103,248.22
Adjusted Net Debt to Equity Ratio	0.12	0.17

### 41. FAIR VALUE MEASUREMENT AND FINANCIAL RISK MANAGEMENT

A. The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

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

(Rs. in Lakhs)

Financial Assets and Liabilities as at 31st March, 2018	Carrying value				Fair Value			
	Routed through Profit and Loss	Routed through OCI	Carried at amortised cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>								
Non Current Investment	-	-	6.20	6.20	-	6.20	-	6.20
Other Financial Assets								
Non Current	-	-	737.45	737.45	-	737.45	-	737.45
Current	-	-	905.49	905.49	-	-	-	-
Trade receivable	-	-	20,930.98	20,930.98	-	-	-	-
Cash and Cash equivalents	-	-	1,249.83	1,249.83	-	-	-	-
Other Bank Balance	-	-	323.70	323.70	-	-	-	-
Loans	-	-	1,184.20	1,184.20	-	-	-	-
<b>Total</b>	-	-	<b>25,337.85</b>	<b>25,337.85</b>	-	<b>743.65</b>	-	<b>743.65</b>
<b>Financial Liabilities</b>								
Borrowings								
Non Current	-	-	14,323.33	14,323.33	-	14,323.33	-	14,323.33
Current	-	-	1,571.91	1,571.91	-	-	-	-
Trade Payables	-	-	16,807.32	16,807.32	-	-	-	-
Other Financial Liabilities	-	-	2,489.76	2,489.76	-	-	-	-
<b>Total</b>	-	-	<b>35,192.31</b>	<b>35,192.31</b>	-	<b>14,323.33</b>	-	<b>14,323.33</b>

(Rs. in Lakhs)

Financial Assets and Liabilities as at 31st March, 2017	Carrying value				Fair Value			
	Routed through Profit and Loss	Routed through OCI	Carried at amortised cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>								
Non Current Investment	-	-	23.81	23.81	-	23.81	-	23.81
Other Financial Assets								
Non Current	-	-	712.50	712.50	-	712.50	-	712.50
Current	-	-	1,769.91	1,769.91	-	-	-	-
Trade receivable	-	-	14,747.76	14,747.76	-	-	-	-
Cash and Cash equivalents	-	-	1,218.14	1,218.14	-	-	-	-
Other Bank Balance	-	-	337.52	337.52	-	-	-	-
Loans	-	-	450.00	450.00	-	-	-	-
<b>Total</b>	-	-	<b>19,259.65</b>	<b>19,259.65</b>	-	<b>736.32</b>	-	<b>736.32</b>
<b>Financial Liabilities</b>								
Borrowings								
Non Current	-	-	15,792.12	15,792.12	-	15,792.12	-	15,792.12
Current	-	-	2,351.95	2,351.95	-	-	-	-
Trade Payables	-	-	18,397.00	18,397.00	-	-	-	-
Other Financial Liabilities	-	-	1,129.46	1,129.46	-	-	-	-
<b>Total</b>	-	-	<b>37,670.53</b>	<b>37,670.53</b>	-	<b>15,792.12</b>	-	<b>15,792.12</b>



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

(Rs. in Lakhs)

Financial Assets and Liabilities as at 1st April, 2016	Carrying value				Fair Value			
	Routed through Profit and Loss	Routed through OCI	Carried at amortised cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>								
Non Current Investment	-	-	20.60	20.60	-	20.60	-	20.60
Other Financial Assets								
Non Current	-	-	648.89	648.89	-	648.89	-	648.89
Current	-	-	1,544.06	1,544.06	-	-	-	-
Trade receivable	-	-	25,345.41	25,345.41	-	-	-	-
Cash and Cash equivalents	-	-	1,919.56	1,919.56	-	-	-	-
Other Bank Balance	-	-	225.61	225.61	-	-	-	-
Loans	-	-	10.15	10.15	-	-	-	-
<b>Total</b>	-	-	<b>29,714.28</b>	<b>29,714.28</b>	-	<b>669.49</b>	-	<b>669.49</b>
<b>Financial Liabilities</b>								
Borrowings								
Non Current	-	-	26,789.77	26,789.77	-	26,789.77	-	26,789.77
Current	-	-	1,460.12	1,460.12	-	-	-	-
Trade Payables	-	-	19,441.40	19,441.40	-	-	-	-
Other Financial Liabilities	-	-	15,511.69	15,511.69	-	-	-	-
<b>Total</b>	-	-	<b>63,202.98</b>	<b>63,202.98</b>	-	<b>26,789.77</b>	-	<b>26,789.77</b>

### J. Measurement of Fair Value:

Investment in Subsidiary/Joint Venture /Associates carried at amortised cost. Further Fair Value of the Financial Assets and Liabilities are not disclosed separately as they are measured at Amortised Cost and it is materially same.

Fair value of cash and short-term deposits, trade and other short term receivables, trade payables, other current liabilities, short term loans from banks and other financial institutions approximate their carrying amounts largely due to short term maturities of these instruments.

### K. Fair Value Hierarchy:

The fair value of financial instruments as referred to above have been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements).

**Level 1:** Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds and mutual funds that have quoted price. The fair value of all equity instruments which are traded in the stock exchanges is valued using the closing price as at the reporting period.

**Level 2:** The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities included in level 3.

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

### 42. FINANCIAL RISK MANAGEMENT

The Group's financial risk management is an integral part of how to plan and execute its business strategies. The Group's activities expose it to a variety of its financial risk including

- **Credit Risk**
- **Liquidity Risk and**
- **Market Risk**

#### **Risk Management Framework**

The Group's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's activities expose it to market risk, liquidity risk and credit risk. The Group manages this risk through treasury department, which evaluates and exercises independent control over the entire process of market risk management. The treasury department recommends risk management objectives and policies which are approved by Board of directors and which ultimately provides principles on foreign exchange risk, interest rate risk, credit risk, use of financial derivatives etc. Compliance with policies and exposure limits is reviewed by risk management committee and internal auditors. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purpose.

The Group's audit committee also oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

#### **A. Credit Risk**

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's trade and other receivables. The carrying amounts of financial assets represent the maximum credit risk exposure.

##### **Trade Receivables**

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Group grants credit terms in the normal course of business. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Group has established a credit policy under which each new customer is analysed individually for creditworthiness before the standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, if they are available, financial statements, credit agency information, industry information and in some cases bank references. Sale limits are established for each customer and reviewed periodically.

The Group measures the expected credit loss of trade receivables and loan from individual customers based on historical trend, industry practices and the business environment in which the entity operates. Loss rates are based on actual credit loss experience and past trends. Based on the historical data, as per management perceptions, loss on collection of receivable is not material hence no additional provision considered

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The maximum exposure to Credit Risk for Trade Receivables by geographic region was as follows:

(Rs. In Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Domestic	11,199.27	8,712.84	19,261.61
Other Region	9,731.71	6,034.92	6,083.80
<b>Total</b>	<b>20,930.98</b>	<b>14,747.76</b>	<b>25,345.41</b>

### Age of Receivables

(Rs. In Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Neither due nor impaired	5,883.86	3,329.30	2,356.59
Past due 1 – 90 days	4,232.59	3,269.26	9,717.44
Past due 91 – 180 days	6,773.31	4,929.43	9,879.19
More than 180 days	4,041.22	3,219.77	3,392.18

Management believes that the unimpaired amounts that are past due by more than 30 days are still collectible in full, based on historical payment behavior and extensive analysis of customer Credit Risk, including underlying customers' Credit Ratings if they are available.

### B. Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

#### Maturity of financial liabilities

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements.

(Rs. In Lakhs)

Contractual maturities of financial liabilities as at 31st March, 2018	1 year or less	1-2 years	2- 5 years	Total
Non-derivatives Financial Liabilities				
Long term borrowings incl. current maturity	1,528.32	1,475.23	12,848.10	15,851.65
Working Capital Facility and Short term loans and borrowings	1,571.91	-	-	1,571.91
Trade payables	16,807.32	-	-	16,807.32
<b>Total non-derivative liabilities</b>	<b>19,907.55</b>	<b>1,475.23</b>	<b>12,848.10</b>	<b>34,230.88</b>

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

(Rs. In Lakhs)

<b>Contractual maturities of financial liabilities as at 31st March, 2017</b>	<b>1 year or less</b>	<b>1-2 years</b>	<b>2- 5 years</b>	<b>Total</b>
Non-derivatives Financial Liabilities				
Long term borrowings incl. current maturity	236.60	1,521.70	14,270.42	16,028.72
Working Capital Facility and Short term loans and borrowings	2,351.96	-	-	2,351.96
Trade payables	18,397.00	-	-	18,397.00
<b>Total non-derivative liabilities</b>	<b>20,985.55</b>	<b>1,521.70</b>	<b>14,270.42</b>	<b>36,777.67</b>

(Rs. In Lakhs)

<b>Contractual maturities of financial liabilities as at 1st April, 2016</b>	<b>1 year or less</b>	<b>1-2 years</b>	<b>2- 5 years</b>	<b>Total</b>
Non-derivatives Financial Liabilities				
Long term borrowings incl. current maturity	24,883.31	236.60	15,792.12	40,912.03
Working Capital Facility and Short term loans and borrowings	1,460.12	-	-	1,460.12
Trade payables	19,441.40	-	-	19,441.40
<b>Total non-derivative liabilities</b>	<b>45,784.83</b>	<b>236.60</b>	<b>15,792.12</b>	<b>61,813.55</b>

### C. Market Risk

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from adverse changes in market rates and prices (such as interest rates and foreign currency exchange rates) or in the price of market risk-sensitive instruments as a result of such adverse changes in market rates and prices. Market risk is attributable to all market risk-sensitive financial instruments, all foreign currency receivables and payables and all short-term and long-term debt. The Group is exposed to market risk primarily related to foreign exchange rate risk and interest rate risk.

#### i. Foreign currency risk

The Group operates internationally and is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the USD, EURO and SGD. The Group has in place the Risk management policy to manage the foreign exchange exposure.

The Foreign currency exchange rate exposure is partly balanced through natural hedge. This provide an economic hedge without derivatives being entered into and therefore hedge accounting not applied in these circumstances.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group's policy is to ensure that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

The Group can enter into foreign currency forward contracts and other authorized derivative contracts, which are not intended for trading or speculative purposes but for hedge purposes to establish the amount of reporting currency required or available at the settlement date of certain payables/receivables and borrowings.

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

### Foreign currency risk exposure:

The currency profile of Financial Assets and Financial Liabilities with exposure to foreign currency risk at the end of the reporting period expressed in rupees, are as follows.

(Rs. in Lakhs)

Sr. no.	Particulars	Currency	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
<b>A</b>	<b>Financial assets</b>				
(i)	Trade receivables	EURO	6.68	29.89	-
		USD	10,463.79	6,222.71	8,079.66
(ii)	Loans and Advances	USD	317.55	-	-
(iii)	Bank balance in EEFC accounts	USD	279.60	810.73	741.49
		EURO	-	-	-
<b>B</b>	<b>Financial liabilities</b>				
(i)	Trade payables	USD	4,800.62	3,555.85	6,270.61
		EURO	22.82	56.57	79.06

### C Sensitivity

A reasonably possible strengthening (weakening) of the Indian Rupee against various currency mentioned in the table below as at March 31 would have affected the measurement of financial instruments denominated in foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

(Rs in Lakhs)

	Profit / (loss) before tax gain / (loss)		(Decreased)
	Strengthening	Weakening	
<b>Mar-18</b>			
Effect in INR			
3 % movement			
USD	(187.81)	187.81	187.81
EUR	0.48	(0.48)	(0.48)
<b>Mar-17</b>			
Effect in INR			
3 % movement			
USD	(104.33)	104.33	104.33
EUR	0.80	(0.80)	(0.80)
<b>Mar-16</b>			
Effect in INR			
3 % movement			
USD	(76.52)	76.52	76.52
EUR	2.37	(2.37)	(2.37)

\* Holding all other variables constant

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

### 43. TRANSITION TO Ind AS

These are the Group's first financial statements prepared in accordance with Ind AS.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31st March 2018, the comparative information presented in these financial statements for the year ended 31st March, 2017 and in the preparation of an opening Ind AS Balance Sheet at 1st April, 2016 (the Group's date of transition).

In preparing its opening Ind AS Balance Sheet, the Group has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP). An explanation of how the transition from previous GAAP to Ind AS has affected the Group's financial position, financial performance and Cash Flows is set out in the following tables and notes

#### Exemption applied

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Group has applied the following exemptions:

#### Optional – Exemption

##### (i) Deemed cost- Fair value of Property, Plant and Equipment (PPE)

The Group has elected to measure all the items of PPE, intangible assets and investment property at its Indian GAAP carrying values which shall be the deemed cost as at the date of transition. As per Frequently Asked Questions (FAQs) issued by Accounting Standards Board (ASB) by Ind AS Transition Facilitation Group of Ind AS (IFRS) Implementation Committee of ICAI, deemed cost, is the amount used as a surrogate for the cost or depreciated cost and for the purpose of subsequent depreciation or amortisation, deemed cost becomes the cost as the starting point. Information regarding gross block of assets, accumulated depreciation and provision for impairment under Indian GAAP has been disclosed by way of a note forming part of the financial statements

##### (ii) Investments in Subsidiaries, Joint Ventures and Associates

Under, Ind AS 101 an entity can determine the value of investment in a Subsidiary, Associate or Joint ventures as either of the below:-

Cost determined in accordance with Ind AS 27 (i.e. retrospective application of Ind AS 27)- Fair value at the entity's date of transition to Ind AS- Previous GAAP carrying amount Accordingly, if an entity chooses to measure its investment at fair value at the date of transition then that is deemed to be cost of such investment for the Group and, therefore, it shall carry its investment at that amount (i.e. fair value at the date of transition) after the date of transition. The Group has elected to carry forward the previous GAAP amounts as the deemed cost for investment in equity shares of Subsidiary, Associates and Joint Ventures in the Standalone Financial Statements."

#### Mandatory – Exemption

##### 1. Estimates

On an assessment of the estimates made under Indian GAAP, the Group has concluded that there was no necessity to revise the estimates under Ind AS except where estimates were required by Ind AS and not required by Indian GAAP or the basis of measurement were different.

##### 2. Classification and Measurement of Financial Assets

Ind AS 101 requires an entity to assess classification and measurement of Financial Assets (investment in debt instruments) on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

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

### Reconciliation of Equity as at 1st April, 2016

(Rs. in Lakhs)

Particulars	Amount as per previous GAAP **	Effects due to Transition Provision	Amount as per Ind AS
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, Plant and Equipment	33,274.35	(17.39)	33,256.96
Other Intangible assets	8.82	-	8.82
Capital work-in-progress	563.94	-	563.94
Investment in Subsidiary / Associate	56,623.03	(596.39)	56,026.64
<b>Financial Assets</b>			
Investments	19.96	0.64	20.60
Other Financial Assets	648.89	-	648.89
Other Assets	1,842.90	-	1,842.90
<b>Total Non - Current Assets</b>	<b>92,981.89</b>	<b>(613.14)</b>	<b>92,368.75</b>
<b>Current assets</b>			
Inventories	8,577.59	-	8,577.59
Financial Assets			
Trade receivables	25,345.41	-	25,345.41
Cash and cash equivalents	1,919.56	-	1,919.56
Bank balances other than (iii) above	225.61	-	225.61
Loans	10.15	-	10.15
Others Financial Assets	1,544.06	-	1,544.06
Current Tax Assets (Net)	1,370.77	-	1,370.77
Other current assets	2,084.35	(8.33)	2,076.02
<b>Total Current Assets</b>	<b>41,077.50</b>	<b>(8.33)</b>	<b>41,069.17</b>
<b>Total Assets</b>	<b>134,059.39</b>	<b>(621.47)</b>	<b>133,437.92</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share capital	3,088.35	(433.35)	2,655.00
Other Equity	61,362.87	(483.76)	60,879.11
<b>Total Equity</b>	<b>64,451.22</b>	<b>(917.11)</b>	<b>63,534.11</b>
<b>Non-current liabilities</b>			
Financial Liabilities			
Borrowings	26,885.29	(95.52)	26,789.77
Provisions	524.20	173.99	698.18
Deferred tax liabilities (Net)	2,838.17	217.18	3,055.35
Other non-current liabilities	-	-	-
<b>Total Non - Current Liabilities</b>	<b>30,247.66</b>	<b>295.64</b>	<b>30,543.30</b>
<b>Current liabilities</b>			
Financial Liabilities			
Borrowings	1,460.12	-	1,460.12
Trade payables	19,441.40	-	19,441.40
Other financial liabilities	15,511.69	-	15,511.69
Other current liabilities	2,857.17	-	2,857.17
Provisions	83.12	-	83.12
Current Tax Liabilities (Net)	7.01	-	7.01
<b>Total Current Liabilities</b>	<b>39,360.51</b>	<b>-</b>	<b>39,360.51</b>
<b>Total Equity and Liabilities</b>	<b>134,059.39</b>	<b>(621.47)</b>	<b>133,437.92</b>

\*\* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirement for the purpose of this note

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

### Reconciliation of Equity as at 31st March, 2017

(Rs. in Lakhs)

Particulars	Amount as per previous GAAP **	Effects due to Transition Provision	Amount as per Ind AS
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, Plant and Equipment	36,677.07	(1.25)	36,675.83
Other Intangible assets	957.86	(0.09)	957.76
Capital work-in-progress	3,603.39	-	3,603.39
Investment in Subsidiary / Associate	72,229.40	(596.39)	71,633.01
Financial Assets			
Investments	20.16	3.65	23.81
Other Financial Assets	712.50	-	712.50
Other Assets	2,548.50	-	2,548.50
<b>Total Non - Current Assets</b>	<b>116,748.88</b>	<b>(594.08)</b>	<b>116,154.80</b>
<b>Current assets</b>			
Inventories	8,250.01	-	8,250.01
Financial Assets			
Trade receivables	14,747.76	-	14,747.76
Cash and cash equivalents	1,218.14	-	1,218.14
Bank balances other than (iii) above	337.52	-	337.52
Loans	450.00	-	450.00
Others Financial Assets	1,769.91	-	1,769.91
Current Tax Assets (Net)	954.43	-	954.43
Other current assets	3,426.81	(6.25)	3,420.56
<b>Total Current Assets</b>	<b>31,154.58</b>	<b>(6.25)</b>	<b>31,148.33</b>
<b>Total Assets</b>	<b>147,903.46</b>	<b>(600.33)</b>	<b>147,303.13</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share capital	3,217.75	(433.35)	2,784.40
Other Equity	100,873.21	(409.39)	100,463.82
<b>Total Equity</b>	<b>104,090.96</b>	<b>(842.74)</b>	<b>103,248.22</b>
<b>Non-current liabilities</b>			
Financial Liabilities			
Borrowings	16,176.13	(384.01)	15,792.12
Provisions	775.80	173.99	949.79
Deferred tax liabilities (Net)	3,220.97	283.79	3,504.76
Other non-current liabilities	-	-	-
<b>Total Non - Current Liabilities</b>	<b>20,172.90</b>	<b>73.77</b>	<b>20,246.67</b>
<b>Current liabilities</b>			
Financial Liabilities			
Borrowings	2,351.95	-	2,351.95
Trade payables	18,397.00	-	18,397.00
Other financial liabilities	960.81	168.64	1,129.46
Other current liabilities	1,412.53	-	1,412.53
Provisions	102.06	-	102.06
Current Tax Liabilities (Net)	415.24	-	415.24
<b>Total Current Liabilities</b>	<b>23,639.60</b>	<b>168.64</b>	<b>23,808.24</b>
<b>Total Equity and Liabilities</b>	<b>147,903.46</b>	<b>(600.33)</b>	<b>147,303.13</b>

\*\* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirement for the purpose of this note.



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

Statement of Profit and Loss for the year ended on 31st March 2017 (Rs. in Lakhs)

Particulars	Amount as per Previous GAAP **	Effects due to Transition Provision	Amount as per Ind AS
<b>Income</b>			
Revenue From Operations	119,825.02	-	119,825.02
Other Income	248.21	(0.20)	248.01
<b>Total Income</b>	<b>120,073.23</b>	<b>(0.20)</b>	<b>120,073.03</b>
<b>Expenses</b>			
Cost of materials consumed	71,970.96	-	71,970.96
Purchases of Stock-in-Trade	5,049.91	-	5,049.91
(Increase) / Decrease in Stock	1,450.34	-	1,450.34
Employee benefits expense	3,145.68	(5.12)	3,140.56
Finance costs	742.15	169.43	911.58
Depreciation and amortization expense	2,926.85	(16.05)	2,910.80
Excise Duty on Sales	7,298.21	-	7,298.21
Other expenses	15,020.78	(0.52)	15,020.26
<b>Total expenses</b>	<b>107604.88</b>	<b>147.75</b>	<b>107,752.62</b>
<b>Profit/(Loss) before exceptional items and tax</b>	<b>12,468.35</b>	<b>(147.95)</b>	<b>12,320.41</b>
Share of Net profit of associates	15,611.36	-	15,611.36
Profit before exceptional Items and tax	<b>28,079.71</b>	<b>(147.95)</b>	<b>27,931.77</b>
Exceptional Items	1.57	(1.57)	-
<b>Profit/(Loss) before tax</b>	<b>28,078.14</b>	<b>(146.38)</b>	<b>27,931.77</b>
<b>Tax expense:</b>			
(1) Current tax	836.64	-	836.64
(2) Deferred tax	382.80	66.62	449.42
(3) Adjustment of Current tax / MAT credit Entitemetrn / Adjustment	83.99	-	83.99
<b>Profit/(Loss) for the period from continuing operations</b>	<b>26,774.71</b>	<b>(213.00)</b>	<b>26,561.71</b>
<b>Profit/(Loss) For the Period</b>	<b>26,774.71</b>	<b>(213.00)</b>	<b>26,561.71</b>
<b>Other Comprehensive Income</b>			
(i) Items that will not be reclassified to Profit or Loss	-	(1.90)	(1.90)
(ii) Income tax relating to items that will not be reclassified to Profit or Loss	-	-	-
<b>Total Comprehensive Income for the period (Comprising Profit/(Loss) and Other Comprehensive Income for the period)</b>	<b>26,774.71</b>	<b>(214.89)</b>	<b>26,559.81</b>

\*\* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirement for the purpose of this note.

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

### NOTES TO RECONCILIATION :

#### Reconciliation of Equity

(Rs. in Lakhs)

Particulars	As at 31st March, 2017	As at 1st April, 2016
<b>Indian GAAP Equity</b>	<b>104,090.96</b>	<b>64,451.22</b>
For Recognition of Preliminary & Pre-operative expenses as Cost	6.25	8.33
For Recognition of Finance cost on Redeemable Preference Share	168.64	-
For Reclassification of Debt component of Redeemable Pref. Shares as Borrowings	650.03	650.03
For Recognition of Amortisation cost & Depreciation	1.34	17.39
For Recognition of Impairment in Value of Investment	596.39	596.39
For Recognition of Deferred Employee Benefit Cost	173.99	173.99
For Deferred Tax Adjustment	283.79	217.18
For Recognition of Mutual Fund Investment at Fair Value	(3.65)	(0.64)
For Recognition of Equity portion of Convertible Bond into Equity	(1,034.04)	(745.55)
<b>Net Impact on Retained Earnings</b>	<b>842.74</b>	<b>917.11</b>
<b>Ind AS Equity</b>	<b>103,248.22</b>	<b>63,534.11</b>

#### Reconciliation of Deferred Tax

(Rs. in Lakhs)

Particulars	As at 31st March, 2017	As at 1st April, 2016
For Recognition of Deferred Expenses as Cost	(2.13)	(2.82)
For Disallowance of Expenditure as per IT Act	49.08	-
For Recognition of impairment in value of Investment	(57.32)	-
For Reclassification of Financial Liability	495.78	422.50
For Change in value of Depreciable Assets as per IT Act.	(201.62)	(202.50)
<b>Total</b>	<b>283.79</b>	<b>217.18</b>

As per our attached report of even date.

**For Pramodkumar Dad & Associates**

Chartered Accountants

**CA Pramod Dad**

Partner

MRN : 038261

FRN : 115869W

Place : Ahmedabad

Date : May 29, 2018

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

**Pravin Kiri**

(Chairman)

DIN : 00198275

**Suresh Gondalia**

(Company Secretary)

Place : Ahmedabad

Date : May 29, 2018

**Manish Kiri**

(Managing Director)

DIN : 00198284

**Jayesh Vyas**

(Chief Financial Officer)

- Annual Report 2017-2018
- Statutory Reports
- Financial Statements

## Attendance Slip

**KIRI INDUSTRIES LIMITED**  
(CIN - L24231GJ1998PLC034094)

**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 20th Annual General Meeting (AGM) of the company to be held on Thursday, 27th September, 2018 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

**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 2017-18 of the Company 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 2017-18 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.



## Proxy Form

### KIRI INDUSTRIES LIMITED (CIN - L24231GJ1998PLC034094)

**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 20th Annual General Meeting of the company to be held on Thursday, 27th September, 2018 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 below:

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 (Standalone and Consolidated Balance Sheet as at March 31, 2018 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 2017-18.		
	<b>SPECIAL BUSINESS</b>		
4.	To ratify the remuneration of Cost Auditors of the Company for Financial Year 2018-19 - Ordinary Resolution		
5.	To approve re-appointment of Mr. Manish Kiri, as Managing Director- Ordinary Resolution		
6.	To Approve re-appointment of Mr. Pravin Kiri, as Chairman and Whole Time Director – Special Resolution		

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2018.

Signature of the Shareholder \_\_\_\_\_

Signature of first proxy holder(s) \_\_\_\_\_

Affix  
Revenue  
Stamp

#### Notes:

- 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.
- For the Resolutions, Explanatory Statement and Notes, please refer to the Notice of the 20th Annual General Meeting.
- 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.
- Please complete all details including details of member (s) in the above box before submission.



- Annual Report 2017-2018
- **Statutory Reports**
- Financial Statements

## ROUTE MAP OF AGM VENUE



*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