



Kiri Industries Limited

Future Full of Colours.....

September 03, 2019

To, BSE Limited Phirozejeebhoy Towers Dalal Street Mumbai- 400001 Scrip Code: 532967	To, National Stock Exchange of India Limited Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051 Scrip ID: KIRIINDUS
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Dear Sir/Madam,

Sub: Submission of Annual Report for the Financial Year 2018-19

In compliance with the provisions of Regulation 34 of Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015, we hereby submit Annual Report of the Company for the Financial Year 2018-19.

The same is also available on website of the Company i.e. www.kiriindustries.com.

We request to kindly take the same on records.

Thanking you,

Yours faithfully,

For Kiri Industries Limited

Suresh Gondalia
Company Secretary

Encl: As stated



DYES

Plot No : 299/1A & B, Phase-II, Nr. Water Tank, GIDC, Vatva,
Ahmedabad - 382 116, Gujarat, India.
Phone : +91-79-25894477
Fax : +91-79-25834960
Email : engage@kiriindustries.com Web : www.kiriindustries.com

INTERMEDIATES

Plot No : 396/399/403/404, EPC Canal Road, Village : Dudhwada,
Tal. : Padra, Dist. : Vadodara - 391150, Gujarat, India.
Phone : +91-2662-273444
Fax : +91-2662-273444
Email : intermediates@kiriindustries.com Web : www.kiriindustries.com

CHEMICALS

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



adding COLOUR
to the world



Kiri Industries Limited

Future Full of Colours.....

ANNUAL REPORT 2018-19



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Corporate Information

Board of Directors

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

Senior Management

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

Registered Office

7th Floor, Hasubhai Chambers, Opp. Town Hall,
Ellisbridge, Ahmedabad – 380006
Phone: 079-26574371/72/73 Fax: 079-26574374
Email: info@kiriindustries.com | Website: www.kiriindustries.com

Works

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

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

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

Auditors

Statutory

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

Cost

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

Secretarial

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

Registrar and Shares Transfer Agent

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

CIN

L24231GJ1998PLC034094



Company Overview

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

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

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



Year gone by....



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

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

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

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

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

Key Milestones

KIL won appeal in Singapore case **2019**

Successfully repaid majority of restructured debts **2017**

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

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

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

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

Started strategic backward integration project **2005**

Started export to USA and Taiwan **1999**



2018

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

2015

Filed minority oppression suit against Senda and DyStar in Singapore Court

2013

DyStar became profitable

2010

Acquisition of assets of DyStar

2008

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

2006

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

2004

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

1998

Incorporation of Kiri Dyes and Chemicals Pvt. Ltd.

Manufacturing Facilities

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



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

Being an integrated manufacturer the company has its own basic chemical facility with a steam based power plant in Vadodra, Gujarat to manufacture sulphur based raw materials like Sulphuric Acid, Oleum, Chloro Sulphonic Acid, etc. with a total installed capacity of 1,82,500 MTPA, while the company has recently expanded it by 54,000 MTPA to add Thionyl Chloride to the product basket.



To expand its footprints in Reactive Dyes the company also has a state of art manufacturing unit in Joint Venture with Zhejiang Longsheng (China) having stake in the ratio of 60:40, where 40% is held by KIL with a total installed capacity of 50,000 MTPA.

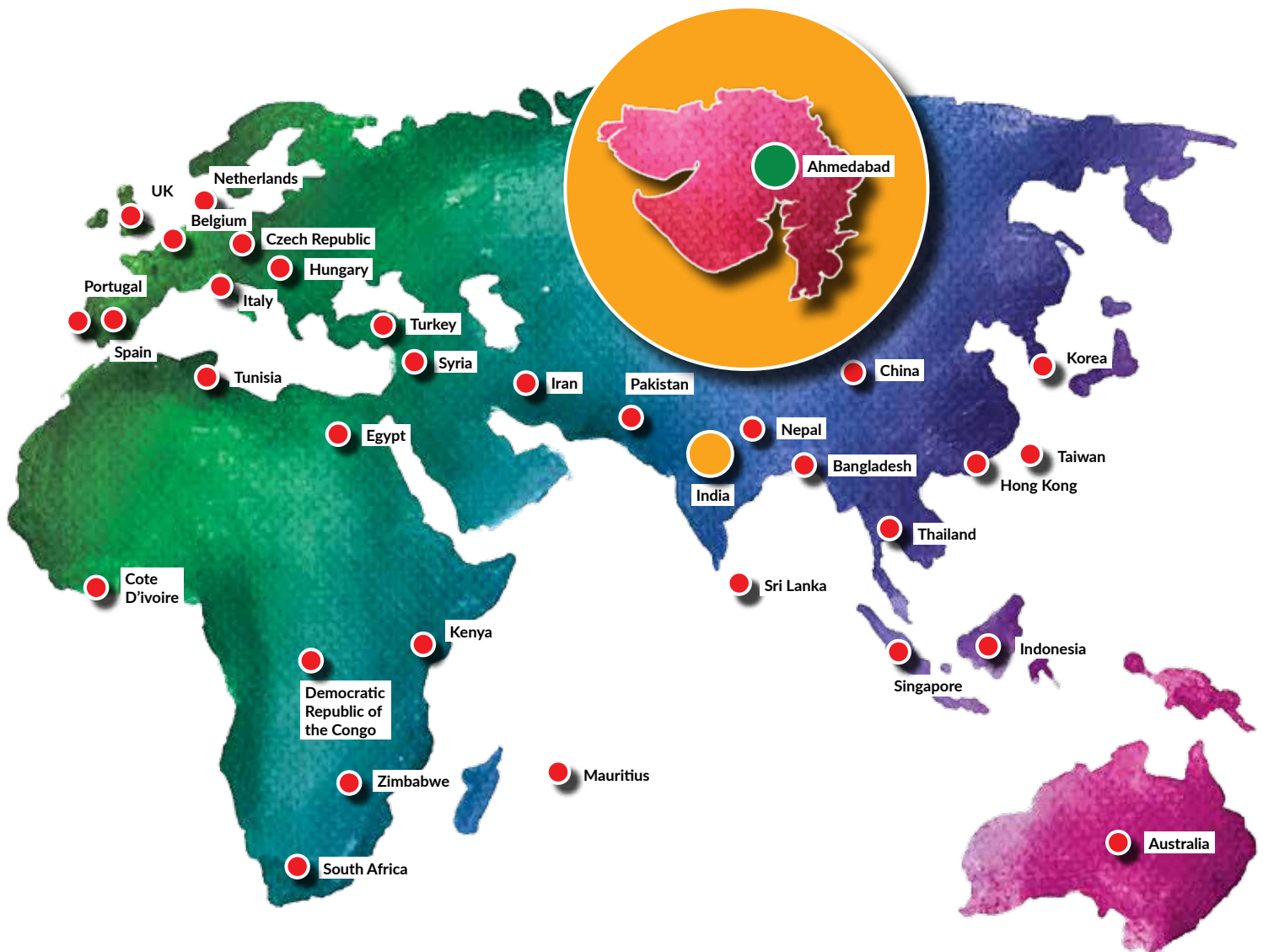
Geographical Presence



Business and Product Mix

55%

- H Acid
- Vinyl Sulphone
- Other Speciality Intermediates



- Reactive Dyes
- Disperse Dyes
- Acid Dyes
- Direct Dyes

- Thionyl Chloride
- Chloro Sulphonic Acid
- Oleum 65% and 23%
- Sulphuric Acid

Dyes Intermediates and Basic Chemicals

At KIL dyes intermediates business consists of Commodity Intermediates, Specialty Intermediates, Acetanilide and major dyes intermediates - Vinyl Sulphone and H Acid. Dyes intermediates are petroleum downstream products, which are further processed for any application. On processing, they are transformed to finished dyes and pigments. Dyes Intermediates also serve as an important raw material for Acid, Reactive, Disperse and Direct Dyes.

1. H-Acid

H-Acid (8-amino- 1-hydroxynaphthalene-3, 6-disulfonic acid) is one of the leading dyes intermediates in the world, used in the manufacturing of black dyes which is produced from Naphthalene.

2. Vinyl Sulphone

Vinyl Sulphone is an industrial chemical used as a key raw material for manufacturing reactive dyes, having application mainly in textiles which is manufactured from aniline.

In order to guarantee continuous supply line of key raw materials and security of valuing for its customers, KIL has set up completely integrated manufacturing units. Roughly 60% of intermediates required for dyes are made at the Company's manufacturing plant.

Dyestuff

A natural or synthetic substance used to add a colour or to change the colour of something. Dyes are the colouring material that colour commodities used in our daily lives ranging from Plastic toys for children to the fabrics you wear, from food to wood; thus there is hardly any industry where dyes are not used commercially. KIL provides a wide range of dyes like monochlorotriazine dyes, bis monochlorotriazine dyes, bi-functional dyes, etc. which provides brilliant colours and have very good storage stability.

1. Reactive Dyes

Reactive dyes are the most flexible and prominent class of Organic Dyes for bringing in shading on cellulosic fibres. These are water dissolvable colours which respond to fibre, forming an immediate substance linkage with the application materials, which isn't effectively broken and offers great wash speed. KIL offers a wide range of Reactive dyes to practically meet most of the requirements of cotton textile processors - Kirazol VS dyes, Kirazol KR/KX dyes, Kirazol S &W dyes etc.

2. Disperse Dyes

Disperse dyes are synthetic organic dyes with a kind of organic substance which is free of ionizing group. Disperse colours are fundamentally utilized for colouring polyester yarn or texture.

3. Acid Dyes

Acid dyes are the dyes which can be applied directly to the application materials from an aqueous solution (without mordant) which are mostly used for colouring Nylon, Silk, Wool, Leather, Blended Fibre, etc.

4. Direct Dyes

Direct dyes are usually economical, very easy to apply and with an easy application which can yield bright colours.

Benefits of Zero Discharge

The Company's focus on becoming a Zero Waste company has ensured that Spent Acids are a source of revenue (converted into commercially viable products) and not a source of expense (frees the hassles of management and disposal of the by-products). In an industry where non-conformance leads to plant shutdowns, Zero Waste convinces buyers of the sustainability factor of operations, resulting in supply consistency.



Awards and Accolades

2000

Award for Export performance of more than INR 6 Cr for Direct export of Self Manufactured Dyes and Dyes Intermediaries

2001

Award for Direct Export of Self Manufactured Dyes

2003

Platinum Award for Small Scale Sector

2005

Trishul Award for Small Scale Sector

2007

Chemexcil Gold Award

2009

First Award for Direct Export of Self Manufactured Dyes

2010

First Award for Direct Export of Self Manufactured Dyes

2011

Outstanding Entrepreneur Award

2017

Certificate for The Next Fortune 500 Companies

2018

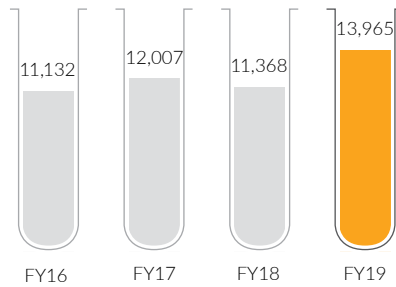
Industrial Safety Award

2019

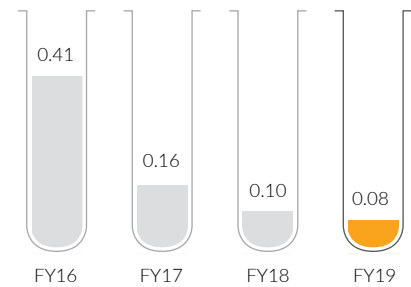
Highest Self Manufactured dyes and intermediate

Consolidated Financial Highlights

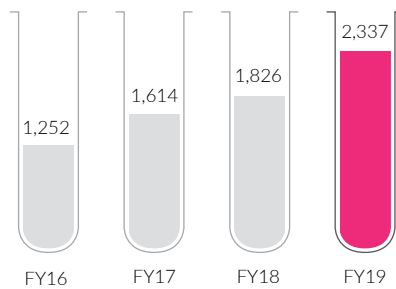
Total Revenue (INR Mn)



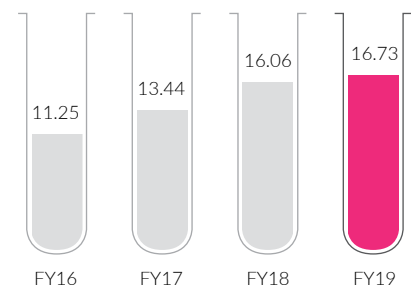
Net Debt : Equity



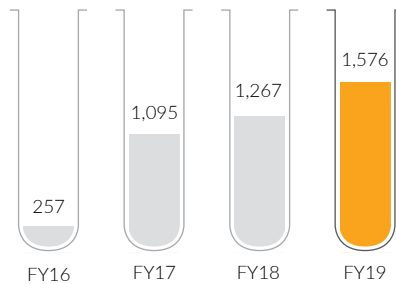
EBITDA (INR Mn)



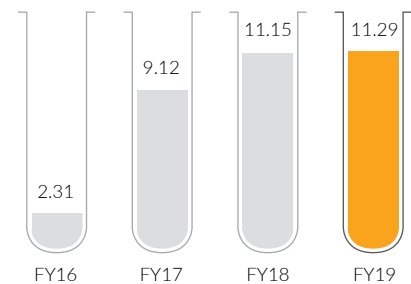
EBITDA Margins (%)



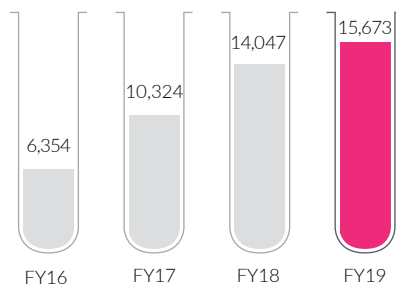
PAT (INR Mn)



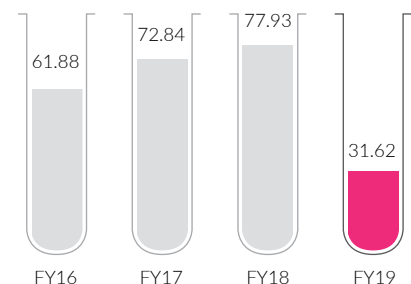
PAT (%)



Net Worth (INR Mn)



Earning Per Share



Management Team

Mr. Pravin Kiri (Chairman)

He is the Chairman and Promoter of our Company and has vast experience in the field of dyestuff and chemical industry. He looks after the manufacturing activities of our Company and is in charge of operational strategy, quality control and research & development activities.

Mr. Manish Kiri (Managing Director)

He is the Managing Director and Promoter of Kiri Industries Limited and Lonsen Kiri Chemical Industries Limited and Director in DyStar Global Holdings (Singapore) Pte. Limited and other group/subsidiaries companies of the Company. Presently he is involved in formulating strategies and its implementation and also looks after overall business operations of the Company.

Mr. Keyoor Bakshi (Independent Director)

He is an Independent Director of the Company with vast experience in Corporate Laws, Finance and Management and has actively been involved in various assignments relating to amalgamations, mergers/ de-mergers etc.

Mr. Mukesh Desai (Independent Director)

He is an Independent Director of the Company with working experience in different types of manufacturing units in India and abroad.

Mrs. Veena Padia (Independent Director)

She is an Independent and Women Director of the Company with vast leadership experience in providing strategic advisory expertise and directing development and implementation of widespread programmes and organisations.

Managing Director's Message



Dear Fellow Shareholders,

Kiri Industries Limited (KIL) today is one of the largest integrated dyestuff manufacturers and exporters with a prominent and reputed organisation from India. KIL continuously improving and consolidating its product portfolio by expanding and optimizing its manufacturing facilities to manufacture a diversified range of products, which includes ranges of varieties of dyes and speciality dyes intermediates which are based on naphthalene and aniline, as it would expand its foothold, focus on export markets, and further penetrate new territories in coming two to three years.

The Financial Year 2018-19 witnessed both volume growth and better cost acknowledgement compared to last year, KIL's consolidated top line increased by 23% from INR 11,367 Mn to 13,965 Mn and EBITDA expanded by 28% from INR 1,825 Mn to INR 2,337 Mn in FY19. During FY19, Earnings After Tax (before share of profit of associates) has increased by 24% as compared to previous the financial year. Topline of standalone business has increased by 18% from INR 9,046 Mn to INR 10,647 Mn in FY19 as compared to previous year and has earned EBITDA of INR 1,592 Mn. in the current fiscal which is 15% of total revenues of the

company. The standalone Net Profit after tax of INR 1,198 Mn in FY19 has increased by 17% as compared to previous year. Your company has recorded an upsurge of 28% in export as compared to the previous year that means the company has exported more products and has tried to further improve its market share globally.

During FY19 Zero liquid discharge facility were became operational in the month of August 2018, in addition, the manufacturing facilities of disperse dyes (Phase-1) and partial speciality dyes intermediates facilities were operationalized at regular intervals. The production capacities of these plants shall be fully utilized in FY20 to add the intrinsic value of the business to KIL. Furthermore, the company is expected to complete 12 months business cycle for certain speciality intermediates which shall enable the company to enhance its core profitability. Significant investment in expansion of projects are envisaged in FY20 in dyes intermediates and basic chemicals, which will strengthen the product offerings of the company. The proposed capital expenditure shall be funded from internal accruals of the company. It is important to note that the

expansion projects that were undertaken in the past two years and the proposed capital expenditure for FY20 shall enable the company to achieve healthy growth and better margins in the ensuing years.

I am extremely happy and proud to inform you that after a very long legal battle of almost 4.5 years, the company has won a landmark judgment as the Court of Appeal (Supreme Court), Singapore, pronounced judgment on 29th May 2019 upheld the earlier Singapore International Commercial Court (SICC) decision and dismissed the appeal filed by Senda (wholly owned subsidiary of Longsheng Group). Hence, the minority oppression findings and original SICC judgment dated 3rd July 2018 has been maintained by the Court of Appeal (Supreme Court). According to the directions of the SICC, presently KIL and Senda will submit the independent valuations to the SICC. The SICC has fixed the hearing from 14th to 17th October 2019.

The development for your organisation will be fueled in the coming years as the market size of India's colorants industry was pegged at USD 6.5 Bn in FY16 and evaluated to post minimum 11% CAGR over FY16-25 driven by expansions in the textile industry. While Indian Chemicals & Petrochemicals Industry is growing rapidly due to the positive reforms undertaken by the Government of India in recent years which has attracted foreign companies to invest in India. The specialty chemicals market has witnessed a growth of 14% in the last five years; the market size is expected to reach USD 70 Bn by 2020. During past several years, numerous Chinese plants have closed down because of the implementation of stringent environmental laws which has prompted the movement of supply from India, boosting exports from the country. The various steps of China's government on strengthening environment and safety norms will result in continuation of the improvements in prices, which would allow margins of the industry to improve in the future years. Transformation of the industry that has taken place during past 5 to 7 years is expected to help the industry players to maintain their profits, and to continue to enjoy higher growth prospects in foreseeable future. Also, continuing higher pace of Capex drive in Indian specialty chemical industry is expected to continue its positive momentum. With the ongoing progress and impetus for further growth, KIL strives to improve and enhance its productivity through the constant addition of new products and the increasing focus on research and development. This would help the company to strengthen its position as the leading integrated specialty chemicals player.

With that, I would like to conclude that your company will continue on its growth path and thank all our stakeholders, employees, customers and business associates for their confidence and support in us. Together we will soar new heights!

Yours Sincerely,
Manish Kiri
Managing Director

Notice

NOTICE is hereby given that the 21st Annual General Meeting of the members of **KIRI INDUSTRIES LIMITED** will be held on Friday, the 27th day of September, 2019 at 10.30 a.m. at Ground Floor, Centre for Excellence Building, Plot No. 511, Phase IV, GIDC Estate, Vatva, Ahmedabad - 382 445, to transact the following businesses:

ORDINARY BUSINESSES:

1. To receive, consider and adopt the Audited (Standalone and Consolidated) Financial Statements for the year ended on March 31, 2019, together with the Reports of the Directors and Auditors thereon:
2. To appoint a Director in place of Mr. Manish Kiri (DIN: 00198284), who retires by rotation and being eligible, offers himself for re-appointment:
3. To declare Dividend of INR 0.015/- (@0.15%) per share of INR 10/- each on 43,33,500 Cumulative Redeemable Preference shares of the Company for the Financial Year ended March 31, 2019:
4. To declare Dividend of INR 2/- (@20%) per Equity Share of INR 10 each for the Financial Year ended March 31, 2019.

SPECIAL BUSINESSES:

5. **To ratify the remuneration of Cost Auditors of the Company for F.Y. 2019-20:**

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

“RESOLVED THAT pursuant to the provisions of Section 148, read with the Companies (Audit and Auditors) Rules, 2014, (including any statutory modification(s) or re-enactment thereof for the time being in force), consent of the members be and is hereby accorded for payment of remuneration of INR 2,50,000/- (Rupees Two Lakhs Fifty Thousand only) plus applicable tax and out of pocket expenses to M/s. V. H. Savaliya & Associates, Cost Accountants, Ahmedabad, who have been appointed by the Board at their meeting held on August 12, 2019, for audit of cost records of the Company for Financial Year 2019-20 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.”

6. **To approve re-appointment of Mr. Mukesh Desai as an Independent Director:**

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

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) and the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 17 and other applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Mukesh Desai (DIN: 00089598), who was appointed as an Independent Director at 16th (Sixteenth) Annual General Meeting of the company and is eligible for re-appointment and meets the criteria of Independence as provided in section 149(6) of the Act and Regulation 16(1)(b) of Listing Regulations and has submitted a declaration to that effect and in respect of whom the Company has received a notice in writing from a member under Section 160(1) of the Act proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a second term of 5 (Five) consecutive years with effect from September 27, 2019.

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.”

7. **To approve re-appointment of Mr. Keyoor Bakshi as an Independent Director:**

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

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) and the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 17 and other applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Keyoor Bakshi (DIN: 00133588),

Notice (Contd.)

who was appointed as an Independent Director at 16th (Sixteenth) Annual General Meeting of the company and is eligible for re-appointment and meets the criteria of Independence as provided in section 149(6) of the Act and Regulation 16(1)(b) of Listing Regulations and has submitted a declaration to that effect and in respect of whom the Company has received a notice in writing from a member under Section 160(1) of the Act proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a second term of 5 (Five) consecutive years with effect from September 27, 2019.

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 12, 2019

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 not 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. A proxy shall not have a right to speak at the AGM and shall not be entitled to vote except on a poll.
- Corporate members intending to send their authorised representatives to attend the meeting are requested to send a certified true copy of Board Resolution to the Company authorizing and vote on their behalf at the AGM.
- In case of Joint holders attending the meeting, only such joint holder who is higher in order of names will be entitled to vote.
- As per provisions of regulations 40 of Listing Regulations, transfer of listed securities shall not be processed unless the securities are held in dematerialized form. Members holding shares in physical form are requested to convert their holding(s) to dematerialized form to eliminate all risks associated with physical shares. Trading in equity shares of the Company is compulsorily in dematerialised mode by all the members. Members are therefore advised to convert their shareholding in dematerialised form in case they wish to trade their equity shares.
- The Company has notified closure of Register of members and Share transfer books from Friday, September 20, 2019 to Friday, September 27, 2019 (both days inclusive) for the purpose of Dividend.
- The Company has fixed Friday, September, 20, 2019 as the 'Record Date' for determining entitlement of Members to final dividend for the Financial Year ended March 31, 2019.
- Members are requested to:
 - Intimate changes, if any, in their address, details relating to nomination, e-mail address, telephone or mobile number, bank details such as name of bank and branch details, bank account number, MICR code, IFSC code etc. to their DPs in case the shares are held by them in electronic form and to the Company's Registrar and Share Transfer Agents i.e. Cameo Corporate Services Limited, Subramanian Building # 1, Club House Road, Chennai-600 002, in case shares are held in physical form.
 - SEBI has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their depository participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to Registrar and Share Transfer Agents i.e. Cameo Corporate Services Limited.
 - Quote Folio No. in all correspondence and in case the shares are held in dematerialized form, quote DP ID and Client ID number.
 - Register their e-mail address with their respective depository participant to receive the Annual Report and other communications from the Company in electronic form.
- Notice of the Meeting is being sent to all the Members, whose names appeared in the Register of Members as on August 30, 2019.
- 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

Notice (Contd.)

functional areas, disclosure of relationships between directors inter-se, names of companies in which they hold directorships and memberships of Committees of the Board, shareholding as stipulated under regulation 36(3) of the SEBI (Listing Obligation & Disclosure Requirements) Regulations, 2015, are annexed to the Notice.

12. 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.
13. 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.
14. 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/Proxies should also bring the Attendance Slip attached herewith, duly filled in all aspects for attending the meeting.
15. Copy of Annual Report has been available on the website of the Company i.e. www.kiriindustries.com.
16. 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 Authority established by the Central Government. No claim shall be entertained against the IEPF or the Company for the amounts so transferred.
17. Pursuant to Section 124 of the Companies Act, 2013, the Company has transferred unclaimed/unpaid Dividend for the financial year 2010-11 on December 05, 2018 to the 'Investor Education and Protection Fund' (IEPF), constituted by the Central Government.
18. Adhering to the various requirements set out in the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended from time to time, there were no shares which shall be transferred to IEPF Authority during Financial Year 2018-19.
19. The route map showing directions to reach the venue of the 21st Annual General Meeting is annexed with the report.
20. 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 businesses 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").

21. 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 20, 2019, shall be entitled to avail the facility of remote e-voting as well as voting at the AGM. A member may participate in the general meeting even after exercising his right to vote through remote e-voting but shall not be allowed to vote again in the meeting. Any recipient of the Notice, who has no voting rights as on the cut-off date, shall treat this Notice as an intimation only.
22. 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 for shareholders voting electronically are as under:

- (i) The voting period begins on September 24, 2019 at 9.00 A.M. and ends on September 26, 2019 at 5.00 P.M. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of September 20, 2019 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.
- (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 and voted on an earlier voting of any company, then your existing password is to be used.

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- (vii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on Postal Ballot / Attendance Slip indicated in the PAN field.
Dividend Bank Details OR Date of Birth (DOB)	<p>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.</p> <ul style="list-style-type: none"> 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).
(viii) After entering these details appropriately, click on "SUBMIT" tab.	(xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
(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.	(xvi) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
(x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.	(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.
(xi) Click on the EVSN for the relevant "Kiri Industries Limited" on which you choose to vote.	(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).
(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.	(xix) Note for Non-Individual Shareholders and Custodians <ul style="list-style-type: none"> Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to 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. 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 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.
(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.	

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(xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to 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
- c) The Results declared along-with the report of the Scrutinizer shall be placed on the website of the Company at 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.

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.

Brief Profile of Directors being re-appointed as required under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015:

A. Mr. Mukesh Desai (Independent Director)

Name	Mr. Mukesh Desai
Director Identification Number (DIN)	00089598
Date of Birth	February 26, 1956
Nationality	Indian
Date of Appointment	September 26, 2014
Qualifications	B.E. (Production) and Post Diploma in Management Study from Bombay University
Brief resume and nature of expertise in specific functional areas	Mr. Mukesh Desai is an Independent Director of the Company. He is B.E. (Production) and Post Diploma in Management Study from Bombay University. He has vast working experience in different types of manufacturing units in India and abroad. He has successfully implemented project of various industries like Engineering, Chemical, Automobile, Rubber and water project. At present he is associated with various non-government and semi government organisations.
Disclosure of relationship between Directors inter-se	Not Applicable
Names of Listed entities in which the person also holds the directorship and the membership of committees of the board	<p>A. Directorship in other Listed Companies:</p> <p>1. Innovative Tyres & Tubes Limited</p> <p>B. Membership of Committees:</p> <p>1. Innovative Tyres & Tubes Limited:</p> <ul style="list-style-type: none"> - Corporate Social Responsibility Committee, - Audit Committee - Stakeholder's Relationship Committee
No. of shares held	NIL

Notice (Contd.)

B. Mr. Keyoor Bakshi (Independent Director):

Name	Mr. Keyoor Bakshi
Director Identification Number (DIN)	00133588
Date of Birth	May 31, 1957
Nationality	Indian
Date of Appointment	September 26, 2014
Qualifications	B.Com, FCS, L.L.B
Brief resume and nature of expertise in specific functional areas	Mr. Keyoor Bakshi is a Company Secretary having over 40 years of experience in the areas of corporate laws, finance and management. He had rendered professional services to various companies as a Practicing Company Secretary since 1991. His areas of expertise include Corporate Governance, Corporate and Securities Compliance Management, Due Diligence, Mergers, Acquisitions and Takeovers, Public Offering of Securities and appearances before the Company Law Board, Securities Appellate Tribunal and SEBI. He is trained as a Trainer on Corporate Governance by the Global Corporate Governance Forum, a body of the International Finance Corporation of the World Bank. He also served as President of the Institute of Company Secretaries of India during the year 2008 and also as the President of International Federation of Company Secretaries (which has since merged with the Corporate Secretaries International Association) during the year 2009-10. At present, Mr. Bakshi is a Designated Partner of Ardent Ventures LLP which is engaged in identifying, promoting and investing in various business opportunities.
Disclosure of relationship between Directors inter-se	Not Applicable
Names of Listed entities in which the person also holds the directorship and the membership of committees of the board	<p>A. Directorship in other Listed Companies</p> <ol style="list-style-type: none"> 1. Infibeam Avenues Limited 2. Gokul Agro Resources Limited 3. TTL Enterprises Limited 4. Saanvi Advisors Limited 5. Innovative Tyres & Tubes Limited <p>B. Membership of committee</p> <p>1. Infibeam Avenues Limited</p> <ul style="list-style-type: none"> - Audit committee - Nomination and Remuneration Committee <p>2. Gokul Agro Resources Limited</p> <ul style="list-style-type: none"> - Audit committee, - Risk Management Committee - Nomination and Remuneration Committee <p>3. Saanvi Advisors Limited</p> <ul style="list-style-type: none"> - Audit committee - Nomination and Remuneration Committee <p>4. Innovative Tyres & Tubes Limited</p> <ul style="list-style-type: none"> - Audit committee. - Nomination and Remuneration Committee
No. of shares held	NIL

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Explanatory Statement

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

Item No. 5

The Board of Directors of the Company at their meeting held on August 12, 2019, has appointed M/s. V. H. Savaliya & Associates, Cost Accountants, as cost auditors at a remuneration of INR 2,50,000/- (Rupees Two Lakhs Fifty Thousand Only) plus applicable taxes and out of pocket expenses for audit of the cost records for the financial year 2019-20 upon recommendation of the said appointment by the Audit Committee at its meeting held on the even date.

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

None of the Directors / Key Managerial Personnel of the Company or their relatives are in any way, concerned or interested in the resolution set out at Item No. 5 of the Notice.

Item No. 6

The Board of Directors ("Board") at their meeting held on August 12, 2019 has re-appointed Mr. Mukesh Desai (DIN: 00089598) as an Independent Director of the Company, for a second term of 5 (Five) years, as recommended by the Nomination and Remuneration Committee ("NRC Committee"). Mr. Mukesh Desai was appointed as Independent Director at the sixteenth Annual General Meeting ("AGM") of the Company held on September 26, 2014 and holds office up to September 25, 2019. The Company has, in terms of Section 160(1) of the Act received a notice in writing from a Member, proposing his candidature for the office of Director.

The Board, based on the performance evaluation and recommendation of Nomination and Remuneration Committee, considers that given his background, experience and contribution, the continued association of Mr. Mukesh Desai would be beneficial to the Company and it is desirable to continue to avail his services as an Independent Director.

The Company has received a declaration from him to the effect that he meets the criteria of independence as provided in Section 149(6) of the Act and Rules framed thereunder and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). In terms of Regulation 25(8) of Listing Regulations, he has confirmed that he is not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact his ability to discharge his duties.

Mr. Mukesh Desai is B.E. (Production) and Post Diploma in Management Study from Bombay University. He has vast working experience in different types of manufacturing units in India and abroad. He has successfully implemented project of various industries like Engineering, Chemical, Automobile, Rubber and water project. At present, he is associated with various non-government and semi government organisations. He has been the President of Gujarat Rubber Manufacturers Association. He is the Secretary of Halol Industries Association, a powerful industrial body comprising of more than 1000 SMEs and several MNCs.

The Board recommends the Resolution at Item No. 6 of this Notice for your approval as a Special resolution.

Except Mr. Mukesh Desai, none of the Directors and Key Managerial Personnel of the Company and their respective relatives are, in any way, concerned or interested, in the Resolution set out at Item No. 6 of the Notice.

Item No. 7

The Board of Directors ("Board"), at their meeting held on August 12, 2019 has re-appointed Mr. Keyoor Bakshi (DIN: 00133588) as Independent Director, for a second term of 5 (Five) years, as recommended by the Nomination and Remuneration Committee ("NRC Committee"). Mr. Keyoor Bakshi was appointed as an Independent Director at the sixteenth Annual General Meeting ("AGM") of the Company held on September 26, 2014 and holds office up to September 25, 2019. The Company has, in terms of Section 160(1) of the Act received a notice in writing from a Member, proposing his candidature for the office of Director.

The Board, based on the performance evaluation and recommendation of Nomination and Remuneration Committee, considers that given his background, experience and contribution, the continued association of Mr. Keyoor Bakshi would be beneficial to the Company and it is desirable to continue to avail his services as an Independent Director.

The Company has received a declaration from him to the effect that he meets the criteria of independence as provided in Section 149(6) of the Act and Rules framed thereunder and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). In terms of Regulation 25(8) of Listing Regulations, he has confirmed that he is not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact his ability to discharge his duties.

Mr. Keyoor Bakshi is a Company Secretary having over 40 years of experience in the areas of corporate laws, finance and management. He had rendered professional services to various companies as a Practicing Company Secretary since 1991. His areas of expertise include Corporate Governance,

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Corporate and Securities Compliance Management, Due Diligence, Mergers, Acquisitions and Takeovers, Public Offering of Securities and appearances before the Company Law Board, Securities Appellate Tribunal and SEBI. He is trained as a Trainer on Corporate Governance by the Global Corporate Governance Forum, a body of the International Finance Corporation of the World Bank. He also served as President of the Institute of Company Secretaries of India during the year 2008 and also as the President of International Federation of Company Secretaries (which has since merged with the Corporate Secretaries International Association) during the year 2009-10. At present, Mr. Bakshi is a Designated Partner of Ardent Ventures LLP which is engaged in identifying, promoting and investing in various business opportunities.

The Board recommends the Resolution at Item No. 7 of this Notice for your approval as a Special resolution.

Except Mr. Keyoor Bakshi, none of the Directors and Key Managerial Personnel of the Company and their respective relatives are, in any way, concerned or interested, in the Resolution set out at Item No. 7 of the Notice.

By order of the Board,
For Kiri Industries Limited

Place: Ahmedabad
Date: August 12, 2019

Suresh Gondalia
Company Secretary

Director's Report



To,
The Members
Kiri Industries Limited

Your Board of Directors are pleased to present the **21st Annual Report** together with Audited Financial Statements of the Company for the Financial Year ended on March 31, 2019.

Standalone Performance:

The highlights of Company's financial performance, for the year ended March 31, 2019 are as under:

(INR in Crore)

Particulars	2018-19	2017-18
Total Revenue	1064.69	904.59
Earning Before Finance Cost, Depreciation and Tax (EBITDA)	159.23	133.41
Less: Finance Cost	4.39	1.65
Depreciation	28.50	25.05
Earning before taxation	126.34	106.71
Less: Current Tax	28.00	22.77
Deferred Tax	(21.70)	(18.60)
Other Comprehensive Income	(0.21)	0.07
Earnings After Tax	119.83	102.60

Highlights of Standalone Operations

- **Total Revenue:**
During the year under review, the total revenue of the Company is increased by 18%. The Company has reported a total revenue of INR 1,064.69 Crore for the FY 2018-19 as compared to INR 904.59 Crore in FY 2017-18 with support of export increase by 28% as compared to the previous financial year. The revenue of the Company is increased due to volume growth of dyes by 19%, dyes intermediates by 10% and basic chemicals by 10% coupled with better average realization by around 12%.
- **Earnings before Interest, Depreciation and Tax (EBITDA):**
During the year under review, Earning(s) before Interest, Depreciation and Tax has increased by 19% from INR 133.41 Crore to INR 159.23 Crore. The increase in EBITDA is mainly on account of increase in turnover and marginal decrease in fixed overhead as compared to previous year.

Director's Report (Contd.)

- **Finance Cost and Depreciation:**

During the year, finance cost increased from INR 1.65 Crore to INR 4.39 Crore which due to increase in bank charges of letter of credit. Similarly depreciation has been increased from INR 25.05 Crore to INR 28.50 Crore mainly on account of commencement of Thionyl Chloride project, Zero liquid discharge project and disperse dyes project during the current financial year.

- **Earnings After Tax:**

During the financial year 2018-19, Earning after Tax (EAT) has increased by around 17% from INR 102.60 Crore to INR 119.83 Crore. The rise of EAT is backed with increase in revenue and decrease in overheads during the current financial year.

Highlights of Consolidated Performance

The highlights of Company's consolidated financial performance, for the year ended March 31, 2019 are as under:

(INR in Crore)

Particulars	FY 2018-19	FY 2017-18
Total Revenue	1,396.50	1,136.76
Earnings before Interest, Depreciation and Tax (EBITDA)	233.70	182.52
Less: Finance cost	5.08	3.48
Depreciation	37.56	34.07
Earnings Before Tax	191.06	144.97
Taxes	33.43	18.30
Other Comprehensive Income	(0.21)	0.07
Earnings After Tax (Before Share of Profit of Associates)	157.42	126.75
Share of Profit of Associates	6.49	231.35
Earnings After Tax	163.91	358.09

Highlights of Consolidated Operations

- **Total Revenue:**

During the year under review total revenue has increased by 23% from INR 1136.76 Crore to INR 1396.50 Crore. Increase in revenue is due to the combination of volume growth, better price realization and positive contribution in term of revenue increase by the Joint Venture Company i.e. Lonsen Kiri Chemical Industries Limited.

- **Earnings before Interest, Depreciation and Tax (EBITDA):**

Earnings before interest depreciation and tax (EBITDA) has been increased by 28% in FY2018-19 as compared to previous year. During the year EBITDA was increase to INR 233.70 Crore as compared to INR 182.52 Crore that of previous Financial Year. Increase in EBITDA is due to increase in volume and better price realization as compared to previous year.

- **Earnings After Tax:**

During the year, Earnings After Tax (before share of profit of associates) has been increased from INR 126.75 Crore to INR 157.42 Crore, which is increased by 24% as compared to previous Financial Year. Share of profit of associates sharply decreased from INR 231.35 Crore to INR 6.49 Crore on account of disputed provision in books of DyStar. After adding back of the disputed exceptional write-downs /

exceptional provisions, the Earnings After Tax, would amount to INR 444.25 Crore. Earning after tax including shares of profit of associates and disputed provisions by DyStar amounting to INR 163.91 Crore as compared to INR 358.09 Crore of previous financial year.

Dividend

- **Dividend on Cumulative Redeemable Preference Shares:**

Your Directors have recommended dividend of INR 0.015/- (@ 0.15%) per share on 43,33,500 Cumulative Redeemable Preference Shares (Preference Shares) of INR 10.00 each for the year ended March 31, 2019. The aggregate amount of the dividend is INR 78,368/-, including dividend distribution tax amounting to INR 13,365/-.

- **Dividend on Equity Shares:**

Your directors are pleased to recommend a dividend of INR 2.00/- (@ 20%) per share of INR 10/- each for the year ended March 31, 2019. The final dividend on equity shares, if approved by the members of the Company at the ensuing 21st Annual General Meeting scheduled to be held on September 27, 2019, would involve a total cash outflow of INR 755.77 lakhs, including Dividend Distribution tax (DDT) of INR 128.89 lakhs will be paid out of the profits of the Company. The dividend payout is as per the Company's Dividend Distribution Policy, which is available on the website of the Company i.e. www.kiriindustries.com.

- **Transfer of Unclaimed Dividend to Investor Education and Protection Fund:**

During the year 2018-19, unclaimed dividend of the Financial Year 2010-11 amounting to INR 34,597/- 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.

Further, there was no other amount under any other heads as prescribed under Section 125 (2) of the Companies Act, 2013, which shall required to be transferred to Investor Education and Protection Fund (IEPF) during the year. Further, there were no shares which were required to be transferred to the Investor Education and Protection Fund (IEPF) during the year under review.

Subsidiaries and Consolidated Financial Statements

The Company has 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 has 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 forms part of this Annual Report. A statement containing salient features of the financial statements of the subsidiary companies/Joint Ventures/Associates in Form AOC-1 is provided as **Annexure A**, which forms part of the Directors Report of the Company. During the year under review, there were no Companies which have become or ceased to become subsidiary, associate or joint venture of your 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.

Your Company has also implemented Policy for determining Material Subsidiary as per the requirements under regulation 16 of the Listing Regulations. The said policy is available on the website of the Company i.e. www.kiriindustries.com.

Directors and Key managerial Personnel

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

Mr. Mukesh Desai (DIN: 00089598) and Mr. Keyoor Bakshi (DIN: 00133588) were appointed as Independent Directors

of the Company at the 16th Annual General Meeting of the Company held on September 26, 2014 and they hold office as Independent Directors upto September 25, 2019.

It is proposed to reappoint Mr. Mukesh Desai and Mr. Keyoor Bakshi as Independent Directors of the Company for another term of 5 (Five) years at the ensuing Annual General Meeting. They have offered themselves for re-appointment for a second term of five years.

Pursuant to the provisions of Section 149 of the Act, the Independent Directors have submitted declarations that each of them meet the criteria of independence as provided in Section 149(6) of the Act read with Rules framed thereunder and Regulation 16(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). There has been no change in the circumstances affecting their status as independent directors of the Company.

Further, Mr. Manish Kiri, Managing Director (DIN-00198284) of the Company retires by rotation at the ensuing AGM and being eligible, offers himself for re-appointment.

Auditors

- **Statutory Auditors:**

M/s. Pramodkumar Dad & Associates, Chartered Accountants, Ahmedabad were appointed as Statutory Auditors of the Company at the 19th Annual General Meeting of the Company for a term of 5 (Five) consecutive years and they shall hold the office upto 24th 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:**

Based on recommendation of the Audit Committee of the Company, Board of Directors at their meeting held on August 10, 2018 has appointed M/s. V. H. Savaliya & Associates, Cost Accountants, Ahmedabad, as cost Auditor of the Company for the financial year 2018-19.

Your Company has maintained the cost records as prescribed under Section 148 of the Companies Act, 2013 and rules made thereunder.

The Cost Audit Report for the financial year 2018-19, issued by M/s. V. H. Savaliya & Associates, Cost

Accountants, Ahmedabad does not contain any qualification, reservation, adverse remark or disclaimer.

- **Secretarial Auditors:**

The Board of Directors of the Company, at their meeting held on August 10, 2018 has appointed M/s Kashyap R. Mehta & Associates, Practicing Company Secretaries, Ahmedabad to conduct Secretarial Audit of the Company for the Financial Year 2018-19. The secretarial audit report in the prescribed form MR-3 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. 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.

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

Declaration by Independent Directors and statement on compliance of Code of Conduct

During the year under review, all 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 Listing Regulations and have also complied the Code for Independent Directors as prescribed in Schedule IV of the Companies Act, 2013. In opinion of the Board, they fulfill the conditions of independence as specified in the Companies Act, 2013 and Rules made thereunder.

In terms of provisions of Listing Regulations, the Board of Directors of the Company have laid down a Code of Conduct (“Code”) 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 declaration to the Company that all the Board Members and Senior Management Personnel of the Company have affirmed compliance with the Code. Code of Conduct for Directors and senior management personnel is available on the website of the Company at www.kiriindustries.com

Meetings of the Board, Committees & Compliance to Secretarial Standards:

During the year under review, 5 (Five) Meetings of Board of Directors were held as per details given below:

Sr. No.	Date of Board Meeting
1.	April 02, 2018
2.	May 29, 2018
3.	August 10, 2018
4.	November 12, 2018
5.	February 13, 2019

Pursuant to the requirements of Schedule IV to the Companies Act, 2013 and regulation 25(2) of the Listing Regulations, a separate Meeting of the Independent Directors of the Company was held on March 30, 2019.

Details Compositions and meeting of various committees during the year are given in Corporate Governance Report.

During the year under the review, the Company has complied with the provisions of Secretarial Standard 1 (relating to meeting of the Board of Directors) and Secretarial Standard 2 (relating to General meetings).

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 2019-20 within the stipulated 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 April 02, 2018 allotted 11,00,000 Equity Shares to M/s. Equinaire Chemtech LLP, Promoter group upon conversion of warrants issued on preferential basis. Therefore, issued, subscribed and paid up Equity Share Capital of the Company is increased from INR 30.24 Crore to INR 31.34 Crore.

- **Employee Stock Option Scheme**

In order to motivate, incentivise 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.

During the year, eligible employees have exercised their 200000 options granted and vested to them and ESOP trust has transferred equal number of equity shares to respective employees. As on March 31, 2019, there are 425000 options outstanding. 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.

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 has 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 includes the evaluation of the Chairman and Non- Independent Directors of the Company.

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 C".

Policy on Directors' Appointment and Remuneration

The Company's policy on directors' appointment and remuneration and other matters provided in Section 178(3) of the Act has been disclosed in the Corporate Governance Report, which is a part of this report and is also available on Company's website i.e. www.kiriindustries.com.

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.

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:

- a) in the preparation of the annual accounts for the year ended March 31, 2019, the applicable accounting standards read with requirements set out under Schedule III to the Act, have been followed and there are no material departures from the same;
- 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, 2019 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.

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, the work performed by the internal, statutory and secretarial auditors and external consultants, including the audit of internal financial controls over financial reporting by the statutory auditors and the reviews performed by management and the relevant board committees, including the audit committee, the Board is of the opinion that the Company's internal financial controls were adequate and effective during FY 2018 - 19.

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 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.

The details in respect of internal financial control and their adequacy are also included in the Management Discussion and Analysis, which is a part of this report.

Deposits from public

During the year under review, the Company has not accepted any deposits from public within the meaning of provisions of Section 73 to 76 or any other provisions of the Companies Act, 2013, the Companies (Acceptance of Deposits by Companies) Rules, 2014 or any other applicable rules (subject to modification or re-enactment thereof from time to time).

Details of Loans, Investments and 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, 2019.

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 Listing Regulations. 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. Since all Related Party Transactions entered into by the Company were in ordinary course of business and were on arms' length basis, Form AOC-2 is not applicable to the Company. 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 of audit committee and board are 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.

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 D".

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.

Vigil Mechanism process (Whistle Blower Policy)

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 and also explained in the Corporate Governance 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 any Regulatory/ Statutory Authorities or the Courts which would impact the going concern status of the Company and its future operations. During the year the Company has paid settlement amount of INR 2,88,682 to SEBI towards settlement of delay in disclosure by the Company with respect to acquisition of shares by promoter group through preferential allotment. Upon payment of settlement amount, adjudication officer has passed order on October 12, 2018.

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.

Extract of annual return

In accordance with Section 134(3)(a) and Section 92(3) of the Companies Act, 2013, an extract of the annual return is available on the website of the Company i.e. www.kiriindustries.com.

Composition of Committees

Currently, there are 5 (Five) Committees namely Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee, Stakeholders Relationship Committee and Risk Management Committee. A detailed note on the composition of the board and other Committees are provided in the Corporate Governance Report, which is forming part of this report.

Audit Committee

As required under section 177 (8) of the Companies Act, 2013 and regulations 18 of Listing Regulations, 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 under review, all the recommendations made by the Audit Committee were accepted by the Board.

Corporate Social Responsibility Committee

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.

The brief outline of the Corporate Social Responsibility (CSR) policy of the Company and the initiatives undertaken by the Company on CSR activities during the year under review are set out in "Annexure E" of this report in the format prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014. For further details regarding the CSR Committee, please refer to the Corporate Governance Report, which forms part of this report. The CSR policy is available on the website of the Company i.e. www.kiriindustries.com.

Nomination and Remuneration Policy of Directors, Key Managerial Personnel and Other Employees

As prescribed under section 178 of the Companies Act, 2013 ("the Act") and regulation 19 of Listing Regulations, your Company has adopted Nomination and Remuneration policy of Directors 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. The relevant information as per Regulation 19 of the Listing Regulations is available in the Corporate Governance report.

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 organisation. The Company provides various opportunities to the employees to develop their skills to take up higher responsibilities in the organisation.

Corporate Governance & Management Discussion and Analysis Report

As prescribed under Regulation 34 (3) read with Schedule V of the Listing Regulations, a separate section on corporate governance practices implemented by the Company, along with the Compliance Certificate from the Secretarial Auditors regarding compliance of conditions of corporate governance as stipulated in Listing Regulations is attached to this Annual report.

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

Disclosure

As per Regulation 43A of the Listing Regulations, the Dividend Distribution Policy is disclosed in the Corporate Governance Report and is available on the Company's website i.e. www.kiriindustries.com.

The details in respect of compliances with provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules made thereunder are included in Corporate Governance Report and is available on the Company's website i.e. www.kiriindustries.com.

The Company has adopted a Code of Conduct to regulate, monitor and report trading by insiders, inter alia, which 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.

During the Year under review company has complied with Secretarial Standards as applicable to the company.

Material Changes

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

Date: August 12, 2019

Place: Ahmedabad

Updates on court case in Singapore

The Court of Appeal (Supreme Court), Singapore, pronounced judgment on 29th May 2019 upholding the earlier SICC decision and dismissed the appeal with cost filed by Senda. Hence, Kiri's minority oppression suit and original judgment of SICC dated 3rd July 2018 has been upheld and maintained by the court of Appeal in the Supreme Court of Singapore in their judgment.

Senda International Capital Limited ("Senda") a Longsheng Group Company, being majority shareholder of DyStar Global Holdings Singapore Pte Ltd ("DyStar") had filed an appeal with Court of Appeal against the Singapore International Commercial Court ("SICC") judgment dated 3rd July, 2018 issued in favour of Kiri Industries Limited ("Kiri"). The SICC had found Senda committed numerous acts of minority oppression against the Company and had ordered a buy-out of Kiri's 37.57% stake in DyStar.

Senda had also appealed against the dismissal of part of the counterclaims against Kiri and alleged breaches of non-compete and non-solicitation clauses in a Share Subscription and Shareholders Agreement ("SSSA"). DyStar had also appealed against the dismissal of a part of the claim for breaches of non-compete and non-solicitation clauses of SSSA.

Senda and DyStar have confined their appeals in relation to counterclaim and claims on Kiri's and Manish Kiri's liability in respect of Kiri's offer and/or sale of products to DyStar customers in Sri Lanka and Japan.

As per the directions of SICC, Kiri and Senda shall submit their respective valuations of DyStar. The parties shall thereafter file their responses on such valuations. The SICC is expected to hear the matter of valuation and assessment of damages during 14th to 17th October, 2019.

Acknowledgement:

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

For and on behalf of Board of Directors

Pravin Kiri
Chairman

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

(INR 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/(Loss) before taxation	Provision for taxation	Profit (Loss) after taxation	Proposed Dividend	% of Shareholding
1	Chemhub Trading DMCC	31 st March 2019	1USD = INR 69.3798	37.69	(798.97)	4646.78	4646.78	Nil	13997.09	(292.40)	Nil	(292.40)	Nil	100

The following information shall be furnished at the end of the statement:

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 Ventures

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

(INR In Lakhs)

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)
Latest audited Balance Sheet Date	31 st March, 2019	31 st December, 2018	31 st March, 2019
Shares of Associate/Joint Ventures held by the company on the year end			
- No. of Equity shares	26,25,000	26,23,354	3,00,00,000
Amount of Investment in Associates/Joint Venture	1443.75	9550.23	3000.00
Extend of Holding %	47.61%	37.57%	40.00%
Description of how there is significant influence	Due to Percentage of stake of the Company		
Reason why the associate/joint venture is not consolidated	N.A.		
Net worth attributable to Shareholding as per latest audited Balance Sheet	1261.58	130621.49	13043.38
Profit / (Loss) for the year (for the F Y 2018-19)			
i. Considered in Consolidation	(2.11)	651.24	4050.62
ii. Not Considered in Consolidation	(2.32)	1082.16	6075.94
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 Board of Directors

Date: August 12, 2019
Place: Ahmedabad

Pravin Kiri
Chairman

FORM NO. MR-3

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2019

[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 7th 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 **31st March, 2019** 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 31st March, 2019 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. (The Company has notified the exchanges the particulars of trading within the stipulated time of all disclosures that have been received by the Company under the Regulations).
 - (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,

Director's Report (Contd.)

Labour Law Consultants, Engineers, Occupier of the Factories, Registered Valuers, Chartered Engineers, Factory Manager, Chief Technology Officer of the Company, Local Authorities, Effluent Treatment Adviser etc. and have found that the Company is generally regular in complying with the provisions of various applicable Acts.

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. 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.

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.

Place: Ahmedabad
Date: August 12, 2019

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.

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:

1. Duly passed Board Resolution for allotment of 11,00,000 Equity Shares to Promoter Group upon conversion of equal number of Equity Warrants allotted on preferential basis after compliance of necessary laws and guidelines.
2. Duly passed Special Resolution under Section 196, 197 and 203 read with Schedule V and other applicable provisions of the Companies Act, 2013 and Rules made thereunder at the Annual General Meeting held on 27th September, 2018 for reappointment of Mr. Pravin Kiri as Chairman and Whole Time Director of the Company.
3. Appeared before the Internal Committee of Securities and Exchange Board of India ("SEBI") on 25th May, 2018 for amicable settlement of issue with respect to the show cause notice received from SEBI dated August 04, 2017 and agreed for settlement amount of INR 2,88,682. The Company paid consolidated settlement amount of INR 2,88,682/- on 28th September, 2018. The matter has been settled vide Settlement Order PM/RR/08/2018-19 dated 12th October, 2018.

For Kashyap R. Mehta & Associates,
Company Secretaries,
FRN: S2011GJ166500

Kashyap R. Mehta

Proprietor
FCS-1821 : COP-2052 : PR-583/2019

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,
FRN: S2011GJ166500

Place: Ahmedabad
Date: August 12, 2019

Kashyap R. Mehta
Proprietor
FCS-1821 : COP-2052 : PR-583/2019

Director's Report (Contd.)

ANNEXURE C

Disclosure in Board's report pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5 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)	60.17 : 1
2.	Mr. Manish Kiri, Managing Director	60.17 : 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 (Whole Time Director)	25.00%
2.	Mr. Manish Kiri, Managing Director	25.00%
3.	Mr. Jayesh Vyas, Chief Financial Officer	24.25%
4.	Mr. Suresh Gondalia, Company Secretary	8.00%

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

Median 10.80%

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

As on March 31, 2019 total 908 permanent employees on the rolls of Company.

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

The Average percentile increase in the salaries of employees other than the managerial personnel in the F.Y. 2018-19 is 7.80%. The average percentile increase in remuneration of managerial personnel during the F.Y. 2018-19 is 25%. The said increase in the Managerial remuneration is due to revision of remuneration of Mr. Manish Kiri, Managing Director and Mr. Pravin Kiri, Chairman of the Company, which was approved by the members of the Company at the 20th Annual General Meeting of the Company held on September 27, 2018.

- (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 have drawn remuneration of more than the amount prescribed under the Companies Rule 5 (2) Appointment and Remuneration of Managerial Personnel Rules, 2014. 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.

For and on behalf of the Board of Directors

Place: Ahmedabad
Date: August 12, 2019

Pravin Kiri
Chairman

Director's Report (Contd.)

ANNEXURE D

Foreign Exchange Earnings & outgo:

(INR in Crore)

Particulars	2018-19	2017-18
Total Foreign Exchange outgo	125.34	60.53
Total Foreign Exchange earnings	209.06	206.32

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 products.
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	INR 0.90 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.

For and on behalf of the Board of Directors

Place: Ahmedabad
Date: August 12, 2019

Pravin Kiri
Chairman

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

Sr. No.	Particulars	
1.	Period for which CSR is being reported	From 01/04/2018 to 31/03/2019
2.	(a) Whether information includes information about subsidiary company(s):	No
	(b) If yes, then indicate number of such subsidiary company(s)	Not Applicable
3.	(a) Whether information includes information about any other entity(s) (e.g. supplies, value chain etc.)	No
	(b) If yes, then indicate number of such entity(s)	Not Applicable
4.	Does the company have a written CSR policy 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. www.kiriindustries.com
6.	The Composition of the CSR Committee	1. Mrs. Veena Padia – Chairman 2. Mr. Pravin Kiri – Member 3. Mr. Manish Kiri – Member 4. Mr. Mukesh Desai – Member
7.	Average net profit of the company for last three financial years:	The Average net profit of the Company for the last three financial years as per Section 198 of the Companies Act, 2013 is INR 6,796.39 Lakhs.
8.	Prescribed CSR Expenditure (2% of amount as in item 7 above)	INR 135.93 Lakhs
9.	Details of CSR spent during the financial year	INR 137.77 Lakhs
10.	Total amount to be spent for the financial year	NIL
11.	Amount unspent, if any	NIL

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

(INR 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 the reporting period.	Amount spent: Direct or agency
1.	Animal Welfare	Cattle feed	Gujarat	NIL	1.62	1.94	Direct
2.	Promoting Education	Education	Gujarat	NIL	6.00	50.30	Direct
3.	Promoting Health Care	Promoting Health Care & Medical Aid	Gujarat	NIL	5.22	78.90	Direct
4.	Rural development	Maintaining Quality of Soil and Water	Gujarat	NIL	13.19	21.69	Direct
5.	Women Empowerment	Women Empowerment	Gujarat	NIL	2.74	10.56	Direct

Director's Report (Contd.)

(INR 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 the reporting period.	Amount spent: Direct or agency
6.	Eradicating hunger, poverty and malnutrition	Eradicating extreme hunger	Gujarat, Rajasthan	NIL	100.65	102.63	Direct
7.	Cultural Activities	Protection of culture	Gujarat	NIL	7.82	7.82	Direct
8.	Environmental sustainability	Protection of environment and education thereof	Gujarat	NIL	0.53	0.53	Direct
9.	Facilities for Senior Citizen	Old age Home	Gujarat	NIL	-	0.85	Direct
2	Overheads:			NIL			
	Total				137.77	275.22	

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

Veena Padia

Chairman
CSR Committee

Manish Kiri

Managing Director

Place: Ahmedabad
Date: August 12, 2019

Management Discussion and Analysis Report



Global Economy

The global economy is expected to grow by approximately 2.6% in 2019. As per the World Bank, growth among emerging and developing economy is forecasted to fall to a 4 year low of 4% in 2019. The growth is constrained by sluggish investment and risks including rising trade barriers, renewed financial stress and sharper than expected slowdowns in several major economies. Current economic momentum remains weak, while heightened debt levels and subdued investment growth in developing economies are holding countries back from achieving their potential. With growth in advanced economies projected to gradually decline to about 1.7% once economic slack is eliminated, the further pickup in global activity will entirely be driven by emerging markets and developing economies.

The ongoing US-China trade war is snowballing fears about damage to global economic growth. The repercussions can be more volatile in both commodity prices and currencies. However, India is amongst few economies that stand to benefit from the trade tensions as it can tap export opportunities for sectors like garments, agriculture, distillery, automobile and machinery sector.

Indian Economy

The Indian GDP ended at 6.8% for the Financial Year 2018-2019. The decline in GDP growth is on account of multiple factors like, fallout of NBFCs, low credit growth, tight liquidity conditions, dismal growth in wages and flat exports owing to a global slowdown. Indian Manufacturing continued its downtrend growing at 3.1%. However, GDP growth rate is expected to bottom out in the coming quarters. RBI has cut key policy rates for the third time in a row this calendar year, for improving liquidity scenario. With Government continuing to roll out policies focusing on rural development, there could be

some relief to the ongoing distress and signs of recovery should be visible in the second half of the financial year.

Industry Structure and Development:

The Chemicals are a vital and integral part of human life. The chemical industry is a very important constituent of the growing Indian economy and it is the mainstay of industrial and agricultural development of the country, providing several building blocks and raw materials for several industries, such as textile, paper, paint, soap and detergent, pharmaceutical, agrochemical etc. Natural Gas, Benzene, Toluene, Xylene, Naphthalene (BTXN), Ethylene, Propylene, Phosphorus, Common Salt, Sulphur, etc. are the main raw materials for the manufacture of the chemicals. The category of chemicals includes Fine and Specialty Chemicals, Agro Chemicals & Fertilizers, Basic Chemicals, Dyes and Pigments, Chemicals from Herbal and other natural resources, Paints and Coatings, Soaps and Detergents, Clean Technology tie-up, Consultancy for Waste management, Feedstock linkages, Processing, Marketing management, Safety and Environment Protection, Industrial R&D, etc.

Development in Indian Chemical Industries

India is the 3rd largest producer of chemicals in Asia by volume i.e India's Chemical Industry is one of the fastest growing in the world, currently ranked the third largest in Asia and sixth largest globally with respect to output after the US, China, Germany, Japan and Korea. The chemical industry in India is highly diversified, covering more than 80,000 commercial products. It is broadly classified into Basic chemicals, Specialty chemicals and Agrochemicals. Indian chemicals industry excluding pharmaceutical products ranks 14th in exports globally. Indian chemical industry is critical and one of the driving engines of the manufacturing sector. Indian Chemicals

Management Discussion and Analysis Report (Contd.)

& Petrochemicals Industry is growing rapidly due to the positive reforms undertaken by the Government of India in recent years which has attracted foreign companies to invest in India. The speciality chemicals market has witnessed a growth of 14% in the last five years; the market size is expected to reach USD 70 Bn by 2020.

As per data from CHEMEXCIL, the total Exports from India increased 11.02% from a year earlier to USD 32.55 Bn in March 2019, boosted by sales of organic and inorganic chemicals (16.98%).

The Indian Chemical Industry is the backbone of other industries such as agriculture, infrastructure, textiles, food processing plastic, paper etc. It also plays a major role in the growth of Indian GDP as well as to the export of India. The chemical sector has witnessed a growth of 13-14% in the last 5 years. The Government of India has allowed 100% Foreign Direct Investment in the chemical sector and recognizes chemical industry as a key growth element of the 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 increased the capital cost and operating cost for the companies in China. The decision of China's government relating to shifting of production to the chemical park will lead to the shutdown of various smaller firms. The various steps of China's government will result in a decline in capacity utilization for the industry in China and reduction in supplies from China which in turn has improved the competitiveness of Indian chemical companies and would increase certain supplies which in turn shall impact the prices in the international chemical market. Hence, import will gradually reduce and will raise the share of exports of India.

Further with growing markets and purchasing power, the domestic industry is likely to grow 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 chemical companies. The chemicals industry in India is the largest consumer of its products, consuming 33% of its output. With promising growth trends in the chemicals industry, this internal consumption is also set to rise.

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 the chemical industry in India.

Company Overview and Sustainable Profitable Growth Strategy

KIL is the largest manufacturer and exporter of Dyes, Dyes Intermediates and Basic Chemicals with support of backward integration to manufacture from basic chemicals to dyes and Speciality Chemicals. 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 time, quantity and quality requirement of its customers. Under the large scale facilities and fully integrated operations from the manufacturing of basic chemicals, manufacturing of dyes 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.

KIL's R&D activities broadly comprises of various processes for developing new products and standardizing new analytical methods. Its R&D centre 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 centre, the Company continuously interacts with consumers to obtain feedback on its existing as well as new products to complement its new product development activities.

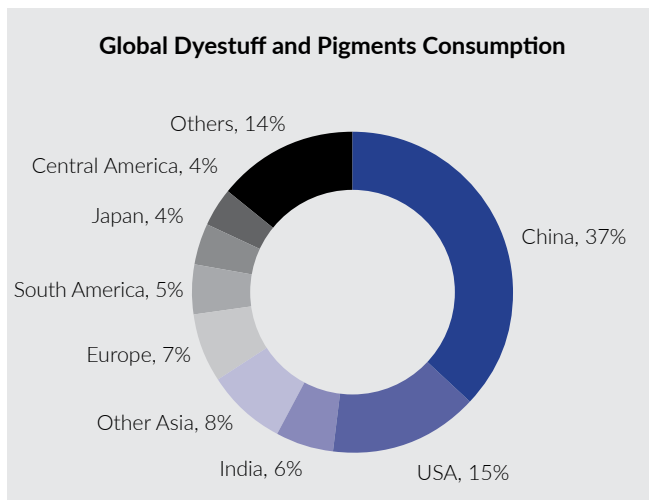
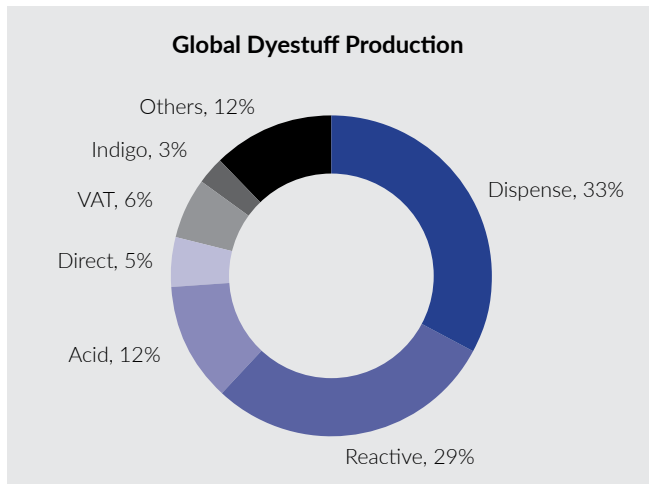
Outlook and Opportunities

Industry Outlook:

The Indian chemicals industry is projected to reach USD 304 Bn by 2025 with an annual growth rate of 15-20% and to achieve this Indian government is working on a draft chemical policy that will focus on meeting the rising demand for chemicals and reduce imports. The demand for chemical products is expected to grow at approximately 9% p.a. over the next 5 years. The industry is also targeting chemical exports of USD 18 Bn by 2020 from USD 12 Bn. Currently, the Indian chemical industry employs more than 2 Mn people.

The specialty chemical industry will grow at double-digit Compounded Annual Growth Rate for multiple years. Domestic demand for speciality chemicals grew at 8-10% between fiscals 2017 and 2019 and utilisation rates of new capacities coming up will remain high over the medium term because of improving environmental compliance and cost competitiveness. As a result, the share of Indian speciality chemicals in the global supply chain is seen rising 100 basis points to 5.2% in fiscal 2022, from 4.2% last financial year.

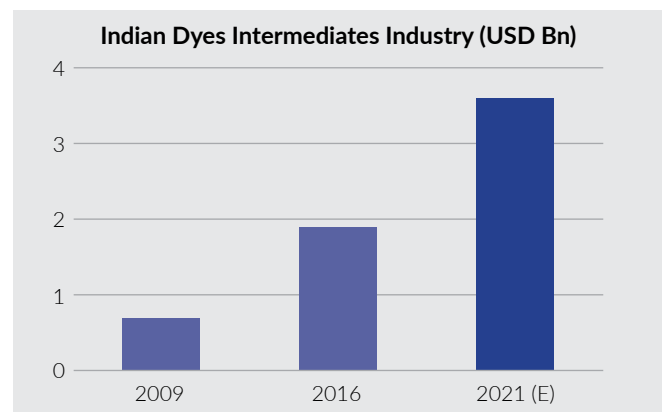
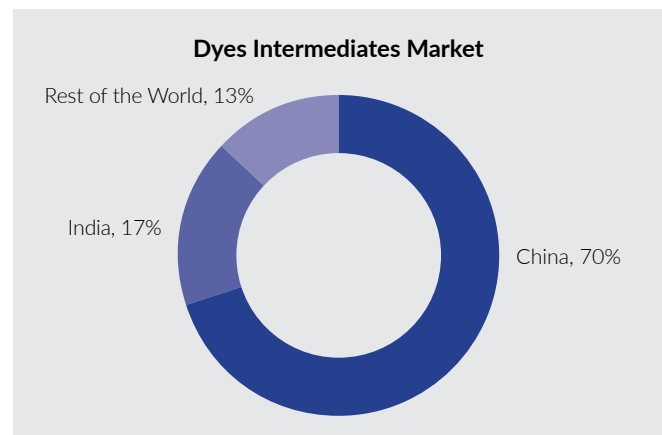
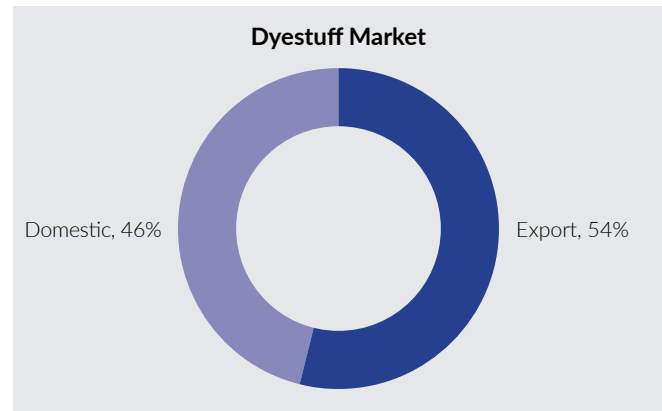
Management Discussion and Analysis Report (Contd.)



Source: Industry Government Reports

Global colours market is estimated to reach USD 38.4 Bn by the end of 2021, a growth of 5% CAGR during 2016-21, on the back of strong growth in high-value products. From the market size of USD 4.1 Bn which was expected in 2016, the Indian colours' industry is expected to grow to USD 8.4 Bn by the end of 2021 (CAGR of 14.9%) on the back of strong growth in key end-user industries, tightening of environment norms and increasing operating cost in China, rising demand for finished products from India, shift from generic/commodity to high value specialty/eco-friendly colors and a switch from small and unorganized players to large integrated players. The size of the world Dyestuff industry is estimated at USD 6.1 Bn and is increasing at around 3.5%. On the manufacturing front China has the largest capacity for dyes and is the largest manufacturer of dyes followed by India. According to the Research, the Indian dyestuff segment accounts for ~25% (USD 1.03 Bn) of the total colourant industry in India. This segment is expected to grow at

higher double digit over the next few years to reach ~USD 2.45 Bn by 2021. The global dyes intermediates market is observing technological advancements. Industry players are constantly striving to develop new and better ways to manufacture dyes intermediates. Development of new manufacturing processes of dyes intermediates and applications is estimated to boost the market.



Source: Industry Government Reports

Management Discussion and Analysis Report (Contd.)

However, volatility in prices of raw material is projected to inhibit the market. The beta naphthol segment of the dyes intermediates market is anticipated to expand at a significant pace owing to increasing demand from emerging economies such as India and China. In recent times, China, to a large extent, has found to become relatively lenient with environmental compliances which have enabled some of the dyes and chemical companies in China to restart their manufacturing operations.

Domestic demand has strengthened as the benefit of structural reforms such as Goods and Services Tax (GST) and bank recapitalization, reformation in sector policy such as Petroleum, Chemicals and Petrochemical Investment Regions (PCPIRS), National Policy on Petrochemicals, Chemicals Promotion Development Scheme and so on, financial supports and 100% FDI is allowed under the automatic route in the Chemical industry, except in the case of hazardous chemicals, Export promotional council Established for MSME. The growth is expected to be accelerated by an upswing in consumption and investment.

The China USA trade war is currently not having any direct impact on the dyes and dyes intermediates industry. However, if the trade war escalates, the industry can expect volatility in the prices of key products. Also, the US sanctions on various countries are impacting the balance of payments position of such countries. In turn, countries with whom India's trading is negatively impacted, such as Iran, the exports to such countries would be negatively impacted. More than 80% of colours manufacturing units are located in Gujarat and Maharashtra, due to the dominance of the textile industry, availability of raw materials in these regions and proximity to ports. Indian Dyestuff industries were around USD 1.03 Bn in the year 2016 which is expected to maintain a higher double-digit growth and reach USD 2.45 Bn by the end of 2021.

Future Outlook:

Your company is going to add on new products to its product portfolio of Dyes and Dyes Intermediates segment. Your company is determined to broaden its product basket and to increase its global footprint by chartering its path into untapped markets. In the recent past, your company has commenced production of disperse dyes and certain types of naphthalene & aniline based intermediates which would add to its core profitability. Also, an increase in the business of Disperse Dyes shall support the company to expand its foothold and further penetrate the market in the coming two to three years.

Your company has been persistent in its technological innovation drive. Its Capex Plan(s) have been implemented to improvise and strengthen its product portfolio of Dyes, Dyes Intermediates and Specialty Chemicals.

During the past two years, your company has concentrated on innovations to strengthen its product basket of dyes and dyes

intermediates. FY20 is expected to complete 12 months business cycle for certain speciality intermediates which shall enable the company to enhance its core profitability. Significant investment in expansion project(s) is envisaged in FY20 in dyes intermediates and basic chemicals. The proposed capital expenditure shall be funded from internal accruals of the company. The expansion project was undertaken in the past two years and the proposed capital expenditure in FY20 shall enable the company to achieve double-digit growth in ensuing years.

Your Company is keeping a vigil on macro as well as microeconomic indicators for converting adversities into opportunities in the most dynamic and volatile business environment. The focal point of KIL is to achieve sustainable growth for increasing the intrinsic value of the investment of its stakeholders.

Threats, Risks and Concerns

Risks and opportunities are 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 a 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 the margin of the Company.
- b) The Company is doing business with various countries, therefore, our business operations and growth are dependent 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 environmental regulations and changes in duties and tax, increase in the interest rate due to inflation pressure may affect our business operations, financial performance and future growth.
- e) Irregular supply of raw materials can also affect the business of the Company.

Management Discussion and Analysis Report (Contd.)

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. The Company generally adheres to rules, policy, statutes and laws ensuring that statutory compliances are thoroughly followed. All resources are put to optimal use and adequately protected against any loss.

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 an 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 with reference to financial statement and the operating effectiveness of such controls as at March 31, 2019, under Section 143(3)(i) of the Companies Act, 2013 and same reviewed by the Audit Committee.

Financial Performance of the Company

A. Standalone Financial Performance:

- i) Total Revenue:**
During the Financial Year 2018-19, total revenue of the Company has increased by 18% from INR 904.59 Crore to INR 1,064.69 Crore as compared to the previous Financial Year 2017-18.
- ii) Expenditure:**
An increase in total revenue has also resulted in increase of the total expenditure of the Company by 18% from INR 797.88 Crore to INR 938.35 Crore as compared to the previous Financial Year 2017-18.
- iii) Employee benefits expenses:**
The Employee benefits expenses increased by 5% from INR 32.49 Crore to INR 34.28 Crore as compared to the previous Financial Year 2017-18.
- iv) Finance Cost:**
The finance cost increased from INR 1.65 Crore to INR 4.39 Crore as compared to the previous Financial Year 2017-18, which mainly consist finance charges for letter of credit.

- v) Operational & other Expenses:**
The Operational & other expenses increased by 17% from INR 771.18 Crore to INR 905.45 Crore as compared to the previous Financial Year 2017-18.
- vi) Net Profit:**
The Net Profit increased by 17% from INR 102.60 Crore to INR 119.83 Crore as compared to the previous Financial Year 2017-18.
- vii) Non-Current Liabilities:**
The non-current liabilities have decreased by 16% from INR 198.66 Crore to INR 166.18 Crore as compared to the previous Financial Year 2017-18.
- viii) Current Liabilities:**
The current liabilities have increased from INR 150.75 Crore to INR 267.34 Crore as compared to the previous Financial Year 2017-18.
- ix) Non Current Assets:**
The non-current assets have increased by 25% from INR 555.44 Crore to INR 692.19 Crore as compared to the previous Financial Year 2017-18.
- x) Current Assets:**
The current assets have increased by 22% from INR 304.88 Crore to INR 372.07 Crore as compared to the previous Financial Year 2017-18.

B. Consolidated Financial Performance:

- i) Total Revenue:**
The total revenue has increased by 23% from INR 1136.76 Crore to INR 1,396.50 Crore as compared to the previous Financial Year 2017-18.
- ii) Total Expense:**
The total expenses have increased by 22% from INR 991.79 Crore to INR 1205.45 Crore as compared to the previous Financial Year 2017-18.
- iii) Net profit:**
In the Current Financial Year, the Company has recorded net profit (before other comprehensive income) of INR 164.12 Crore as compared to INR 358.02 Crore of the preceding financial year 2017-18.
- iv) Non Current Liabilities:**
The non-current liabilities have decreased by 15% from INR 204.14 Crore to INR 172.51 Crore as compared to the preceding Financial Year 2017-18.
- v) Current Liabilities:**
The current liabilities have increased from INR 215.57 Crore to INR 318.51 Crore as compared to the preceding Financial Year 2017-18.

Management Discussion and Analysis Report (Contd.)

vi) Non Current Assets:

The non-current assets have increased from INR 1428.56 Crore to INR 1567.32 Crore as compared to the preceding Financial Year 2017-18.

vii) Current Assets:

The current assets have increased from INR 395.85 Crore to INR 491.03 Crore as compared to the preceding Financial Year 2017-18.

Our Employees are fundamental and most valuable assets of the Company. The Company has encouraging working environments that motivate our employee at all level. 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. To motivate, incentivise and reward employees, your Company has instituted employee stock options plan.

Material Development in Human Resources

The following table sets forth key financial ratios with brief explanation on changes, where relevant.

Key Financial Ratios	FY 2018-19	FY 2017-18	Reason for Significant Change, if any
Debtors Turnover Ratio	5.01	4.88	Not Required
Inventory Turnover Ratio	9.81	15.57	Looking to the fluctuation in the prices of the key raw materials, the company has stocked key raw materials at competitive prices to allow hindrance free production cycle keeping minimum fluctuation in the raw material cost of the finished products. As a result, Inventory turnover ratio has been reduced.
Interest Coverage Ratio	29.74	65.51	The interest cost is increased on account of interest on vehicle loan and ICD. As a result, Interest coverage ratio has been reduced.
Current Ratio	1.39	2.02	Proportionate increase in current liability is higher than the increase in current assets mainly on account of advance received from customers for long term supply contract. As a result, Current ratio has been reduced.
Debt Equity Ratio	0.26	0.34	Not Required
Operating Profit Margin	12.58%	12.62%	Not Required
Net Profit Margin	11.30%	11.60%	Not Required
Details of any change in Return on Net Worth	19.03%	20.07%	Not Required

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.

For and on behalf of Board of Directors

Date: August 12, 2019
Place: Ahmedabad

Pravin Kiri
Chairman

Report on Corporate Governance



Corporate Governance Report for the year ended March 31, 2019, in terms of Regulation 34(3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”).

Corporate Governance has broad scope which include both social and Institutional aspect. It is set of processes, customs, policies, laws and instructions affecting the way a corporates are directed, managed, administered or controlled in the best interest of its stakeholders. The Corporate governance includes transparency, accountability, ethical behavior, independence and fair 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 is committed to the highest standards of Corporate Governance in all its activities and processes. Our corporate governance practice consist Integrity, transparency, accountability which involves standards of safety, health and environment; legal compliances and communication to the stakeholders; fair disclosures, value creation, ethics and governance; Monitoring, internal controls and risk management. The Board of Directors believes that corporate governance is the foundation for long term sustainable performance, better services to all its stakeholders and achieve long term corporate goal. 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 creating wealth for shareholders.

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 atleast 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 business performance and general industry trend globally. 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 Listing Regulations.

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, 2019 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 on 27.09.2018	No. of Directorship in other Public Companies*	No. of Committee positions held in other public companies		Directorship in other listed entity including Category of Directorship
			Held	Attended			Chairman#	Member#	
1.	Mr. Pravin Kiri	Chairman & Whole Time Director	5	5	Yes	1	-	-	-
2.	Mr. Manish Kiri	Managing Director	5	5	Yes	2	-	-	-
3.	Mr. Keyoor Bakshi	Independent Director	5	5	Yes	7	3	3	1. Infibeam Avenues Limited 2. Gokul Agro Resources Limited 3. TTL Enterprises Limited 4. Saanvi Advisors Limited 5. Innovative Tyres & Tubes Limited
4.	Mr. Mukesh Desai	Independent Director	5	4	Yes	1	1	1	1. Innovative Tyres & Tubes Limited
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 under review, 5 (Five) Meetings of Board of Directors were held as per detail given below:

Sr. No.	Date of Board Meeting
1.	April 02, 2018
2.	May 29, 2018
3.	August 10, 2018
4.	November 12, 2018
5.	February 13, 2019
- Number of shares and convertible instruments held by Non Executive Directors:**
 None of the Non- Executive Directors of the Company 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.
- Skills, Expertise and Competencies :**
 The Board of company comprises qualified members who bring in the required skills, expertise, competencies that allow them to make effective contributions to the Board and its committee.

Report on Corporate Governance (Contd.)

The Board has identified the following skills/expertise/ competencies fundamental for the effective functioning of the Company which are currently available with the Board:

Skill/ Expertise/ Competency	Detail for such Skills / Expertise / Competencies	Directors having such skills
Business	Understanding of global business dynamics, across various geographical markets, industry verticals and regulatory jurisdictions.	4
Strategy and Planning	Appreciation of long-term trends, strategic choices and experience in guiding and leading management teams to make decisions in uncertain environments.	5
Governance	Experience in developing governance practices, serving the best interests of all stakeholders, maintaining board and management accountability, building long-term effective stakeholder engagements and driving corporate ethics and values.	5
Financial Expertise	Qualification and/or experience in accounting and/or finance coupled with ability to analyze key financial statements; critically assess financial viability and performance; contribute to financial planning; assess financial controls and oversee capital management and funding arrangements.	5

3. Committees of the Board:

The Company has constituted 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

(a) Audit Committee:

- **Brief description of terms of reference:**

In Compliance with Section 177 of the Companies Act, 2013 and Regulation 18 of Listing Regulations, the Company has constituted Audit Committee. The role of the Audit Committee is in accordance with the provisions of Section 177 of the Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Rules, 2014, and Regulation 18 of the Listing Regulations, 2015 read with Part C of Schedule II and terms of reference of the Audit Committee inter-alia 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. Reviewing the functioning of the Whistle Blower mechanism;
10. Reviewing the adequacy and structure of the internal audit function, frequency of internal audit, and discussion with internal auditors of any significant findings and follow up there on;
11. 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 Listing Regulations.

Report on Corporate Governance (Contd.)

- **Composition, Meetings and Attendance of Audit Committee:**

During the Financial Year 2018-19 Audit Committee met 4 (Four) times on May 29, 2018, August 10, 2018, November 12, 2018 and February 13, 2019.

Name of Member	Designation	Category	No. of meetings held during the year 2018-19	
			Held	Attended
Mr. Keyoor Bakshi	Chairman	Independent Director	4	4
Mr. Manish Kiri	Member	Executive Director	4	4
Mr. Mukesh Desai	Member	Independent Director	4	3
Mrs. Veena Padia	Member	Independent Director	4	3

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 Listing Regulations, 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 performance 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.
5. Framing, recommending to the Board and implementing, on behalf of the Board and Shareholders, policy on remuneration of Directors, Key Managerial Personnel (KMP) & senior management, including ESOP and any other compensation payment.

- **Composition, Meetings and Attendance of Nomination and Remuneration Committee:**

During the year, 1 (One) meeting of Nomination and Remuneration Committee was held i.e. on May 29, 2018.

Name of Member	Designation	Category	No. of meetings held during the year 2018-19	
			Held	Attended
Mr. Mukesh Desai	Chairman	Independent Director	1	0
Mr. Keyoor Bakshi	Member	Independent Director	1	1
Mrs. Veena Padia	Member	Independent Director	1	1

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

Report on Corporate Governance (Contd.)

of the Company and available on the website of the Company i.e. www.kiriindustries.com. 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 Listing Regulations.

- **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 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 compliance requirements.

- **Details of Remuneration to all the Directors:**

- **Executive Directors:**

The aggregate value of salary and perquisites paid during the year 2018-19 to the Executive Directors are as follows: (INR in Lakhs)

Name	Designation	Salary	Perquisites and allowances	Stock Options	Total
Mr. Pravin Kiri	Chairman	120.00	Nil	Nil	120.00
Mr. Manish Kiri	Managing Director	120.00	Nil	Nil	120.00

Executive Directors are not paid sitting fees for attending the meetings of Board of Directors or Committees thereof.

- **Independent Directors:**

There were no pecuniary transactions between Company and Independent Directors of the Company except sitting fees for attending meetings of board of directors and committees.

Sitting fee paid to Independent Directors during the financial year 2018-19 are as under:

Name	Sitting Fees (in INR)
Mr. Keyoor Bakshi	74,500/-
Mr. Mukesh Desai	54,000/-
Mrs. Veena Padia	58,000/-

- **(c) Stakeholders' Relationship Committee:**

In compliance with Section 178 of the Companies Act, 2013 and Regulation 20 and Part D of Schedule II of the Listing Regulations, 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

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 Board's 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 judgment, safeguarding of minority shareholders interest etc.

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.

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).

Report on Corporate Governance (Contd.)

- **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 2018-19, Stakeholders' Relationship Committee met once on March 30, 2019.

Name of member	Designation	Category	No. of meetings held during the year 2018-19	
			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 2018-19 are as follows:**

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

(d) Corporate Social Responsibility Committee:

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

- **The Terms of reference:**

1. To formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII to the Companies Act, 2013;
2. To finalise a list of CSR projects or programs or initiatives proposed to be undertaken

periodically and to review the same from time to time in accordance with requirements of section 135 of the Companies Act 2013;

3. To recommend the amount of expenditure to be incurred on the activities referred to in 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 and Attendance of Corporate Social Responsibility Committee:**

During the Financial year 2018-19, Corporate Social Responsibility Committee met 2 (Two) times i.e. on May 29, 2018 and March 30, 2019.

Name of member	Designation	Category	No. of meetings held during the year 2018-19	
			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	1

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

Report on Corporate Governance (Contd.)

- **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 key focus areas where special Community Development programmes would be run are:

1. Eradicating hunger, poverty and malnutrition, and sanitation, and making available safe drinking water;
2. promoting education
3. Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups.
4. ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water
5. protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of

art; setting up public libraries; promotion and development of traditional art and handicrafts;

6. Rural developments.

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. 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 is constituted as per Regulation 21 of Listing Regulations.

- **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 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, 2019:**

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.

1. Evaluate performance of Non-Independent Directors and the Board of Directors as a whole;
2. Evaluate performance of the Chairman of the Company, taking into account the views of the Executive and Non-Executive Directors;
3. Evaluation of the quality, content and timeliness of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

- (f) **Independent Director's Meeting:**

During the year under review, the Independent Directors met once on March 30, 2019, inter alia, to:

All the Independent Directors were present at this Meeting. Further, in the opinion of board, the Independent directors fulfill the conditions specified in the Listing regulations and are independent of the management.

Report on Corporate Governance (Contd.)

4. General Body Meetings:

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

Financial Year	Date	Time	Location
2017-18	September 27, 2018	10.30 a.m.	Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad - 380 015
2016-17	September 29, 2017		
2015-16	September 23, 2016		

- **Details of Special Resolutions passed in the previous three AGMs:**

Number and Date of Annual General Meeting	Particulars of Special Resolutions passed at the AGM
20 th AGM held on September 27, 2018	1. To approve re-appointment of Mr. Pravin Kiri as Chairman and Whole Time Director
19 th AGM held on September 29, 2017	No Special Resolution was passed
18 th AGM held on September 23, 2016	1. Approval of issue, offer and allotment of 35,00,000 Warrants on Preferential basis as per SEBI (ICDR) Guidelines, 2009 2. Revision in terms of Remuneration of Mr. Pravin Kiri, Chairman of the Company. 3. Revision in terms of Remuneration of Mr. Manish Kiri, Managing Director of the Company.

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

5. Disclosures:

- **Related Party Transactions:**

During the financial year under review, your Company has transactions / contracts / agreements that are classified as "Related Party Transactions" under provisions of the Companies Act, 2013 and the Rules framed thereunder. These contracts/arrangements/agreements have been in the ordinary course of business, to facilitate the business of the Company and have been approved by the Audit Committee and Board of Directors. Necessary disclosures as required under Indian Accounting Standards ("IND AS") have been made in the Notes to the financial statements. All the transactions are on arm's length basis and have no potential conflict with the interest of the Company at large.

As required under regulation 23 (1) of Listing Regulations, the Company has also formulated a Policy on materiality of Related Party Transactions and dealing with related party transaction. As required under SEBI notification no. SEBI/LAD-NRO/GN/2018/10 dated May 09, 2018, the said policy was also reviewed by the Board of Directors of the Company at their

meeting held on February 13, 2019. The said policy is available on the website of the Company viz. www.kiriindustries.com.

- **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 / Whistle Blower Policy :**

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. None of the personnel of the Company have been denied access to the Audit Committee. The Whistle blower

Report on Corporate Governance (Contd.)

policy is available on the Company's website at www.kiriindustries.com.

- **Subsidiary Companies:**

Pursuant to Regulation 16 of the Listing Regulations, the Company has adopted a Policy for determining Material Subsidiary which is in line with Listing Regulations as amended and same is available on the website of the Company i.e. www.kiriindustries.com. The Company has no material subsidiary as per threshold limit laid down in Listing Regulation.

- **Commodity price risk and Commodity hedging activities:**

Pursuant to Regulation 34(3) read with clause 9(n) of Part C of Schedule V of Listing Regulations, your Company does not have material exposure of any commodity and accordingly, no hedging activities for the same are carried out. Therefore, there is no disclosure relating to the same is made as per SEBI circular no. SEBI/HO/CFD/CMD1/CIR/P/2018/0000000141 dated November 15, 2018.

- Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A): Not Applicable
- A certificate from a Company Secretary in practice that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/ Ministry of Corporate Affairs or any such statutory authority is annexed herewith this report.
- Where the board had not accepted any recommendation of any committee of the board which is mandatorily required, in the relevant financial year: Not Applicable
- Total fees for all services paid by the company and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part, is given in the notes to the Financials Statement.

- Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013: Your company has not received any such complaint during the financial year under review. The policy on Prevention of Sexual Harassment is available on the website of the Company at www.kiriindustries.com.

- **Non-mandatory (Discretionary) requirements:**

The status of Non-mandatory (Discretionary) requirements under regulation 27 (1) read with Part E of the Listing Regulations are as below:

- **The Board:**

The requirement relating to maintenance of office and reimbursement of expenses of Non-Executive Chairman is not applicable to the Company since the Chairman of the Company is an Executive Director.

- **Shareholders Rights:**

The Company has adopted practice of providing management notes with quarterly results through stock exchanges for its shareholders. The quarterly result of financials as well as management notes thereon as approved by the Board are disseminated to the Stock Exchanges and website of the company viz. www.kiriindustries.com as per the Listing Regulation. Quarterly financial results are published in the newspapers.

- **Modified opinion(s) in audit report:**

There are no such modified opinions in audit report.

- **Reporting of Internal Auditor:**

As per Section 138 of the Company Act, 2013 read with other applicable provision(s), if any, the Company has appointed an Internal Auditor who reports to the Audit Committee. Internal Auditor submits their report to the Audit Committee on quarterly basis for their reviews and suggestion for necessary action.

Report on Corporate Governance (Contd.)

- The Disclosures of the Compliance With Corporate Governance requirements specified in Regulation 17 to 27 and Regulation 46(2):

Sr. No.	Particulars	Regulations	Brief Descriptions of the Regulations	Compliance status (Yes/No/NA)
1.	Board of Directors	17(1)	Board composition	Yes
		17(2)	Meeting of Board of directors	Yes
		17(3)	Review of Compliance Reports	Yes
		17(4)	Plans for orderly succession for appointments	Yes
		17(5)	Code of Conduct	Yes
		17(6)	Fees/compensation	Yes
		17(7)	Minimum Information	Yes
		17(8)	Compliance Certificate	Yes
		17(9)	Risk Assessment & Management	Yes
		17(10)	Performance Evaluation of Independent Directors	Yes
2.	Audit Committee	18(1)	Composition of Audit Committee & Presence of the Chairman of the Committee at the Annual General Meeting	Yes
		18(2)	Meeting of Audit Committee	Yes
		18(3)	Role of the Committee and Review of information by the Committee	Yes
3.	Nomination and Remuneration Committee	19(1) & (2)	Composition of nomination & remuneration committee	Yes
		19(3)	Presence of the Chairman of the Committee at the Annual General Meeting	Yes
		19(4)	Role of the Committee	Yes
4.	Stakeholders Relationship Committee	20 (1) & (2)	Composition of Stakeholder Relationship Committee	Yes
		20 (4)	Role of the Committee	Yes
5.	Risk Management Committee	21 (1), (2), (3)	Composition Risk Management Committee	Yes
		21(4)	Role of Committee	Yes
6.	Vigil Mechanism	22	Formulation of Vigil Mechanism for Directors and Employee	Yes
7.	Related Party Transaction	23(1),(5),(6), (7) & (8)	Policy for related party Transaction	Yes
		23(2), (3)	Prior or Omnibus approval of Audit Committee for all related party transactions	Yes
		23(4)	Approval for material related party transactions	NA
8.	Subsidiaries of the Company	24(1)	Composition of Board of Directors of unlisted material Subsidiary	NA
		24(2),(3),(4), (5) & (6)	Other Corporate Governance requirements with respect to subsidiary of listed entity	Yes
9.	Secretarial Audit	24A	Secretarial Audit	Yes

Report on Corporate Governance (Contd.)

Sr. No.	Particulars	Regulations	Brief Descriptions of the Regulations	Compliance status (Yes/No/NA)
10.	Obligations with respect to Independent Directors	25(1) & (2)	Maximum Directorship & Tenure	Yes
		25(3) & (4)	Meeting of independent directors	Yes
		25(7)	Familiarization of independent directors	Yes
11.	Obligations with respect to Directors and Senior Management	26(1)	Memberships in Committees	Yes
		26(3)	Affirmation with compliance to code of conduct from members of Board of Directors and Senior management personnel	Yes
		26(4)	Disclosure of Shareholding by Non-Executive Directors	Yes
		26(2) & 26(5)	Policy with respect to Obligations of directors and senior management	Yes
12.	Other Corporate Governance Requirements	27(1)	Compliance of Discretionary Requirements	Yes
		27(2)	Filing of Quarterly Compliance Report on Corporate Governance	Yes
13.	Disclosures on Website of the Company	46(2)(b)	Terms and conditions of appointment of Independent Directors	Yes
		46(2)(c)	Composition of various committees of Board of Directors	Yes
		46(2)(d)	Code of Conduct of Board of Directors and Senior Management Personnel	Yes
		46(2)(e)	Details of establishment of Vigil Mechanism / Whistle Blower policy	Yes
		46(2)(f)	Criteria of making payments to Non-Executive Directors	Yes
		46(2)(g)	Policy on dealing with Related Party Transactions	Yes
		46(2)(h)	Policy for determining Material Subsidiaries	Yes
		46(2)(i)	Details of familiarisation programmes imparted to Independent Directors	Yes

6. Means of Communications

The website of the Company 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 Listing Regulations. The quarterly, half-yearly and annual results of the Company are published in English and Gujarati newspapers as per requirements of Regulation 47 of the Listing Regulations. 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 Listing 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 English Language newspaper and Gujarati Language newspaper. During the year, the Company has published Presentations made to institutional investors or to the analysts, Updates on Court Case during the current financial year on the website of the Company.

Report on Corporate Governance (Contd.)

7. General Shareholders Information:

- A. Annual General Meeting:** Day : Friday
Date : September 27, 2019
Time: 10.30 a.m.
- B. Financial Year:** The Financial Year of the Company is 1st April to 31st March.
- C. Date of Book Closure:** From Friday, September 20, 2019,
To Friday, September 27, 2019
(both days inclusive)
- D. Listing on Stock Exchanges:** **The BSE Limited**
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai- 400001
- The National Stock Exchange of India Limited**
Exchange Plaza, Bandra Kurla Complex,
Bandra (E), Mumbai-400 051.
- E. Listing Fees:** The Company has paid annual listing fees to both Stock Exchanges for the year 2019-20
- F. Stock Code:** **The BSE Limited** : 532967
The National Stock Exchange of India Limited: KIRIINDUS
- G. CIN of the Company:** L24231GJ1998PLC034094
- H. ISIN:** INE415I01015

I. Dividend Payment:

The Board of Directors at their Meeting held on May 29, 2019, has recommended dividend of INR 0.015/- @ 0.15% on preference share and INR 2/- (@20%) per share, on equity shares of the Company for the Financial Year 2018-19, subject to approval of the shareholders at the ensuing Annual General Meeting. The Dividend shall be paid to the members whose

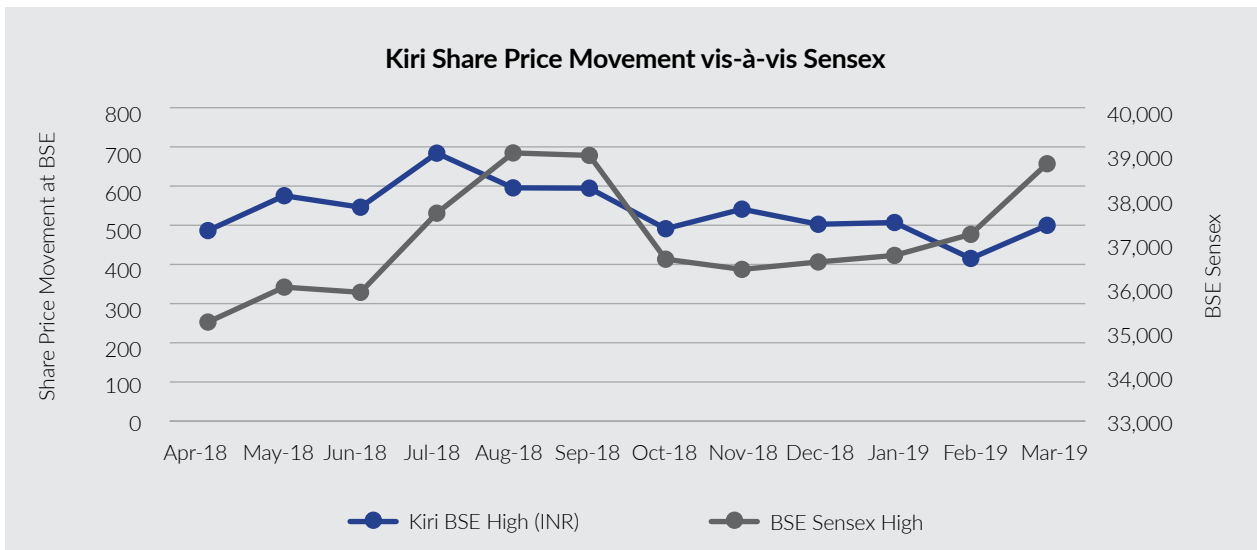
names appear on Company's Register of Members on September 20, 2019 in respect of physical shareholders and whose name appear in the list of Beneficial Owner on September 20, 2019 furnished by NSDL and CDSL for this purpose. The dividend if declared at the Annual General Meeting shall be paid on or after September 28, 2019.

J. Monthly high, low prices and number of shares traded from April, 2018 to March, 2019 at BSE and NSE are as follows:

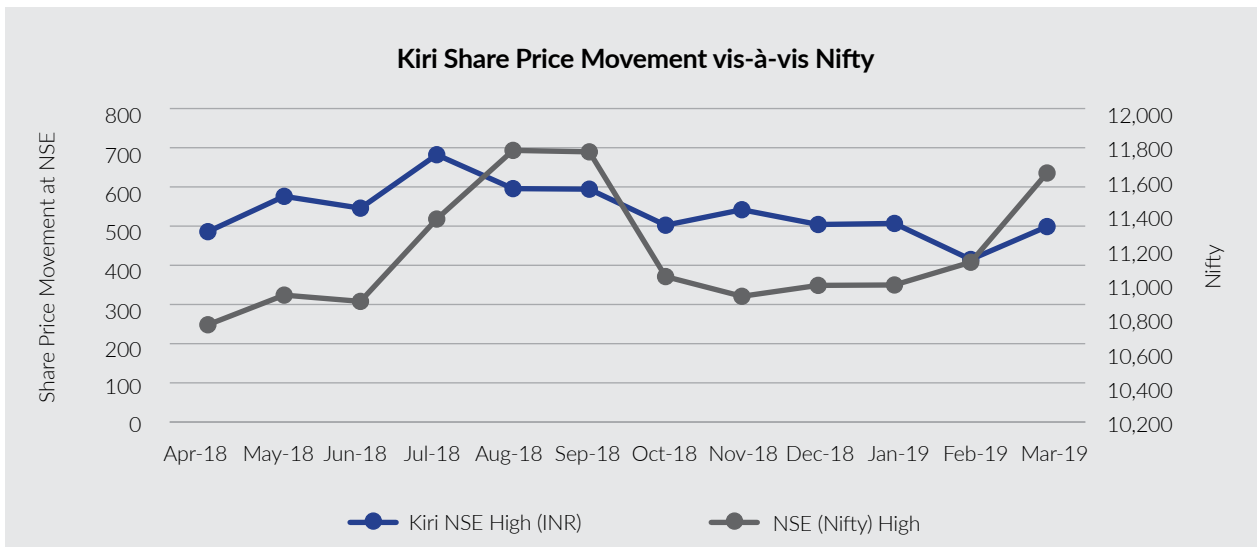
Months	BSE Limited		BSE Sensex			NSE		NSE (NIFTY)		
	High (INR)	Low (INR)	High	Low	Volumes	High (INR)	Low (INR)	High	Low	Volumes
April-18	486.40	406.00	35,213.30	32,972.56	8,77,356	486.00	406.05	10,759.00	10,111.30	36,31,842
May-18	575.40	406.00	35,993.53	34,302.89	11,52,209	576.20	406.30	10,929.20	10,417.80	76,63,476
June-18	546.00	462.85	35,877.41	34,784.68	7,25,456	546.00	462.00	10,893.25	10,550.90	46,08,180
July-18	684.00	480.00	37,644.59	35,106.57	13,74,746	682.35	480.00	11,366.00	10,604.65	81,27,968
August-18	595.40	530.05	38,989.65	37,128.99	5,74,249	595.85	530.00	11,760.20	11,234.95	30,16,632
September-18	594.60	502.85	38,934.35	35,985.63	3,44,558	594.45	502.35	11,751.80	10,850.30	23,83,222
October-18	491.15	384.05	36,616.64	33,291.58	2,90,255	502.50	383.00	11,035.65	10,004.55	16,84,323
November-18	541.05	453.65	36,389.22	34,303.38	2,86,141	542.00	452.20	10,922.45	10,341.90	16,18,434
December-18	502.50	442.80	36,554.99	34,426.29	1,49,930	504.30	441.65	10,985.15	10,333.85	8,40,396
January-19	507.00	400.00	36,701.03	35,375.51	3,03,022	507.00	400.00	10,987.45	10,583.65	23,92,263
February-19	415.30	372.00	37,172.18	35,287.16	1,60,205	415.00	373.00	11,118.10	10,585.65	9,62,742
March-19	499.85	378.50	38,748.54	35,926.94	3,80,629	499.00	377.90	11,630.35	10,817.00	25,54,431

Report on Corporate Governance (Contd.)

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



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



K. 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

L. Share Transfer System: Share Transfer requests, which were received in physical form were processed and the share certificates were returned within a period of 30 days from the date of receipt, subject to the documents being in order and complete in all aspects.

Report on Corporate Governance (Contd.)

- M. 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
- N. 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, EPC Canal road, Village: Dudhwada, Tal: Padra, Dist: Vadodara, Gujarat, India
 - **Basic Chemicals Division:**
Block No. 552/A, EPC Canal road, Village: Dudhwada, Tal: Padra, Dist: Vadodara, Gujarat, India.
- O. Dematerialisation of Shares:** 99.88% paid-up Equity capital of the Company is in dematerialised form as on March 31, 2019.
- P. 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. There are 45 Foreign currency convertible bonds which is to be converted into equity shares on or before January, 2022 and consequent to the conversion, further 2,04,90,262 Equity shares to be issued to bond holders.
- Q. Categories of equity shareholding as on March 31, 2019:**

Sr. No.	Categories	No. of Shares	% of Total Capital
1	Promoters and Promoter Group	13990878	44.64
2	Financial Institutions / Banks	542094	1.73
3	Bodies Corporate	1067766	3.41
4	Individuals	8193408	26.14
5	Clearing Members	65554	0.21
6	Foreign Nationals	111066	0.35
7	Hindu Undivided Family	501075	1.60
8	Non Resident Indians	585541	1.87
9	Foreign Institutional Investor (FIIs)	575970	1.84
10	Trusts	428000	1.37
11	Foreign Portfolio Investments	5282599	16.85
	Total	31343951	100.00

Report on Corporate Governance (Contd.)

R. Distribution Schedule as on March 31, 2019:

Sr. No.	Holding	Number	% of Total	Shares	% of Total
1	Between 1 and 1000	13,337	65.99	5,378,150	1.72
2	Between 1001 and 5000	4,342	21.48	11,302,680	3.61
3	Between 5001 and 10000	1,071	5.30	8,537,480	2.72
4	Between 10001 and 20000	639	3.16	9,710,240	3.10
5	Between 20001 and 30000	251	1.24	6,352,650	2.03
6	Between 30001 and 40000	121	0.60	4,363,620	1.39
7	Between 40001 and 50000	96	0.47	4,475,590	1.43
8	Between 50001 and 100000	162	0.80	11,610,760	3.70
9	>100000	192	0.95	251,708,340	80.31
Total		20,211	100.00	313,439,510	100.00

S. Position of Shares as on 31st March, 2019:

The Percentage of Shares held in NSDL (82.22%), CDSL (17.66%) and in Physical Form (0.12%).

T. Disclosures with respect to demat suspense account / unclaimed suspense account:

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

Green Initiative

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

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

For and on behalf of Board of Directors

Date: August 12, 2019
Place: Ahmedabad

Pravin Kiri
Chairman

Report on Corporate Governance (Contd.)

Confirmation on Code of Conduct

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

To,
The Members
Kiri Industries Limited

This is to confirm that the board has laid down a code of conduct for Board of Directors and senior management of the Company. It is further confirmed that all Directors and senior management of the company have affirmed compliance with the Code of Conduct of the Company as at March 31, 2019, as envisaged in Regulation 34(3) read with Schedule V (Part D) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

For and on behalf of Board of Directors

Date: August 12, 2019
Place: Ahmedabad

Manish Kiri
Managing Director

COMPLIANCE CERTIFICATE

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, We certify that:

- A. We have reviewed financial statements and the cash flow statement for the year ended on March 31, 2019 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 have become aware.

For Kiri Industries Limited

Place : Ahmedabad
Date: August 12, 2019

Manish Kiri
(Managing Director)

Jayesh Vyas
(Chief Financial Officer)

Report on Corporate Governance (Contd.)

CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of
Kiri Industries limited

We have examined the compliance of conditions of Corporate Governance by **Kiri Industries Limited**, for the year ended on 31st March, 2019 as stipulated in Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR).

The compliance of conditions of corporate governance is the responsibility of the management. Our examination has been limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of conditions of Corporate Governance as stipulated in LODR. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of regulation 46, para C, D and E of Schedule V and Part E of Schedule II of LODR.

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

For Kashyap R. Mehta & Associates,
Company Secretaries,
FRN: S2011GJ166500

Place: Ahmedabad
Date: August 12, 2019

Kashyap R. Mehta
Proprietor
FCS-1821 : COP-2052 : PR-583/2019

Report on Corporate Governance (Contd.)

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

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

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Kiri Industries Limited having CIN: L24231GJ1998PLC034094 and having registered office at 7th Floor, Hasubhai Chambers, Opp. Townhall, Ahmedabad – 380006 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of my/our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2019 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority:.

Sr. No.	Name of Director	DIN	Date of original Appointment	Date of appointment as Independent Director
1	Mukesh Gunvantrai Desai	00089598	11-08-2014	26-09-2014
2	Keyoor Madhusudan Bakshi	00133588	27-06-2007	26-09-2014
3	Pravinbhai Amratlal Kiri	00198275	14-05-1998	N.A.
4	Manishkumar Pravinchandra Kiri	00198284	14-05-1998	N.A.
5	Veena Jayantilal Padia	06992591	10-10-2014	26-09-2015

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate 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,
FRN: S2011GJ166500

Kashyap R. Mehta
Proprietor

Place: Ahmedabad
Date: August 12, 2019

FCS-1821 : COP-2052 : PR-583/2019

Independent Auditor's Report

To
The Members of
Kiri Industries Ltd.

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of Kiri Industries Ltd ("the Company"), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, the profit including total comprehensive income, changes in equity and the cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SA's) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Emphasis of matter

1. We draw attention to various court cases and judgments in relation to disputes between Kiri Industries Ltd., (KIL) and DyStar Global Holdings (Singapore) Pte. Ltd. (DyStar) & Senda International Capital Ltd. (Senda)
 - Minority oppression suit filed by Kiri Industries Ltd

("the Company/KIL") and Judgment by Singapore International Commercial Court.

The company had filed minority operation suit in June 2015 in Singapore High Court against Senda and DyStar and also against nominated directors on board of DyStar. Later on, the suit was transferred to Singapore International Commercial Court (SICC) vide suit SIC No. 4 of 2017. In the judgment released by SICC on July 03, 2018, the court remarked that Senda had committed numerous acts of minority oppression against the company and 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 to determine fair value of KIL's stake in DyStar.

DyStar and Senda filed appeals before Supreme court of Singapore against SICC order vide case no. CA 122 of 2018. Hearing of appeal has taken place before court of appeal on 9th April 2019. The Supreme court pronounced judgment on 29th May 2019 upholding the decision of SICC and dismissed the appeal with orders to costs filed by Senda. Hence KIL's minority oppression suit and original judgment of SICC dated July 03, 2018 has been upheld.

Senda and DyStar has also appealed against the dismissal part of the counter claims against KIL and alleged breaches of Non-competence and non-solicitation clauses in Share Subscription and Shareholders Agreement (SSSA). These appeals were allowed with costs against KIL and Mr. Manish Kiri. The SICC will assess the damages caused to DyStar in the next hearing.

Further, the valuation exercise to value KIL's 37.57% stake in DyStar is in process and SICC will hear the matter for finalization of valuation in due course.

- Winding up application by DyStar:

As per SICC order dated July 03, 2018, KIL has to pay a sum of Euro 1.7 million towards Process Technology Development Fees and SGD 443,813 towards Audit costs to DyStar. In this connection, DyStar has filed winding up application with Singapore High Court on 22nd January, 2019 vide case no. HC/CWU 15/2019. The said application of DyStar is pending with High Court of Singapore.

- The company has also filed Civil suits against DyStar,

Independent Auditor's Report (Contd.)

Senda, Longsheng, MSL group and their respective directors / officers.

- We draw attention to Note. No. 27 pertaining to Other Current Liabilities. It includes liability to pay Euros 1.7 mn (INR 13.46 Crores) and SGD 443,813 to DyStar for Process Technology Development fees is capitalized with fixed asset. As per SICC order dated July 03, 2018, KIL has to pay a sum of Euro 1.7 million towards Process Technology Development Fees and SGD 443,813 towards Audit costs to DyStar. In this connection, DyStar has filed winding up application with Singapore High Court. The said application of DyStar is pending with High Court of Singapore. However, the management of KIL has decided to pay the entire sum along with interest to DyStar. The said liability, since crystallised is capitalized in Fixed assets.

Our Opinion is not modified in respect of the above matters.

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Against Key audit matter, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the standalone Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Standalone Ind AS financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis

Key Audit Matters

SN	Key Audit Matter	Auditor's Response
1	<p>Recognition, measurement, presentation and disclosures of revenues from operations in view of adoption of Ind AS 115 "Revenue from Contracts with Customers" (new revenue accounting standard):</p> <p>The application of the new revenue accounting standard involves in addition certain other things, recognition of revenue when control of goods or services are transferred to the customer at an amount that reflects the consideration to which the company expects to be entitled in exchange.</p> <p>The company operates in two geographical segments i.e. domestic and export. According to the company, revenue recognition criteria is different for each segment and further depends on the terms and conditions of the contracts with customers within the segment.</p> <p>Further revenue is regarded by management as most important Key performance indicator.</p> <p>Accordingly, revenue was determined as Key Audit Matter.</p>	<p>Our Audit procedure included the following:</p> <ul style="list-style-type: none"> Evaluation of revenue recognition criteria of the company and determination of existence of any material and significant deviation from applicable accounting standards. Assessment of effectiveness of internal control of the company with respect to revenue recognition. Test checks of revenue recognized on the basis of terms and conditions of the contracts for measurement and its accuracy. Review of sample customer accounts for any variation in recognition.
2	<p>Inventory of Raw material and Finished Goods</p> <p>We refer to Significant accounting policies on inventory and Note. No. 8 on inventory.</p> <p>Inventories are considered as Key Audit Matter due to nature of business, technical indicators governing inventory valuation, size of Balance sheet and because inventory valuation involves management judgment. According to accounting policy followed by the company, inventories are valued at lower of cost or market value. Cost comprise in addition to other things, overheads related to material, labour and other overheads. The company has specific procedures to identify risk for obsolescence and valuation of inventories.</p>	<p>To address the matter our audit procedure included amongst others:</p> <ul style="list-style-type: none"> Assessing the compliance of accounting policies over inventory with applicable accounting standards. Assessing the inventory valuation process and practices. Assessing the analysis and assessment made by management with respect to slow moving or obsolete stock. Discussion with those charged with responsibility of overlooking inventory management process. Expert opinion obtained by the company on the technicalities of matter. Justification of management estimates and Judgments. Assessing the effectiveness of perpetual and physical inventory verification process.

Independent Auditor's Report (Contd.)

SN	Key Audit Matter	Auditor's Response
3	<p>Installation and commissioning of Thyonyl Chloride plant and Other Intermediates and Basic Chemicals</p> <p>We refer to Note. No. 2 on Fixed assets.</p> <p>Installation and capitalisation of new plants are considered as Key Audit matters due to value involved, process and documents involved and effect on bottom line of the company.</p> <p>Any addition in fixed assets, in addition to increase in capacity and generation of revenues, affects charge of depreciation as well as certain other indirect expenses.</p> <p>Further capitalisation involves management judgment w.r.t factors affecting capitalisation, recognition of revenues generated from new plants, sustainability of operations, absorption of expenses and categorisation of addition.</p>	<p>To address the matter our audit procedure included amongst others:</p> <ul style="list-style-type: none"> Assessing the compliance of accounting policies of addition to fixed assets with compliance of applicable accounting standards. Assessment of management judgment with respect to factors affecting capitalisation. Expert opinion obtained by the company on the technicalities of matter viz. installation, erection, commissioning and trial run. Justification of management estimates and Judgments involved. Assessing the effectiveness of perpetual and physical inventory verification process.

We have determined that there are no other Key Audit Matters to communicate in our report.

Information other than the Standalone Financial Statements and Auditor's Report thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the management for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity

and cash flows of the Company in accordance with the Ind-AS and other accounting principles generally accepted in India. This responsibility also includes 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 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 controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to

Independent Auditor's Report (Contd.)

influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with Standards on Audit (SAs), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 sought and 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 including Statement of other comprehensive income, 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 Companies (Indian Accounting Standards) Rules 2015, as amended;
 - e. On the basis of written representations received from the directors as on March 31, 2019, and taken on record by the Board of Directors, none of the directors

Independent Auditor's Report (Contd.)

is disqualified as on March 31, 2019, 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 with reference to these standalone financial statements and the operating effectiveness of such controls, refer to our separate report in "**Annexure-2**" to this report.
- g. In our opinion, the Managerial remuneration for the year ended March 31, 2019 has been paid/ provided by the company to its directors in accordance with the provisions of Section 197 read with Schedule V to the Act.
- h. 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 standalone 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 Investors Education and Protection Fund by the company.

For, Pramodkumar Dad & Associates
Chartered Accountants

CA Pramod Dad
Partner
MRN: 038261
FRN: 115869W

Place: Ahmedabad
Date: May 29, 2019

Annexure to the Independent Auditor's Report

Annexure - 1 to The Independent Auditor's Report to members of Kiri Industries Ltd for the year ended 31st March 2019

(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 31st March, 2019)

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:

- i. a) The company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
- b) The company is in the process of conducting physical verification of Fixed assets for the year.
- c) All the title deeds of immovable properties are held in the name of the company except a plot of 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.
- ii. a) Inventories have been physically verified during the year by the management; and
- b) No material discrepancy was noticed on physical verification of stocks by the management.
- iii. 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.
- iv. 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.
- v. The company has not accepted any deposits during the concerned financial year under section 73 to 76 or any other relevant provision of the companies act during the concerned financial year.
- vi. We have been informed that maintenance of cost records under sub-section 1 of section 148 of the Companies Act 2013 is mandatory for the company and such 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.
- vii. a) According to the records of the company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, GST, 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 31st of March, 2019 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, GST, sales tax, service tax, value added tax, customs duty, excise duty on account of any dispute are as under:

Sr No.	Name of the Statute	Section under which dispute is pending	Period to which amount relates (FY)	Amount (INR in Lakhs)	Forum where the dispute is pending
1	The Income Tax Act, 1961	143 (3)	2002-03	36.99	Income Tax Appellate Tribunal
		143(3) rws 263	2002-03	7.57	Commissioner of Income Tax (Appeal)
		143 (3) rws 147	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	Income Tax Appellate Tribunal
		143 (3)	2010-11	316.06	Income Tax Appellate Tribunal

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 (INR in Lakhs)	Forum where the dispute is pending
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	138.55	Central Excise and Service Tax Appellate Tribunal
			2010-11	116.76	High Court
		Similar Goods	2010-11	153.73	High Court
			2010-11	344.00	Central Excise Commissioner
			2011-12	4.09	Central Excise Commissioner
			2013-14	2.17	Central Excise Commissioner
3	The Gujarat VAT Act, 2003	VAT Liabilities	2007-08	62.39	Gujarat Value Added Tax Tribunal

viii. The Company has not defaulted in repayment of dues to any bank. The company has not borrowed from financial institution, government or debenture holder during the year.

ix. The Company has not raised money through initial public offer nor taken any term loan during the year. Hence, the requirement of application of funds for the purpose for which these were borrowed does not arise.

x. No material 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.

xi. 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.

xii. The company is not Nidhi Company, therefore provisions

of clause 3 (xii) of the order are not applicable.

xiii. The transactions with related party are in compliance with sections 177 and 188 of the Companies Act, 2013.

xiv. 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 purpose for which funds were raised in the year of receipt.

xv. The Company has not entered into non-cash transaction with directors or person connected with them during the year.

xvi. 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, 2019

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

Annexure - 2 to The Independent Auditor's Report to members of Kiri Industries Ltd. for the year ended 31st March 2019

(Referred to in Paragraph 2(f) under "Report on Other Legal and Regulatory Requirements" section of our reports of even date on the Standalone Ind AS financial statements of the company for the year ended 31st March, 2019.)

Report on The Internal Financial Controls Under Clause (l) 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, 2019 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 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 unauthorized 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

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

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, 2019, 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, 2019

Balance Sheet as at 31st March, 2019

(INR in Lakhs)

Particulars	Note No.	As at 31 st March, 2019	As at 31 st March, 2018
I. ASSETS			
(1) Non-current assets			
(a) Property, Plant and Equipment	2.1	42,899.03	34,847.18
(b) Other Intangible assets	2.2	10.57	13.06
(c) Capital work-in-progress	2.3	3,772.85	3,212.85
(d) Investment in Subsidiary / Associate / Joint Venture	3	14,022.79	14,602.79
(e) Financial Assets			
(i) Investments	4	6.00	6.00
(ii) Trade receivables	5	356.47	-
(iii) Other Financial Assets	6	897.12	639.65
(f) Other Non-Current Assets	7	7,254.34	2,222.64
Total Non - Current Assets		69,219.17	55,544.17
(2) Current assets			
(a) Inventories	8	10,826.36	5,677.32
(b) Financial Assets			
(i) Investments	9	-	2,220.00
(ii) Trade receivables	10	20,849.90	18,103.48
(iii) Cash and cash equivalents	11	941.65	558.45
(iv) Bank balances other than (iii) above	12	115.66	98.21
(v) Loans	13	1,812.26	1,167.27
(vi) Others Financial Assets	14	513.31	502.12
(c) Current Tax Assets (Net)	15	111.47	413.32
(d) Other current assets	16	2,036.57	1,747.55
Total Current Assets		37,207.18	30,487.72
Total Assets		106,426.35	86,031.89
II. EQUITY AND LIABILITIES			
(1) Equity			
(a) Equity Share capital	17	3,134.40	3,024.40
(b) Other Equity	18	59,940.04	48,066.59
Total Equity		63,074.44	51,090.99
(2) Non-current liabilities			
(a) Financial Liabilities			
(i) Borrowings	19	14,875.57	15,635.03
(ii) Trade Payables	20	359.38	-
(iii) Other financial liabilities	21	76.50	59.00
(b) Provisions	22	1,274.66	1,221.06
(c) Deferred tax liabilities (Net)	23	32.35	2,951.06
(d) Other non-current liabilities		-	-
Total Non - Current Liabilities		16,618.46	19,866.15
(3) Current liabilities			
(a) Financial Liabilities			
(i) Borrowings	24	57.20	57.22
(ii) Trade payables	25	16,015.97	11,520.67
(iii) Other financial liabilities	26	3,489.04	2,264.46
(b) Other current liabilities	27	5,169.40	1,091.75
(c) Provisions	28	162.30	140.65
(d) Current Tax Liabilities (Net)	29	1,839.54	-
Total Current Liabilities		26,733.45	15,074.75
Total Equity and Liabilities		106,426.35	86,031.89
Significant Accounting Policies	1		

Notes form an Integral part to 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, 2019

For and on behalf of the Board of Directors

Pravin Kiri
(Chairman)
DIN : 00198275

Manish Kiri
(Managing Director)
DIN : 00198284

Suresh Gondalia
(Company Secretary)

Jayesh Vyas
(Chief Financial Officer)

Place : Ahmedabad
Date : May 29, 2019

Statement of Profit and Loss for the year ended on 31st March, 2019

(INR in Lakhs)

Particulars	Note No.	For the year ended 31 st March 2019	For the year ended 31 st March 2018
Income			
I Revenue From Operations	30	106,186.33	90,134.08
II Other Income	31	282.54	325.02
III Total Income (I+II)		106,468.87	90,459.10
Expenses			
Cost of materials consumed	32	70,103.48	56,400.19
Purchases of Stock-in-Trade		-	1,526.37
Changes in inventories of finished goods, Stock-in -Trade and work-in-progress	33	(902.38)	(2,206.68)
Employee benefits expense	34	3,427.96	3,249.08
Finance costs	35	439.57	165.42
Depreciation and amortization expense	2	2,849.93	2,504.86
Excise Duty on Sales		-	1,714.20
Other expenses	36	17,916.17	16,434.98
IV Total expenses		93,834.73	79,788.42
V Profit/(loss) before exceptional items and tax (III-IV)		12,634.14	10,670.68
VI Exceptional Items		-	-
VII Profit/(loss) before tax (V-VI)		12,634.14	10,670.68
VIII Tax expense:	23		
(1) Current tax		2,800.22	2,277.29
(2) Deferred tax		(2,170.25)	(1,860.19)
IX Profit (Loss) for the period from continuing operations (VII-VIII)		12,004.17	10,253.58
X Profit/(loss) For the Period		12,004.17	10,253.58
XI Other Comprehensive Income			
A (i) Items that will not be reclassified to Profit or Loss		(20.73)	6.90
(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			
Total Other Comprehensive Income (XI)		(20.73)	6.90
XII Total Comprehensive Income for the period (X+XI) (Comprising Profit (Loss) and Other Comprehensive Income for the period)		11,983.44	10,260.48
XIII Earnings per equity share of INR 10 each (For Continuing Operations)			
(1) Basic		38.23	35.80
(2) Diluted		23.12	22.33
XIV Earnings per equity share (For Discontinued Operation)			
(1) Basic		-	-
(2) Diluted		-	-
XV Earnings per equity share (For Discontinued & Continuing Operations)			
(1) Basic		38.23	35.80
(2) Diluted		23.12	22.33

Significant Accounting Policies

Notes form an Integral part to 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, 2019

For and on behalf of the Board of Directors

Pravin Kiri
(Chairman)
DIN : 00198275

Manish Kiri
(Managing Director)
DIN : 00198284

Suresh Gondalia
(Company Secretary)

Jayesh Vyas
(Chief Financial Officer)

Place : Ahmedabad
Date : May 29, 2019

Cash Flow Statement for the year ended on 31st March, 2019

(INR in Lakhs)

Particulars	For the year ended 31 st March 2019	For the year ended 31 st March 2018
A. Cash Flow from Operating Activities :		
Net Profit before Tax and Extraordinary items	12,634.14	10,670.68
Adjustment for		
- Depreciation	2,849.93	2,504.86
- Actuarial Valuation of Gratuity	(20.73)	6.90
- Interest & Dividend Income	(280.35)	(325.02)
- Interest charged to P & L	439.57	165.42
- Loss/(Profit) on Sale of Fixed Assets	(2.19)	0.65
Operating Profit before working capital changes:	15,620.36	13,023.49
Adjustment for :		
- Trade Receivables	(3,102.89)	(4,063.34)
- Inventories	(5,149.04)	(1,644.78)
- Other Current Financial Assets	(28.64)	633.56
- Other Current Assets	(289.02)	510.98
- Other Non-Current Financial Assets	(257.47)	(24.15)
- Other Non-Current Assets	(5,031.70)	84.11
- Trade Payables	4,854.68	(3,052.69)
- Other Non-Current Financial Liabilities	17.50	(7.00)
- Other Current Financial Liabilities	1,278.25	70.93
- Other Current Liabilities	4,077.66	(246.67)
- Provisions	75.26	354.70
Cash Generated from Operations	12,064.96	5,639.16
- Taxes paid/ provision & Deferred tax	(1,407.30)	(109.32)
Net Cash Flow from Operations	10,657.66	5,529.84
B. Cash Flow from Investment Activities :		
- Purchase of Property, Plant & Equipments including Capital Work in Progress	(11,459.71)	(6,492.69)
- Sale of Fixed Assets	2.61	5.90
- Interest and Dividend Income	280.35	325.02
- Loan & Advances	(644.98)	(179.32)
- Investment	2,800.00	17.61
Net cash flow from Investing Activities	(9,021.73)	(6,323.46)

Cash Flow Statement for the year ended on 31st March, 2019 (Contd.)

(INR in Lakhs)

Particulars	For the year ended 31 st March 2019	For the year ended 31 st March 2018
C. Cash Flow from Financing Activities :		
- Proceeds from FCCB	-	1,430.95
- Security Premium	-	(12.71)
- Proceeds from Long term Borrowings	715.79	64.71
- Interest charged	(439.57)	(165.42)
- Repayment of Long Term Borrowings	(1,528.92)	(230.08)
- Repayment of Short Term Borrowings	(0.02)	(92.78)
Net Cash Flow from Financing Activities	(1,252.73)	994.67
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	383.20	201.05
Cash and Cash Equivalents as at (Opening)	558.45	357.40
Cash and Cash Equivalents as at (Closing)	941.65	558.45
Reconciliation of Cash and Cash Equivalent		
Total Cash and Bank Balance as per Balance Sheet	941.65	558.45
Cash and Cash Equivalents comprise as under:		
Balance with Banks in Current account	939.09	555.90
Cash on Hand	2.56	2.55
Cash and Cash Equivalent at the end of the year	941.65	558.45

Significant Accounting Policies

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, 2019

For and on behalf of the Board of Directors

Pravin Kiri

(Chairman)
DIN : 00198275

Suresh Gondalia

(Company Secretary)

Manish Kiri

(Managing Director)
DIN : 00198284

Jayesh Vyas

(Chief Financial Officer)

Place : Ahmedabad
Date : May 29, 2019

Statement of Changes in Equity for the year ended on 31st March, 2019

A. Equity Share Capital				(INR in Lakhs)			
Equity Share Capital				As at 31 st March, 2019		As at 31 st March, 2018	
	No. of Shares	Amount	No. of Shares	Amount	No. of Shares	Amount	
Balance at the beginning of the reporting period	30,243,951	3,024.40	27,843,951	2,784.40			
Changes in equity share capital during the year	1,100,000	110.00	2,400,000	240.00			
Balance at the end of the reporting period	31,343,951	3,134.40	30,243,951	3,024.40			
B. Other Equity							
Particulars	Equity component of compound financial instruments		Reserves and Surplus			Total	
	Equity component of compound financial instruments	Preference Share Redemption Reserve	Securities Premium Reserve	General Reserve	Retained Earnings	Money received against share warrants	Total
Balance at 31st March, 2017	1,034.03	123.81	35,771.35	1,617.60	(14,623.92)	12,705.00	36,627.87
Issue of Shares against Warrants / Fund received against Convertible Bond	1,430.95	-	8,472.00	-	-	(8,712.00)	1,190.95
Share Issue Expense	-	-	(12.71)	-	-	-	(12.71)
Changes in accounting policy or prior period errors	-	-	-	-	-	-	-
Restated balance at the beginning of the reporting period	-	-	-	-	-	-	-
Total Comprehensive Income for the year	-	-	-	-	10,260.48	-	10,260.48
Dividends	-	-	-	-	-	-	-
Transfer from Debenture Redemption Reserve to General Reserve	-	-	-	-	-	-	-
Transfer from Retained Earnings to Preference Share Redemption Reserve	-	61.91	-	-	(61.91)	-	-
Balance at 31st March, 2018	2,464.98	185.72	44,230.64	1,617.60	(4,425.35)	3,993.00	48,066.59
Fund received against Convertible Bond / Warrant	-	-	-	-	-	-	-
Issue of Shares against Warrants / Fund received against Convertible Bond	-	-	3,883.00	-	-	(3,993.00)	(110.00)
Share Issue Expense	-	-	-	-	-	-	-
Changes in accounting policy or prior period errors	-	-	-	-	-	-	-
Restated balance at the beginning of the reporting period	-	-	-	-	-	-	-
Total Comprehensive Income for the year	-	-	-	-	11,983.44	-	11,983.44
Dividends	-	-	-	-	-	-	-
Transfer from Debenture Redemption Reserve to General Reserve	-	-	-	-	-	-	-
Transfer from Retained Earnings to Preference Share Redemption Reserve	-	61.91	-	-	(61.91)	-	-
Balance at 31st March, 2019	2,464.98	247.63	48,113.64	1,617.60	7,496.18	-	59,940.04

Statement on Significant Accounting Policies for the year ended on 31st March, 2019

BACKGROUND

Kiri Industries Limited (the Company) is a public company limited by shares domiciled in India, incorporated under the provisions of Companies Act, 1956 having CIN as L24231GJ1998PLC034094. Its shares are listed on National Stock Exchange of India Limited and BSE Limited. Its registered office is situated at 7th 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.

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 recognized 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 judgments 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 23 - Current/deferred tax expense

Note 40 - Measurement of defined benefit obligations

Note 39 - Provisions and contingencies

1.3 REVENUE RECOGNITION

a) Sale of Goods:

Revenue from the sale of goods is recognized 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.

Statement on Significant Accounting Policies for the year ended on 31st March, 2019 (Contd.)

b) **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 recognized 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.

c) **Dividend:**

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

d) **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

- a) 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.
- b) In order to hedge exposure to foreign exchange risks arising from Export or Import foreign currency, bank borrowings and trade receivables, the Company may enter into forward contracts. Any profit or loss arising on the cancellation or renewal of a forward exchange contract is recognized as income or expenses for the year.
- c) 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).
- d) 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

- a) 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.
- b) 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.
- c) Subsequent costs are included in the asset's carrying amount or recognized 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.
- d) An item of Property, Plant or Equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.
- e) 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.
- f) 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.

Statement on Significant Accounting Policies for the year ended on 31st March, 2019 (Contd.)

- g) 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.

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 recognized 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 recognized 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 recognized, development expenditure is recognized 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 recognized in the Statement of Profit and Loss when the asset is derecognized

Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all its intangible assets recognized as at 1 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.

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.

Statement on Significant Accounting Policies for the year ended on 31st March, 2019 (Contd.)

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 recognized 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.

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.

Statement on Significant Accounting Policies for the year ended on 31st March, 2019 (Contd.)

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 recognized 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 recognized 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 recognized amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

a) Investments in Subsidiaries

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

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

b) 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 recognized 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.
- 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 and manufacturing overheads.
- Semi Finished Goods is valued at cost or net realizable value whichever is less. Cost comprises direct materials and appropriate portion of direct labour costs and manufacturing overheads.
- Net realizable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Statement on Significant Accounting Policies for the year ended on 31st March, 2019 (Contd.)

1.12 RECOVERABILITY OF TRADE RECEIVABLE

Judgments 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 counter-party, 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 judgment 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:

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

a) 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 recognized 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.

b) 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. Re-measurement as a result of experience adjustments and changes in actuarial assumptions are recognized 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.

c) 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 recognized 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.

Statement on Significant Accounting Policies for the year ended on 31st March, 2019 (Contd.)

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.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized 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 recognized 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 recognized as employee benefit expenses when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payment is available.

1.16 GOODS AND SERVICE TAX

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 Company operates and generates taxable income. Current tax items are recognized 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 recognized 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 recognized in the Statement of Profit and Loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Statement on Significant Accounting Policies for the year ended on 31st March, 2019 (Contd.)

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. Unrecognized Deferred Tax Assets are re-assessed at each reporting date and are recognized 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 recognized 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 recognized 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 recognized 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 recognized 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:

- a) 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;
- b) A present obligation arising from the past events, when no reliable estimate is possible;
- c) 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.

a) 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 recognized 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.

b) 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.

Statement on Significant Accounting Policies for the year ended on 31st March, 2019 (Contd.)

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 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.

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 EXCEPTIONS 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 for the year ended 31st March 2019

2. Property, Plant and Equipments

Assets	Gross Block			Depreciation / Amortisation			Net Block	
	Opening	Addition	Sales / Adjustments	Opening	Addition	Sales / Adjustments	As on 31-03-2019	As on 31-03-2018
2.1 Property, Plant and Equipment								
Freehold Land	802.86	-	-	802.86	-	-	802.86	802.86
Leasehold Land	2,334.72	-	-	2,334.72	13.56	20.85	2,300.31	2,321.16
Building	7,147.08	1,525.73	-	8,672.81	481.87	276.30	7,914.64	6,665.21
Plant & Equipments	28,063.35	8,592.39	-	36,655.74	3,802.96	2,270.86	30,581.92	24,260.39
Electrification	540.28	542.22	-	1,082.50	207.34	169.89	705.27	332.94
Office Equipments	61.74	22.43	-	84.17	21.80	14.19	48.18	39.94
Furniture & Fixture	75.73	27.86	-	103.59	35.20	13.41	54.98	40.53
Vehicles	472.05	169.21	4.55	636.71	130.39	71.03	439.42	341.66
Computer	55.03	15.50	-	70.53	12.54	6.54	51.45	42.49
Total Property Plant & Equipment (A)	39,552.84	10,895.34	4.55	50,443.63	4,705.66	2,843.07	42,899.03	34,847.18
2.2 Intangible Assets								
Computer Software	26.07	4.37	-	30.44	13.01	6.86	10.57	13.06
Total Intangible Assets (B)	26.07	4.37	-	30.44	13.01	6.86	10.57	13.06
2.3 Capital Work in Progress								
Capital Work In Progress	3,212.85	7,328.27	6,768.27	3,772.85	-	-	3,772.85	3,212.85
Total Capital Work in Progress (C)	3,212.85	7,328.27	6,768.27	3,772.85	-	-	3,772.85	3,212.85
Total A+B+C	42,791.76	18,227.98	6,772.82	54,246.92	4,718.67	2,849.93	46,682.45	38,073.09

- 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 for the year ended 31st March 2019 (Contd.)

2. Property, Plant and Equipments

		Gross Block				Depreciation / Amortisation				Net Block	
For FY 2017-18		Opening	Addition	Sales / Adjustments	Closing	Opening	Addition	Sales / Adjustments	Closing	As on 31-03-2018	As on 31-03-2017
Assets		Opening	Addition	Sales / Adjustments	Closing	Opening	Addition	Sales / Adjustments	Closing	As on 31-03-2018	As on 31-03-2017
2.1 Property, Plant and Equipment											
Freehold Land		802.86	-	-	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	517.21
Building		6,362.60	784.48	-	7,147.08	236.24	245.63	-	481.87	6,665.21	6,126.36
Plant & Equipments		24,032.10	4,031.25	-	28,063.35	1,768.63	2,034.33	-	3,802.96	24,260.39	22,263.47
Electrification		527.67	12.61	-	540.28	105.87	101.47	-	207.34	332.94	421.80
Office Equipments		47.69	14.05	-	61.74	10.02	11.78	-	21.80	39.94	37.67
Furniture & Fixture		74.76	0.97	-	75.73	18.14	17.06	-	35.20	40.53	56.62
Vehicles		274.27	208.77	10.99	472.05	64.88	69.95	4.43	130.39	341.66	209.39
Computer		49.67	5.36	-	55.03	6.61	5.93	-	12.54	42.49	43.06
Total Property Plant & Equipment (A)		32,691.34	6,872.49	10.99	39,552.84	2,212.90	2,497.19	4.43	4,705.66	34,847.18	30,478.44
2.2 Intangible Assets											
Computer Software		15.33	10.74	-	26.07	5.34	7.67	-	13.01	13.06	9.99
Total Intangible Assets (B)		15.33	10.74	-	26.07	5.34	7.67	-	13.01	13.06	9.99
2.3 Capital Work in Progress											
Capital Work In Progress		3,603.39	3,792.09	4,182.63	3,212.85	-	-	-	-	3,212.85	3,603.39
Total Capital Work in Progress (C)		3,603.39	3,792.09	4,182.63	3,212.85	-	-	-	-	3,212.85	3,603.39
Total A+B+C		36,310.06	10,675.32	4,193.62	42,791.76	2,218.24	2,504.86	4.43	4,718.67	38,073.09	34,091.82

- 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 for the year ended 31st March 2019 (Contd.)

3. Investment - Non-Current

(INR in Lakhs)

Particulars	FY 2018-19	FY 2017-18
A) Investments in Equity Shares carried at Cost (Fully Paid) - Unquoted Equity Shares		
(I) Investment in Subsidiaries		
38,39,000 Equity Shares (P.Y. 38,39,000) of HK \$ 1 each in Synthesis International Ltd.	256.86	256.86
9,70,000 Equity Shares (P.Y. 9,70,000) of NTD 10 each in SMS Chemical Co Ltd Fully Paid Up	339.53	339.53
200 Equity Shares (P.Y. 200) of AED 1000 each in Chemhub Trading DMCC	28.81	28.81
Less : Impairment of Investments in SMS Chemical Co Ltd & Synthesis International Ltd.	(596.39)	(596.39)
(II) Investment in Associate Company		
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
26,25,000 Equity Shares (P.Y. 26,25,000) of INR 10 each in Kiri Infrastructure Private Limited	1,443.75	1,443.75
(III) Investment in Joint Venture Company		
3,00,00,000 Equity Shares (P.Y.3,00,00,000) of INR 10 each in Lonsen Kiri Chemical Industries Limited.	3,000.00	3,000.00
B) Investments in Preference Shares carried at Cost (Fully Paid)		
(I) Investment in Joint Venture Company		
NIL, 5% Non Cumulative Redeemable Preference Shares (P.Y. 58,00,000) of INR 10 each in Lonsen Kiri Chemical Industries Limited.	-	580.00
Total	14,022.79	14,602.79

Aggregate Value of Unquoted Investment

(INR in Lakhs)

Particulars	FY 2018-19	FY 2017-18
Non -current	14,022.79	14,602.79
Aggregate Value of Impairment In Value of Investment	596.39	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 INR 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 INR 256.86 Lakhs as on 1st April 2016.

Notes to the Financial Statements for the year ended 31st March 2019 (Contd.)

4. Non-Current Financial Assets - Investments

(INR in Lakhs)

Particulars	FY 2018-19	FY 2017-18
Investments in Equity Shares carried at Cost (Fully Paid) - Unquoted Equity Shares		
20,000 Equity Shares (P.Y. 20,000) of INR 25 each in Kalupur Commercial Co-Operative Bank Limited.	5.00	5.00
10,000 Equity Shares (P.Y. 10,000) of INR 10 each in Kapsil Aqua Enviro Limited	1.00	1.00
Total	6.00	6.00

Aggregate Value of Un-Quoted Investment

Particulars	FY 2018-19	FY 2017-18
Non -current	6.00	6.00
Aggregate Value of Provision for Diminution in Value	-	-

5. Trade Receivables

(INR in Lakhs)

Particulars	FY 2018-19	FY 2017-18
Unsecured Considered Good		
Trade Receivables	356.47	-
Total	356.47	-

6. Other Non-Current Financial Assets

(INR in Lakhs)

Particulars	FY 2018-19	FY 2017-18
Security Deposits	897.12	639.65
Total	897.12	639.65

7. Other Non-Current Assets

(INR in Lakhs)

Particulars	FY 2018-19	FY 2017-18
Capital Advances		
Capital Advances	6,427.27	1,550.44
Advances other than Capital Advances		
Balances with Government Authorities	-	21.78
Non-Current Tax Assets	827.07	650.42
Total	7,254.34	2,222.64

Note:

- i) Capital Advances include advances to an intermediary for purchase of land for the Company. Advances also include capital advances given to a party for industrial land pending necessary formalities for transfer.

Notes to the Financial Statements for the year ended 31st March 2019 (Contd.)

8. Inventories

(INR in Lakhs)

Particulars	FY 2018-19	FY 2017-18
Raw Material & Stores and Spares	5,790.11	1,605.70
Finished Goods	3,652.98	3,085.58
Stock in Process & Semi Finished Goods	1,201.24	866.26
Packing Material	138.85	91.63
Fuel	43.18	28.15
Total	10,826.36	5,677.32

9. Investments in Subsidiary / Associate - Current

(INR in Lakhs)

Particulars	FY 2018-19	FY 2017-18
Investments in Preference Shares carried at Cost (Fully Paid) -		
Investment in Joint Venture Company		
NIL, 5% Non Cumulative Redeemable Preference Shares (P.Y.2,20,00,000) of INR 10 each in Lonsen Kiri Chemical Industries Limited.	-	2,220.00
Total	-	2,220.00

Note:

- i) Out of the total long term investment of INR 2,800.00 Lakhs in the redeemable preference shares of Lonsen Kiri Chemical Industries Limited a Joint Venture Company, a sum of INR 320.00 Lakhs was due and receivable by the Company in December, 2017. The company has received the same on 20.09.2018.

10. Trade Receivables

(INR in Lakhs)

Particulars	FY 2018-19	FY 2017-18
Unsecured and Considered good		
Trade Receivables	21,083.06	18,103.48
	21,083.06	18,103.48
Less : Provision for Doubtful Debts	233.16	-
Total	20,849.90	18,103.48

Note:

- i) Trade Receivables Includes INR 3,957.30 Lakhs as at 31st March 2019 (Previous Year as at 31st March 2018 INR 3,955.30 Lakhs) due from related parties.
- ii) Provision for Doubtful Debts of INR 233.16 Lakhs was made against outstanding export sales from a party which is doubtful of recovery.
- 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.

11. Cash and Cash Equivalents

(INR in Lakhs)

Particulars	FY 2018-19	FY 2017-18
Balance with Banks in Current Accounts	939.09	555.90
Cash on Hand	2.56	2.55
Total	941.65	558.45

Notes to the Financial Statements for the year ended 31st March 2019 (Contd.)

12. Other Bank Balances

(INR in Lakhs)

Particulars	FY 2018-19	FY 2017-18
Deposit for Margin Money with Banks	103.31	97.86
Balances with Banks for Un paid Dividends	-	0.35
Other Bank Balances	12.35	-
Total	115.66	98.21

Note:

- i) The Current Account balance includes unpaid dividend of NIL as at 31st March 2019 (Previous Year as at 31st March 2018 INR 0.35 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 INR 103.31 Lakhs as at 31st March 2019 (Previous Year as at 31st March 2018 INR 97.85 Lakhs)
- iii) The Company had created trust with SBI, ICICI & LIC for providing Gratuity benefits to the employees in past years and had contributed premium to cover the liability for gratuity. Premium paid in the past years were charged to revenue. Under the scheme, there were two bank accounts i.e. SBI Life Insurance-Group Gratuity Scheme and LIC-GGCa whose respective balances as on 31-03-2019 were as INR 3.26 Lakhs and INR 9.09 Lakhs. The company has accounted bank accounts of SBI and LIC in books of accounts during the year.

13. Loans

(INR in Lakhs)

Particulars	FY 2018-19	FY 2017-18
Unsecured and Considered Good		
Advance to Subsidiary Company (Share Application Money)	17.64	17.64
Loan to Others	1,208.26	633.79
Loan to Employees	586.36	515.84
Total	1,812.26	1,167.27

Note:

- i) Loans include Advances of INR 17.64 Lakhs to wholly owned subsidiary company M/s. Chemhub Trading DMCC at Dubai, given towards share application money.

14. Other Current Financial Assets

(INR in Lakhs)

Particulars	FY 2018-19	FY 2017-18
Export Benefit Receivable	416.55	339.39
Others	96.76	162.73
Total	513.31	502.12

15. Current Tax Assets (Net)

(INR in Lakhs)

Particulars	FY 2018-19	FY 2017-18
Advance tax and TDS	111.47	413.32
Total	111.47	413.32

Notes to the Financial Statements for the year ended 31st March 2019 (Contd.)

16. Other Current Assets

(INR in Lakhs)

Particulars	FY 2018-19	FY 2017-18
Advances other than Capital Advances		
Balance with Government Authorities	1,164.76	963.07
Advances to Suppliers	780.29	678.33
Prepaid Expenses	91.52	106.15
Total	2,036.57	1,747.55

17. Share Capital

(INR in Lakhs)

Particulars	FY 2018-19	FY 2017-18
AUTHORISED		
15,00,00,000 Equity Shares (Previous year 15,00,00,000) of INR 10/-each	15,000.00	15,000.00
5,00,00,000 Preference Shares (Previous year 5,00,00,000) of INR 10/-each	5,000.00	5,000.00
Total	20,000.00	20,000.00
Issued, Subscribed & Paid-up Capital		
31,343,951 Equity Shares (Previous year as at 31 st March, 2018: 30,243,951) of INR 10/- each fully paid up	3,134.40	3,024.40
Total	3,134.40	3,024.40

The reconciliation of the number of Equity Shares outstanding as at 31.03.2019 and 31.03.2018 is set out below:

Particulars	As at 31 st March, 2019		As at 31 st March, 2018	
	No of Shares	Amount	No of Shares	Amount
Number of shares at the beginning of the year	30,243,951	3,024.40	27,843,951	2,784.40
Add: Shares issued during the year	1,100,000	110.00	2,400,000	240.00
Number of shares at the end of the year	31,343,951	3,134.40	30,243,951	3,024.40

Note:

- i) During the year, the company has converted 1,100,000 Warrants (Previous Year 2,400,000) issued to Equinaire Chemtech LLP into 1,100,000 Equity shares of INR 10 each at issue price of INR 363/- each Share (Previous Year 2,400,000 Equity Shares at issue price of INR 363/-per Share)

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

Name of the shareholder	As at 31 st March, 2019		As at 31 st March, 2018	
	No. of shares	%	No. of shares	%
Mr. Pravin Kiri	2,501,680	7.98	2,501,680	8.27
Mr. Manish Kiri	1,822,728	5.82	1,822,728	6.03
Mrs. Anupama Kiri	5,701,238	18.19	5,701,238	18.85
Equinaire Chemtech LLP	3,500,000	11.17	2,400,000	7.94

Rights and Restrictions:

- i) The Company has only one class of Equity Shares having face value of INR 10/- per share. The Equity Share holder is entitled to one vote per share. The Equity Shareholders have equal dividend rights in proportion to their shareholding.

Notes to the Financial Statements for the year ended 31st March 2019 (Contd.)

- ii) The Company has only one class of Preference Shares carrying no voting right and have fixed dividend right @ 0.15% per share of face value.

18. Other Equity		(INR in Lakhs)	
Particulars	FY 2018-19	FY 2017-18	
Securities Premium Account			
As per Last year accounts	44,230.64	35,771.35	
Add : Addition during the year	3,883.00	8,472.00	
Less : Share / FCCB Conversion Exps.	-	(12.71)	
	48,113.64	44,230.64	
General Reserve			
As per Last year accounts	1,617.60	1,617.60	
Add : Addition during the year	-	-	
	1,617.60	1,617.60	
Money Received against Share Warrant			
As per Last year accounts	3,993.00	12,705.00	
Add : Addition during the year	-	-	
Less : Issue of Share against Warrant	(3,993.00)	(8,712.00)	
	-	3,993.00	
Equity Component of Convertible Foreign Currency Bond			
As per Last year accounts	2,464.98	1,034.03	
Add : Addition during the year	-	1,430.95	
	2,464.98	2,464.98	
Redemption Reserve for Non Convertible Preference Shares			
As per Last year accounts	185.72	123.81	
Add : Addition during the year	61.91	61.91	
	247.63	185.72	
Retained Earnings			
As per Last year accounts	(4,425.35)	(14,623.92)	
Add : Surplus during the year	11,983.44	10,260.48	
	7,558.09	(4,363.44)	
Less : Redemption Reserve for Non Convertible Preference Shares	(61.91)	(61.91)	
	7,496.18	(4,425.35)	
Total	59,940.04	48,066.59	

Notes to the Financial Statements for the year ended 31st March 2019 (Contd.)

19. Financial Liabilities

(INR in Lakhs)

Particulars	FY 2018-19	FY 2017-18
Borrowings		
a) Secured		
In Indian Currency		
Term Loan Facility from ARCs	12,153.00	13,620.30
Other Borrowings	45.04	53.00
(Refer Note 26 for Current Maturity of Term Loan INR 1474.65 Lakhs (P.Y. INR 1,528.32 Lakhs)		
b) Unsecured		
Inter Corporate Deposits	2,027.50	1,311.70
Other Financial Liabilities		
43,33,500 (P.Y. 43,33,500) 0.15% Cumulative Non Convertible Redeemable Preference Shares Redemption Price - INR 15 per share	650.03	650.03
Total	14,875.57	15,635.03

i) The details of security offered for the long term borrowings and current maturity of long term debts taken from ARCs are set out below :

SN	Description of Assets/Security	Security given to
1	All that piece or parcel of lease hold Plot No. 299/1/A, ad-measuring about 3767 sq. mts., along-with 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, ad-measuring about 2050 sq. mts., along-with 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), ad-measuring about 2539 Sq. Mtrs. along-with 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 ad-measuring about 45773 sq. mts. Along-with 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 ad-measuring about 31942 sq.mts., Along-with 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, ad-measuring about 1,507.93 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

Notes to the Financial Statements for the year ended 31st March 2019 (Contd.)

SN	Description of Assets/Security	Security given to
7	All that piece and parcel of non agricultural land bearing Block No. 390/A, 390/B, 391/A, 391/B, 394/A/1, ad-measuring about 22311 sq. mts., Along-with factory shed building, plant and machinery situate lying 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, ad-measuring about 16313 sq.mts., Along-with factory shed building, plant and machinery, Power plant situate lying 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 ad-measuring 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 from 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.

ii) 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 also secured by personal Guarantees of some of the directors.

iii) 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. The details of EMI due from April, 2019 are as follows: Six Quarterly EMI of INR 36.50 Lakhs till September, 2020, Two Quarterly EMI of INR 2,622 Lakhs till March, 2021, Two Quarterly EMI of INR 2,621 Lakhs till September, 2021 and Four Quarterly EMI of INR 398.50 Lakhs till 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. Starting from June 2019 Two Quarterly installments are pending totalling to INR 1,322.40 Lakhs.

iv) The details of security offered for Other Borrowings are set out below :

SN	Description of Loan	ROI	Repayment Terms	Security Given
1	Vehicle Loan	10.50%	47 Monthly Installments:46 EMI of INR 1.05 Lakhs and Last Installment INR36.06 Lakhs	Hypothecation of Vehicle

v) The details of terms for Inter Corporate Deposits are set out below :

SN	Description of Loan	ROI	Repayment Terms
1	Inter Corporate Deposits	15.00%	Repayable till 31-03-2022

Notes to the Financial Statements for the year ended 31st March 2019 (Contd.)

20. Trade payables - Non-current

(INR in Lakhs)

Particulars	FY 2018-19	FY 2017-18
Trade Payables	359.38	-
Total	359.38	-

21. Other Financial Liabilities - Non-Current

(INR in Lakhs)

Particulars	FY 2018-19	FY 2017-18
Deposits from Customers	76.50	59.00
Total	76.50	59.00

Note:

- i) Deposits from customers are non-interest bearing.

22. Provisions

(INR in Lakhs)

Particulars	FY 2018-19	FY 2017-18
Provision for Employee Benefits (Refer Note 40)		
Gratuity	144.60	94.60
Compensated Absences	29.88	26.28
Provision Others	1,100.18	1,100.18
Total	1,274.66	1,221.06

23. Tax Expense

Current Tax :

a) Amounts recognized in Statement of Profit and Loss

(INR in Lakhs)

Particulars	FY 2018-19	FY 2017-18
Current Tax		
Current Tax on Profits of the year*	2,708.27	2,277.29
Excess provision of Income Tax for Earlier Years	91.95	(1,528.82)
Total Current Tax Expenses	2,800.22	748.47
Deferred Tax		
Increase in Deferred Tax Liabilities	538.02	417.10
MAT Credit Entitlement	(2,708.27)	(748.47)
Total Deferred Tax Expense/(benefit)	(2,170.25)	(331.37)
Income Tax Expense	629.97	417.10

*Current Income Tax provided under Section 115JB

Notes to the Financial Statements for the year ended 31st March 2019 (Contd.)

b) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31st March 2019 and 31st March 2018

(INR in Lakhs)

Particulars	FY 2018-19	FY 2017-18
Accounting profit before tax from continuing operations	12,634.14	10,670.68
Accounting profit before Income Tax	12,634.14	10,670.68
Tax at India's statutory income tax rate of 34.94%(31 March 2018 : 34.61%)	4,414.87	3,693.12
Adjustment for tax purposes :		
Permanent Dis-allowances(Net)	37.25	(73.37)
43B & other dis-allowances	21.73	22.60
Utilization of Unabsorbed Losses/Dep.	(3,968.41)	(3,225.25)
Current Tax for Prior Period	91.94	-
Change in Tax Rate	32.59	-
Income Tax Expenses	629.97	417.10
Weighted average tax rate for the year	4.99%	3.91%

c) Deferred Tax Liabilities

(INR in Lakhs)

Particulars	FY 2018-19	FY 2017-18
Deferred Tax (Net of MAT Credit Entitlement of INR 3,862.60 Lakhs (Previous year INR 405.85 Lakhs)	32.35	2,951.06
Total	32.35	2,951.06

d) Movement in Deferred Tax Expenses

As on 31st March, 2019

(INR in Lakhs)

	Opening	P/L	Net	DTA	DTL
Deferred Tax Asset					
Property, Plant and Equipment	(3,425.43)	(541.40)	(3,966.83)	-	(3,966.83)
Investment	201.30	7.10	208.40	208.40	-
Dis-allowance of Expenditures	(132.79)	(3.72)	(136.51)	-	(136.51)
Tax Asset/Liabilities	(3,356.92)	(538.02)	(3,894.94)	208.40	(4,103.34)
Net Tax Assets/(Liabilities)					(3,894.94)

As on 31st March, 2018

(INR in Lakhs)

	Opening	P/L	Net	DTA	DTL
Deferred Tax Asset					
Property, Plant and Equipment	(3,092.36)	(333.07)	(3,425.43)	-	(3,425.43)
Investment	201.62	(0.32)	201.30	201.30	-
Dis-allowance of Expenditures	(49.08)	(83.71)	(132.79)	-	(132.79)
Tax Asset/Liabilities	(2,939.82)	(417.10)	(3,356.92)	201.30	(3,558.22)
Net Tax Assets/(Liabilities)					(3,356.92)

Notes to the Financial Statements for the year ended 31st March 2019 (Contd.)

24. Borrowings

(INR in Lakhs)

Particulars	FY 2018-19	FY 2017-18
Unsecured Loans		
Inter Corporate Deposits	57.20	57.22
Total	57.20	57.22

Note:

- i) The details of terms for Inter Corporate Deposits are set out below :

SN	Description of Loan	ROI	Repayment Terms
1	Inter Corporate Deposits	18.00%	Repayable till 31-03-2020

25. Trade Payables

(INR in Lakhs)

Particulars	FY 2018-19	FY 2017-18
Towards MSME Units (Refer Note No. 38)	139.69	68.94
Towards Others	15,876.28	11,451.73
Total	16,015.97	11,520.67

Note:

- 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) Trade Payable includes amount due to Related Parties INR 3,337.47 Lakhs as at 31st March 2019 (Previous Year as at 31st March 2018 INR 361.11 Lakhs)

26. Other Current Financial Liabilities

(INR in Lakhs)

Particulars	FY 2018-19	FY 2017-18
Current Maturity of Long-term secured debt	1,474.65	1,528.32
Interest accrued but not due on borrowings	0.78	0.78
Credit Balances in Bank Accounts	6.51	206.13
Employee Benefit Payable	320.09	261.35
Unpaid Dividend	-	0.34
Payable for Capital Goods	1,687.01	267.54
Total	3,489.04	2,264.46

Note:

- 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.

Notes to the Financial Statements for the year ended 31st March 2019 (Contd.)

27. Other Current Liabilities

(INR in Lakhs)

Particulars	FY 2018-19	FY 2017-18
Advances received from Customers	3,566.00	116.37
Statutory Dues	257.05	158.05
Other Liabilities	1,346.35	817.33
Total	5,169.40	1,091.75

Note:

- i) Other liabilities includes amount payable to DyStar Global Holdings (Singapore) Pte. Ltd. under the Singapore International Commercial Court order dated 03.07.2018. For detailed information, please refer Emphasis point no. 2 in Independent Auditor's Report.

28. Provisions

(INR in Lakhs)

Particulars	FY 2018-19	FY 2017-18
Provision for Employee Benefits		
Gratuity	145.93	130.79
Compensated Absences	6.61	4.84
LTA	9.76	5.02
Total	162.30	140.65

29. Current Tax Liabilities (Net)

(INR in Lakhs)

Particulars	FY 2018-19	FY 2017-18
Provision for Income Tax	2,708.27	-
Less : Advance Tax, TDS & TCS	(868.73)	-
Total	1,839.54	-

30. Revenue From Operations

(INR in Lakhs)

Particulars	FY 2018-19	FY 2017-18
Sale of Products	103,244.27	88,953.27
Other Operating Revenue	2,942.06	1,180.81
Total	106,186.33	90,134.08

31. Other Income

(INR in Lakhs)

Particulars	FY 2018-19	FY 2017-18
Interest Income	207.97	43.64
Dividend Income	66.05	280.60
Profit on sale of Fixed Assets	2.19	-
Cash Discount and Other Income	6.33	0.78
Total	282.54	325.02

Notes to the Financial Statements for the year ended 31st March 2019 (Contd.)

32. Cost of Material Consumed

(INR in Lakhs)

Particulars	FY 2018-19	FY 2017-18
Raw Material Consumed		
Opening Inventory	1,548.00	1,938.48
Add : Net Purchases	72,788.05	54,884.96
Less: Inventory at the end of the year	5,252.53	1,548.00
Cost of Raw Material consumed during the year	69,083.52	55,275.44
Packing Material Consumed		
Opening Inventory	91.63	120.84
Add : Net Purchases	1,067.18	1,095.54
Less: Inventory at the end of the year	138.85	91.63
Cost of Packing Material consumed during the year	1,019.96	1,124.75
Total	70,103.48	56,400.19

33. Changes In Inventories of Finished Goods, Work-In-Progress & Stock-In Trade

(INR in Lakhs)

Particulars	FY 2018-19	FY 2017-18
(Increase)/decrease in Stocks		
Stock at the beginning of the year :		
Finished Goods	3,085.58	1,263.87
Work in Progress & Semi Finished Goods	866.26	481.29
	3,951.84	1,745.16
Stock at the end of the year :		
Finished Goods	3,652.98	3,085.58
Work in Progress & Semi Finished Goods	1,201.24	866.26
	4,854.22	3,951.84
Total	(902.38)	(2,206.68)

34. Employee Benefits Expenses

(INR in Lakhs)

Particulars	FY 2018-19	FY 2017-18
Salaries, Wages & Bonus	2,957.87	2,741.08
Contribution to Provident fund & other funds	197.12	203.61
Welfare Expenses	272.97	304.39
Total	3,427.96	3,249.08

35. Finance Cost

(INR in Lakhs)

Particulars	FY 2018-19	FY 2017-18
Interest & Financial Charges		
Interest Cost	361.05	110.84
Financial Charges	78.52	54.58
Total	439.57	165.42

Notes to the Financial Statements for the year ended 31st March 2019 (Contd.)

36. Other Expenses

(INR in Lakhs)

Particulars	FY 2018-19	FY 2017-18
Operational & Other Expenses		
- Power & Fuel	8,811.39	8,002.92
Repairs & Maintenance		
- Buildings	227.98	32.90
- Machineries	1,903.92	2,122.28
- Other Assets	303.78	265.40
Pollution Treatment Expenses	608.68	466.61
Laboratory Expenses	90.29	78.38
Factory Expenses	64.95	74.79
Labour Charges	1,545.29	1,192.85
Insurance Premium	81.01	77.74
Bad Debts Written Off	117.56	-
Provision for Doubtful Debts	233.16	-
Communication Expenses	43.95	39.57
Postage & Courier	29.44	31.41
Travelling & Conveyance	78.00	48.33
Repairs & Maintenance - Others	69.05	63.09
Membership & Subscription	2.35	1.96
Security Expenses	125.68	107.81
Legal & Professional Fees	1,453.52	1,739.33
Payment to Auditors	30.00	23.50
Rates & Taxes	78.42	113.55
Foreign Exchange Loss	257.40	230.39
CSR and Social Welfare Expenses	143.10	46.11
Miscellaneous Expenses	28.31	38.15
Software Expense	4.04	12.76
Export Expenses	161.45	157.77
Outward Freight & Transportation Charges	1,213.32	1,276.77
Travelling Expenses	127.46	125.10
Advertisement & Sales Promotion Expenses	82.67	65.51
Total	17,916.17	16,434.98

Notes:

i) Details of Payment made to Auditor is as below:

Particulars	FY 2018-19	FY 2017-18
For Statutory Audit Fees	20.00	15.00
For Taxation matters	5.00	5.00
For Other services	5.00	3.50

Notes to the Financial Statements for the year ended 31st March 2019 (Contd.)

ii) Corporate Social Responsibility Expenditure - spent during the year is INR 137.77 Lakhs (Previous Year INR 45.37 Lakhs)

Particulars	FY 2018-19	FY 2017-18
Amount Required to be spent as per Section 135 of the Act	135.93	44.35
Amount spent during the year	137.77	45.37

37. Earning Per Share From Continuing Operations

Particulars	As at 31 st March, 2019	As at 31 st March, 2018
Net Profit After Tax attributable to Shareholder (INR in Lakhs)	11,983.45	10,260.48
Weighted Average number of Equity Shares at the end of year	31,343,951	28,659,294
Nominal Value of Share	10	10
Basic Earnings Per Share	38.23	35.80
Diluted Earnings Per Share	23.12	22.33

38. The Ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated August 26, 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number allocated after filing of the Memorandum in accordance with 'Micro, Small and Medium Enterprises Development Act, 2006 (the MSMED Act)

Accordingly, the disclosure in respect of the amounts payable to such Enterprises as at March 31, 2019 has been made in the Financial Statements based on information received and available with the Company. Further in view of the Management, the impact of interest, if any, that may be payable in accordance with the provisions of the Act is not expected to be material. The Company has not received any claim for interest from any Supplier as at date of this financial statement.

The details as required by MSMED Act are given below:

(INR in Lakhs)

Particulars	As at 31 st March, 2019	As at 31 st March, 2018
The Principal amount and the interest due thereon remaining unpaid to any supplier as at the end of accounting year:		
Principal Amount	139.69	68.94
Interest Amount	-	-
The amount of interest paid by the buyer under MSMED Act along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	NIL	NIL
The amount of interest due and payable for the year (where the principal has been paid but interest under the MSMED Act not paid)	-	-
The amount of interest accrued and remaining unpaid at the end of the accounting year: and	-	-
The amount of further interest due and payable even in the succeeding period, until such date when the interest dues as above are actually paid to the Small Enterprise, for the purpose of dis-allowance as a deductible expenditure under Section 23 .	-	-

On the basis of information and records available with the Company, the above disclosures are made in respect of amount due the Micro, Small and Medium enterprises, which have been registered with the relevant competent Authorities. This has been relied upon by the Auditors.

Notes to the Financial Statements for the year ended 31st March 2019 (Contd.)

39. Contingent Liabilities

(INR in Lakhs)

Particulars	2018-19	2017-18
In respect of Bank Guarantees	57.00	57.00
In respect of Corporate Guarantees	3,000.00	3,000.00
In respect of Disputed Tax Liabilities	1,653.86	1,753.55

- Bank guarantees include INR 20.00 Lakhs issued to GPCB and INR 37.00 Lakhs to Central Excise department.
- Corporate guarantee is given to Associate concern M/s Lonsen Kiri Chemical Industries Limited. Outstanding loan in the books of joint venture as on 31-03-2019 is NIL.
- Disputed tax liabilities are pending at various forums which can be verified from CARO report.

40. 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 March 31, 2019

(All Amounts INR in Lakhs)

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

Particulars	2018-19	2017-18
Current Service Cost	44.09	38.12
Net Interest Cost	16.36	12.39
Past Service Cost	-	3.57
Expected return on plan assets	4.99	(4.76)
Net actuarial Losses (Gains)	15.74	2.00
Expenses Recognized	81.18	51.32

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

Particulars	2018-19	2017-18
Present Value of Obligation	290.53	225.39
Fair Value of Plan Assets	(13.94)	(17.55)
Assets/(Liability) recognized in Balance Sheet	276.59	207.84

iii. Change in Defined Benefit Obligation (DBO):

Particulars	2018-19	2017-18
Opening Balance of Present Value of Obligation	207.84	163.66
Current Service Cost	44.09	38.12
Interest Cost	16.36	12.39
Past Service Cost	-	3.57
Actuarial (Gain)/Loss	20.73	(2.76)
Benefit paid	(12.43)	(7.14)
Closing Balance of Present Value Obligation	276.59	207.84

Notes to the Financial Statements for the year ended 31st March 2019 (Contd.)

iv. Change in Fair Value of Plan Assets:

Particulars	2018-19	2017-18
Fair value of plan assets at the beginning of year	17.55	11.89
Expected return on plan assets	(3.61)	5.66
Actuarial Losses (Gains)	---	---
Contributions by employer	---	---
Benefit paid	---	---
Defined benefit obligation at end of the year.	13.94	17.55

v. Actuarial Assumptions - Gratuity

Particulars	2018-19	2017-18
Mortality Table (LIC)	2006-08 (Ultimate)	2006-08 (Ultimate)
Discount Rate (per annum)	7.79%	7.87%
Attrition Rate	2.00%	2.00%
Annual Increase in salary costs	6.00%	6.00%

vi. Investment details

Particulars	Percentage invested as at 31 st March 2019	Percentage invested as at 31 st March 2018
Insurance Company and Others	100.00%	100.00%

vii. Sensitivity Analysis - Gratuity

Particulars	2018-19		2017-18	
	Increase	Decrease	Increase	Decrease
Change in Rate of Discounting (1.00% movement)	(32.62)	39.49	(26.12)	31.74
Change in Rate of Salary Growth (1.00% movement)	39.02	(32.85)	31.39	(26.44)
Change in Rate of Employee Turnover (1.00% movement)	5.89	(7.03)	4.88	(5.86)

b) Defined Contribution Plans

Amount recognized as expenses on account of "Contribution / Provision to and for Provident and other Funds" of Statement of Profit and Loss – INR 197.12 Lakhs (Previous year INR 203.61 Lakhs)

41. Segment Reporting

- 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 for the year ended 31st March 2019 (Contd.)

b) Analysis by Geographical Segment

(INR in Lakhs)

Particulars	2018-19	2017-18
Domestic Sales	71,769.14	62,660.58
Export Sales	31,475.13	24,578.48

42. 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 of 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 INR 10 each at premium of INR 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

43. Share Based Payments :

- a) 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).
- b) The Board of Directors of the Company at their meeting held on 7th August, 2015 has allotted 1,000,000 equity shares of INR 10 each at an issue price of INR 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 INR 35 (Face Value of INR 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 for the year ended 31st March 2019 (Contd.)

- 4) The information related to stock options granted, exercised and outstanding as on March 31, 2019 (as certified by the management) are as follows:

Particular	As at 31 st March 2019	As at 31 st March 2018
Options outstanding at the beginning of the year	625000	825000
Options Granted	-	-
Shares Transferred to Employee account from Trust Account	200000	200000
Options outstanding at the end of the Financial year	425000	625000

44. Related Parties Disclosures

a) Related Party and their Relationship

Relationship	Name of the Party
Subsidiaries of the Company	Chemhub Trading DMCC
	Synthesis International Limited
	SMS Chemicals Co. Limited
Joint Venture	Lonsen Kiri Chemical Industries Ltd.
Associate Company	DyStar Global Holdings (Singapore) Pte. Ltd
	Kiri Infrastructure Pvt. Ltd.
Enterprises in which Key Managerial Personnel (KMP) & their relatives have significant influence:	Kiri Laboratories Pvt. Ltd.
	Indochin Development Pvt. Ltd.
	Kiri Peroxide Ltd.
	Chemhub Tradelink Pvt. Ltd
	Saptak Buildcon Pvt. Ltd.
	Kiri Carbon Pvt. Ltd.
	Kiri Globe ink Pvt. Ltd.
	Equinaire Chemtech LLP
	Parkin Auto Accessories Pvt. Ltd.
	Kiri Cosmetics LLP
Enterprises in which Key Managerial Personnel (KMP) are nominee director:	Texanlab Laboratories Pvt. Ltd.
	Texanlab Bangladesh Pvt. Ltd.
	DyStar India Pvt. Ltd.
	DyStar Acquisition Corporation
	DyStar Americas Holding Corporation
	DyStar Hilton Davis Corporation
	DyStar Foam Control Corporation
	DyStar Carolina Chemical Corporation
	S. Acquisition & Co.

Notes to the Financial Statements for the year ended 31st March 2019 (Contd.)

Relationship	Name of the Party
Key Managerial Personnel & their Relatives	Mr. Pravin A Kiri
	Mr. Manish P Kiri
	Mrs. Aruna P Kiri
	Mrs. Anupama M. Kiri
	Pravin A. Kiri – HUF
	Mr. Suresh Gondalia
	Mr. Jayesh Vyas

b) Transaction with Related Parties

Figures in Italics represent figures as at March 31, 2018

(INR 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	-	6,469.48	1,385.59	-	-	7,855.07
	-	1,720.99	-	-	-	1,720.99
Sales of Goods /Job Work Income	7,923.21	19,799.38	-	-	-	27,722.59
	8,889.96	14,567.15	-	1.75	-	23,458.86
Rent	-	-	-	-	12.98	12.98
	-	-	-	-	-	-
Remuneration (Incl. Perquisites)	-	-	-	327.30	-	327.30
	-	-	-	228.39	-	228.39
Equity Shares	-	-	-	-	110.00	110.00
	-	-	-	-	240.00	240.00
Share Premium	-	-	-	-	3,883.00	3,883.00
	-	-	-	-	8,472.00	8,472.00
Dividend Income	-	65.30	-	-	-	65.30
	-	280.00	-	-	-	280.00
Outstanding Balance (Cr)	-	3,337.47	1,346.35	8.73	11.88	4,704.43
	-	361.11	25.41	2.20	-	388.72
Outstanding Balance (Dr)	3,957.30	65.30	-	-	-	4,022.60
	3,955.30	140.00	-	-	-	4,095.30

Notes to the Financial Statements for the year ended 31st March 2019 (Contd.)

c) Disclosure in respect of material transactions with related parties

(INR in Lakhs)

Nature of Transaction	Name of the Related Party	2018-19	2017-18
Purchase of Goods/ Services	Lonsen Kiri Chemical Industries Ltd.	6,469.48	1,720.99
	Dystar Global Holdings (Singapore) Pte. Ltd.	1,385.59	-
Sales of Goods / Job work Income	Lonsen Kiri Chemical Industries Ltd.	19,799.38	14,567.15
	Kiri Laboratories Pvt. Ltd.	-	1.75
	Chemhub Trading DMCC	7,923.21	8,889.96
Rent Expense	Saptak Buildcon Pvt. Ltd.	12.98	-
Remuneration	Mr. Pravin A. Kiri	120.00	96.00
	Mr. Manish P. Kiri	120.00	96.00
	Mr. Suresh Gondalia	48.00	17.15
	Mr. Jayesh Vyas	39.30	19.24
Equity Share	Equinaire Chemtech LLP	110.00	240.00
Share Premium	Equinaire Chemtech LLP	3,883.00	8,472.00
Dividend Income	Lonsen Kiri Chemical Industries Ltd.	65.30	280.00
Outstanding Balance (Cr)	Mr. Manish P. Kiri	6.33	-
	Mr. Suresh Gondalia	1.15	0.86
	Mr. Jayesh Vyas	1.25	1.34
	Lonsen Kiri Chemical Industries Ltd.	3,337.47	361.11
	Saptak Buildcon Pvt. Ltd.	11.88	-
	Dystar Global Holdings (Singapore) Pte. Ltd.	1,346.35	25.41
Outstanding Balance (Dr)	Chemhub Trading DMCC	3,957.30	3,955.30
	Lonsen Kiri Chemical Industries Ltd. (Dividend Receivable)	65.30	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.

d) Compensation to Key Managerial Personnel of the Company:

(INR in Lakhs)

Nature of Benefits	2018-19	2017-18
Short-term employee benefits	327.30	228.39
Post-employment gratuity benefits*	10.97	7.45
Total	338.27	235.84

* Key Managerial Personnel who are under the employment of the Company are entitled to post employment benefits and other long term employee benefits recognized as per Ind AS-19 - 'Employee Benefits' in the financial statements. Post-employment gratuity benefits of Key Managerial Personnel has not been included in (b) & (c) above.

45. 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 for the year ended 31st March 2019 (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.

(INR in Lakhs)

Particulars	2018-19	2017-18
Total Interest bearing Liabilities	16,407.42	17,220.58
Less : Cash and Cash Equivalents	941.65	558.45
Adjusted Net Debt	15,465.77	16,662.13
Total Equity	63,074.44	51,090.99
Adjusted Net Debt to Equity Ratio	0.25	0.33

46. 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.

(INR in Lakhs)

Financial Assets and Liabilities as at March 31, 2019	Carrying value			Total	Fair Value (Level)			Total
	Routed through Profit and Loss	Routed through OCI	Carried at amortised cost		1	2	3	
Financial Assets								
Non Current Investment	-	-	6.00	6.00	-	6.00	-	6.00
Other Financial Assets								
Non Current	-	-	897.12	897.12	-	897.12	-	897.12
Current	-	-	513.31	513.31	-	-	-	-
Trade receivable								
Non Current	-	-	356.46	356.46	-	-	-	-
Current	-	-	20,849.89	20,849.89	-	-	-	-
Cash and Cash equivalents	-	-	941.65	941.65	-	-	-	-
Other Bank Balance	-	-	115.66	115.66	-	-	-	-
Loans	-	-	1,812.26	1,812.26	-	-	-	-
Total	-	-	25,492.35	25,492.35	-	903.12	-	903.12
Financial Liabilities								
Borrowings								
Non Current	-	-	14,875.57	14,875.57	-	14,875.57	-	14,875.57
Current	-	-	57.20	57.20	-	-	-	-
Trade Payables								
Non Current	-	-	359.38	359.38	-	-	-	-
Current	-	-	16,015.97	16,015.97	-	-	-	-
Other Financial Liabilities	-	-	3,489.04	3,489.04	-	-	-	-
Total	-	-	34,797.16	34,797.16	-	14,875.57	-	14,875.57

Notes to the Financial Statements for the year ended 31st March 2019 (Contd.)

(INR in Lakhs)

Financial Assets and Liabilities as at March 31, 2018	Carrying value				Fair Value (Level)			
	Routed through Profit and Loss	Routed through OCI	Carried at amortised cost	Total	1	2	3	Total
Financial Assets								
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	-	-	502.12	502.12	-	-	-	-
Trade receivable	-	-	18,103.48	18,103.48	-	-	-	-
Cash and Cash equivalents	-	-	558.45	558.45	-	-	-	-
Other Bank Balance	-	-	98.21	98.21	-	-	-	-
Loans	-	-	1,167.27	1,167.27	-	-	-	-
Total	-	-	21,075.18	21,075.98	-	645.65	-	645.65
Financial Liabilities								
Borrowings								
Non Current	-	-	15,635.03	15,635.03	-	15,635.03	-	15,635.03
Current	-	-	57.22	57.22	-	-	-	-
Trade Payables	-	-	11,520.67	11,520.67	-	-	-	-
Other Financial Liabilities	-	-	2,264.46	2,264.46	-	-	-	-
Total	-	-	29,477.38	29,477.38	-	15,635.03	-	15,635.03

b) 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.

c) 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 for the year ended 31st March 2019 (Contd.)

47. 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 credit-worthy 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

Notes to the Financial Statements for the year ended 31st March 2019 (Contd.)

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

Particulars	(INR In Lakhs)	
	As at 31 st March, 2019	As at 31 st March, 2018
Domestic	12,294.03	11,336.11
Other Region	8,912.34	6,767.37
Total	21,206.37	18,103.48

Particulars	(INR In Lakhs)	
	As at 31 st March, 2019	As at 31 st March, 2018
Neither due nor impaired	13,839.63	4,222.43
Past due 1 – 90 days	1,706.65	2,373.22
Past due 91 – 180 days	2,037.40	7,304.67
More than 180 days	3,622.69	4,203.16

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.

Contractual maturities of financial liabilities as at March 31, 2019	(INR In Lakhs)			
	1 year or less	1-2 years	2- 5 years	Total
Non-derivatives Financial Liabilities				
Long term borrowings including current maturity	1,474.65	7,352.06	7,523.52	16,350.23
Working Capital Facility and Short term loans and borrowings	57.20	-	-	57.20
Trade payables	16,375.35	-	-	16,375.35
Total Non-Derivative liabilities	17,907.20	7,352.06	7,523.52	32,782.78

Notes to the Financial Statements for the year ended 31st March 2019 (Contd.)

(INR In Lakhs)

Contractual maturities of financial liabilities as at March 31, 2018	1 year or less	1-2 years	2- 5 years	Total
Non-derivatives Financial Liabilities				
Long term borrowings including current maturity	1,528.32	1,474.65	14,159.39	17,163.36
Working Capital Facility and Short term loans and borrowings	57.22	-	-	57.22
Trade payables	11,520.67	-	-	11,520.67
Total Non-Derivative liabilities	13,106.21	1,474.65	14,159.39	28,741.25

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.

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.

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.

(INR in Lakhs)

SN	Particulars	Currency	As at 31 st March, 2019	As at 31 st March, 2018
A	Financial assets			
(i)	Trade receivables	EURO	-	6.68
		USD	8,050.41	6,942.71
(ii)	Loans and Advances	USD	138.06	310.06
(iii)	Bank balance in EEFC accounts	USD	8.43	138.17
B	Financial liabilities			
(i)	Trade payables	USD	1,742.11	1,104.75
		EURO	1,320.94	-
		GBP	2.17	-
		SGD	117.83	-

Notes to the Financial Statements for the year ended 31st March 2019 (Contd.)

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.

(INR in Lakhs)

	Profit / (loss) before tax gain / (loss)		
	Strengthening	Weakening	(Decreased)
Mar-19			
Effect in INR			
3 % movement			
USD	(193.64)	193.64	193.64
EUR	39.63	(39.63)	(39.63)
GBP	0.07	(0.07)	(0.07)
SGD	3.53	(3.53)	(3.53)
Mar-18			
Effect in INR			
3 % movement			
USD	(188.59)	188.59	188.59
EUR	(0.20)	0.20	0.20

* Holding all other variables constant

48. The previous year figures are regrouped or reclassified according to current year grouping and classification.

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, 2019

For and on behalf of the Board of Directors

Pravin Kiri

(Chairman)
DIN : 00198275

Suresh Gondalia

(Company Secretary)

Manish Kiri

(Managing Director)
DIN : 00198284

Jayesh Vyas

(Chief Financial Officer)

Place : Ahmedabad
Date : May 29, 2019

Independent Auditor's Report

To
The Members of
Kiri Industries Ltd.

Report on the Consolidated Ind AS Financial Statements

Opinion

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, 2019, 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 notes to the consolidated Ind AS financial statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Ind AS Financial Statements").

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 Companies Act, 2013 ("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 the Ind AS, of the consolidated state of affairs of the Group as at 31st March, 2019, their consolidated financial performance including other comprehensive income, consolidated changes in equity and consolidated cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated Ind AS Financial Statements in accordance with the Standards on Auditing (SAs), specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the "Auditor's Responsibilities for the audit of the Consolidated Ind AS Financial Statements" section of our report. We are independent of the group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Emphasis of matter

1. We draw attention on Emphasis of matter placed by Auditor of one of the subsidiaries without qualifying the audit opinion. In the said matter, the auditor emphasised that although the financial statements were prepared on the basis of going concern, there was deficiency in the total equity of the company amounting to US\$ 1,033.544 arising out of the losses of current and preceding years. The continuance of the business as a going concern is dependent upon the company's ability to generate adequate profits to wipe of the accumulated losses of the company and the continuous financial support from the shareholder.
2. We draw attention to the matter that out of the three subsidiaries financial statements of only one subsidiary was audited by other auditor whose report was furnished to us by the Management and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect audited Subsidiary and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to audited subsidiary is based solely on the reports of the other auditor.
3. We draw attention to various court cases and judgments in relation to disputes between Kiri Industries Ltd. (KIL) and DyStar Global Holdings (Singapore) Pte. Ltd. (DyStar) (Associate Co. of KIL) & Senda International Capital Ltd. (Senda). The reference of court cases is emphasised with respect to litigation between KIL and DyStar (Associate Co. of KIL) whose figures are consolidated with KIL.
 - Minority oppression suit filed by Kiri Industries Ltd ("the Company/KIL") and Judgment by Singapore International Commercial Court.

The company had filed minority oppression suit in June 2015 in Singapore High Court against Senda and DyStar and also against nominated directors on board of DyStar. Later on, the suit was transferred to Singapore International Commercial Court (SICC) vide suit SIC No. 4 of 2017. In the judgment released by SICC on July 03, 2018, the court remarked that Senda had committed numerous acts of minority oppression against the company and 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 to determine fair value of KIL's stake in DyStar.

Independent Auditor's Report (Contd.)

DyStar and Senda filed appeals before Supreme court of Singapore against SICC order vide case no. CA 122 of 2018. Hearing of appeal has taken place before court of appeal on 9th April 2019. The Supreme court pronounced judgment on 29th May 2019 upholding the decision of SICC and dismissed the appeal with orders to costs filed by Senda. Hence KIL's minority oppression suit and original judgment of SICC dated July 03, 2018 has been upheld.

Senda and DyStar has also appealed against the dismissal part of the counter claims against KIL and alleged breaches of Non-competence and non-solicitation clauses in Share Subscription and Shareholders Agreement (SSSA). These appeals were allowed with costs against KIL and Mr. Manish Kiri. The SICC will assess the damages caused to DyStar in the next hearing.

Further, the valuation exercise to value KIL's 37.57% stake in DyStar is in process and SICC will hear the matter for finalization of valuation in due course.

- Winding up application by Dystar (Associate Co. of KIL):

As per SICC order dated July 03, 2018, KIL has to pay a sum of Euro 1.7 million towards Process Technology Development Fees and SGD 443,813 towards Audit costs to DyStar. In this connection, DyStar has filed winding up application with Singapore High Court on 22nd January, 2019 vide case no. HC/CWU 15/2019. The said application of DyStar is pending with High Court of Singapore.

- The company has also filed Civil suits against DyStar, Senda, Longsheng, MSL group and their respective directors / officers.
4. We draw attention to Note. No. 26 pertaining to Other Current Liabilities. It includes liability to pay Euros 1.7 mn (INR 13.46 Crores) and SGD 443,813 to DyStar (associate Co. of KIL) for Process technology development fees is capitalized with fixed asset. As per SICC order dated July 03, 2018, KIL has to pay a sum of Euro 1.7 million towards Process Technology Development Fees and SGD 443,813 towards Audit costs to DyStar. In this connection, DyStar has filed winding up application with Singapore High Court. The said application of DyStar is pending with High Court of Singapore. However the management of KIL has decided to pay the entire sum along-with interest to DyStar. The said liability since crystallised is capitalized in Fixed assets.

Our Opinion is not modified in respect of the above matters.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the

consolidated Ind AS financial statements for the financial year ended March 31, 2019. These matters were addressed in the context of our audit of the consolidated Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are no key audit matters to communicate in our report.

Information other than the Financial Statements and Auditor's Report thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the consolidated Ind AS financial statements and our auditor's report thereon.

Our opinion on the consolidated Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated Ind AS financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the management 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 the Companies (Indian Accounting Standards) Rules, 2015, as amended. 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

Independent Auditor's Report (Contd.)

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.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the group or to cease operations, or has no realistic alternative but to do so.

Those respective Board of Directors of the companies included in the Group are responsible for overseeing the Company's financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about our objectives are to obtain reasonable assurance about whether the consolidated Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated Ind AS financial statements.

As part of an audit in accordance with Standards on Audit (SAs), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate

internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group of which we are the independent auditors and whose financial information we have audited, to express an opinion on the consolidated Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated Ind AS financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Independent Auditor's Report (Contd.)

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2019 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

We did not audit the Financial statements of 3 subsidiaries, whose financial statements reflects total assets of INR 46.47 Crores and net assets of INR (7.61) Crores as at March 31, 2019, total revenues of INR 139.97 Crores and net cash inflow amounting to INR 2.25 Crores for the year ended on that date, as considered in the Consolidated Financial Statements. Out of the above 3 Subsidiaries, financial statements of only One Subsidiary was audited by other auditor whose report was furnished to us by the Management and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect audited Subsidiary and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to audited subsidiary is based solely on the reports of the other auditor. These Consolidated Financial Statements also includes Group's share of net Profit/(Loss) of INR 6.49 Crores for the year ended March 31, 2019, as considered in the Consolidated 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 INR 40.50 Crores, Total assets of INR 187.43 Crores and total revenues of INR 361.21 Crores for the year ended March 31, 2019, in respect of 1 (one) Joint Venture, which will be audited by us.

Our opinion on the Consolidated 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 auditor.

Report on other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries, associates as noted in the 'other matter' paragraph we report, to the extent applicable, that:

- a. We/the other auditors whose report we have relied upon 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 including the Statement of Other Comprehensive Income, 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 Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
- e. On the basis of written representations received from the directors of the Holding Company as on March 31, 2019 and taken on record by the Board of Directors of the Holding Company, and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary companies none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act;
- f. With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements of the Holding Company, refer to our separate Report in "Annexure 1" to this report;
- g. In our opinion the Managerial remuneration for the year ended March 31, 2019 has been paid/ provided by the Holding company to its directors in accordance with the provisions of Section 197 read with Schedule V to the Act.
- h. 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,

Independent Auditor's Report (Contd.)

as amended, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Group has disclosed the impact of pending litigations on its financial position in its consolidated Ind AS financial statements.
- ii. The Group 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 Investors Education and Protection Fund by the Holding company during the year ended on March 31, 2019.

For, Pramodkumar Dad & Associates
Chartered Accountants

CA Pramod Dad
Partner
MRN: 038261
FRN: 115869W

Place: Ahmedabad
Date: May 29, 2019

Annexure to the Independent Auditor's Report

Annexure - 1 to The Independent Auditor's Report of Even date on the Consolidated Financial Statement of Kiri Industries Ltd for the year ended 31st March, 2019

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 Holding Company") as of March 31, 2019 in conjunction with our audit of the Consolidated Ind AS financial statements of the Group for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Board of Directors of the Holding Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding 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 the respective 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 with reference to these consolidated financial statements 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, 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, with reference to these consolidated financial statements, 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 internal financial controls system over financial reporting with reference to these consolidated financial statements.

Meaning of Internal Financial Controls over Financial Reporting with reference to these consolidated financial statements

A company's internal financial control over financial reporting with reference to these consolidated financial statements 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 with reference to these consolidated financial statements 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
- 3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that can have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting with reference to these consolidated financial statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these consolidated financial statements, 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

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

financial controls over financial reporting with reference to these consolidated financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these consolidated financial statements, 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 Holding Company have, maintained in all material respects, an adequate internal financial controls system

over financial reporting with reference to these consolidated financial statements, and such internal financial controls over financial reporting with reference to these consolidated financial statements, were operating effectively as at March 31st, 2019, based on the internal control over financial reporting criteria established by the Holding 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, 2019

Consolidated Balance Sheet as at 31st March, 2019

(INR in Lakhs)

Particulars	Note No.	As at 31 st March, 2019	As at 31 st March, 2018
I. ASSETS			
(1) Non-current assets			
(a) Property, Plant and Equipment	2.1	47,688.75	40,328.43
(b) Other Intangible assets	2.2	704.96	846.10
(c) Capital work-in-progress	2.3	3,772.85	3,212.85
(d) Investment in Subsidiary / Associate/ Joint Venture	3	95,416.84	94,767.71
(e) Financial Assets			
(i) Investments	4	6.20	6.20
(ii) Trade Receivables	5	356.47	-
(iii) Other Financial Assets	6	996.73	737.45
(f) Other Assets	7	7,788.94	2,957.73
Total Non - Current Assets		156,731.74	142,855.47
(2) Current assets			
(a) Inventories	8	16,855.12	11,907.49
(b) Financial Assets			
(i) Investments		-	-
(ii) Trade receivables	9	25,358.03	21,538.63
(iii) Cash and cash equivalents	10	1,900.21	1,249.83
(iv) Bank balances other than (ii) above	11	357.18	323.70
(v) Loans	12	1,796.05	1,151.64
(vi) Others Financial Assets	13	498.73	387.63
(c) Current Tax Assets (Net)	14	111.47	413.32
(d) Other current assets	15	2,226.21	2,612.68
Total Current Assets		49,103.00	39,584.91
Total Assets		205,834.74	182,441.38
II. EQUITY AND LIABILITIES			
(1) Equity			
(a) Equity Share capital	16	3,134.40	3,024.40
(b) Other Equity	17	153,598.54	137,445.90
Total Equity		156,732.94	140,470.30
(2) Non-current liabilities			
(a) Financial Liabilities			
(i) Borrowings	18	14,875.57	15,635.03
(ii) Trade Payables	19	362.93	-
(iii) Other Financial Liabilities	20	76.50	59.00
(b) Provisions	21	1,336.82	1,276.31
(c) Deferred tax liabilities (Net)	22	599.04	3,444.09
(d) Other non-current liabilities		-	-
Total Non - Current Liabilities		17,250.86	20,414.43
(3) Current liabilities			
(a) Financial Liabilities			
(i) Borrowings	23	57.20	317.42
(ii) Trade payables	24	19,755.00	16,807.32
(iii) Other financial liabilities	25	3,580.51	2,430.75
(b) Other current liabilities	26	5,282.24	1,138.96
(c) Provisions	27	170.87	143.16
(d) Current Tax Liabilities (Net)	28	3,005.12	719.04
Total Current Liabilities		31,850.94	21,556.65
Total Equity and Liabilities		205,834.74	182,441.38

Significant Accounting Policies 1

Notes form an Integral part to 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, 2019

For and on behalf of the Board of Directors

Pravin Kiri
(Chairman)
DIN : 00198275

Manish Kiri
(Managing Director)
DIN : 00198284

Suresh Gondalia
(Company Secretary)

Jayesh Vyas
(Chief Financial Officer)

Place : Ahmedabad
Date : May 29, 2019

Consolidated Statement of Profit and Loss for the year ended on 31st March, 2019

(INR in Lakhs)

Particulars	Note No.	For the year ended 31 st March 2019	For the year ended 31 st March 2018
Income			
I Revenue From Operations	29	139,382.88	113,516.83
II Other Income	30	267.53	159.08
III Total Income (I+II)		139,650.41	113,675.91
Expenses			
Cost of materials consumed	31	86,352.04	68,094.11
Purchases of Stock-in-Trade		6,079.15	4,794.40
Changes in inventories of finished goods, Stock-in -Trade and work-in-progress	32	(1,548.64)	(2,205.58)
Employee benefits expense	33	4,171.09	3,821.60
Finance costs	34	508.48	348.41
Depreciation and amortization expense	2.1	3,755.84	3,406.81
Excise Duty on Sales		-	1,823.67
Other expenses	35	21,226.63	19,095.51
IV Total expenses (IV)		120,544.59	99,178.93
V Profit/(loss) before exceptional items and share of net profit of investment tax (III-IV)		19,105.82	14,496.98
Share of Net profit of associates		649.13	23,134.70
Profit before exceptional items and tax		19,754.95	37,631.69
VI Exceptional Items		-	-
VII Profit/(loss) before tax (V-VI)		19,754.95	37,631.69
VIII Tax expense:	22	3,343.41	1,829.55
(1) Current tax		5,440.00	3,761.66
(2) Deferred tax		(2,096.59)	(1,932.11)
(3) Adjustment of excess tax provision		-	-
IX Profit (Loss) for the period from continuing operations (VII-VIII)		16,411.54	35,802.13
X Profit/(loss) For the Period		16,411.54	35,802.13
XI Other Comprehensive Income			
A (i) Items that will not be reclassified to Profit or Loss		(20.73)	7.22
(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		-	-
Total Other Comprehensive Income (XI)		(20.73)	7.22
XII Total Comprehensive Income for the period (X+XI)(Comprising Profit (Loss) and Other Comprehensive Income for the period)		16,390.81	35,809.35
XIII Earnings per equity share of Rs 10 each (For Continuing Operations)			
(1) Basic		52.29	124.95
(2) Diluted		31.62	77.93
XIV Earnings per equity share (For Discontinued Operation)			
(1) Basic		-	-
(2) Diluted		-	-
XV Earnings per equity share(For Discontinued & Continuing Operations)			
(1) Basic		52.29	124.95
(2) Diluted		31.62	77.93

Significant Accounting Policies

Notes form an Integral part to 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, 2019

For and on behalf of the Board of Directors

Pravin Kiri
(Chairman)
DIN : 00198275

Manish Kiri
(Managing Director)
DIN : 00198284

Suresh Gondalia
(Company Secretary)

Jayesh Vyas
(Chief Financial Officer)

Place : Ahmedabad
Date : May 29, 2019

Consolidated Cash Flow Statement for the year ended on 31st March, 2019

(INR in Lakhs)

Particulars	For the year ended 31 st March 2019	For the year ended 31 st March 2018
A. Cash Flow from Operating Activities :		
Net Profit before Tax and Extraordinary items	19,105.82	14,496.98
Adjustment for		
- Depreciation	3,755.84	3,406.81
- Actuarial Valuation of Gratuity	(20.73)	7.22
- Interest & Dividend Income	(265.34)	(159.08)
- Interest charged to P & L	508.48	348.41
- Profit on Sale of Fixed Assets	(2.19)	4.83
Operating Profit before working capital changes:	23,081.88	18,105.17
Adjustment for :		
- Trade Receivables	(4,175.87)	(6,790.86)
- Inventories	(4,947.64)	(3,657.48)
- Other Current Financial Assets	(144.58)	873.67
- Other Current Assets	386.47	402.03
- Other Non-Current Financial Assets	(259.28)	(24.95)
- Other Non-Current Assets	(4,831.21)	241.19
- Trade Payables	3,310.61	(1,589.68)
- Other Non-Current Financial Liabilities	17.50	(7.00)
- Other Current Financial Liabilities	1,203.42	75.58
- Other Current Liabilities	4,143.28	(271.22)
- Foreign Currency Translation Reserve	(128.16)	(5.52)
- Provisions	88.23	365.26
Cash Generated from Operations	17,744.65	7,716.20
- Taxes paid/ provision & Deferred tax	(3,600.54)	(1,289.88)
Net Cash Flow from Operations	14,144.11	6,426.31
B. Cash Flow from Investment Activities :		
- Purchase of Property, Plant & Equipments including Capital Work in Progress	(11,535.51)	(6,571.96)
- Sale of Fixed Assets	2.67	9.93
- Interest and Dividend Income	265.34	159.08
- Loans & Advances	(644.41)	(179.21)
- Investment	-	17.61
Net cash flow from Investing Activities	(11,911.91)	(6,564.55)

Cash Flow Statement for the year ended on 31st March, 2019 (Contd.)

(INR in Lakhs)

Particulars	For the year ended 31 st March 2019	For the year ended 31 st March 2018
C. Cash Flow from Financing Activities :		
- Proceeds from Equity Share Capital/Other equity	-	1,430.95
- Security Premium	-	(12.71)
- Proceeds from Long term Borrowings	715.80	64.70
- Interest charged	(508.48)	(348.41)
- Repayment of Long Term Borrowings	(1,528.91)	(230.08)
- Repayment of Short Term Borrowings	(260.22)	(734.53)
Net Cash Flow from Financing Activities	(1,581.82)	169.93
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	650.38	31.69
Cash and Cash Equivalents as at (Opening)	1,249.83	1,218.14
Cash and Cash Equivalents as at (Closing)	1,900.21	1,249.83
Reconciliation of Cash and Cash Equivalent		
Total Cash and Bank Balance as per Balance Sheet	1,900.21	1,249.83
Cash and Cash Equivalents comprise as under:		
Balance with Banks in Current account	1,896.13	1,245.26
Cash on Hand	4.08	4.57
Cash and Cash Equivalent at the end of the year	1,900.21	1,249.83

Significant Accounting Policies

Notes form an Integral part to 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, 2019

For and on behalf of the Board of Directors

Pravin Kiri

(Chairman)
DIN : 00198275

Suresh Gondalia

(Company Secretary)

Manish Kiri

(Managing Director)
DIN : 00198284

Jayesh Vyas

(Chief Financial Officer)

Place : Ahmedabad
Date : May 29, 2019

Consolidated Statement of Changes in Equity for the year ended on 31st March, 2019

(INR in Lakhs)			
A. Equity Share Capital			
Equity Share Capital			
	As at 31 st March, 2019	As at 31 st March, 2018	
	No. of Shares	No. of Shares	Amount
Balance at the beginning of the reporting period	30,243,951	27,843,951	2,784.40
Changes in equity share capital during the year	1,100,000	2,400,000	240.00
Balance at the end of the reporting period	31,343,951	30,243,951	3,024.40

Particulars	Equity component of compound financial instruments		Reserves and Surplus				Retained Earnings	Money received against share warrants	Total
	Equity component of compound financial instruments	Foreign Currency Translation Reserve	Capital Redemption reserve	Preference Share Redemption Reserve	Securities Premium Reserve	General Reserve			
Balance at 1st April, 2017	1,034.03	(71.56)	-	2,923.81	35,771.35	1,617.60	46,483.59	12,705.00	100,463.82
Fund received against Convertible Bond / Warrant	1,430.95	-	-	-	-	-	-	-	1,430.95
Issue of Shares against Warrants / Fund received against Convertible Bond	-	-	-	-	8,472.00	-	-	(8,712.00)	(240.00)
Share Issue Expense	-	-	-	-	(12.71)	-	-	-	(12.71)
Changes in accounting policy or prior period error's	-	-	-	-	-	-	-	-	-
Restated balance at the beginning of the reporting period	-	-	-	-	-	-	-	-	-
Total Comprehensive Income for the year	-	-	-	-	-	-	35,809.35	-	35,809.35
Dividends	-	-	-	-	-	-	-	-	-
Transfer from Debenture Redemption Reserve to General Reserve	-	-	-	-	-	-	-	-	-
Transfer from Retained Earnings to Preference Share Redemption Reserve	-	-	-	61.91	-	-	(61.91)	-	-
Addition/Deduction during the year	-	(5.52)	-	-	-	-	-	-	(5.52)
Balance at 31st March, 2018	2,464.98	(77.08)	-	2,985.72	44,230.64	1,617.60	82,231.04	3,993.00	137,445.90
Issue of Shares against Warrants / Fund received against Convertible Bond	-	-	-	-	3,883.00	-	-	(3,993.00)	(110.00)
Share Issue Expense	-	-	-	-	-	-	-	-	-
Transfer from Pref. Share Red. Reserve to Capital Red. Reserve	-	-	2,800.00	(2,800.00)	-	-	-	-	-
Restated balance at the beginning of the reporting period	-	-	-	-	-	-	-	-	-
Total Comprehensive Income for the year	-	-	-	-	-	-	16,390.81	-	16,390.81
Dividends	-	-	-	-	-	-	-	-	-
Transfer from Retained Earnings to Preference Share Redemption Reserve	-	-	-	61.91	-	-	(61.91)	-	-
Addition/Deduction during the year	-	(128.17)	-	-	-	-	-	-	(128.17)
Balance at 31st March, 2019	2,464.98	(205.25)	2,800.00	247.63	48,113.64	1,617.60	98,559.94	-	153,598.54

Statement on Significant Accounting Policies for the year ended on 31st March, 2019

BACKGROUND

Kiri Industries Limited (the Company) is a public company limited by shares domiciled in India, incorporated under the provisions of Companies Act, 1956 having CIN as L24231GJ1998PLC034094. Its shares are listed on National Stock Exchange of India Limited and BSE Limited. Its registered office is situated at 7th 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.

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

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 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

Statement on Significant Accounting Policies for the year ended on 31st March, 2019 (Contd.)

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 31st 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 31st 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:

SN	Name of Company	Ownership in % either directly or through Subsidiaries		Country of Incorporation
		2018-19	2017-18	
A	Subsidiary			
	i) Chemhub Trading DMCC	100.00	100.00	Dubai
B	Joint Venture			
	i) Lonsen Kiri Chemical Industries Ltd.	40.00	40.00	India

- b) Details of Associate Company and Ownership interest is as follow:

(INR in Lakhs)

Name of Company	% Share held	Original Cost of Investment	Goodwill / (Capital Reserve)	Carrying amount of Investments as at 31 st March, 2019
Kiri Infrastructure Private Limited	47.61%	1,443.75	(182.17)	1,261.58
DyStar Global Holdings (Singapore) Pte. Ltd.	37.57%	9,550.24	84,605.02	94,155.26
Total		10,993.99	84,422.85	95,416.84

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.

Statement on Significant Accounting Policies for the year ended on 31st March, 2019 (Contd.)

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognized 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 judgments 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 22 - Current/deferred tax expense

Note 39 - Measurement of defined benefit obligations

Note 38 - Provisions and contingencies

1.3 REVENUE RECOGNITION

a) Sale of Goods:

Revenue from the sale of goods is recognized 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.

b) 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 recognized 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.

c) Dividend:

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

d) 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

- a) 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.
- b) In order to hedge exposure to foreign exchange risks arising from Export or Import foreign currency, bank borrowings and trade receivables, the Company may enter into forward contracts. Any profit or loss arising on the cancellation or renewal of a forward exchange contract is recognized as income or expenses for the year.
- c) 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).
- d) 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.

Statement on Significant Accounting Policies for the year ended on 31st March, 2019 (Contd.)

1.5 PROPERTY, PLANT AND EQUIPMENTS

Tangible Assets

- a) 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.
- b) 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.
- c) Subsequent costs are included in the asset's carrying amount or recognized 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.
- d) 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.
- e) 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.
- f) 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.
- g) 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.

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 recognized 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 recognized 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 recognized, development expenditure is recognized 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.

Statement on Significant Accounting Policies for the year ended on 31st March, 2019 (Contd.)

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-recognized in the Statement of Profit and Loss when the asset is de-recognized.

Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all its intangible assets recognized 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.

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 recognized 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

Statement on Significant Accounting Policies for the year ended on 31st March, 2019 (Contd.)

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.

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 recognized 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 goods 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 recognized 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 recognized amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Statement on Significant Accounting Policies for the year ended on 31st March, 2019 (Contd.)

a) Investments in Subsidiaries

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

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

b) 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 recognized 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.
- 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 and manufacturing overheads.
- Semi Finished Goods is valued at cost or net realizable value whichever is less. Cost comprises direct materials and appropriate portion of direct labour costs and manufacturing overheads.
- Net realizable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

1.12 RECOVERABILITY OF TRADE RECEIVABLE

Judgments 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 judgment 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:

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

a) 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 recognized in respect of employees' services

Statement on Significant Accounting Policies for the year ended on 31st March, 2019 (Contd.)

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.

b) 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. Re-measurement as a result of experience adjustments and changes in actuarial assumptions are recognized 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.

c) 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 recognized 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.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized 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 recognized 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 recognized as employee benefit expenses when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payment is available.

1.16 GOODS AND SERVICE TAX

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.

Statement on Significant Accounting Policies for the year ended on 31st March, 2019 (Contd.)

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 recognized 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 consolidated 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 recognized 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 recognized in the Statement of Profit and Loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized 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. Unrecognized Deferred Tax Assets are re-assessed at each reporting date and are recognized 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 recognized 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 recognized 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 recognized 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 recognized 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:

- a) 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;

Statement on Significant Accounting Policies for the year ended on 31st March, 2019 (Contd.)

- b) A present obligation arising from the past events, when no reliable estimate is possible;
- c) 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.

a) **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 recognized 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.

b) **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 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

Statement on Significant Accounting Policies for the year ended on 31st March, 2019 (Contd.)

expenses associated with investing or financing Cash Flows. The cash flows from operating, investing and financing activities of the Company are segregated.

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 EXCEPTIONS 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 Consolidated Financial Statements for the year ended 31st March 2019

2. Property, Plant and Equipments as at 31st March, 2019

(INR in Lakhs)

Assets	Gross Block			Depreciation / Amortisation			Net Block	
	Opening	Addition	Sales / Adjustments	Opening	Addition	Sales / Adjustments	As on 31-03-2019	As on 31-03-2018
2.1 Property, Plant and Equipment								
Freehold Land	1,021.43	-	-	1,021.43	-	-	1,021.43	1,021.43
Leasehold Land	2,334.72	-	-	2,334.72	20.85	-	2,300.31	2,321.16
Building	8,495.81	1,526.19	-	10,022.00	326.22	-	9,120.45	7,920.48
Plant & Equipments	32,622.41	8,654.43	0.02	41,276.82	2,887.85	-	33,397.19	27,630.63
Electrification	1,229.05	542.22	-	1,771.26	247.97	-	1,184.52	890.28
Office Equipments	64.80	22.57	-	87.37	14.58	-	49.98	41.99
Furniture & Fixture	108.25	27.91	-	136.16	18.18	-	73.54	63.81
Vehicles	523.39	176.78	4.55	695.62	78.78	4.13	473.25	375.67
Computer	82.59	15.96	0.04	98.51	10.82	-	68.08	62.98
Total Property Plant & Equipment (A)	46,482.45	10,966.06	4.61	57,443.89	3,605.25	4.13	47,688.75	40,328.43
2.2 Intangible Assets								
Computer Software	26.07	4.37	-	30.44	6.87	-	10.56	13.06
Intellectual Property	972.12	5.08	-	977.20	143.72	-	694.40	833.04
Total Intangible Assets (B)	998.19	9.45	-	1,007.64	150.59	-	704.96	846.10
2.3 Capital Work in Progress								
Capital Work In Progress	3,212.85	7,328.27	6,768.27	3,772.85	-	-	3,772.85	3,212.85
Total Capital Work in Progress (C)	3,212.85	7,328.27	6,768.27	3,772.85	-	-	3,772.85	3,212.85
Total A+B+C	50,693.49	18,303.78	6,772.88	62,224.38	3,755.84	4.13	52,166.56	44,387.38

- 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 for the year ended 31st March 2019 (Contd.)

2. Property, Plant and Equipments as at 31st March, 2018

Assets	Gross Block			Depreciation / Amortisation			Net Block	
	Opening	Addition	Sales / Adjustments	Opening	Addition	Sales / Adjustments	As on 31-03-2018	As on 31-03-2017
2.1 Property, Plant and Equipment								
Freehold Land	1,021.43	-	-	-	-	-	1,021.43	1,021.43
Leasehold Land	519.72	1,815.00	-	2.51	11.05	-	2,321.16	517.20
Building	7,689.20	806.61	-	281.22	294.11	-	7,920.48	7,407.98
Plant & Equipments	28,600.17	4,033.11	10.87	2,345.02	2,652.01	5.25	27,630.63	26,255.15
Electrification	1,193.41	35.64	-	1,229.05	179.32	-	890.28	1,033.96
Office Equipments	50.78	14.05	0.03	64.80	12.22	-	41.99	40.19
Furniture & Fixture	106.48	1.77	-	108.25	21.81	-	63.81	83.85
Vehicles	324.97	213.74	15.32	523.39	79.02	6.21	375.67	250.07
Computer	75.10	7.49	-	82.59	10.51	-	62.98	66.00
Total Property Plant & Equipment (A)	39,581.26	6,927.41	26.22	46,482.45	3,260.06	11.46	40,328.43	36,675.83
2.2 Intangible Assets								
Computer Software	15.33	10.74	-	26.07	7.67	-	13.06	9.99
Intellectual Property	947.77	24.35	-	972.12	139.08	-	833.04	947.77
Total Intangible Assets (B)	963.10	35.09	-	998.19	146.75	-	846.10	957.76
2.3 Capital Work in Progress								
Capital Work In Progress	3,603.39	3,792.09	4,182.63	-	-	-	3,212.85	3,603.39
Total Capital Work in Progress (C)	3,603.39	3,792.09	4,182.63	-	-	-	3,212.85	3,603.39
Total A+B+C	44,147.75	10,754.59	4,208.85	50,693.49	3,406.81	11.46	44,387.38	41,236.98

- 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 for the year ended 31st March 2019 (Contd.)

(INR in Lakhs)

3. Investment - Non-Current

Particulars	FY 2018-19	FY 2017-18
(A) Investments in Equity Shares carried at Cost (Fully Paid) - Unquoted Equity Shares		
(I) In Subsidiaries		
38,39,000 Equity Shares (P.Y. 38,39,000) of HK \$ 1 each in Synthesis International Ltd.	256.86	256.86
9,70,000 Equity Shares (P.Y. 9,70,000) of NTD 10 each in SMS Chemical Co. Ltd.	339.53	339.53
Less : Impairment of Investments in SMS Chemical Co Ltd & Synthesis International Ltd.	(596.39)	(596.39)
(II) Investment in Associate Company		
26,23,354 Equity Shares (P.Y. 26,23,354) of SG \$ 10 each in DyStar Global Holdings (Singapore) Pte. Ltd.	9,550.24	9,550.24
26,25,000 Equity Shares (P.Y. 26,25,000) of INR 10 each in Kiri Infrastructure Private Limited	1,443.75	1,443.75
Add : Share of Profit of Associates	84,422.85	83,773.72
Total	95,416.84	94,767.71

Aggregate Value Of Unquoted Investment

(INR in Lakhs)

Particulars	FY 2018-19	FY 2017-18
Non-current	95,416.84	94,767.71
Aggregate Value of Impairment In Value of Investment	596.39	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 INR 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 INR 256.86 Lakhs as on 1st April 2016.
- iii) Investment in two subsidiaries SMS Chemical Co. Ltd. and Synthesis International Limited are shown at cost less impairment. The company has not consolidated the financial statements of its subsidiary SMS Chemical Co. Ltd. and Synthesis International Limited in its consolidated financial statements.

Notes to the Consolidated Financial Statements for the year ended 31st March 2019 (Contd.)

4. Non-Current Financial Assets - Investments

(INR in Lakhs)

Particulars	FY 2018-19	FY 2017-18
(I) Investments in Equity Shares carried at Amortised Cost (Fully Paid) - Unquoted Equity Shares		
20,000 Equity Shares (P.Y. 20,000) of INR 25 each in Kalupur Commercial Co-Operative Bank Limited.	5.00	5.00
12,000 Equity Shares (P.Y. 12,000) of INR 10 each in Kapsil Aqua Enviro Limited	1.20	1.20
Total	6.20	6.20

Aggregate Value of Un-Quoted Investment

(INR in Lakhs)

Particulars	FY 2018-19	FY 2017-18
Non-current	6.20	6.20
Aggregate Value of Provision for Diminution in Value	-	-

5. Trade Receivables

(INR in Lakhs)

Particulars	FY 2018-19	FY 2017-18
Unsecured and Considered Good		
Trade Receivables	356.47	-
Total	356.47	-

6. Other Non-Current Financial Assets

(INR in Lakhs)

Particulars	FY 2018-19	FY 2017-18
Security Deposits	996.73	737.45
Total	996.73	737.45

7. Other Non-Current Assets

(INR in Lakhs)

Particulars	FY 2018-19	FY 2017-18
Capital Advances		
Capital Advances	6,446.66	1,550.44
Advances other than Capital Advances		
Balances with Government Authorities	473.87	756.87
Non-Current Tax Assets	827.06	650.42
Advances to Suppliers for Goods	26.50	-
Advances to Suppliers for Expenses & Staff	14.85	-
Total	7,788.94	2,957.73

Note:

- i) Capital advances include advances to an intermediary for purchase of land for the company. Advances also include capital advances given to a party for industrial land pending necessary formalities for transfer.

Notes to the Consolidated Financial Statements for the year ended 31st March 2019 (Contd.)

8. Inventories

(INR in Lakhs)

Particulars	FY 2018-19	FY 2017-18
Raw Material & Stores and Spares	8,037.52	4,435.74
Finished Goods	6,584.56	5,891.01
Stock in Process & Semi Finished Goods	2,015.08	1,434.62
Packing Material	167.80	117.97
Fuel	50.16	28.15
Total	16,855.12	11,907.49

9. Trade Receivables

(INR in Lakhs)

Particulars	FY 2018-19	FY 2017-18
Unsecured and Considered good		
Trade Receivables	25,591.19	21,538.63
	25,591.19	21,538.63
Less : Provision for Doubtful Debts	233.16	-
Total	25,358.03	21,538.63

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.
- ii) Provision for Doubtful Debts of INR 233.16 Lakhs was made against outstanding export sales from a party which is doubtful of recovery.

10. Cash and Cash Equivalents

(INR in Lakhs)

Particulars	FY 2018-19	FY 2017-18
Balance with Banks in Current Accounts	1,896.13	1,245.26
Cash on Hand	4.08	4.57
Total	1,900.21	1,249.83

11. Other Bank Balances

(INR in Lakhs)

Particulars	FY 2018-19	FY 2017-18
Deposits with Banks	344.83	323.35
Balances with Banks for Un paid Dividends	-	0.35
Other Bank Balances	12.35	-
Total	357.18	323.70

Note:

- i) The Current Account balance includes unpaid dividend of INR NIL as at 31st March 2019 (Previous Year as at 31st March 2018 INR 0.35 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 INR 239.81 Lakhs as at 31st March 2019 (Previous Year as at 31st March 2018 of INR 273.45 Lakhs)

Notes to the Consolidated Financial Statements for the year ended 31st March 2019 (Contd.)

- iii) The Company had created trust with SBI, ICICI & LIC for providing Gratuity benefits to the employees in past years and had contributed premium to cover the liability for gratuity. Premium paid in the past years were charged to revenue. Under the scheme, there were two bank accounts i.e. SBI Life Insurance-Group Gratuity Scheme and LIC-GGCa whose respective balances as on 31-03-2019 were as INR 3.26 Lakhs and INR 9.09 Lakhs. The company has accounted bank accounts of SBI and LIC in books of accounts during the year.

12. Loans

(INR in Lakhs)

Particulars	FY 2018-19	FY 2017-18
Unsecured and Considered Good		
Loan to Others	1,208.26	633.78
Loan to Employees	587.79	517.86
Total	1,796.05	1,151.64

13. Other Current Financial Assets

(INR in Lakhs)

Particulars	FY 2018-19	FY 2017-18
Export Benefit Receivable	416.55	352.65
Others	82.18	34.98
Total	498.73	387.63

14. Current Tax Assets (Net)

(INR in Lakhs)

Particulars	FY 2018-19	FY 2017-18
Advance tax and TDS	111.47	413.32
Total	111.47	413.32

15. Other Current Assets

(INR in Lakhs)

Particulars	FY 2018-19	FY 2017-18
Advances other than Capital Advances		
Balance with Government Authorities	1,299.69	1,617.40
Advances to Suppliers	831.31	858.41
Advances to Suppliers - For Expenses / Services	3.59	-
Prepaid Expenses	91.62	136.87
Total	2,226.21	2,612.68

16. Share Capital

(INR in Lakhs)

Particulars	FY 2018-19	FY 2017-18
AUTHORISED		
15,00,00,000 Equity Shares (Previous year 15,00,00,000) of INR 10/-each	15,000.00	15,000.00
5,00,00,000 Preference Shares (Previous year 5,00,00,000) of INR 10/-each	5,000.00	5,000.00
Total	20,000.00	20,000.00
Issued, Subscribed & Paid-up Capital		
31,343,951 Equity Shares (Previous year as at 31 st March, 2018, 30,243,951) of Rs 10/- each fully paid up	3,134.40	3,024.40
Total	3,134.40	3,024.40

Notes to the Consolidated Financial Statements for the year ended 31st March 2019 (Contd.)

The reconciliation of the number of Equity Shares outstanding as at 31.03.2019 and 31.03.2018 is set out below:

Particulars	FY 2018-19	FY 2017-18
	No of Shares	No of Shares
Number of shares at the beginning of the year	30,243,951	27,843,951
Add: Shares issued during the year	1,100,000	2,400,000
Number of shares at the end of the year	31,343,951	30,243,951

Particulars	FY 2018-19	FY 2017-18
	Amount	Amount
Value of shares at the beginning of the year	3,024.40	2,784.40
Add: Shares issued during the year	110.00	240.00
Value of shares at the end of the year	3,134.40	3,024.40

Note

- i) During the year, the company has converted 1,100,000 Warrants (Previous Year 2,400,000) issued to Equinaire Chemtech LLP into 1,100,000 Equity shares of INR 10 each at issue price of INR 363/- each Share (Previous Year 2,400,000 Equity Shares at issue price of INR 363/-per Share)

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

Name of the shareholder	As at 31 st March, 2019		As at 31 st March, 2018	
	No. of shares	Amount %	No. of shares	Amount %
Mr. Pravin Kiri	2,501,680	7.98	2,501,680	8.27
Mr. Manish Kiri	1,822,728	5.82	1,822,728	6.03
Mrs. Anupama Kiri	5,701,238	18.19	5,701,238	18.85
Equinaire Chemtech LLP	3,500,000	11.17	2,400,000	7.94

17. Other Equity

(INR in Lakhs)

Particulars	FY 2018-19	FY 2017-18
Securities Premium Account		
As per Last year accounts	44,230.64	35,771.35
Add : Addition during the year	3,883.00	8,472.00
Less : Share / FCCB Conversion Exps.	-	(12.71)
	48,113.64	44,230.64
General Reserve		
As per Last year accounts	1,617.60	1,617.60
Add : Addition during the year	-	-
	1,617.60	1,617.60
Capital Redemption Reserve		
As per Last year accounts	-	-
Add : Addition during the year	2,800.00	-
	2,800.00	-

Notes to the Consolidated Financial Statements for the year ended 31st March 2019 (Contd.)

(INR in Lakhs)

Particulars	FY 2018-19	FY 2017-18
Money received against share warrants		
As per Last year accounts	3,993.00	12,705.00
Add : Addition during the year	-	-
Less : Issue of Share against Warrant	(3,993.00)	(8,712.00)
	-	3,993.00
Equity Component of Convertible Foreign Currency Bond		
As per Last year accounts	2,464.98	1,034.03
Add : Addition during the year	-	1,430.95
	2,464.98	2,464.98
Redemption Reserve for Non Convertible Preference Shares		
As per Last year accounts	2,985.72	2,923.81
Add : Addition during the year	61.91	61.91
Less : Transfer to Capital Redemption Reserve	(2,800.00)	-
	247.63	2,985.72
Retained Earnings		
As per Last year accounts	82,231.04	46,483.59
Add : Surplus during the year	16,390.81	35,809.35
	98,621.85	82,292.94
Less : Redemption Reserve for Non Convertible Preference Shares	(61.91)	(61.91)
	98,559.94	82,231.04
Translation Reserve	(205.25)	(77.08)
Total	153,598.54	137,445.90

18. Financial Liabilities

(INR in Lakhs)

Particulars	FY 2018-19	FY 2017-18
Borrowings		
a) Secured		
In Indian Currency		
Term Loan Facility from ARCs	12,153.00	13,620.30
Other Borrowings	45.04	53.00
(Refer Note 25 for Current Maturity of Term Loan INR 1,474.65 Lakhs (P.Y. INR 1,528.32 Lakhs)		
b) Unsecured		
Inter Corporate Deposits	2,027.50	1,311.70
Other Financial Liabilities		
43,33,500, 0.15% Cumulative Non Convertible Redeemable Preference Shares (Previous year 43,33,500) of INR 10/- each Fully paid up	650.03	650.03
Total	14,875.57	15,635.03

Notes to the Consolidated Financial Statements for the year ended 31st March 2019 (Contd.)

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

SN	Description of Assets/Security	Security given to
1	All that piece or parcel of lease hold Plot No. 299/1/A, ad-measuring about 3767 sq. mts., along-with 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, ad-measuring about 2050 sq. mts., along-with 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), ad-measuring about 2539 Sq. Mtrs. along-with 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 ad-measuring about 45773 sq. mts. Along-with 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 ad-measuring about 31942 sq.mts., Along-with 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, ad-measuring 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, ad-measuring about 22311 sq. mts., Along-with factory shed building, plant and machinery situate lying 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, ad-measuring about 16313 sq.mts., Along-with factory shed building, plant and machinery, Power plant situate lying 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 ad-measuring 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 from 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.

Notes to the Consolidated Financial Statements for the year ended 31st March 2019 (Contd.)

The details of long term borrowings and current maturity of long term borrowings/Loans guaranteed by Directors are set out below:

Secured Loans

i) 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.

ii) 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. The details of EMI due from April, 2019 are as follows:

Six Quarterly EMI of INR 36.50 Lakhs till September, 2020, Two Quarterly EMI of INR 2,622 Lakhs till March, 2021, Two Quarterly EMI of INR 2,621 Lakhs till September, 2021 and Four Quarterly EMI of INR 398.50 Lakhs till 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. Starting from June 2019 Two Quarterly installments are pending totalling to INR 1,322.40 Lakhs.

iii) The details of security offered for Other Borrowings are set out below :

SN	Description of Loan	ROI	Repayment Terms	Security Given
1	Vehicle Loan	10.50%	47 Monthly Installments: 46 EMI of INR 1.05 Lakhs and Last Installment INR 36.06 Lakhs	Hypothecation of Vehicle

iv) The details of terms for Inter Corporate Deposits are set out below :

SN	Description of Loan	ROI	Repayment Terms
1	Inter Corporate Deposits	15.00%	Repayable till 31-03-2022

19. Trade payables - Non-current

(INR in Lakhs)

Particulars	FY 2018-19	FY 2017-18
Trade Payable	362.93	-
Total	362.93	-

20. Other Financial Liabilities - Non-Current

(INR in Lakhs)

Particulars	FY 2018-19	FY 2017-18
Deposits from Customers	76.50	59.00
Total	76.50	59.00

Note:

i) Deposits from customers are non-interest bearing.

21. Provisions

(INR in Lakhs)

Particulars	FY 2018-19	FY 2017-18
Provision for Employee Benefits (Refer Note 39)		
Gratuity	198.77	138.63
Compensated Absences	37.86	37.49
Provision Others	1,100.19	1,100.19
Total	1,336.82	1,276.31

Notes to the Consolidated Financial Statements for the year ended 31st March 2019 (Contd.)

22. Tax Expense

Current Tax:

a) Amounts recognized in Statement of Profit and Loss

(INR in Lakhs)

Particulars	FY 2018-19	FY 2017-18
Current Tax:		
Current Income Tax	5,348.06	3,761.66
Excess provision of Income Tax for Earlier Years	91.94	(1,528.83)
Total Current Tax Expenses	5,440.00	2,232.83
Deferred Tax:		
Increase in Deferred Tax Liabilities	611.68	345.18
MAT Credit Entitlement	(2,708.27)	(748.47)
Total Deferred Tax Expenses/(Benefits)	(2,096.59)	(403.28)
Income Tax Expenses	3,343.41	1,829.55

b) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31st March 2019 and 31st March 2018

(INR in Lakhs)

Particulars	FY 2018-19	FY 2017-18
Accounting profit before tax from continuing operations for Indian Entities	19,398.22	14,374.38
Accounting profit before Income Tax		
Tax at India's statutory income tax rate of 34.944% (31 st March 2017 : 34.608%)	6,778.51	5,023.35
Adjustment for tax purposes		
Permanent Disallowances(Net)	252.61	5.32
43B & Other Dis-allowance	23.15	26.14
Utilisation of Unabsorbed Losses	(3,968.43)	(3,225.26)
Current Tax of Prior Period	91.94	-
Interest on Taxes	128.25	-
Change in Tax Rates	37.38	-
Income tax expense	3,343.41	1,829.55
Effective Tax Rate	17.24%	12.73%

c) Deferred Tax Liabilities

(INR in Lakhs)

Particulars	FY 2018-19	FY 2017-18
Deferred Tax(Net of MAT Credit Entitlement of INR 3,862.60 Lakhs Previous year INR 405.85 Lakhs)	599.04	3,444.09
Total	599.04	3,444.09

Notes to the Consolidated Financial Statements for the year ended 31st March 2019 (Contd.)

d) Movement in Deferred Tax Expenses

As on 31-03-2019

(INR in Lakhs)

Particulars	Opening	P/L	Net	DTA	DTL
Deferred Tax Asset					
Property, Plant and Equipment	(3,977.20)	(615.06)	(4,592.26)	-	(4,592.26)
Investment	201.30	7.10	208.40	208.40	-
Other Current Assets	1.42	-	1.42	1.42	-
Other Financial Liabilities	57.32	-	57.32	57.32	-
Dis-allowance of Expenditures	(132.79)	(3.72)	(136.51)	-	(136.51)
Tax Asset/(Liabilities)	(3,849.95)	(611.68)	(4,461.63)	267.14	(4,728.77)
Net Tax Assets/(Liabilities)					(4,461.63)

As on 31-03-2018

(INR in Lakhs)

Particulars	Opening	P/L	Net	DTA	DTL
Deferred Tax Asset					
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	-
Dis-allowance of Expenditures	(49.08)	(83.71)	(132.79)	-	(132.79)
Tax Asset/(Liabilities)	(3,504.76)	(345.19)	(3,849.95)	260.04	(4,109.99)
Net Tax Assets/(Liabilities)					(3,849.95)

23. Borrowings

(INR in Lakhs)

Particulars	FY 2018-19	FY 2017-18
Secured		
From Banks - In Indian Currency	-	260.20
Unsecured Loans		
Inter Corporate Deposits	57.20	57.22
Total	57.20	317.42

Note:

- i) The details of terms for Inter Corporate Deposits are set out below :

SN	Description of Loan	ROI	Repayment Terms
1	Inter Corporate Deposits	18.00%	Repayable till 31-03-2020

Notes to the Consolidated Financial Statements for the year ended 31st March 2019 (Contd.)

Security detail on Loan taken by JV Company

Particulars	Guaranted by
Working capital loan taken from ICBC bank	Standby letter of credit issued by ICBC Zhejiang Branch and the value of standby letter of credit will be INR 50 Crore only
All that piece or parcel of Non-Agricultural Land for industrial purpose bearing Block nos. 577/B, 584/B, 588, 589, 489,490, 586 and 545 along with construction standing thereon situate lying and being at mouje, Dudhwada, Taluka. Padra, Registration District. Vadodara and Sub District. Padra.	First charges on land & building for working capital facilities provided by ICBC bank.

24. Trade Payables

(INR in Lakhs)

Particulars	FY 2018-19	FY 2017-18
Towards MSME Units	157.72	68.94
Towards Others	19,597.28	16,738.38
Total	19,755.00	16,807.32

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.

25. Other Current Financial Liabilities

(INR in Lakhs)

Particulars	FY 2018-19	FY 2017-18
Current Maturity of Long-term secured debt	1,474.65	1,528.32
Interest accrued but not due on borrowings	14.21	29.56
Credit Balances in Bank Accounts	6.51	206.13
Employee Benefit Payable	398.12	328.97
Unpaid Dividend	-	0.35
Payable for Capital Goods	1,687.01	337.43
Total	3,580.51	2,430.76

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.

26. Other Current Liabilities

(INR in Lakhs)

Particulars	FY 2018-19	FY 2017-18
Advance received from Customer	3,568.15	122.76
Statutory Dues	267.74	198.87
Other Liabilities	1,446.35	817.33
Total	5,282.24	1,138.96

Note:

- i) Other liabilities includes amount payable to DyStar Global Holdings (Singapore) Pte. Ltd. under the Singapore International Commercial Court order dated 03.07.2018. For detailed information, please refer Emphasis point no. 3 in Independent Audit Report.

Notes to the Consolidated Financial Statements for the year ended 31st March 2019 (Contd.)

27. Provisions

(INR in Lakhs)

Particulars	FY 2018-19	FY 2017-18
Provision for Employee Benefits		
Gratuity	148.20	132.10
Compensated Absences	12.91	6.04
LTA	9.76	5.02
Total	170.87	143.16

28. Current Tax Liabilities (Net)

(INR in Lakhs)

Particulars	FY 2018-19	FY 2017-18
Current Tax Payable	3,873.85	719.04
Less : Advance Tax, TDS & TCS	(868.73)	-
Total	3,005.12	719.04

29. Revenue From Operations

(INR in Lakhs)

Particulars	FY 2018-19	FY 2017-18
Sale of Products	135,414.96	111,950.73
Other Operating Revenue	3,967.92	1,566.10
Total	139,382.88	113,516.83

30. Other Income

(INR in Lakhs)

Particulars	FY 2018-19	FY 2017-18
Interest Income	258.26	74.02
Dividend Income	0.75	70.60
Profit on sale of Fixed Assets	2.19	-
Cash Discount and Other Income	6.33	14.46
Total	267.53	159.08

31. Cost of Material Consumed

(INR in Lakhs)

Particulars	FY 2018-19	FY 2017-18
Raw Material Consumed :		
Opening Inventory	4,356.66	3,703.71
Add : Net Purchases	87,917.23	67,146.49
Less: Inventory at the end of the year	7,472.33	4,356.66
Cost of Raw Material consumed during the year	84,801.56	66,493.54

Notes to the Consolidated Financial Statements for the year ended 31st March 2019 (Contd.)

Particulars	FY 2018-19	FY 2017-18
Packing Material Consumed :		
Opening Inventory	117.97	159.04
Add : Net Purchases	1,600.31	1,559.50
Less: Inventory at the end of the year	167.80	117.97
Cost of Packing Material consumed during the year	1,550.48	1,600.57
Total	86,352.04	68,094.11

32. Changes In Inventories of Finished Goods, Work-In-Progress & Stock-In Trade

(INR in Lakhs)

Particulars	FY 2018-19	FY 2017-18
(Increase)/decrease in Stocks		
Stock at the beginning of the year :		
Finished Goods	4,901.66	2,805.39
Work in Progress & Semi Finished Goods	1,434.62	1,325.31
	6,336.28	4,130.70
Stock at the end of the year :		
Finished Goods	5,869.84	4,901.66
Work in Progress & Semi Finished Goods	2,015.08	1,434.62
	7,884.92	6,336.28
Total	(1,548.64)	(2,205.58)

33. Employee Benefits Expenses

(INR in Lakhs)

Particulars	FY 2018-19	FY 2017-18
Salaries, Wages & Bonus	3,652.89	3,269.48
Contribution to Provident fund & other funds	236.22	238.13
Welfare Expenses	281.98	313.99
Total	4,171.09	3,821.60

34. Finance Cost

(INR in Lakhs)

Particulars	FY 2018-19	FY 2017-18
Interest & Financial Charges		
Interest Cost	371.01	125.38
Financial Charges	164.31	223.03
Forex (Gain) / Loss	(26.84)	-
Total	508.48	348.41

Notes to the Consolidated Financial Statements for the year ended 31st March 2019 (Contd.)

35. Other Expenses

(INR in Lakhs)

Particulars	FY 2018-19	FY 2017-18
Operational & Other Expenses		
- Power & Fuel	10,164.79	9,240.97
Repairs & Maintenance		
- Buildings	252.00	93.05
- Machineries	2,301.79	2,464.50
- Other Assets	337.51	303.88
Pollution Treatment Expenses	811.78	662.61
Laboratory Expenses	110.74	100.21
Factory Expenses	117.78	128.78
Labour Expenses	1,755.10	1,372.74
Insurance Premium	143.19	116.21
Bad Debts written off	117.56	-
Provision for Doubtful Debts	233.16	-
Communication Expenses	51.70	48.12
Postage & Courier	38.66	39.09
Travelling & Conveyance	120.04	80.77
Repairs & Maintenance - Others	69.05	63.09
Membership & Subscription	7.17	8.93
Security Expenses	142.27	126.49
Legal & Professional Fees	1,580.64	1,778.29
Payment to Auditors	36.51	29.55
Rates & Taxes	105.60	123.41
Foreign Exchange Loss	258.40	230.39
CSR and Social Welfare Expenses	203.91	96.09
Miscellaneous Expenses	40.08	62.51
Software Expense	10.29	15.31
Export Expenses	164.77	159.90
Outward Freight & Transportation Charges	1,599.94	1,545.64
Travelling Expenses	129.01	127.20
Advertisement & Sales Promotion Expenses	323.18	77.78
Total	21,226.63	19,095.51

Notes to the Consolidated Financial Statements for the year ended 31st March 2019 (Contd.)

Notes :

i) Details of Payment made to Auditor is as below:

Particulars	FY 2018-19	FY 2017-18
For Statutory Audit Fees	24.00	20.55
For Taxation matters	5.30	5.30
For Other services	5.20	3.70

ii) Corporate Social Responsibility Expenditure - spent during the year is INR 198.58 Lakhs (Previous Year INR 95.35 Lakhs)

Particulars	FY 2018-19	FY 2017-18
Amount Required to be spent as per Section 135 of the Act	195.10	92.87
Amount spent during the year	198.58	95.35

36. Earning Per Share From Continuing Operations

Particulars	As at 31 st March, 2019	As at 31 st March, 2018
Net Profit After Tax attributable to Shareholder (INR in Lakhs)	16,390.81	35,809.35
Weighted Average number of Equity Shares at the end of year	31,343,951	28,659,294
Nominal Value of Share	10	10
Basic Earnings Per Share	52.29	124.95
Diluted Earnings Per Share	31.62	77.93

37. The Ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated August 26, 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number allocated after filing of the Memorandum in accordance with 'Micro, Small and Medium Enterprises Development Act, 2006'(the MSMED Act')

Accordingly, the disclosure in respect of the amounts payable to such Enterprises as at March 31, 2019 has been made in the Financial Statements based on information received and available with the Company. Further in view of the Management, the impact of interest, if any, that may be payable in accordance with the provisions of the Act is not expected to be material. The Company has not received any claim for interest from any Supplier as at date of this financial statement.

The details as required by MSMED Act are given below:

(INR in Lakhs)

Particulars	As at 31 st March, 2019	As at 31 st March, 2018
The Principal amount and the interest due thereon remaining unpaid to any supplier as at the end of accounting year:		
Principal Amount	157.72	142.85
Interest Amount	-	-
The amount of interest paid by the buyer under MSMED Act along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	NIL	NIL
The amount of interest due and payable for the year (where the principal has been paid but interest under the MSMED Act not paid)	-	-
The amount of interest accrued and remaining unpaid at the end of the accounting year: and	-	-
The amount of further interest due and payable even in the succeeding period, until such date when the interest dues as above are actually paid to the Small Enterprise, for the purpose of dis-allowance as a deductible expenditure under Section 23 .	-	-

Notes to the Consolidated Financial Statements for the year ended 31st March 2019 (Contd.)

On the basis of information and records available with the Company, the above disclosures are made in respect of amount due the Micro, Small and Medium enterprises, which have been registered with the relevant competent Authorities. This has been relied upon by the Auditors.

38. Contingent Liabilities

(INR in Lakhs)

Particulars	2018-19	2017-18
In respect of Bank Guarantees	142.50	181.60
In respect of Letter of Credit	161.39	277.01
In respect of Disputed Tax Liabilities	1,653.86	1,756.42

39. 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 March 31, 2019

(All Amounts INR in Lakhs)

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

Particulars	2018-19	2017-18
Current Service Cost	53.85	47.13
Net Interest Cost	19.93	15.15
Past Service Cost	-	3.57
Expected return on plan assets	4.99	(4.76)
Net actuarial Losses (Gains)	18.18	1.68
Expenses Recognized	96.94	62.78

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

Particulars	2018-19	2017-18
Present Value of Obligation	346.99	270.74
Fair Value of Plan Assets	(13.94)	(17.55)
Assets/(Liability) recognized in Balance Sheet	333.05	253.19

iii. Change in Defined Benefit Obligation (DBO):

Particulars	2018-19	2017-18
Opening Balance of Present Value of Obligation	253.19	200.10
Current Service Cost	53.85	47.13
Interest Cost	19.93	15.15
Past Service Cost	-	3.57
Actuarial (Gain)/Loss	23.17	(3.08)
Benefit paid	(17.09)	(9.69)
Closing Balance of Present Value Obligation	333.05	253.19

Notes to the Consolidated Financial Statements for the year ended 31st March 2019 (Contd.)

iv. Change in Fair Value of Plan Assets:

Particulars	2018-19	2017-18
Fair value of plan assets at the beginning of year	17.55	11.89
Expected return on plan assets	(3.61)	5.66
Actuarial Losses (Gains)	-	-
Contributions by employer	-	-
Benefit paid	-	-
Defined benefit obligation at end of the year.	13.94	17.55

v. Actuarial Assumptions - Gratuity

Particulars	2018-19	2017-18
Mortality Table (LIC)	2006-08 (Ultimate)	2006-08 (Ultimate)
Discount Rate (per annum)	7.79%	7.87%
Attrition Rate	2.00%	2.00%
Annual Increase in salary costs	6.00%	6.00%

vi. Investment details

Particulars	Percentage invested as at 31 st March 2019	Percentage invested as at 31 st March 2018
Insurance Company and Others	100.00%	100.00%

vii. Sensitivity Analysis - Gratuity

Particulars	2018-19		2017-18	
	Increase	Decrease	Increase	Decrease
Change in Rate of Discounting (1.00% movement)	(39.17)	47.37	(31.74)	38.56
Change in Rate of Salary Growth (1.00% movement)	46.97	(39.55)	38.28	(32.20)
Change in Rate of Employee Turnover (1.00% movement)	7.07	(8.42)	5.97	(7.15)

b) Defined Contribution Plans

Amount recognized as expenses on account of "Contribution / Provision to and for Provident and other Funds" of Statement of Profit and Loss -INR 236.23 Lakhs (Previous year INR 238.13 Lakhs)

40. 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

(INR in Lakhs)

Particulars	2018-19	2017-18
Domestic Sales	71,981.00	64,730.32
Export Sales	63,433.96	47,220.41

Notes to the Consolidated Financial Statements for the year ended 31st March 2019 (Contd.)

41. 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 of 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 INR 10 each at premium of INR 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

42. 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 INR 10 each at an issue price of INR 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 INR 35 (Face Value of INR 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.
- 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.
- 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.
- The information related to stock options granted, exercised and outstanding as on March 31, 2019 (as certified by the management) are as follows:

Particulars	As at 31 st March 2019	As at 31 st March 2018
Options outstanding at the beginning of the year	625000	825000
Options Granted	-	-
Shares Transferred to Employee account from Trust Account	200000	200000
Options outstanding at the end of the Financial year	425000	625000

Notes to the Consolidated Financial Statements for the year ended 31st March 2019 (Contd.)

43. Related Parties Disclosures

a) Related Party and their Relationship:

Relationship	Name of the Party
Subsidiaries of the Company	Synthesis International Limited
	SMS Chemicals Co. Limited
Enterprises in which Key Managerial Personnel (KMP) & their relatives have significant influence	Kiri Laboratories Pvt. Ltd.
	Indochin Development Pvt. Ltd.
	Kiri Peroxide Ltd.
	Chemhub Tradelink Pvt. Ltd
	Saptak Buildcon Pvt. Ltd.
	Kiri Carbon Pvt. Ltd.
	Kiri Globe ink Pvt. Ltd.
	Equinaire Chemtech LLP
	Parkin Auto Accessories Pvt. Ltd.
	Kiri Cosmetics LLP
Enterprises in which Key Managerial Personnel (KMP) are nominee director	Texanlab Laboratories Pvt. Ltd.
	Texanlab Bangladesh Pvt. Ltd.
	DyStar India Pvt. Ltd.
	DyStar Acquisition Corporation
	DyStar Americas Holding Corporation
	DyStar Hilton Davis Corporation
	DyStar Foam Control Corporation
	DyStar Carolina Chemical Corporation
S. Acquisition & Co.	
Key Managerial Personnel & their Relatives	Mr. Pravin A Kiri
	Mr. Manish P Kiri
	Mrs. Aruna P Kiri
	Mrs. Anupama M. Kiri
	Pravin A. Kiri – HUF
	Mr. Suresh Gondalia
	Mr. Jayesh Vyas

Notes to the Consolidated Financial Statements for the year ended 31st March 2019 (Contd.)

b) Transaction with Related Parties

Figures in *italics* represent figures as at 31st March, 2018

(INR in Lakhs)

Particulars	Associates Enterprise / Subsidiaries of Associates Enterprise	Key Management Personnel & their Relatives	Entity Controlled by Key Management Personnel	Total
Purchase of Goods/Service	1,385.59	-	-	1,385.59
	-	-	-	-
Sales of Goods	-	-	-	-
	-	1.75	-	1.75
Rent Expenses	-	-	12.98	12.98
	-	-	-	-
Remuneration	-	327.30	-	327.30
	-	228.39	-	228.39
Equity Shares	-	-	110.00	110.00
	-	-	240.00	240.00
Share Premium	-	-	3,883.00	3,883.00
	-	-	8,472.00	8,472.00
Outstanding Balance (Cr)	1,346.35	8.73	11.88	1,366.96
	25.41	2.20	-	27.61

c) Disclosure in respect of material transactions with related parties

(INR in Lakhs)

Nature of Transaction	Name of the Related Party	2018-19	2017-18
Purchase of Goods/Services	Dystar Global Holdings (Singapore) Pte. Ltd	1,385.59	-
Sales of Goods	Kiri Laboratories Pvt. Ltd.	-	1.75
Rent Expenses	Saptak Buildcon Pvt. Ltd.	12.98	-
Remuneration	Mr. Pravin A. Kiri	120.00	96.00
	Mr. Manish P. Kiri	120.00	96.00
	Mr. Suresh Gondalia	48.00	17.15
	Mr. Jayesh Vyas	39.30	19.24
Equity Share	Equinaire Chemtech LLP	110.00	240.00
Share Premium	Equinaire Chemtech LLP	3,883.00	8,472.00
Outstanding Balance (Cr)	Dystar Global Holdings (Singapore) Pte. Ltd	1,346.35	25.41
	Saptak Buildcon Pvt. Ltd.	11.88	-
	Mr. Manish P. Kiri	6.33	-
	Mr. Suresh Gondalia	1.15	0.86
	Mr. Jayesh Vyas	1.25	1.34

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

Notes to the Consolidated Financial Statements for the year ended 31st March 2019 (Contd.)

d) Compensation to Key Managerial Personnel of the Company: (INR in Lakhs)

Nature of Benefits	2018-19	2017-18
Short-term employee benefits	327.30	228.39
Post-employment gratuity benefits*	10.97	7.45
Total	338.27	235.84

* Key Managerial Personnel who are under the employment of the Company are entitled to post employment benefits and other long term employee benefits recognized as per Ind AS-19 - 'Employee Benefits' in the financial statements. Post-employment gratuity benefits of Key Managerial Personnel has not been included in (b) & (c) above.

44. 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.

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.

(INR in Lakhs)

Particulars	2018-19	2017-18
Total Interest bearing Liabilities	16,407.42	17,480.78
Less : Cash and Cash Equivalents	1,900.21	1,249.83
Adjusted Net Debt	14,507.21	16,230.95
Total Equity	156,732.94	140,470.30
Adjusted Net Debt to Equity Ratio	0.09	0.12

45. 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.

(INR in Lakhs)

Financial Assets and Liabilities as at March 31, 2019	Carrying value			Total	Fair Value (Level)			
	Routed through Profit and Loss	Routed through OCI	Carried at amortised cost		1	2	3	Total
Financial Assets								
Non Current Investment	-	-	6.20	6.20	-	6.20	-	6.20
Other Financial Assets								
Non Current	-	-	996.73	996.73	-	996.73	-	996.73
Current	-	-	498.73	498.73	-	-	-	-
Non Current	-	-	356.47	356.47	-	-	-	-
Current	-	-	25,358.03	25,358.03	-	-	-	-
Cash and Cash equivalents	-	-	1,900.21	1,900.21	-	-	-	-

Notes to the Consolidated Financial Statements for the year ended 31st March 2019 (Contd.)

Financial Assets and Liabilities as at March 31, 2019	Carrying value				Fair Value (Level)			
	Routed through Profit and Loss	Routed through OCI	Carried at amortised cost	Total	1	2	3	Total
Other Bank Balance	-	-	357.18	357.18	-	-	-	-
Loans	-	-	1,796.05	1,796.05	-	-	-	-
Total	-	-	31,269.59	31,269.59	-	1,002.93	-	1,002.93
Financial Liabilities								
Borrowings								
Non Current	-	-	14,875.57	14,875.57	-	14,875.57	-	14,875.57
Current	-	-	57.20	57.20	-	-	-	-
Trade Payables								
Non Current	-	-	362.93	362.93	-	-	-	-
Current	-	-	19,755.00	19,755.00	-	-	-	-
Other Financial Liabilities								
Non Current	-	-	76.50	76.52	-	-	-	-
Current	-	-	5,282.24	5,282.24	-	-	-	-
Total	-	-	40,409.44	40,409.44	-	14,875.57	-	14,875.57

Financial Assets and Liabilities as at March 31, 2018	Carrying value				Fair Value (Level)			
	Routed through Profit and Loss	Routed through OCI	Carried at amortised cost	Total	1	2	3	Total
Financial Assets								
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	-	-	387.62	387.62	-	-	-	-
Trade receivable	-	-	21,538.63	21,538.63	-	-	-	-
Cash and Cash equivalents	-	-	1,249.83	1,249.83	-	-	-	-
Other Bank Balance	-	-	323.70	323.70	-	-	-	-
Loans	-	-	1,151.64	1,151.64	-	-	-	-
Total	-	-	25,395.07	25,395.07	-	743.65	-	743.65

Notes to the Consolidated Financial Statements for the year ended 31st March 2019 (Contd.)

Financial Assets and Liabilities as at March 31, 2018	Carrying value			Total	Fair Value (Level)			Total
	Routed through Profit and Loss	Routed through OCI	Carried at amortised cost		1	2	3	
Financial Liabilities								
Borrowings								
Non Current	-	-	15,635.03	15,635.03	-	15,635.03	-	15,635.03
Current	-	-	317.42	317.42	-	-	-	-
Trade Payables	-	-	16,807.32	16,807.32	-	-	-	-
Other Financial Liabilities	-	-	-	-	-	-	-	-
Non Current	-	-	59.00	59.00	-	-	-	-
Current	-	-	2,430.76	2,430.76	-	-	-	-
Total	-	-	35,249.53	35,249.53	-	15,635.03	-	15,635.03

b) 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.

c) 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.

46. 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

Notes to the Consolidated Financial Statements for the year ended 31st March 2019 (Contd.)

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.

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

(INR In Lakhs)

Particulars	As at 31 st March, 2019	As at 31 st March, 2018
Domestic	15,184.67	11,806.91
Other Region	10,529.83	9,731.72
Total	25,714.50	21,538.63

Notes to the Consolidated Financial Statements for the year ended 31st March 2019 (Contd.)

Age of Receivables:

(INR in Lakhs)

Particulars	As at 31 st March, 2019	As at 31 st March, 2018
Neither due nor impaired	15,369.38	6,491.49
Past due 1 – 90 days	4,113.26	4,232.59
Past due 91 – 180 days	2,539.76	6,773.31
More than 180 days	3,692.10	4,041.22

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.

(INR in Lakhs)

Contractual maturities of financial liabilities as at March 31, 2019	1 year or less	1-2 years	2- 5 years	Total
Non-derivatives Financial Liabilities				
Long term borrowings incl. current maturity	1,474.65	7,352.06	7,523.52	16,350.23
Working Capital Facility and Short term loans and borrowings	57.20	-	-	57.20
Trade payables	20,117.93	-	-	20,117.93
Total non-derivative liabilities	21,649.78	7,352.06	7,523.52	36,525.36

(INR in Lakhs)

Contractual maturities of financial liabilities as at March 31, 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	1,474.65	14,159.39	17,162.36
Working Capital Facility and Short term loans and borrowings	317.42	-	-	317.42
Trade payables	16,807.32	-	-	16,807.32
Total non-derivative liabilities	18,653.06	1,474.65	14,159.39	34,287.10

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.

Notes to the Consolidated Financial Statements for the year ended 31st March 2019 (Contd.)

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.

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.

(INR in Lakhs)

SN	Particulars	Currency	As at 31 st March, 2019	As at 31 st March, 2018
A	Financial assets			
(i)	Trade receivables	EURO	-	6.68
		USD	10,978.56	10,463.79
(ii)	Loans and Advances	USD	186.93	317.55
(iii)	Bank balance in EEFC accounts	USD	828.78	279.60
B	Financial liabilities			
(i)	Trade payables	USD	5,074.31	4,800.62
		EURO	1,333.37	22.82
		GBP	2.17	-
		SGD	117.83	-

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.

(INR in Lakhs)

	Profit / (loss) before tax gain / (loss)		
	Strengthening	Weakening	(Decreased)
March-19			
Effect in INR			
3 % movement			
USD	(207.60)	207.60	207.60
EUR	40.00	(40.00)	(40.00)
GBP	0.07	(0.07)	(0.07)
SGD	3.53	(3.53)	(3.53)

Notes to the Consolidated Financial Statements for the year ended 31st March 2019 (Contd.)

(INR in Lakhs)

	Profit / (loss) before tax gain / (loss)		
	Strengthening	Weakening	(Decreased)
March-18			
Effect in INR			
3 % movement			
USD	(187.81)	187.81	187.81
EUR	0.48	(0.48)	(0.48)

* Holding all other variables constant

47. The previous year figures are regrouped or reclassified according to current year grouping and classification.

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, 2019

For and on behalf of the Board of Directors

Pravin Kiri

(Chairman)
DIN : 00198275

Suresh Gondalia

(Company Secretary)

Manish Kiri

(Managing Director)
DIN : 00198284

Jayesh Vyas

(Chief Financial Officer)

Place : Ahmedabad
Date : May 29, 2019

Attendance Slip

KIRI INDUSTRIES LIMITED

(CIN - L24231GJ1998PLC034094)

Regd. Office: 7th 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 21st Annual General Meeting (AGM) of the company to be held on Friday, 27th September, 2019 at 10.30 a.m. at Ground Floor, Centre for Excellence Building, Plot No. 511, Phase IV, GIDC Estate, Vatva, Ahmedabad – 382 445.

DP ID	Client ID	Folio No.	No. of Shares held

Name of Member / Proxy

Signature of Member/Proxy

Note:

1. Only Member/Proxy holder can attend the Meeting.
2. 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.
3. The Notice of AGM as well as the Annual Report for the year 2018-19 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.
4. Physical copy of the Annual Report for the year 2018-19 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: 7th 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 failing him;
- (2) Name : _____
Address : _____
E-mail Id : _____ Signature : _____ or failing 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 21st Annual General Meeting of the company to be held on Friday, 27th September, 2019 at 10.30 a.m. at Ground Floor, Centre for Excellence Building, Plot No. 511, Phase IV, GIDC Estate, Vatva, Ahmedabad – 382 445 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
	ORDINARY BUSINESS		
1.	To receive, consider and adopt the Audited (Standalone and Consolidated) Financial Statements for the year ended on March 31, 2019, together with the Reports of the Directors and Auditors thereon.		
2.	To appoint a Director in place of Mr. Manish Kiri (DIN: 00198284), who retires by rotation and being eligible, offers himself for re-appointment.		
3.	To declare Dividend @ 0.15% on 43,33,500 Cumulative Redeemable Preference shares of the Company for the Financial Year ended March 31, 2019.		
4.	To declare Dividend of Rs. 2 (@20%) per Equity Share of Rs. 10 each for the Financial Year ended March 31, 2019.		
	SPECIAL BUSINESS		
5.	To ratify the remuneration of Cost Auditors of the Company for F.Y. 2019-20 - Ordinary Resolution		
6.	To approve re-appointment of Mr. Mukesh Desai as an Independent Director - Special Resolution		
7.	To approve re-appointment of Mr. Keyoor Bakshi as an Independent Director - Special Resolution		

Signed this _____ day of _____ 2019.

Signature of the Shareholder _____

Signature of first proxy holder(s): _____

Affix
Revenue
Stamp

Proxy Form

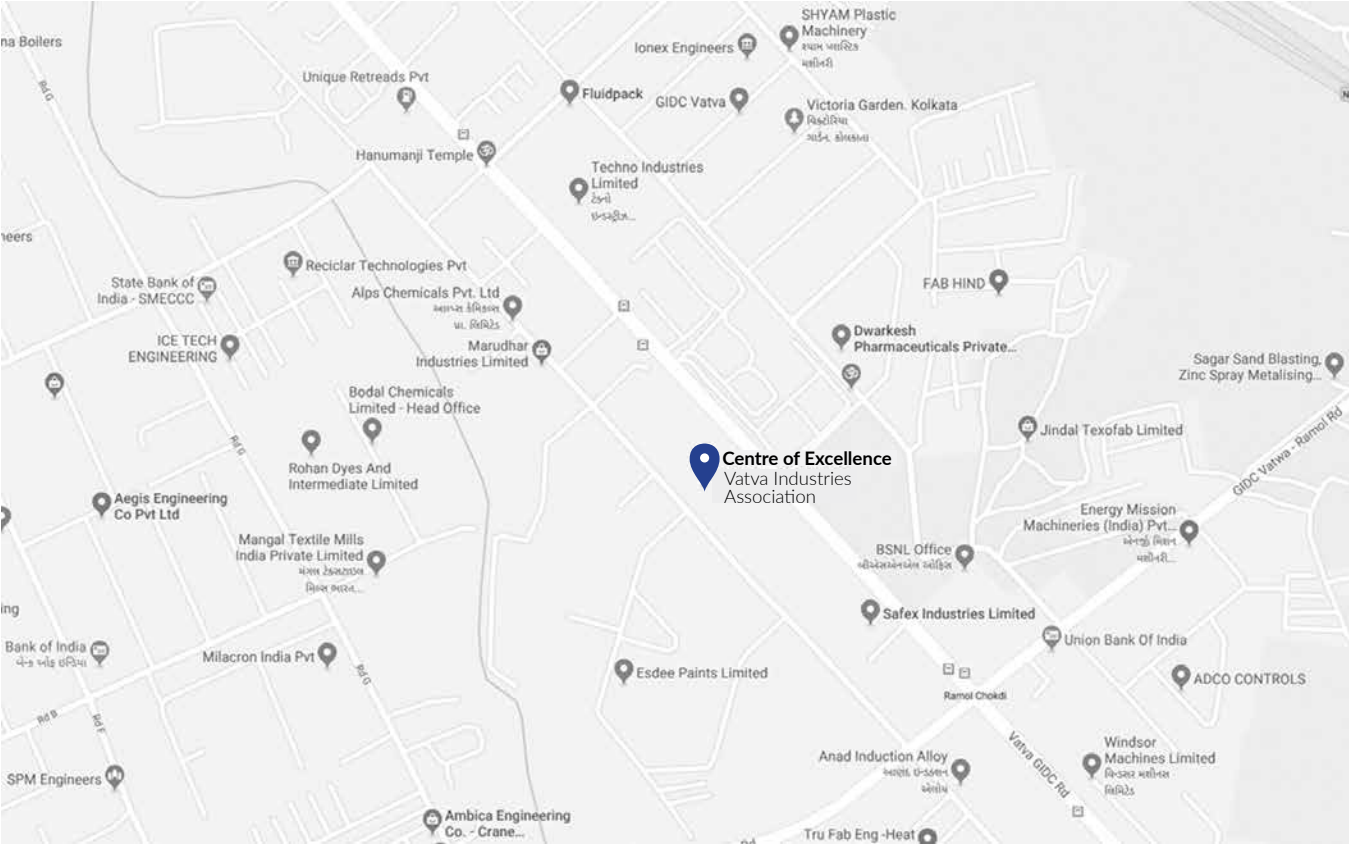
Note:

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. For the Resolutions, Explanatory Statement and Notes, please refer to the Notice of the 21st Annual General Meeting.
3. It is optional to put an 'X' in the appropriate column against the Resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all Resolutions, your proxy will be entitled to vote in the manner as he / she deem appropriate.
4. Please complete all details including details of member (s) in the above box before submission.

Route Map of AGM Venue

Centre of Excellence

Vatva Industries Association
Plot No.511, Phase 4, GIDC Vatva,
Ahmedabad, Gujarat 382445



If undelivered, Please return to



Kiri Industries Limited

Future Full of Colours.....

CIN: L24231GJ1998PLC034094

Registered Office

7th Floor, Hasubhai Chambers, Opp. Town Hall,
Ellisbridge, Ahmedabad – 380006