Kiri Industries Limited

Future Full of Colours.....

September 29, 2017

To,
National Stock Exchange of India Limited
Exchange Plaza,
Bandra Kurla Complex,
Bandra (E), Mumbai - 400 051

Dear Sir/Madam,

Sub: Submission of Annual Report 2016-17 as per Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Ref: Scrip ID – KIRIINDUS

With regard to above, we would like to state that the shareholders of the Company at 19th Annual General Meeting held on September 29, 2017 have approved and adopted the Annual Report of the Company for the year 2016-17.

We are enclosing herewith the approved and adopted Annual Report 2016-17 pursuant to Regulation 34 of the SEBI (Listing Obligation and Disclosure Regulations) Regulation, 2015.

We request to take the note of the same.

Thanking you,

Yours faithfully,

For Kiri Industries Limited

Gondalia

Suresh Gondalia
Company Secretary
Encl: As stated

KIRI INDUSTRIES LTD. AHMEDABAD

DYES
Plot No : 299/1/A & B, Phase-II, Nr. Water Tank, GIDC, Vatva, Ahmedabad – 382 445, Gujarat, India.
Phone : +91-79-25894477
Fax : +91-79-25834960
Email : engage@kiriindustries.com **Web :** www.kiriindustries.com

INTERMEDIATES
Plot No : 396 /399/403/404, EPC Canal Road, Village : Dudhwada, Tal. : Padra, Dist. : Vadodara - 391450. Gujarat, India.
Phone : +91-2662 -273 444
Fax : +91-2662 -273 444
Email : intermediates@kiriindustries.com **Web :** www.kiriindustries.com

CHEMICALS
Plot No : 552-A, 566, 567, 569-71, Village : Dudhwada, Tal. : Padra, Dist. : Vadodara- 391 450 Gujarat , India.
Phone : +91-2662-273724, 25
Fax : +91-2662-273726
Email : intermediates@kiriindustries.com **Web :** www.kiriindustries.com

REGISTERED OFFICE : 7th Floor, Hasubhai Chamber, Opp. Town Hall, Ellisbridge, Ahmedabad – 380 006. Gujarat (India). Phone : + 91-79-2657 4371-72-73 Fax : + 91-79-2657 4374

CIN No. : L24231GJ1998PLC034094

Kiri Industries Limited

Future Full of Colours.....

Annual Report

2016-2017

CORPORATE INFORMATION

BOARD OF DIRECTORS

Pravin Kiri	*Chairman*
Manish Kiri	*Managing Director*
Keyoor Bakshi	*Independent Director*
Mukesh Desai	*Independent Director*
Veena Padia	*Independent Director*

AUDIT COMMITTEE

Keyoor Bakshi	*Chairman*
Manish Kiri	*Member*
Mukesh Desai	*Member*
Veena Padia	*Member*

NOMINATION AND REMUNERATION COMMITTEE

Mukesh Desai	*Chairman*
Keyoor Bakshi	*Member*
Veena Padia	*Member*

STAKEHOLDERS' RELATIONSHIP COMMITTEE

Veena Padia	*Chairman*
Manish Kiri	*Member*
Mukesh Desai	*Member*

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Veena Padia	*Chairman*
Pravin Kiri	*Member*
Manish Kiri	*Member*
Mukesh Desai	*Member*

RISK MANAGEMENT COMMITTEE

Pravin Kiri	*Chairman*
Manish Kiri	*Member*
Mukesh Desai	*Member*
Yagnesh Mankad	*Member*
Jayesh Vyas	*Member*

CHIEF FINANCIAL OFFICER

Jayesh Vyas

COMPANY SECRETARY

Suresh Gondalia

STATUTORY AUDITORS

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

COST AUDITORS

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

SECRETARIAL AUDITORS

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

REGISTERED OFFICE

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

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Notice

NOTICE is hereby given that the 19th Annual General Meeting of the members of **KIRI INDUSTRIES LIMITED** will be held on Friday, September 29, 2017 at 10.30 a.m. at Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad - 380 015, to transact the following businesses:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements for the year ended March 31, 2017, 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 Financial Year 2016-17.

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

   "**RESOLVED THAT** pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including statutory modification(s) or re-enactment(s) thereof, for the time being in force) M/s. Pramodkumar Dad & Associates (FRN - 115869W) be and are hereby appointed as Statutory Auditors of the Company in place of the retiring auditors M/s. V.D. Shukla & Co., Chartered Accountants (FRN – 110240W) for a term of five consecutive years, to hold office from the conclusion of this Annual General Meeting (AGM) upto the conclusion of 24th AGM of the Company to be held in the year 2022, subject to annual ratification by members at every Annual General Meeting, on such remuneration as may be decided by the Board of Directors and Statutory Auditors.

SPECIAL BUSINESS:

5. To ratify the remuneration of Cost Auditors of the Company for Financial Year 2017-18:

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

   "RESOLVED THAT pursuant to the provisions of section 148, other applicable provisions of the Companies Act, 2013 and rules framed there under (including statutory modification(s) or re-enactment thereof for the time being in force), consent of the members be and is hereby accorded to the Board of Directors of the Company for payment of remuneration of Rs. 2,00,000/- (Rupees Two Lakhs only) plus applicable tax and out of pocket expenses to M/s. V. H. Savaliya & Associates, Cost Accountants, who has been appointed by the Board at their meeting held on May 25, 2017, for audit of cost records of the Company for financial year 2017-18 and the same be and is hereby ratified by the members of the Company.

   RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts, things, deeds 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 25, 2017

Suresh S. Gondalia
Company Secretary

Notice (Contd...)

Notes:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
2. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate should not be more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten per cent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
3. The Company has notified closure of Register of members and Share transfer books from Friday, September 22, 2017 to Friday, September 29, 2017 (both days inclusive). Notice of the Meeting is being sent to all the Members, whose names appeared in the Register of Members as on August 25, 2017.
4. The Business as set out in the Notice will be transacted through E-Voting. The Company is providing the facility for voting by Electronic means i.e. e-voting. The instructions and other information relating to e-voting are given under point no. 21 of notes below.
5. Corporate members intending to send their authorised representatives to attend the meeting are requested to send a certified true copy of Board Resolution.
6. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of the business set out above is annexed hereto.
7. Brief profile of Director who has proposed to be appointed / re-appointed, nature of his expertise in specific functional areas, name of companies in which he hold directorships and memberships / chairmanships of Board Committees, shareholding as stipulated under regulation 36(3) of the SEBI (Listing Obligation & Disclosure Requirements) Regulations, 2015 with the Stock Exchanges, are annexed to the Notice.
8. In case of Joint holders attending the meeting, only such joint holder who is higher in order of names will be entitled to vote.
9. Relevant documents referred to in the accompanying Notice is open for inspection by the members at the Registered Office of the Company on all working days, except Saturdays, during business hours up to the date of the Meeting.
10. Members are requested to:
    a. Intimate immediately any change in their address to the Company's Registrar and Share Transfer Agents, Cameo Corporate Services Limited, Subramanian Building # 1, Club House Road, Chennai- 600 002.
    b. Quote Folio No. in all correspondence and in case the shares are held in dematerialized form, quote DP ID and Client ID number.
    c. Register their e-mail address with their respective depository participant to receive the Annual Report and other communications from the Company in electronic form.
11. Members intending to obtain information about the accounts to be approved in the meeting are requested to inform the Company 7 (seven) days in advance from the date of the Annual General Meeting.
12. As a measure of economy, copies of Annual Report will not be distributed at the ensuing Annual General Meeting. Therefore, members are requested to bring their copy of Annual Report in the Meeting. Members/Proxies should also bring the Attendance Slip attached herewith, duly filled in all aspects for attending the meeting.
13. Copy of Annual Report has been available on the website of the Company **www.kiriindustries.com**.
14. Pursuant to Section 124 of the Companies Act, 2013, all unclaimed / unpaid dividend, application money, debenture interest and interest on deposits as well as the principal amount of debentures and deposits, as applicable, remaining unclaimed / unpaid for a period of seven years from the date they became due for payment, in relation to the Company, have been transferred to the IEPF established by the Central Government. No claim shall be entertained against the IEPF or the Company for the amounts so transferred.
15. Pursuant to Section 124 of the Companies Act, 2013, the Company has transferred unclaimed/unpaid Dividend for the financial year 2008-09 on November 15, 2016 to the 'Investor Education and Protection Fund' (IEPF), constituted by the Central Government.

Notice (Contd...)

16. Members who have not yet encashed their dividend warrant(s) pertaining to the final dividend for the financial year 2009-10 and 2010-11, It may be noted that the unclaimed Final Dividend for the financial year 2009-10 and 2010-11 declared by the Company can be claimed by the Members within the date prescribed herein under:

Financial Year	Type of Dividend	Dividend Rate (%)	Date of Declaration	Due date for transfer to IEPF
2009-10	Final	15%	30.09.2009	28.10.2017
2010-11	Final	15%	30.09.2010	04.10.2018

However, w.e.f. September 7, 2016, members may claim their unclaimed dividend as per the procedures/guidelines issued by the ministry of Corporate Affairs(MCA). For details, investors can visit the website of IEPF Authority viz. **www.iepf.gov.in**.

17. The Ministry of Corporate Affairs (MCA) on May 10, 2012 notified the IEPF (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012 (IEPF Rules), which is applicable to the Company. The objective of the IEPF Rules is to help the Members ascertain status of the unclaimed amounts and overcome the problems due to misplacement of intimation thereof by post etc. In terms of the said IEPF Rules, the Company will upload the information in respect of the unclaimed dividends, as on date of the 19th Annual General Meeting to be held on September 29, 2017 on the website of the IEPF viz. www.iepf.gov.in and under "Investors" Section on the website of the Company viz. **www.kiriindustries.com**
18. The route map showing directions to reach the venue of the 19th Annual General Meeting is annexed with the report.
19. In compliance with the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to offer the facility of voting through electronic means and the business set out in the Notice above may be transacted through such electronic voting. The facility of voting through electronic means is provided through the e-voting platform of Central Depository Services (India) Limited ("remote e-voting").
20. Members whose names are recorded in the Register of Members or in the Register of Beneficial Owners maintained by the Depositories as on the Cut-off date i.e. Friday, September 22, 2017, shall be entitled to avail the facility of remote e-voting as well as voting at the AGM. Any recipient of the Notice, who has no voting rights as on the Cut-off date, shall treat this Notice as intimation only.
21. **The instructions for members voting electronically are as under**
    (i) The voting period begins on Tuesday, September 26, 2017 at 09.00 a.m. and ends on Thursday, September 28, 2017 at 05.00 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 22, 2017 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.
    (vii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) • Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on Attendance Slip indicated in the PAN Field.
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. • 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).

Notice (Contd...)

(viii) After entering these details appropriately, click on "SUBMIT" tab.

(ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xi) Click on the EVSN for the relevant <KIRI INDUSTRIES LIMITED> on which you choose to vote.

(xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xvi) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.

(xvii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xviii) **Shareholders can also use Mobile app - "m - Voting" for e voting. m - Voting app is available on Apple, Android and Windows based Mobile. Shareholders may log in to m - Voting using their e voting credentials to vote for the company resolution(s).**

(xix) **Note for Non – Individual Shareholders and Custodians**

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to **www.evotingindia.com** 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.

(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 remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.

c) The Results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company at **www.kirindutries.com** and on the website of CDSL immediately after the declaration of result by the Chairman or a person authorised by him in writing. The results shall also be communicated to Stock Exchanges where the shares of the Company are listed.

Notice (Contd...)

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

Name	Mr. Manish Kiri
Director Identification Number (DIN)	00198284
Date of Birth	December 26, 1972
Nationality	Indian
Date of Appointment	May 14, 1998
Qualifications	➢ B.E. (Electronic & Communication), ➢ MBA (Wayne State University, Michigan, USA)
Brief resume and nature of expertise in specific functional areas	Formulating strategies and its implementation and also looks after overall business of the Company. He embarked upon a plan of fast growth and spearheaded the company's growth by establishing a large economy of scale manufacturing facilities and backward integration into manufacturing of intermediates and basic chemicals.
Disclosure of relationship between Directors inter-se	Mr. Manish Kiri is son of Mr. Pravin Kiri, Chairman of the Company.
Names of Listed entities in which the person also holds the directorship and the membership of committees of the board	NIL
Shareholding of Non – Executive Directors	Not Applicable

Explanatory Statement

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

Item No. 5

The Audit Committee of the Company at their meeting held on May 25, 2017 has recommended to the Board of Directors, for appointment and fixing of remuneration of M/s. V. H. Savaliya & Associates, Cost Accountants, for audit of cost records of manufacturing units of the Company for the financial year 2017-18. The Board of Directors of the Company at their meeting held on May 25, 2017 has appointed and fixed their remuneration as Cost Auditors of the Company subject to ratification by the members of the Company.

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

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

By order of the Board,
For Kiri Industries Limited

Place : Ahmedabad
Date : August 25, 2017

Suresh S. Gondalia
Company Secretary

Director's Report

To,
The Members
Kiri Industries Limited

Your Directors have pleasure in presenting their 19th Annual Report together with Audited Accounts of the Company for the financial year ended on March 31, 2017.

❖ **Standalone Performance:**

The highlights of Company's financial performance, for the year ended March 31, 2017 are as under:

(Rs. In Crore)

Particulars	**2016-17**	**2015-16**
Total Revenue	966.83	896.65
Earning Before Finance Cost, Depreciation, Tax and Prior period adjustments	129.87	90.44
Less: Finance Cost	8.02	67.15
Depreciation	22.34	20.38
Prior Period adjustments	0.31	0.22
Earning before taxation and extra ordinary items	**99.21**	**2.71**
Add: Extra Ordinary Items	(0.1)	4.70
Earning Before Taxation	**99.11**	**7.41**
Add: Deferred Tax(asset)/(liability)	(3.88)	1.66
Earnings After Tax	**95.23**	**9.07**

❖ **Highlights of Operations**

❑ **Total Revenue:**

During the year under review, the revenues of the Company increased by 8%. The Company has reported turnover of Rs. 966.83 Crore for the financial year 2017 as compared to Rs. 896.65 Crore for the financial year 2016. The volumes of the company increased during the current fiscal year especially volumes in Dyestuff increased by 25%, Intermediates by 18% and basic chemicals by 7% as compared to FY 2015-16.

❑ **Earning before Finance Cost, Depreciation, Tax and Prior period adjustments:**

During the year under review, earning before Finance cost, Depreciation, Tax and prior period adjustment is increased by 44% from Rs. 90.44 Crore to Rs. 129.87 Crore which is mainly on account of reduction in cost of material consumed and administrative expenses as compared to the previous financial year. During the current fiscal year, Exports of the company increased by 56.72 % as compared to previous year.

❑ **Total Expense:**

During the year under review, the total expenses of the company reduced by around 3%. Total expenses reduced from Rs. 893.94 Crore to Rs. 867.62 Crore as compared to previous financial year. One of the key factor for reduction of expenses has been the reduction in Finance Cost, since the debt of the company has reduced substantially. The finance cost has been reduced by around 88% from Rs. 67.15 Crore to Rs.8.02 Crore.

❑ **Earnings After Tax:**

During the year under review, the Company has triggered a remarkable millstone to achieve historical earning after tax (EAT) of Rs. 95.23 Crore as compared to Rs. 9.07 Crore of the previous financial year ended March 31, 2016. EAT increase 10 times as compared to previous financial year due to the increase in Revenue and sharp reduction in finance cost on account of repayment of outstanding debt during the financial year 2017.

Director's Report (Contd...)

- **Highlights of Consolidated Performance**

The highlights of Company's consolidated financial performance, for the year ended March 31, 2017 are as under:

(Rs. In Crore)

Particulars	**2016-17**	**2015-16**
Total Revenue	1127.75	1042.75
Earnings Before Finance Cost, Depreciation, Tax and Prior period adjustments	**161.77**	**125.70**
Less: Finance Cost	8.82	73.81
Depreciation	29.27	26.86
Prior Period adjustments	0.31	0.22
Earnings before taxation and extra ordinary items	**123.37**	**24.81**
Add: Extra Ordinary Items	(0.1)	4.70
Earnings Before Taxation	**123.27**	**29.51**
Less: Current Tax	8.37	5.50
Short Provision of Tax for earlier years	–	0.27
Deferred Tax	3.83	(1.93)
Mat Credit Entitlement	0.84	–
Earnings After Tax	**110.23**	**25.67**
Add: Share of Profit from Associate	156.12	170.04
Earnings After Tax for the year	**266.35**	**195.71**

- **Highlights of Operations**

- **Total Revenue:**

During the year under review, the total revenue increased by 8% to Rs. 1127.75 Crore from Rs. 1042.75 Crore as compared to the previous financial year ended March 31, 2016 due to increase in volume of products of the Company and positive continuous support from Dye and basic chemical business and positive contribution from its subsidiary and joint venture Company.

- **Earnings before Finance Cost, Depreciation, Tax and Prior period adjustments:**

During the year under review, the Earnings before Finance Costs, Depreciation, Tax and prior period adjustments are increased by 29% to Rs. 161.77 Crore from Rs. 125.70 Crore as compared to the previous financial year. The revenue increase on account of increase in volumes of the Company supported by increase in earnings of the Group.

- **Total Expense:**

During the year under review, the total expenditure marginally decreased to Rs. 1004.39 Crore as compared to Rs. 1017.93 Crore of the previous financial year. The reason for decrease in total expenses is mainly due to sharp reduction in finance cost of the Company.

- **Earnings After Tax**:

During the year under review, there is significant increase in earnings after tax (EAT) increased to Rs. 110.23 Crore, as compared to Rs. 25.67 Crore of previous financial year ended March 31, 2016. Increase in EAT is mainly on account of increase in total revenue and reduction of finance cost.

Director's Report (Contd...)

- **Transfer to Reserves**

Appropriations to general reserve for the financial year ended March 31, 2017 as per standalone and consolidated financial statements are as under:

(Rs. In Crore)

Particulars	Standalone	Consolidated
Net profit for the year	95.24	266.35
Balance of Reserve at the beginning of the year	**130.23**	**598.23**
Transfer to General Reserve	-	-
Balance of Reserve at the end of the year	**241.71**	**880.82**

- **Dividend**

Implementation of Dividend Distribution Policy:

Pursuant to regulation 43A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), the Board of Directors has approved Dividend Distribution Policy at their meeting held on January 28, 2017. The policy includes various parameters and procedural requirements for declaration of dividend and utilization of retained earnings, etc. The policy is available on the website of the Company i.e. **www.kiriindustries.com.**

Dividend on Cumulative Redeemable Preference Shares:

Your Directors has recommend dividend @ 0.15% on 43,33,500 Cumulative Redeemable Preference Shares (Preference Shares) of Rs. 10.00 each for the year ended March 31, 2017. The aggregate amount of the dividend on 43,33,500 Preference Shares is Rs. 78,235/-, including dividend distribution tax amounting to Rs. 13,233/-.

Dividend on Equity Shares:

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

Transfer of Unclaimed Dividend to Investor Education and Protection Fund:

During the year 2016-17, unclaimed dividend for financial year 2008-09 of Rs. 7913/- was transferred to the Investor Education and Protection Fund (IEPF), as required under the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016.

- **Subsidiaries and Consolidated Financial Statements**

The Company had prepared Consolidated Financial Statements in accordance with the Generally Accepted Accounting Principles (GAAP). The Company has also presented financial statements as per Schedule III of the Companies Act, 2013. Except where otherwise stated, the accounting policies are consistently applied.

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

In accordance with third proviso to Section 136 of the Companies Act, 2013, the Annual Report of your Company, containing inter alia the audited standalone and consolidated financial statements as well as separate audited financial statements of subsidiary/ Associates and Joint Venture Company have also been placed on the website of the Company.

- **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 2017-18 within the stipulated time.

Director's Report (Contd...)

❖ **Directors**

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

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

❖ **Declaration of Independent Directors**

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

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

During the year, the Board met 6 (Six) times on April 08, 2016, May 30, 2016, August 12, 2016, October 04, 2016, November 12, 2016 and January 28, 2017. The intervening gap between any two meetings was within the period prescribed by the Companies Act, 2013.

Pursuant to the requirements of Schedule IV to the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate Meeting of the Independent Directors of the Company was held on March 30, 2017.

❖ **Statutory Auditors:**

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

The shareholders of the Company at their 18th AGM held on September 23, 2016 has ratified his reappointment for the period upto the conclusion of 19th AGM to be held in the year 2017. Due to expiration of present terms of existing auditors, the Company has required to appoint new statutory auditors in place of the existing Auditors.

Therefore, on recommendation of the Audit Committee, the Board of Directors at their meeting held on August 25, 2017 has appointed M/s. Pramodkumar Dad & Associates (Firm Registration No. 115869W), as Statutory Auditors for conducting statutory audit of books of accounts of the Company for the period of 5 years from conclusion of 19th AGM, till conclusion of 24th AGM to be held in year 2022, subject to the approval of shareholders of the company at their 19th AGM.

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

Notes to the financial statements referred to in the Auditors' Report issued by M/s. V. D. Shukla & Co, Chartered Accountants are self-explanatory and do not call for any further comments and explanations. The Auditors' Report does not contain any qualification, reservation or adverse remark.

❖ **Cost Auditors:**

The Audit Committee of the Company at their meeting held on May 25, 2017 has recommended to the Board of Directors, for appointment and fixing of remuneration of M/s. V. H. Savaliya & Associates, Cost Accountants, for audit of cost records of the Company for the financial year 2017-18. The Board of Directors of the Company at their meeting held on May 25, 2017 has appointed M/s. V. H. Savaliya & Associates as Cost Auditors subject to ratification by the members of the Company at the ensuing Annual General Meeting.

The Cost Audit Report for the financial year 2015-16, issued by M/s. V. H. Savaliya & Associates, Cost Accountants, as prescribed under Cost Audit Rules was filed with the Ministry of Corporate Affairs on 3rd September, 2016. The Cost Auditors' Report for the financial year 2015-16 did not contain any qualification, reservation or adverse remark.

Director's Report (Contd...)

❖ **Secretarial Auditors:**

In compliance of the provision of section 204 of the Companies Act, 2013, other applicable provisions of the Act, the Companies (Appointment and Remuneration of Managerial Personnel), Rules 2014 and other applicable rules framed there under (subject to modification or reenactment thereof from time to time), the Board of Directors at their meeting held on August 12, 2016 has appointed M/s Kashyap R. Mehta & Associates, Practicing Company Secretary, Ahmedabad as Secretarial Auditor for conducting Secretarial Audit of the Company for the year 2016-17. The secretarial audit report is attached herewith as "**Annexure – B"**.

Certain remarks in the secretarial audit report do not have material impact on financial performance of the Company. The views of the Management on each such remark are given hereunder:

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

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

2. *During the year under review, the Company redeemed the outstanding debentures in consonance with its settlement agreement through internal accruals without depositing/ maintaining the requisite amount in eligible instruments as specified under Rule 18(7)(c) of The Companies (Share Capital and Debentures) Rules, 2014.*

   The Company had executed a settlement agreement with the sole debenture holder for redemption of outstanding principal amount and interest thereon. The company's cash flow were adequate to meet settlement obligations and the entire outstanding principal amount of non-convertible debentures has been repaid out of internal accruals well before due date of payment. As on March 31, 2017 there are no outstanding debentures on books of the Company.

3. *In respect of preferential issue of Equity Warrants during the year under review, the company deposited the funds in its regular current bank account and did not file statement of deviation(s) or variation(s) with the Stock Exchanges as there was no deviation or variation in respect of the proposed utilization of funds and actual utilization of funds.*

   As per objects of the issue, warrants proceeds were to be used for repayment of debts and capital expenditure. The proposed allotte was ready to pay the entire warrant amount upfront and the company wanted to urgently repay its settled debts. Therefore the application money was received in regular account and since there is no deviation in utilisation of funds, quations of submission of statement of deviation did not arise.

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

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

❖ **Governance Through Management process:**

❑ **<u>Vigil Mechanism</u>:**

Your Company has adopted process for receiving and redressing complaints from employees and Directors, as per the provisions of Section 177 of the Companies Act, 2013 ("the Act") and Regulation 22 of the Listing Regulations.

Your Company is committed to adhere to the highest standards of ethical, moral and legal conduct of business operations. To maintain these standards, your company encourages its employees who have concerns about suspected misconduct to come forward and express these concerns without fear of punishment or unfair treatment. A Vigil (Whistle Blower) mechanism provides a channel to the employees and Directors to report to the management concerns about unethical behavior, actual or suspected fraud or violation of the codes of conduct or policy. The vigil mechanism shall provide adequate safeguards against victimization of person(s) who use such mechanism and make provision for direct access to the Chairman of the Audit Committee or in exceptional case to the director nominated by the Audit Committee. As per provisions of Section 177 of the Act, the whistle blower policy (vigil mechanism) is available on the website of the company i.e. **www.kiriindustries.com**.

Director's Report (Contd...)

- **Related Party Transactions:**

  Your Company has adopted the practice of undertaking related party transactions only in the ordinary and normal course of business and at arm's length basis as part of its philosophy of adhering to highest ethical business standards, transparency and accountability. In line with the provisions of the Companies Act, 2013 and the Listing Regulations, the Board has approved a policy on related party transactions. An abridged policy on related party transactions is available on the website of the Company i.e. **www.kiriindustries.com.**

  All contracts / arrangements / transactions entered by the Company during the financial year 2016-17 with related parties were in the ordinary course of business and on an arm's length basis. Therefore disclosure in form AOC-2 as per provisions of section 188 of the Companies Act is not required and hence not annexed with this report.

- **Website Content Archival Policy**

  Your Company has also implemented website content archival policy in accordance with Regulation 30 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 to deals with the retention and archival of corporate records of the company after completion of five years from the date of disclosure or event, the same is also available on the website of the Company i.e. **www.kiriindustries.com.**

- **Policy on Preservation of Documents:**

  Your Company has implemented Policy on preservation of documents as per the requirements under regulation 9 of the Listing Regulations. The Board has formulated and approved a policy to ensure that all the statutory documents / records are preserved in compliance with respective laws to ensure that the same are available in good order and to prevent from being altered, damaged or destroyed and also readily available as and when required by the Company. The said policy is available on the website of the Company i.e. **www.kiriindustries.com.**

- **Material Subsidiaries Policy:**

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

- **Code of Conduct :**

  In terms of provisions of SEBI (LODR) Regulations, 2015, the Board of Directors of the Company has laid down a Code of Conduct for all Board Members and Senior Management Personnel of the Company. The Code is intended to serve as a basis for ethical decision-making in conduct of professional work. The Code of Conduct direct each individual in the organization must know and respect existing laws, accept and provide appropriate professional views, and be honest in his conduct and observe corporate discipline. The duties of Directors including Independent Director as laid down in the Companies Act, 2013 also forms part of the Code of Conduct. The said Code of Conduct has been posted on the website of the Company. i.e. **www.kiriindustries.com.**

  The Board Members and Senior Management Personnel of the Company have affirmed compliance with the Code. The Chairman & 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 for Prevention of Insider Trading:**

  The Company has adopted a Code of Conduct to regulate, monitor and report trading by insiders under the SEBI (Prohibition of Insider Trading) Regulations, 2015. This Code of Conduct also includes code for practices and procedures for fair disclosure of unpublished price sensitive information. It is available on the website of the Company i.e. **www.kiriindustries.com.**

- **Mechanism for Prevention of Sexual Harassment of Women at Workplace under (Prevention, Prohibition and Redressal) Act, 2013:**

  The Company has implemented policy to provide protection against sexual harassment of women at work place and for the prevention and Redressal of complaints of sexual harassment and for matters connected therewith or incidental thereto. The said policy is available on the website of the Company i.e. **www.kiriindustries.com.**

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

Director's Report (Contd...)

❖ **Public Deposits:**

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

❖ **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 08, 2016 has allotted 12,94,000 Equity Shares upon conversion of warrants issued on preferential basis to Mrs. Anupama Kiri, Promoter Group of Company. Therefore, issued and paid up equity share capital has been increased from Rs. 26.55 Crore to Rs. 27.84 Crore.

The Board of Directors of the Company at their meeting held on October 4, 2016 have given approval for allotment of 35,00,000 Warrants convertible into Equity Shares at an issue price of Rs. 363 per Warrant includes premium of Rs. 353 per Warrant to M/s Equinaire Chemtech LLP - Promoter Group on preferential basis in accordance with SEBI (Issue of Capital and Disclosure Requirements), Regulations, 2009. The said issue was approved by the members of the Company at its 18th Annual General Meeting held on September 23, 2016. The Company has also received the in-principle approvals from both Stock Exchanges.

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

Redemption of Non Convertible Debentures (NCDs):

During the year under review the Company has redeemed entire outstanding 335 Non-Convertible Debentures ("NCDs") along with interest.

❖ **Employee Stock Option Scheme**

Brief Details of Options Granted:

Nomination and Remuneration Committee of the Company, inter alia administers and monitors the Company's employees' stock option scheme (ESOP Scheme) in accordance with the applicable SEBI Regulations and has granted total 875,000 options in financial year 2015-16. Further, remaining 1,25,000 options were granted to the eligible employees on April 8, 2016.

During the year ended March 31, 2017 there has been no material change in the Company's existing ESOP Scheme and the said scheme is in compliance with the applicable SEBI Regulations.

In compliance with the provisions of Companies Act, 2013 as well as SEBI Regulations, necessary disclosure as on March 31, 2017 is mentioned herein below:.

Whether the scheme is in terms of SEBI (SBEB) Regulations, 2014 (if applicable)	The Company has implemented the Kiri ESOP Scheme in year 2014 in accordance with the SEBI (ESOS and ESOP) Guidelines, 1999.
Total number of shares covered by these options	10,00,000 Shares covered under this ESOP Scheme.
Pricing formula	Rs. 35/- per equity share.
Options granted	During the year 1,25,000 options granted to the eligible employees.
Time within which option may be exercised	Options granted to the eligible employees shall be exercised 20% every year.
Options Vested	8,75,000
Options exercised	During the year total 1,75,000 options were exercised by the eligible employees of the Company.

Director's Report (Contd...)

The total Number of Shares arising as a result of exercised of option	During the year total 1,75,000 options were exercised by the eligible employees of the Company therefore, total 175,000 equity shares transferred by Kiri ESOP Trust to such employees who has exercised their options.
Options lapsed	Nil
The exercised Price	Rs. 35/- per equity share.
Variation of terms of options	No variations made in the terms of the options granted under Kiri Employee Stock Option Scheme – 2014.
Money realized by exercised of options	Total Rs. 0.61 Crore were realised on account of exercise of options.
Brief details of significant terms	
Subsequent changes or cancellation or exercise of such options	No Changes is made for cancelation or exercise of such options.
Diluted earnings per share pursuant to issue of equity shares on exercise of options	Since the Company has already issued equity shares to Kiri ESOP Trust on August 7, 2015,therefore there is no further effect on earnings per share of the company pursuant to exercise of options.
Total number of options in force	8,25,000
Employee wise details of options granted	
i) Key Managerial Personnel	Total 10,00,000 options were granted to the eligible employees under Kiri ESOP Scheme.
ii) any other employee who receives a grant of options in any one year of option amounting to five percent or more of options granted during that year	Nil
(iii) identified employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant	Nil

The following is the information for Kiri ESOP Scheme upto the date of this report:

Total No of Options Granted		Total No of Options Vested		Total No of Options exercised	
No. of Options	**Date**	**No. of Options**	**Date**	**No. of Options**	**Date**
8,75,000	April 07, 2015	8,75,000	April 08, 2016	1,75,000	May 12, 2016
1,25,000	April 08, 2016	1,25,000	May 25, 2017	25,000	June 07 and June 08, 2017
-	-	-	-	1,75,000	June 07 and June 08, 2017
Total Options already exercised				**3,75,000**	
Total ESOPs in force				**6,25,000**	

The Company has received a certificate from the statutory auditors that the scheme has been implemented in accordance with the SEBI Regulations and the resolutions passed by the shareholders. The certificate would be placed at the AGM for inspection by the members.

The disclosures pursuant to regulation 14 of the SEBI (Share Based Employee Benefits) Regulations, 2014 read with SEBI circular (Ref. No: CIR/CFD/POLICY CELL/2/2015 dated June 16, 2015 on ESOP disclosures for the financial year 2016-17 is available on website of the Company i.e. **www.kiriindustries.com.**

Director's Report (Contd...)

❖ **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, 2017, 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, 2017 on a 'going concern' basis;

e) they have laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and operating effectively;

f) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

❖ **Composition of Committees:**

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

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

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

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

❖ **Corporate Social Responsibility:**

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.

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

In compliance of Section 135 of the Companies Act, 2013, the Company in every financial year at least 2% of average net profit of last three years has been utilized towards CSR activities. Our Company has incurred loss in two financial year i.e. 2013-14, 2014-15 and generated profit in F.Y. 2015-16 and therefore, the net profit calculated by the Company in accordance with Section 198 of the Act is not triggering the criteria for mandatory contribution for CSR. However, the Company has taken

Director's Report (Contd...)

up various CSR initiatives for enhancing the value of society. The brief outline for contributions undertaken by the Company on CSR activities during the year are set out in **Annexure C** of this report. For other details regarding the CSR Committee, please refer to the corporate governance report.

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"), 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 SEBI (LODR), Regulations, 2015 is available in the Corporate Governance report.

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

In line with the corporate governance practice of the Company, annual performance evaluation was conducted for all Board Members as well as the working of the Board and its Committees. This evaluation was led by the Chairman of the Board, Nomination and Remuneration Committee with specific focus on the performance and effective functioning of the Board.

The Board evaluation framework has been designed in compliance with the requirements under the Companies Act, 2013 and the Listing Regulations, and in consonance with guidance note on Board Evaluation issued by SEBI recently. The Board evaluation was conducted through structured questionnaire having qualitative parameters and feedback based on ratings evaluation of the Board, based on criteria such as composition and role of the Board, Board communication and relationships, functioning of Board Committees, review of performance and compensation to executive directors etc.

Evaluation of Directors was based on criteria such as participation and contribution in Board and Committee meetings, representation of shareholder interest and enhancing shareholder value, experience and expertise to provide feedback and guidance to top management on business strategy, governance and risk, understanding of the organization's strategy, risk and environment, etc. The outcome of the Board evaluation for financial year 2016-17 was took on records by the Nomination and Remuneration Committee on March 30, 2017. The evaluation of the performance of the Board as whole, individual directors (including independent directors and Chairperson) and various Committees of the Board was noted by board at their meeting held on May 25, 2017. The Directors expressed their satisfactions with the evaluation process.

❖ **Familiarisation Programme:**

The Company has undertaken various steps to make the Independent Directors complete understanding about the Company. The Managing Director or Chairman of the Company gives information about general business of the Company in every board meeting. The details of such familiarization programmes have been disclosed on the Company's website i.e. **www.kiriindustries.com.**

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

Particulars of loans given, investments made, guarantees given and securities provided along with the purpose for which the loan or guarantee or security is proposed to be utilized by the recipient are provided in notes to the financial statement of the Company for the year ended March 31, 2017.

❖ **Extract of Annual Return:**

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

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

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

Director's Report (Contd...)

❖ **Risk Management:**

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

The Risk Management policy of the Company is available on website of the Company **www.kiriindustries.com.**

❖ **Particulars of Employees:**

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

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

As prescribed under Regulation 34 (3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate section on corporate governance practices implemented by the Company, along with the Compliance Certificate from the Statutory Auditors regarding compliance of conditions of corporate governance as stipulated in SEBI (LODR) Regulations, 2015 is attached to this Annual report.

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

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

There are no significant and material orders passed by the Regulators/Courts that will impact the going concern status of the Company and its future business operations of the Company.

❖ **Material Changes:**

There have been no material changes in nature of business and commitments affecting the financial position of the Company since the close of financial year i.e. March 31, 2017.

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

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

❖ **Acknowledgement:**

Your Directors places on record their appreciation for the continued co-operation and support extended to the Company by its customers, the vendors, the regulators, government agencies, stock exchanges, depositories, registrar and transfer agent, auditors, legal advisors, consultants, business associates and other stakeholders. Your directors also place on record appreciation of the contribution made by the employees at all levels, whose hard work, co-operation and support helped us to face all challenges and deliver results.

For and on behalf of Board of Directors

Date : August 25, 2017
Place : Ahmedabad

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

(Rs. in Lakhs)

Sr. No.	Name of the subsidiary	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	Share capital	Reserves & surplus	Total assets	Total Liabilities	Invest-ments	Turnover	Profit/ (Loss) before taxation	Provision for taxation	Profit (Loss) after taxation	Proposed Dividend	% of Shareholding
1	Chemhub Trading DMCC	31.03.2017	1USD = INR 64.84	35.33	(513.63)	2067.78	2067.78	Nil	11338.11	44.25	Nil	44.25	Nil	100

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

Names of subsidiaries which have been liquidated or sold during the year : **Kiri Internationl (Mauritius) Private Limited**

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

(Rs. In Lakhs)

1.	**Name of Associates/Joint Ventures**	**Kiri Infrastructure Pvt. Ltd (Associate Company)**	**DyStar Global Holdings (Singapore) Pte. Ltd (Associate Company)**	**Lonsen Kiri Chemical Industries Ltd (Joint Venture)**
2.	**Latest audited Balance Sheet Date**	31st March, 2017	31st December, 2016	31st March, 2017
3.	**Shares of Associate/Joint Ventures held by the company on the year end**			
	- No. of Equity shares	26,25,000	26,23,354	3,00,00,000
	Amount of Investment in Associates/Joint Venture	1443.75	9550.23	3000.00
	Extend of Holding %	47.61%	37.57%	40.00%
	- No. of 5% Non Cumulative Redeemable Preference shares	-	-	2,80,00,000
	Amount of Investment in Associates/Joint Venture	-	-	2800.00
	Extend of Holding %	-	-	40.00%
4.	**Description of how there is significant influence**	Due to Percentage of stake of Company		
5.	**Reason why the associate/joint venture is not consolidated**	N.A.		
6.	**Net worth attributable to Shareholding as per latest audited Balance Sheet**	1266.83	93949.49	9515.72
7.	**Profit / Loss for the year**			
	i. Considered in Consolidation	(49.89)	15661.30	1610.67
	ii. Not Considered in Consolidation	(54.89)	26024.35	2416.00

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

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

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

Pravin Kiri Chairman (DIN No 00198275)	**Manish Kiri** Managing Director (DIN No 00198284)	**Suresh Gondalia** Company Secretary	**Jayesh Vyas** Chief Financial Officer

Place : Ahmedabad
Date : August 25, 2017

Director's Report (Contd...)

ANNEXURE - B

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2017

[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 **M/s. 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, 2017** 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, 2017 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
- (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not Applicable during the audit period)
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not Applicable during the audit period); and

(vi) Various common laws applicable to the manufacturing and other activities of the Company such as Labour Laws, Land Laws etc. and sector specific laws such as The Environment (Protection) Act, 1986, The Water (Prevention and Control of Pollution) Act, 1974, The Water (Prevention and Control of Pollution) Cess Act, 1977, The Air (Prevention and Control of Pollution) Act, 1981, The Public Liability Insurance Act, 1991 and Explosives Act, 1884 for which we have relied on Certificates/ Reports/ Declarations/Consents/Confirmations obtained by the Company from the experts of the relevant field such as Advocate, Labour Law Consultants, Engineers, Occupier of the Factories, Registered Valuers, Chartered Engineers, Factory Manager, Chief Technology Officer of the Company, Local Authorities, Effluent Treatment Adviser etc. and have found that the Company is generally regular in complying with the provisions of various applicable Acts.

Director's Report (Contd...)

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

(i) Secretarial Standards (SS-1 & SS-2) issued by The Institute of Company Secretaries of India

(ii) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Listing Agreements entered into by the Company with the Stock Exchanges

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

1. Ownership of an agricultural land intended for industrial purpose will be transferred in the name of the company upon receiving necessary approval for conversion into non agriculture land.
2. During the year under review, the Company redeemed the outstanding debentures in consonance with its settlement agreement through internal accruals without depositing/ maintaining the requisite amount in eligible instruments as specified under Rule 18(7)(c) of The Companies (Share Capital and Debentures) Rules, 2014.
3. In respect of preferential issue of Equity Warrants during the year under review, the company deposited the funds in its regular current bank account and did not file statement of deviation(s) or variation(s) with the Stock Exchanges as there was no deviation or variation in respect of the proposed utilization of funds and actual utilization of funds.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There is no change in the composition of the Board of Directors during the period under review.

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

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

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

We further report that during the audit period the Company has:

a. Duly passed Special Resolution under Section 42, 62 and all other applicable provisions of the Companies Act, 2013 read with rules made for issue, offer and allotment upto 35,00,000 Equity Warrants to Promoter on Preferential basis with a right exercisable by the Warrant holder to subscribe for one Equity Share per warrant.

b. Duly passed Special Resolution under Section 196, 197, 203 read with Schedule V to the Companies Act, 2013 for revision in terms of remuneration of Mr. Pravin Kiri, Chairman of the Company.

c. Duly passed Special Resolution under Section 196, 197, 203 read with Schedule V to the Companies Act, 2013 for revision in terms of remuneration of Mr. Manish Kiri, Managing Director of the Company.

d. Duly passed Board Resolution for allotment of 12,94,000 Equity Shares to Promoter upon conversion of equal number of Equity Warrants allotted on preferential basis after compliance of necessary laws and guidelines.

e. Duly redeemed outstanding non-convertible debentures aggregating to Rs. 2,550 lakhs.

FOR KASHYAP R. MEHTA & ASSOCIATES
COMPANY SECRETARIES

KASHYAP R. MEHTA
PROPRIETOR
FCS-1821 : COP-2052
FRN: S2011GJ166500

Place : Ahmedabad
Date : August 25, 2017

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.

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 efficacy or effectiveness with which the management has conducted the affairs of the Company.

FOR KASHYAP R. MEHTA & ASSOCIATES
COMPANY SECRETARIES

KASHYAP R. MEHTA
PROPRIETOR
FCS-1821 : COP-2052
FRN: S2011GJ166500

Place : Ahmedabad
Date : August 25, 2017

Director's Report (Contd...)

ANNEXURE - C

Reporting of Corporate Social Responsibility (CSR)

Sr. No.	Particulars	
1.	Period for which CSR is being reported	From 01.04.2016 to 31.03.2017
2.	(a) Whether information includes information about subsidiary company(s):	No
	(b) If yes, then indicate number of such subsidiary company(s)	Not Applicable
3.	(a) Whether information includes information about any other entity(s) (e.g. supplies, value chain etc.)	No
	(b) If yes, then indicate number of such entity(s)	Not Applicable
4.	(a) Does the company have a written CSR policy If yes, attach a copy	Yes
5.	Brief contents of the CSR policy	The CSR policy is available on the website of the Company i.e. **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:	In compliance of Section 135 of the Companies Act, 2013, in every financial year at least 2% of average net profit of last three years has been utilized towards CSR activities. Our Company has incurred loss in two financial year i.e. 2013-14, 2014-15 and generated profit in F.Y. 2015-16 and therefore, the provisions of section 135 of the Act is not applicable to the Company to statutory contribution for CSR activities for the current financial year.
8.	Prescribed CSR Expenditure (2%. of amount as in item 7 above)	Not Applicable
9.	Details of CSR spent during the financial year	Rs. 67.66 Lakhs
10.	Total amount to be spent for the financial year	Not Applicable
11.	Amount unspent, if any	Not Applicable

Director's Report (Contd...)

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

(Rs. In Lakhs)

Sr. No.	CSR project or activity identified	Sector in which the Project is covered	Location of Projects or programs	Amount outlay (budget)	Amount spent on the projects or programs	Cumulative expenditure upto to the reporting period	Amount spent: Direct or agency
1.	Animal Welfare	Cattle feed	Mumbai	NIL	0.21	0.21	Direct
2.	Promoting Education	Education	Ahmedabad/ Anand/Vadodara/ Gandhinagar/ Mumbai/ Bharuch/Delhi	NIL	13.16	28.21	Direct
3.	Socially & Economically backward group	Socially & Economically backward group	Ahmedabad	NIL	11.00	18.21	Direct
4.	Facilities For Senior Citizen	Oldage Home	Ahmedabad	NIL	0.11	0.11	Direct
		Food Facilities	Ahmedabad	NIL	0.23	0.23	Direct
5.	Health Care	Medical Aid	Ahmedabad/ Vadodara / Kutch / Mandvi / Surat	NIL	34.38	52.56	Direct
6.	Rural development	Sanitization	Vadodara	NIL	2.00	2.00	Direct
		Maintaining Quality of Soil and Water	Vadodara	NIL	0.25	2.75	Direct
		Sports	Anand	NIL	0.10	0.10	Direct
7.	Women Empowerment	Women Empowerment	Ahmedabad/ Vadodara	NIL	5.71	5.71	Direct
8.	Eradicating extreme hunger	Eradicating extreme hunger	Surrounding Area of Factory	NIL	0.30	0.30	Direct
9.	Uplifment of Society	Uplifment of Society	Ahmedabad	NIL	0.21	0.21	Direct
	Overheads:	NIL	N.A.	NIL	NIL	NIL	N.A.
		Total			**67.66**	**110.60**	

Our CSR responsibilities:

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

For Kiri Industries Limited

Place : Ahmedabad
Date : August 25, 2017

Pravin Kiri
Chairman

Director's Report (Contd...)

ANNEXURE - D

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

AS ON FINANCIAL YEAR ENDED ON MARCH 31, 2017
Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

I. REGISTRATION & OTHER DETAILS

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sr. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Dyes	20114	36.26
2	Intermediaries	2011	60.51
3	Chemicals	2011	3.23

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

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

Director's Report (Contd...)

IV. SHARE HOLDING PATTERN

(Equity share capital breakup as percentage of total equity)

(i) Category-wise Share Holding

Category of Shareholders		No. of Shares held at the beginning of the year [As on 01-April-2016]				No. of Shares held at the end of the year [As on 31-March-2017]				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A.	**Promoters**									
	(1) Indian									
	a) Individual/ HUF	9196878	0	9196878	34.64	10490878	0	10490878	37.68	3.04
	b) Central Govt	0	0	0	0.00	0	0	0	0.00	0.00
	c) State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
	d) Bodies Corp.	0	0	0	0.00	0	0	0	0.00	0.00
	e) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
	f) Any other	0	0	0	0.00	0	0	0	0.00	0.00
	Sub Total (A) (1)	**9196878**	**0**	**9196878**	**34.64**	**10490878**	**0**	**10490878**	**37.68**	**3.04**
	(2) Foreign									
	a) NRI Individuals	0	0	0	0	0	0	0	0.00	0.00
	b) Other Individuals	0	0	0	0	0	0	0	0.00	0.00
	c) Bodies Corp.	0	0	0	0	0	0	0	0.00	0.00
	d) Any other	0	0	0	0	0	0	0	0.00	0.00
	Sub Total (A) (2)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0.00**	**0.00**
	TOTAL (A)	**9196878**	**0**	**9196878**	**34.64**	**10490878**	**0**	**10490878**	**37.68**	**3.04**
B.	**Public**									
	(1) Institutions									
	a) Mutual Funds	0	0	0	0.00	0	0	0	0.00	0.00
	b) Banks / FI	736016	0	736016	2.77	712536	0	712536	2.56	(0.21)
	c) Central Govt	0	0	0	0.00	0	0	0	0.00	0.00
	d) State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
	e) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
	f) Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
	g) FIIs	5232013	0	5232013	19.71	1607579	0	1607579	5.77	(13.93)
	h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
	i) Others (specify)									
	Stressed Assets Stabilisation Fund	0	0	0	0.00	0	0	0	0.00	0.00
	Foreign Portfolio Investors	1144808	0	1144808	4.31	3056315	0	3056315	10.98	6.66
	Sub-total (B)(1):-	**7112837**	**0**	**7112837**	**26.79**	**5376430**	**0**	**5376430**	**19.31**	**(7.48)**

Director's Report (Contd...)

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01-April-2016]				No. of Shares held at the end of the year [As on 31-March-2017]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(2) Non-Institutions									
a) Bodies Corporate	2493615	0	2493615	9.39	1851112	0	1851112	6.65	(2.74)
b) Individuals									0.00
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	2622505	153	2622658	9.88	5311107	153	5311260	19.08	9.20
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	3131600	0	3131600	11.80	2724049	0	2724049	9.78	(2.01)
c) Others (specify)									
Clearing Members	97148	0	97148	0.37	160697	0	160697	0.58	0.21
Foreign Nationals	28510	102630	131140	0.49	27510	102630	130140	0.47	(0.03)
Hindu Undivided Families	349281	0	349281	1.32	494396	0	494396	1.78	0.46
Non Resident Indians	414794	0	414794	1.56	479989	0	479989	1.72	0.16
Trusts	1000000	0	1000000	0	825000	0	825000	2.96	2.96
Sub-total (B)(2):-	**10137453**	**102783**	**10240236**	**38.57**	**11873860**	**102783**	**11976643**	**43.01**	**4.44**
Total Public (B)	**17250290**	**102783**	**17353073**	**65.36**	**17250290**	**102783**	**17353073**	**62.32**	**(3.04)**
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0.00	0.00
Grand Total (A+B+C)	**26447168**	**102783**	**26549951**	**100.00**	**27741168**	**102783**	**27843951**	**100.00**	**0.00**

(ii) Shareholding of Promoter

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Mr. Pravin Kiri	25,01,680	9.42	50.20	25,01,680	8.98	2.23	(0.44)
2	Mr. Manish Kiri	18,22,728	6.87	28.20	18,22,728	6.55	0.12	(0.32)
3	Mrs. Arunaben Kiri	4,61,550	1.74	0.39	4,61,550	1.66	0.39	(0.08)
4	Mrs. Anupama Kiri	44,07,238	16.60	0.00	57,01,238	20.48	0.00	3.88
5	Pravin Kiri HUF	3,682	0.01	100.00	3,682	0.01	100.00	0.00

The Percentage of Shareholding at the beginning of the year is calculated on the basis of total paid up share capital of Rs. 265499510 divided into 26549951 Equity Shares of Rs. 10 each. As on 8th April, 2016, the Board of Directors of the Company has allotted of 12,94,000 equity shares upon conversion of Warrants issued on preferential basis to Mrs. Anupama Kiri, Promoter Group, therefore the post paid up share capital of the Company is Rs. 278439510 divided into 27843951 Equity Shares of Rs. 10 each. Shareholding percentage at year end has been calculated on basis of increased capital.

Director's Report (Contd...)

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

Sr. No.	Name of Promoters and Promoter Group	Shareholding at the beginning of the year		Date	Reason	Increase/Decrease in Shareholding		Cumulative Shareholding during the year	
		No. of shares	% of total shares			No. of shares	% of shareholding	No. of shares	% of total shares
1	Mr. Pravin Kiri	2501680	9.42	01.04.2016	No Change	0.00	0.00	2501680	9.42
				31.03.2017	At the end of the year	0.00	0.00	2501680	8.98
2	Mr. Manish Kiri	1822728	6.87	01.04.2016	No Change	0.00	0.00	1822728	6.87
				31.03.2017	At the end of the year	0.00	0.00	1822728	6.55
3	Mrs. Aruna Kiri	461550	1.74	01.04.2016	No Change	0.00	0.00	461550	1.74
				31.03.2017	At the end of the year	0.00	0.00	461550	1.66
4	Mrs. Anupama Kiri	4407238	16.60	08.04.2016	Increase due to Conversion of warrants	1294000	4.65	5701238	20.48
				31.03.2017	At the end of the year	0.00	0.00	5701238	20.48
5	Pravin Kiri - HUF	3682	0.01	01.04.2016	No Change	0.00	0.000	3682	0.01
				31.03.2017	At the end of the year	0.00	0.00	3682	0.01

The Percentage of Post shareholding changes of promoters and promoters group calculated on basis of increased capital of the Company i.e.Rs. 278439510

(iv) Shareholding Pattern of top ten Shareholders
(Other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No	Name of Shareholders	Date	Reason	(+/-) Change in Shareholding	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
					No of Shares	% of total shares of the company	No. of shares	% of total shares of the company
1	**LTS INVESTMENT FUND LTD.**	**01.04.2016**		**At the beginning of the year**	**1813951**	**6.8322**	**1813951**	**6.8322**
		15.04.2016	Sale	Decrease	50000	0.1796	1763951	6.3351
		17.06.2016	Sale	Decrease	10000	0.0359	1753951	6.2992
		30.06.2016	Sale	Decrease	5000	0.0180	1748951	6.2813
		12.08.2016	Sale	Decrease	5000	0.0180	1743951	6.2633
		06.01.2017	Sale	Decrease	25000	0.0898	1718951	6.1735
		27.01.2017	Sale	Decrease	100000	0.3591	1618951	5.8144
		03.02.2017	Sale	Decrease	100000	0.3591	1518951	5.4552
		10.03.2017	Sale	Decrease	960000	3.4478	558951	2.0074
		24.03.2017	Sale	Decrease	558951	2.0074	0	0.0000
		31.03.2017		**At the end of the Year**	**0**	**0.00**	**0**	**0.0000**

Director's Report (Contd...)

Sr. No	Name of Shareholders	Date	Reason	(+/-) Change in Shareholding	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
					No of Shares	% of total shares of the company	No. of shares	% of total shares of the company
2	**GMO EMERGING MARKETS FUND**	**01.04.2016**		**At the beginning of the year**	**1709182**	**6.4376**	**1709182**	**6.4376**
		27.01.2017	Purchase	Increase	45500	0.1634	1754682	6.3018
		31.03.2017		**At the end of the Year**	**1754682**	**6.6090**	**1754682**	**6.3018**
3	**ARES DIVERSIFIED**	**01.04.2016**		**At the beginning of the year**	**1118000**	**4.2109**	**1118000**	**4.2109**
		06.05.2016	Sale	Decrease	26666	0.0958	1091334	3.9195
		13.05.2016	Sale	Decrease	53775	0.1931	1037559	3.7263
		20.05.2016	Sale	Decrease	13143	0.0472	1024416	3.6791
		27.05.2016	Purchase	Increase	6350	0.0228	1030766	3.7019
		03.06.2016	Sale	Decrease	6140	0.0221	1024626	3.6799
		10.06.2016	Sale	Decrease	63859	0.2293	960767	3.4505
		17.06.2016	Sale	Decrease	49798	0.1788	910969	3.2717
		29.07.2016	Sale	Decrease	42633	0.1531	868336	3.1186
		12.08.2016	Sale	Decrease	91500	0.3286	776836	2.7900
		19.08.2016	Sale	Decrease	76116	0.2734	700720	2.5166
		26.08.2016	Sale	Decrease	159155	0.5716	541565	1.9450
		02.09.2016	Sale	Decrease	63979	0.2298	477586	1.7152
		09.09.2016	Sale	Decrease	61071	0.2193	416515	1.4959
		15.09.2016	Sale	Decrease	214565	0.7706	201950	0.7253
		16.09.2016	Sale	Decrease	139000	0.4992	62950	0.2261
		23.09.2016	Sale	Decrease	62950	0.2261	0	0.0000
		31.03.2017		**At the end of the Year**	**0**	**0**	**0**	**0.0000**
4	**ARIAL HOLDINGS 1**	**01.04.2016**		**At the beginning of the year**	**1065038**	**4.0114**	**1065038**	**4.0114**
		23.09.2016	Sale	Decrease	126027	0.4526	939011	3.3724
		30.09.2016	Sale	Decrease	103585	0.3720	835426	3.0004
		07.10.2016	Sale	Decrease	326853	1.1739	508573	1.8265
		21.10.2016	Sale	Decrease	101582	0.3648	406991	1.4617
		28.10.2016	Sale	Decrease	124938	0.4487	282053	1.0130
		04.11.2016	Sale	Decrease	282053	1.0130	0	0.0000
		31.03.2017		**At the end of the Year**	**0**	**0.0000**	**0**	**0.0000**

Director's Report (Contd...)

Sr. No	Name of Shareholders	Date	Reason	(+/-) Change in Shareholding	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
					No of Shares	% of total shares of the company	No. of shares	% of total shares of the company
5	**KIRI EMPLOYEE STOCK OPTION TRUST**	**01.04.2016**		**At the beginning of the year**	**1000000**	**3.7665**	**1000000**	**3.7665**
		20.05.2016	Transfer to Employee	Decrease	90000	0.3232	910000	3.2682
		10.06.2016	Transfer to Employee	Decrease	85000	0.3053	825000	2.9629
		31.03.2017		**At the end of the Year**	**825000**	**2.9629**	**825000**	**2.9629**
6	**UNO METALS LTD**	**01.04.2016**		**At the beginning of the year**	**665000**	**2.5047**	**665000**	**2.5047**
		08.04.2016	Sale	Decrease	325000	1.1672	340000	1.2211
		15.04.2016	Sale	Decrease	45000	0.1616	295000	1.0595
		06.05.2016	Sale	Decrease	43050	0.1546	251950	0.9049
		13.05.2016	Sale	Decrease	92702	0.3329	159248	0.5719
		20.05.2016	Sale	Decrease	159248	0.5719	0	0.0000
		31.03.2017		**At the end of the Year**	**0**	**0.0000**	**0**	**0.0000**
7	**AKG FINVEST LTD**	**01.04.2016**		**At the beginning of the year**	**665000**	**2.5048**	**665000**	**2.5047**
		08.04.2016	Sale	Decrease	325000	1.1672	340000	1.2211
		15.04.2016	Sale	Decrease	45000	0.1616	295000	1.0595
		06.05.2016	Sale	Decrease	43000	0.1544	252000	0.9050
		13.05.2016	Sale	Decrease	219975	0.7900	32025	0.1150
		20.05.2016	Sale	Decrease	32025	0.1150	0	0.0000
		31.03.2017		**At the end of the Year**	**0**	**0.0000**	**0**	**0.0000**
8	**MANAN AJAYBHAI SHAH**	**01.04.2016**		**At the beginning of the year**	**456151**	**1.7181**	**456151**	**1.7181**
		15.04.2016	Sale	Decrease	104000	0.3735	352151	1.2647
		29.04.2016	Sale	Decrease	80517	0.2892	271634	0.9756
		06.05.2016	Sale	Decrease	75000	0.2694	196634	0.7062
		10.06.2016	Sale	Decrease	123687	0.4442	72947	0.2620
		17.06.2016	Sale	Decrease	72947	0.2620	0	0.0000
		31.03.2017		**At the end of the Year**	**0**	**0.0000**	**0**	**0.0000**

Director's Report (Contd...)

Sr. No	Name of Shareholders	Date	Reason	(+/-) Change in Shareholding	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
					No of Shares	% of total shares of the company	No. of shares	% of total shares of the company
9	**ASPIRE EMERGING FUND**	**01.04.2016**		**At the beginning of the year**	**339000**	**1.2768**	**339000**	**1.2769**
		08.04.2016	Sale	Decrease	47593	0.1709	291407	1.0466
		15.04.2016	Sale	Decrease	100000	0.3591	191407	0.6874
		10.06.2016	Sale	Decrease	40000	0.1437	151407	0.5438
		23.09.2016	Sale	Decrease	7204	0.0259	144203	0.5179
		28.10.2016	Sale	Decrease	17000	0.0611	127203	0.4568
		27.01.2017	Sale	Decrease	15000	0.0539	112203	0.4030
		03.02.2017	Sale	Decrease	69150	0.2483	43053	0.1546
		24.02.2017	Sale	Decrease	4425	0.0159	38628	0.1387
		31.03.2017		**At the end of the Year**	**38628**	**0.1387**	**38628**	**0.1387**
10	**KAMINI BAKSHI**	**01.04.2016**		**At the beginning of the year**	**300979**	**1.1336**	**300979**	**1.1337**
		15.04.2016	Sale	Decrease	15000	0.0539	285979	1.0271
		22.04.2016	Sale	Decrease	15000	0.0539	270979	0.9732
		29.04.2016	Sale	Decrease	42979	0.1544	228000	0.8188
		06.05.2016	Sale	Decrease	18000	0.0646	210000	0.7542
		13.05.2016	Sale	Decrease	9000	0.0323	201000	0.7219
		20.05.2016	Sale	Decrease	77260	0.2775	123740	0.4444
		31.03.2017	Sale	Decrease	3740	0.0134	120000	0.4310
		31.03.2017		**At the end of the Year**	**120000**	**0.4310**	**120000**	**0.4310**

Director's Report (Contd...)

(v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	Particulars		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	**Name: Mr. Pravin Kiri**					
	At the beginning of the year 01.04.2016		**2501680**	**9.42**	**2501680**	**9.42**
	Date of Change	NA				
	Reason	NA				
	No. of Shares	NA				
	At the End of the year 31.03.2017				**2501680**	**8.98**
2	**Name: Mr. Manish Kiri**					
	At the beginning of the year 01.04.2016		**1822728**	**6.87**	**1822728**	**6.87**
	Date of Change	NA				
	Reason	NA				
	No. of Shares	NA				
	At the End of the year 31.03.2017				**1822728**	**6.55**
3	**Name: Mr. Suresh Gondalia**					
	At the beginning of the year 01.04.2016		**27**	**0.00**	**27**	**0.00**
	Date of Change	11.05.2016				
	Reason	Due to exercise of ESOP				
	No. of Shares	40000				
	At the End of the year 31.03.2017				**40027**	**0.14**
4	**Name: Mr. Jayesh Vyas**					
	At the beginning of the year 01.04.2016		**0**	**0.00**	**0**	**0.00**
	Date of Change	11.05.2016				
	Reason	Due to exercise of ESOP				
	No. of Shares	20000				
	At the End of the year 31.03.2017				**20000**	**0.07**

Director's Report (Contd...)

V. INDEBTEDNESS

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

Particulars	Secured Loans excluding deposits	Unsecured Loans (including Deposit)	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	40,262.01	876.26	-	41,138.27
ii) Interest due but not paid	254.75	-	-	254.75
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**40,516.76**	**876.26**	**-**	**41,393.02**
Change in Indebtedness during the financial year				
* Addition	-	307.77	-	307.77
* Reduction	(24,883.31)	-	(24,883.31)	
Net Change	**(24,883.31)**	**307.77**	**-**	**(24,575.54)**
Indebtedness at the end of the financial year				
i) Principal Amount	15,378.70	1,184.03	-	16,562.73
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**15,378.70**	**1,184.03**	**-**	**16,562.73**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

SN.	Particulars of Remuneration	Name of MD and WTD		Total Amount
	Name	**Mr. Pravin Kiri**	**Mr. Manish Kiri**	
	Designation	**Chairman - Whole Time Director**	**Mananging Director**	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	66.16	66.21	132.37
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0	0	0
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	0	0	0
2	Stock Option	0	0	0
3	Sweat Equity	0	0	0
4	Commission			
	- as % of profit	0	0	0
	- others, specify	0	0	0
5	Others, please specify	0	0	0
Total		**66.16**	**66.21**	**132.37**
Ceiling as per the Act		Within the celling limit as prescribed under Section 198 of the Companies Act, 2013		

Director's Report (Contd...)

B. Remuneration to other Directors **(Amount in Rs.)**

SN.	Particulars of Remuneration	Name of Directors			Total Amount
1	**Independent Directors**	**Mr. Keyoor Bakshi**	**Mr. Mukesh Desai**	**Mrs. Veenaben Padia**	
	Fee for attending board committee meetings	77,500	70,000	65,000	2,12,500
	Commission	0	0	0	0
	Others, please specify	0	0	0	0
	Total	**77,500**	**70,000**	**65,000**	**2,12,500**
	Overall Ceiling as per the Act	1 % of the Net profits of the Company.			

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD **(Rs. In Lakhs)**

SN.	Particulars of Remuneration	Name of Key Managerial Personnel		Total Amount
	Name	**Mr. Jayesh Vyas**	**Mr. Suresh Gondalia**	
	Designation	**Chief Financial Officer**	**Company Secretary**	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	18.00	14.18	32.18
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.00	0	0.00
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	0	0	0.00
2	Stock Option	37.80	75.60	113.40
3	Sweat Equity	0	0	0.00
4	Commission			
	- as % of profit	0	0	0.00
	- others, specify	0	0	0.00
5	Others, please specify	0	0	0.00
Total		**55.80**	**89.78**	**145.58**

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

Director's Report (Contd...)

ANNEXURE E

Foreign Exchange Earnings & outgo:

(Rs. In Crore)

Particulars	2016-17	2015-16
Total Foreign Exchange outgo	6.03	1.95
Total Foreign Exchange earnings	189.96	144.33

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
2.	Steps taken by the company for utilising alternate sources of energy	
3.	Capital investment on energy conservation equipments	

Technology Absorption:

Efforts made towards technology absorption;	The Company is trying to develop technology in house for manufacturing of dyes
Benefits derived like product improvement, cost reduction, product development or import substitution	The company is able to cater its customers through innovation in technology and through product mix
In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)	The Company has not imported any technology since last three financial year
Details of technology imported	N.A.
Year of import	N.A.
Whether the technology been fully absorbed	N.A.
if not fully absorbed, areas where absorption has not taken place, and the reasons thereof	N.A.
Expenditure incurred on Research and Development	0.39 Crore
Specific areas in which R & D was carried out by the Company	The Company is fully equipped with the Research and development center for 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.

Director's Report (Contd...)

ANNEXURE - F

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

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

Sr. No.	Name of Directors	Ratio of remuneration
1.	Mr. Pravin Kiri, Chairman (Whole Time Director)	40.84 : 1
2.	Mr. Manish Kiri, Managing Director	40.87 : 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	451.00%
2.	Mr. Manish Kiri, Managing Director & CEO	452.00%
3.	Mr. Jayesh Vyas, Chief Financial Officer	69.58%
4.	Mr. Suresh Gondalia, Company Secretary	8.53%

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

Median 9.69 %

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

As on March 31, 2017 total 833 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;

a. The Average percentile increase in the salaries of employees other than the managerial personnel in the F.Y. 2016-17 is 5.11%.

b. The Average percentile increase in the remuneration of managerial personnel during the F.Y. 2016-17 is 451%.

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

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

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

For and on behalf of the Board of Directors

Place : Ahmedabad
Date : August 25, 2017

Pravin Kiri
Chairman

Management Discussion and Analysis Report

Industry Structure and Development:

Development in Indian Chemical Industries

The Indian Chemical Industry is fundamental part of Indian economy which is key linkages with several mainstream economic segments including agriculture, infrastructure, textiles, food processing plastic, paper etc. It is needed to focus and provide support to knowledge based segments of the chemical industry namely Specialty Chemicals. There is a large talent pool in the country, coupled with huge emerging market resulting from massive urbanization, infra building and increasing aspirations of the masses of India.

The development in the Chemical Industries depends upon the five pillars i.e. world class engineering and strong R&D capabilities, enormous growth for the domestic market, Government Policy support and increase in investment initiatives, Great Infrastructural Investment and Increase in GDP and purchasing power. With Asia's growing contribution to the global chemical industry, India is emerging as one of the focus destinations for chemical companies worldwide.

The chemicals exports from India in 2015-16 went up by 7.5% in volume terms. During the period from April 2016 – Jan 2017, the exports have grown by 1.5% in value and 7.59% volume terms. Indian chemical companies now able to compete with world's chemical companies including China. The impact of the steps initiated by the governments will be visible in the current financial year onwards. This industry has shown remarkable spirit in adverse global conditions.

India Chemical Operations continued strong focus on operational efficiencies contributed to improved profitability of the business in a mixed business environment.

Strengthening the backbone of Indian Chemical Industry

Since this industry has numerous forward and backward linkages, it is called the backbone of the industrial and agricultural development of the country and provides building blocks for many downstream industries. The GDP of a country depends mainly on its exports. The stability of a country improves when there is more export and less import, and also if the country is self sufficient to meet its needs. Chemical industry not only provides stability to the country but also enhances the confidence.

Global Economic Environment

The Global economic environment remained challenging in 2016 and is expected to continue for some more time, since the global economic scenario is growing at snails speed, especially in developed economies. International Monetary Fund (IMF) in its latest outlook has marginally upped the world GDP growth projections from 3.1% in 2016 to 3.5% in 2017 and 3.5 % in 2018.

The real GDP growth in the **United States** dropped sharply to 1.6% in 2016 primarily on account of soft exports and declining investments. The growth is expected to rebound to 2.3% in 2017 and expected 2.5% in 2018 backed by expectations of fresh fiscal stimulus from the administration.

The real GDP growth in the **Euro area** declined to 1.7% in 2016 as exports and investments lost momentum. A modest recovery is projected to be supported by a mildly expansionary fiscal stance, and a weaker euro and beneficial spillovers from a likely U.S. fiscal stimulus. However, risks associated with Brexit coupled with uncertainty arising from elections in several countries, will weigh down on the growth. The real GDP growth is expected to continue at 1.7% in 2017 and slow down marginally to 1.6% in 2018.

In the **United Kingdom (UK)**, the magnitude of the impact of Brexit is yet to be determined completely following a stronger than expected performance in the second half of 2016, leading to a GDP growth of 1.8%. Real GDP growth is expected to improve marginally to 2.0% in 2017 but fall to 1.5% in 2018 as the impact of Brexit is projected to materialise more gradually than expected.

Growth in **China** is expected to reduce further from 6.6% in 2017. This continues the gradual slowdown of economic growth for China as the economy is rebalancing from industry to services. Services have now overtaken industry as the leading growth driver.

Domestic Economic Outlook

India's GDP is expected to expand at faster rate as compared to other major economies, according to the IMF World Economic Outlook, at 7.2% in FY 2017-18, compared to 7.1% in FY 2016-17. Economists suggest that the state action of demonetization and economic reforms in form of Goods and Services Tax (GST) shall not affect the growth of Indian economy because of the vast population and the economy is a consumption lead economy. Economists suggest policy initiatives by the Government of India, such as Make in India and Start-up concept, structural reforms (the introduction of GST and formalisation of the inflation targeting framework) has improved the overall confidence for India amongst Industry Captains worldwide.

Management Discussion and Analysis Report (Contd...)

Indian Chemical Industry

In terms of value and production volume, Indian chemical industry is the third largest producer in Asia and sixth by output in the world. The Indian Chemical Industry has witnessed robust growth in the past decade and according to United Nations Industrial Development Organization (UNIDO), it is expected to register a growth of 8-9% in the next decade and double its share in global chemical industry to 5-6% by 2021. Many MNCs are focusing on India for considering it as their manufacturing hub. Low labour cost, availability of key raw materials, large consumer markets and adaptability to technology, Governmental Reforms has been the main attractions for having a strong manufacturing base in India.

Company Overview and Sustainable Profitable Growth Strategy

Kiri is a manufacturer of Reactive Dyes, Dye Intermediates and Basic Chemicals. The Company is a total solution provider across the entire textile value chain providing quality products to its sales network globally.

Kiri's operations are vertically integrated across the dyes synthesis textile value chain, to provide dyes, intermediates and basic chemicals. The Company's facilities are also versatile enough to allow it the flexibility to produce Reactive Dyes, acid / metal complex dyes and wool reactive dyes. This in turn has enabled the Company to meet the time, quantity and quality requirement of its customers. By virtue of the large scale facilities and fully integrated operations from manufacturing of basic chemicals, manufacturing of dye intermediaries and dyes, the Company derives benefits of economies of scales and quality control. This along with the Company's wide product range makes it a preferred partner for sourcing of dyes.

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

Outlook and Opportunities

The Indian chemical industry has graduated from manufacturing principle chemicals in a highly regulated market to being a mature industry in a liberalized economy. Until 1991, India had a closed economy, with the domestic chemical industry enjoying protection in the form of differential import duties on raw materials and finished chemical products. Chemical manufacturing was largely controlled by licensing regulations.

The speed of innovations in chemical processing has exceedingly increased over the last couple of years. Now there is more focus on optimizing alternative production technologies and using alternative energy sources.

The chemical industry is among the fastest growing ones in India. The bulk of chemicals produced in India comprise either upstream products or intermediates, which go into a variety of manufacturing applications including fertilizers, pharmaceuticals, textiles and plastics, agrochemicals, paints and dyes.

Threats, Risks and Concerns

The business has put policies in place to mitigate risks from changes in the regulatory environment which might limit realisations. There are continuous improvement efforts to exploit efficiencies in the supply chain network to mitigate rising costs of labour and fuel.

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

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

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

Management Discussion and Analysis Report (Contd...)

Internal Control System

Our Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. The Company has robust systems for internal audit, risk assessment and mitigation and has an independent Internal Audit function with well-established internal control and risk management processes both at the business and corporate levels.

Internal Audit function plays a key role in providing both the operating management and to the Audit Committee of the Board, an objective view and reassurance of the overall control systems and effectiveness of the Risk Management processes of the Company. Internal Audit also assesses opportunities for improvement in business processes, systems and controls and provides recommendations designed to add value to the operations.

Our Company have adopted policies and procedures for ensuring the orderly and efficient conduct of the business, including adherence to the 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 disclosures.

Financial Performance of the Company

A. <u>Standalone financial Performance:</u>

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

i) Net Sales and Other Income:

During the financial year 2016-17, net sales and other income of the Company has increased by 8% from Rs. 896.65 Crore to Rs. 966.83 Crore as compared to the previous financial year 2015-16.

ii) Expenditure:

The total expenditure decreased by 3% from Rs. 893.94 Crore to Rs. 867.62 Crore as compared to the previous financial year 2015-16.

iii) Employee benefits expenses:

The Employee benefits expenses increased by 18% from Rs. 32.13 Crore to Rs. 37.99 Crore as compared to the previous financial year 2015-16.

iv) Finance Cost:

The finance cost drastically decreased by 88% from Rs. 67.15 Crore to Rs. 8.02 Crore as compared to the previous financial year 2015-16.

v) Manufacturing Expenses:

The manufacturing expenses increased by 23% from Rs. 72.00 Crore to Rs. 88.28 Crore as compared to the previous financial year 2015-16.

vi) Net Profit:

The Net Profit increased by 10 times from Rs. 9.07 Crore to Rs. 95.23 Crore as compared to the previous financial year 2015-16.

vii) Non-Current Liabilities:

The non-current liabilities have decreased from Rs. 296.94 Crore to Rs. 196.15 Crore as compared to the previous financial year 2015-16.

viii) Current Liabilities:

The current liabilities have decreased from Rs. 304.36 Crore to Rs. 172.74 Crore as compared to the previous financial year 2015-16.

ix) Non Current Assets:

The non-current assets have increased from Rs. 468.47 Crore to Rs. 535.08 Crore as compared to the previous financial year 2015-16.

Management Discussion and Analysis Report (Contd...)

x) Current Assets:

The current assets have declined from Rs. 311.54 Crore to Rs. 234.74 Crore as compared to the previous financial year 2015-16.

B. Consolidated Financial Performance:

i) Total Revenue:

The total revenue has increased by 8% from Rs. 1042.75 Crore to Rs. 1127.75 Crore as compared to the previous financial year 2015-16.

ii) Total Expense:

The total expenses have decreased by 1% from Rs. 1017.93 Crore to Rs. 1004.39 Crore as compared to the previous financial year 2015-16.

iii) Net profit:

In the Current financial year the Company has recorded net profit of Rs. 266.35 Crore as compared to Rs. 195.71 Crore of the preceding financial year 2015-16.

iv) Non Current Liabilities:

The non-current liabilities have decreased from Rs. 302.78 Crore to Rs. 201.94 Crore as compared to the preceding financial year 2015-16.

v) Current Liabilities:

The current liabilities have decreased from Rs. 391.90 Crore to Rs. 235.37 Crore as compared to the preceding financial year 2015-16.

vi) Non Current Assets:

The non-current assets have increased from Rs. 921.26 Crore to Rs. 1161.06 Crore as compared to the preceding financial year 2015-16.

vii) Current Assets:

The current assets have decreased from Rs. 417.93 Crore to Rs. 315.75 Crore as compared to the preceding financial year 2015-16.

Material Development in Human Resources

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

We recognize the importance of having a business –focused and performance-driven team that drives us to achieve growth ambitions. 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.

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

Cautionary statement:

Certain statements made in this Report relating to the Company's outlook, estimates, predictions etc. may constitute "forward looking statements" within the meaning of applicable laws and regulations. Actual results may differ from such estimates, whether express or implied. Several factors that could make a difference to Company's operations include climatic conditions and economic conditions affecting demand and supply, changes in Government regulation tax regimes, natural calamities, etc. over which the Company does not have any direct control.

Report on Corporate Governance

***(Corporate Governance for the year ended March 31, 2017, in terms of Regulation 34(3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015) ("*SEBI (LODR) Regulations, 2015")**

Corporate Governance is modus operandi of governing a corporate entity which includes a set of systems, procedures and practices which ensure that the Company is managed in the best interest of all stakeholders i.e. shareholders, employees, suppliers, customers and society in general. The fundamentals of corporate governance includes transparency, accountability ethical behavior and independence. For accomplishment of the objectives of ensuring fair Corporate Governance practice, the Government of India has put in place a framework through the Companies Act, SEBI Regulations, Accounting Standards, Secretarial Standards, etc. Corporate Governance has become a buzzword in the corporate world.

1. Company's Philosophy on Code of Governance:

The Company believe that the good corporate governance practice is better way of business life than a meeting only legal obligation. It forms part of business strategy which includes, intentions to maximise wealth of shareholders, establish productive and lasting relationship with all stakeholders with emphasis on fulfilling the responsibility towards entire community and society. The good corporate governance is one of the factor towards growth of company for a long term prosperity and sustainability. The Company has established systems, procedures and policies to ensure that its Board of Directors is well informed and well equipped to discharge its overall responsibilities and provide the management with the strategic direction catering to exigency of long term shareholders value. It`s initiatives towards adhering to highest standards of governance include self-governance, professionalization of the Board, fair and transparent processes and reporting systems.

Our Corporate governance philosophy represents core values by which policies and practices of the organization are guided. Our Corporate governance is implemented through robust board governance processes, internal control systems and processes, and strong audit mechanisms. These are articulated through Company's Code of Business Conduct, Corporate Governance Guidelines and charters of various sub-committees of the Board and Company's Disclosure Policy. Efficient corporate governance requires a clear understanding of the respective roles of the Board of Directors ("Board") and of senior management and their relationships with others in the corporate structure. Sincerity, fairness, good citizenship and commitment to compliance are key characteristics that drive relationships of the Board and senior management with other stakeholders. A report on the matters and the practices followed by the Company is detailed herein below:

2. Board of Directors:

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

The Board Meetings are governed by structured agenda for the meeting. The agenda along with comprehensive notes and background material are circulated well in advance before each meeting to all the Directors for facilitating effective discussion and decision making.

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

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

- As on 31st March, 2017, the Board of Directors of the Company ("the Board") consists of optimum combination of Executive and Non-Executive Directors. The Board has five members comprising of two Executive Directors and three Independent Directors including one woman Director. The majority of Board members are Non-Executive Independent Directors as per the requirement of Regulation 17 of SEBI (LODR) Regulations, 2015.
- All the Directors have informed to your Company periodically about their change in Directorship and membership on the Board /Committees of other Company. As per disclosure received from Director(s), none of the Director(s) holds membership in more than ten (10) Committees and Chairmanship in more than five (5) Committees.

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, 2017 are detailed herein below:

Sr. No.	Name of Directors	Category	No. of Board Meetings held and attended during the year		Attendance at last AGM held during 23.09.2016	No. of Directorship in other Companies	No. of Committee positions held in other public companies	
			Held	Attended			Chairman	Member
1.	Mr. Pravin Kiri	Chairman	6	5	Yes	1	0	0
2.	Mr. Manish Kiri	Managing Director	6	5	Yes	2	0	2
3.	Mr. Keyoor Bakshi	Independent Director	6	6	Yes	5	4	1
4.	Mr. Mukesh Desai	Independent Director	6	6	No	1	0	2
5.	Mrs. Veena Padia	Independent Director	6	4	Yes	-	1	1

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 as per Regulation 26 of the SEBI (LODR) Regulations, 2015.*

⇨ **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 2016-17, the Board of Directors duly met 6 (Six) times on April 8, 2016, May 30, 2016, August 12, 2016, October 4, 2016, November 12, 2016, January 28, 2017.

⇨ **Number of shares and convertible instruments held by Non Executive Directors:**

Non Executive Directors do not holds any shares and convertible instruments in the Company.

⇨ **Web link where details of Familiarisation programmes imparted to independent directors is disclosed:**

All Independent Directors are familiarized from time to time with the company, their roles, rights, responsibilities in the company, nature of the industry in which the company operates, business model of the company, etc. The Company makes consistent efforts to periodically acquaint the Board with the overall business performance covering all Business verticals, by way of presenting specific performance of each Plant, Product Category, global competition, diversification plan, major capital expenditure etc. The details regarding Independent Directors' Familiarisation Programmes is available on the website of the Company i.e. **www.kiriindustries.com.**

3. Committees of the Board:

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

a) Audit Committee;

b) Nomination and Remuneration Committee;

c) Stakeholders' Relationship Committee;

d) Corporate Social Responsibility (CSR) Committee;

e) Risk Management Committee

(a) Audit Committee:

⇨ **Brief description of terms of reference:**

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

1. Overseeing the Company's financial reporting process;
2. Approval or any subsequent modification of transactions of the company with related parties;

Report on Corporate Governance (Contd...)

3. Reviewing the financial statements and the adequacy of internal audit;
4. Periodic discussions with the Internal Auditors and the Statutory Auditors about their scope of audit and adequacy of internal control systems;
5. To evaluates the company's internal financial control and risk management system;
6. To recommends appointment/ re-appointment of Statutory Auditors and also reviews and monitors the auditor's independence and performance, and effectiveness of audit process.

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

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

During the Financial Year 2016-17 audit committee met 4 times on May 30, 2016, August 12, 2016, November 12, 2016 and January 28, 2017.

Name of Member	Designation	Category	No. of meetings held during the year 2016-17	
			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	4
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 SEBI (LODR), Regulation, 2015, the Company has constituted a Nomination & Remuneration Committee of the Board. All members of the Committee are Independent Directors. The terms of reference of the Committee inter alia, include:

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
2. Formulation of criteria for evaluation of Independent Directors and the Board;
3. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal;
4. Oversee familiarization programmes for directors.
5. Framing, recommending to the Board and implementing, on behalf of the Board and on behalf of the Shareholders, policy on remuneration of Directors, Key Managerial Personnel (KMP) & other Employees, including ESOP, pension rights and any other compensation payment.

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

During the Financial year 2016-17 Nomination and Remuneration Committee met on April 8, 2016, August 12, 2016 and 30th March, 2017.

Name of Member	Designation	Category	No. of meetings held during the year 2016-17	
			Held	Attended
Mr. Mukesh Desai	Chairman	Independent Director	3	3
Mr. Keyoor Bakshi	Member	Independent Director	3	3
Mrs. Veena Padia	Member	Independent Director	3	2

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

Report on Corporate Governance (Contd...)

⇨ **Nomination and Remuneration policy:**

The remuneration paid to Executive Directors of the Company is approved by the Board of Directors on the recommendation of the Nomination and Remuneration Committee. The Company's remuneration strategy is market-driven and aims at attracting and retaining high caliber talent. The strategy is in consonance with the existing industry practice and is directed towards rewarding performance, based on performance review, on a periodical basis. The Board has approved a Nomination and Remuneration Policy of the Company and available on the website of the Company. This Policy is in compliance with Section 178 of the Companies Act, 2013, read with the applicable rules thereto and Regulation 19 and Schedule II, Part D of the SEBI (LODR), Regulations, 2015.

⇨ **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 new compliance requirements.

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

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.

Details of Remuneration to all the Directors:

Executive Directors:

The aggregate value of salary and perquisites paid during the year 2016-17 to the Executive Directors are as follows:

(Rs. In Lakhs)

Name	Designation	Salary	Perquisites and allowances	Stock Options	Total
Mr. Pravin Kiri	Chairman	66.16	Nil	Nil	66.16
Mr. Manish Kiri	Managing Director	66.21	Nil	Nil	66.21

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

Independent Directors:

Sitting fee paid to Independent Directors during the financial year 2016-17 are as under:

Name	Sitting Fees (in Rs.)
Mr. Keyoor Bakshi	77,500
Mr. Mukesh Desai	70,000
Mrs. Veena Padia	65,000

(c) Stakeholders' Relationship Committee:

In compliance with Section 178 of the Companies Act, 2013 and Regulation 20 and Schedule II, Part D of the SEBI (LODR) Regulations, 2015, a Stakeholders' Relationship Committee of the Board has been constituted. The Stakeholders` Relationship Committee comprises of three members. The main responsibility of the Committee is to ensure cordial investor relations and supervise the mechanism for redressal of investor grievances pertaining to transfer of shares,

Report on Corporate Governance (Contd...)

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

⇨ **Name of the Non-Executive Director heading the committee:**

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

⇨ **Composition as well as Attendance of Stakeholders' Relationship Committee:**

During the Financial year 2016-17 the Board of Directors at their meeting held on August 12, 2016 have Re-constituted the Stakeholders' Relationship Committee consisting as per the following composition:

Name of Member	Designation
Mrs. Veena Padia	Chairman & Independent Director
Mr. Mukesh Desai	Member & Independent Director
Mr. Manish Kiri	Member & Executive Director

During the Financial year 2016-17 Stakeholders' Relationship Committee met on March 30, 2017.

Name of member	Designation	Category	No. of meetings held during the year 2016-17	
			Held	Attended
Mrs. Veena Padia	Chairman	Independent Director	1	1
Mr. Mukesh Desai	Member	Independent Director	1	1
Mr. Manish Kiri	Member	Executive Director	1	1

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

⇨ Details of investor complaints received and redressed during the year 2016-17 are as follow:

Number of shareholders complaints received and resolved	Number of complaints not solved to the satisfy action of shareholders	Number of pending complaints
01	0	0

(d) Corporate Social Responsibility Committee:

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

⇨ **The Terms of reference**:

1. To formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII to the Companies Act, 2013;
2. To finalise a list of CSR projects or programs or initiatives proposed to be undertaken periodically and to review the same from time to time in accordance with requirements of section 135 of the Companies Act 2013;
3. To recommend the amount of expenditure to be 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.

Report on Corporate Governance (Contd...)

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

During the Financial year 2016-17 Corporate Social Responsibility Committee met on March 30, 2017.

Name of member	Designation	Category	No. of meetings held during the year 2016-17	
			Held	Attended
Mrs. Veena Padia	Chairman	Independent Director	1	1
Mr. Pravin Kiri	Member	Executive Director	1	1
Mr. Manish Kiri	Member	Executive Director	1	1
Mr. Mukesh Desai	Member	Independent Director	1	1

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

⇨ **Corporate Social Responsibility Policy:**

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

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

The Board has approved a Corporate Social Responsibility Policy of the Company which is available on the website of the Company i.e. **www.kiriindustries.com**. This Policy is in compliance with Section 135 of the Companies Act, 2013, read with the applicable rules thereto.

(e) Risk Management Committee:

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

⇨ **The Terms of reference**:

The objective of the Risk Management Committee of the Company is to create and protect shareholder value by minimizing threats or losses, and identifying and maximizing opportunities. The committee is responsible for reviewing the risk management 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, 2017:**

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

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

⇨ **Risk Management policy:**

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

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
2015-16	September 23, 2016	10.30 a.m.	Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad - 380 015
2014-15	September 26, 2015	10.30 a.m.	
2013-14	September 26, 2014	10.30 a.m.	

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

➢ **The members of the Company has passed following 3 (Three) Special Resolutions in the 18th AGM held on September 23, 2016:**

- Approval of issue, offer and allotment of 35,00,000 Warrants on Preferential basis as per SEBI (ICDR) Guidelines, 2009
- Revision in terms of Remuneration of Mr. Pravin Kiri, Chairman of the Company.
- Revision in terms of Remuneration of Mr. Manish Kiri, Managing Director of the Company.

➢ **No Special Resolution was passed in the 17th AGM held on September 26, 2015.**

➢ **The members of the Company has passed following 4 (four) Special Resolutions in 16th AGM held on September 26, 2014:**

- Power to borrow money in excess of limits prescribed under Section 180(1)(c) of the Companies Act, 2013.
- Power to create mortgage or charge on the properties of the Company under Section 180(1)(a) of the Companies Act, 2013.
- Approval for issue and allotment of 10,00,000 (Ten Lakhs) Equity Shares of the Company at face value of Rs. 10/- each to Kiri Employee Stock Option Trust under Kiri Employee Stock Option Scheme, 2014.
- Approval for issue and allotment of 19,48,968 equity shares and 37,50,000 warrants of Rs. 10.00 each at an issue price of Rs.136 per equity share/warrant to Mrs. Anupama Kiri, Promoter Group of the Company and 3,00,979 equity shares to Mrs. Kamini Bakshi, other than Promoters and Promoter Group at an issue price of Rs.136 per equity share.

⇨ **Details of special resolutions passed through postal ballot:**

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

5. Disclosures:

❑ **Related Party Transactions:**

During the 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 by Accounting Standards (AS-18) have been made in the Notes to the financial statements. As required under Regulation 46(2) of SEBI (LODR), Regulations, 2015, the Company has also formulated a Related Party Transactions Policy which is available on the website of the Company. There are no materially significant transactions with the related parties viz. promoters, directors or the management or their relatives or subsidiaries/associate concerns etc. that had potential conflict with the company's interest.

A confirmation as to compliance of Related Party Transactions as per Listing Regulations is also sent to the Stock Exchanges along with the quarterly compliance report on Corporate Governance.

❑ **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.

Report on Corporate Governance (Contd...)

- **Vigil Mechanism :**

  The Company promotes ethical behaviour in all its business activities and in line with the best international governance practices, our Company has established a system through which Directors, employees and business associates may report unethical behavior, malpractices, wrongful conduct, fraud, violation of Company's code of conduct without fear of punishment. The Company has set up a vigil mechanism, under which all Directors, employees / business associates have direct access to the Chairman of the Audit Committee.

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 SEBI (LODR) Regulations, 2015. The quarterly, half-yearly and annual results of the Company are published in English and Gujarati news papers as per requirements of Regulation 47 of the SEBI (LODR) Regulations, 2015. The results are available on the website of the Company. During the year, the Company has published presentation on financial performance of current financial year on May 25, 2017.

7. General Shareholders Information:

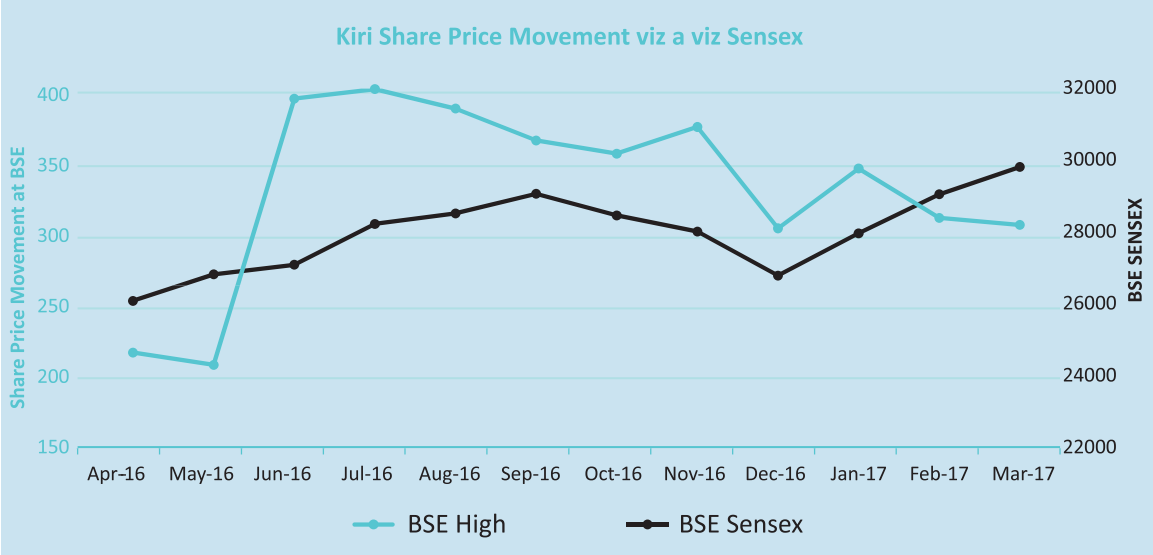
A.	**Annual General Meeting**	:	Day : Friday Date : September 29, 2017 Time : 10.30 a.m.
B.	**Financial Year**	:	The Financial Year of the Company is 1st April to 31st March.
C.	**Date of Book Closure**	:	Friday, September 22, 2017 to Friday, September 29, 2017 (both days inclusive)
D.	**Listing on Stock Exchanges**	:	- **The BSE Limited** 1st Floor, Rotunda Building, B.S. Marg, Fort, Mumbai -400 001 - **The National Stock Exchange of India Limited** Exchange Plaza, Bandra Kurla Complex, Bandra(E), Mumbai-400 051.
E.	**Listing Fees**	:	The Company has paid annual listing fees to both Stock Exchanges for the year 2017-18.
F.	**Stock Code**	:	- The BSE Limited : **532967** - The National Stock Exchange of India Ltd. : **KIRIINDUS**
G.	**CIN of the Company**	:	L24231GJ1998PLC034094
H.	**ISIN**	:	INE415I01015

Report on Corporate Governance (Contd...)

I. Monthly high, low prices and number of shares traded from April, 2016 to March, 2017 on the BSE Limited and the National Stock Exchange of India Limited are as follows:

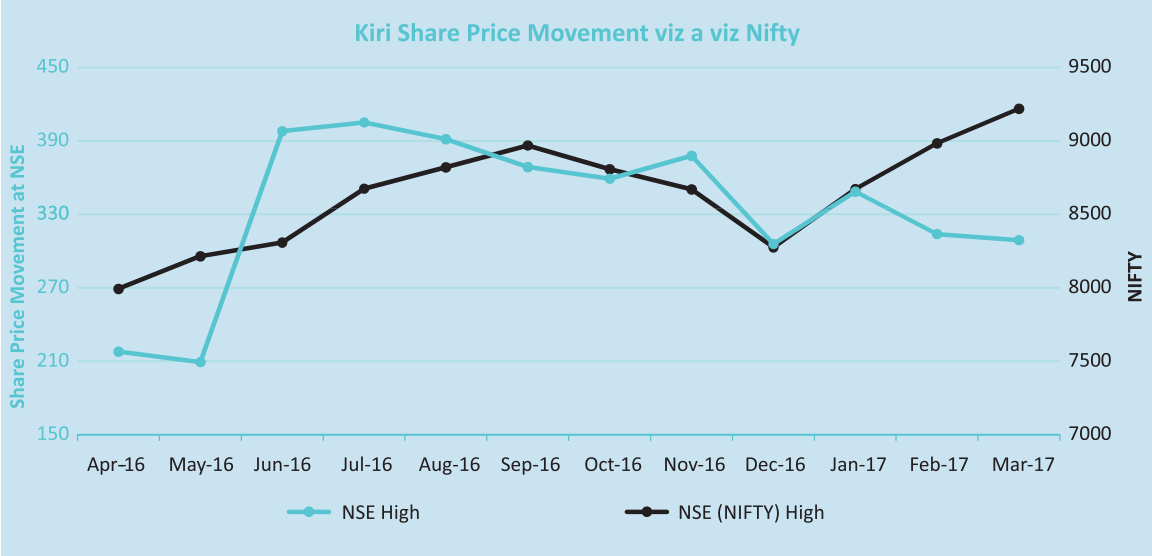
Months	BSE Limited		BSE Sensex			NSE		NSE (NIFTY)		Volumes
	High (Rs.)	Low (Rs.)	High	Low	Volumes	High (Rs.)	Low (Rs.)	High	Low	
April-16	217.90	106.70	26100.54	24523.20	38,16,572	217.90	106.00	7992.00	7516.85	1,51,99,458
May-16	209.15	187.00	26837.20	25057.93	15,40,526	209.35	180.20	8213.60	7678.35	58,69,289
June-16	398.00	192.50	27105.41	25911.33	73,42,279	397.90	192.00	8308.15	7927.05	2,87,97,315
July-16	404.75	332.75	28240.20	27034.14	26,20,583	405.00	332.25	8674.70	8287.55	93,47,083
August-16	390.95	271.00	28532.25	27627.97	21,96,882	391.35	266.30	8819.20	8518.15	88,80,123
September-16	368.35	262.55	29077.28	27716.78	35,92,022	368.60	261.10	8968.70	8555.20	1,58,07,452
October-16	359.00	321.95	28477.65	27488.30	16,31,625	359.00	313.00	8806.95	8506.15	77,01,791
November-16	377.90	232.30	28029.80	25717.93	24,26,784	377.80	233.25	8669.60	7916.40	1,04,37,165
December-16	306.00	265.00	26803.76	25753.74	11,92,412	305.80	264.40	8274.95	7893.80	49,67,666
January-17	348.40	284.75	27980.39	26447.06	21,44,613	348.50	286.00	8672.70	8133.80	85,46,839
February-17	313.45	278.30	29065.31	27590.10	9,48,282	313.85	278.00	8982.15	8537.50	37,25,039
March-17	308.40	268.00	29824.62	28716.21	8,41,487	308.85	268.25	9218.10	8860.10	56,05,439

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



Report on Corporate Governance (Contd...)

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



J. Registrar and Transfer Agents:

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

K. Share Transfer System:

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

L. Address for Correspondence:

Company Secretary & Compliance Officer
Kiri Industries Limited
7th Floor, Hasubhai Chambers, Opp. Town Hall, Ellisbridge, Ahmedabad – 380 006.
Tel:+91-79-26574371-73;
Fax: +91-79-26574374
Email id: info@kiriindustries.com, investor@kiriindustries.com
Website: www.kiriindustries.com

M. Plant Locations:

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

- **Dyestuff Division** :

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

- **Intermediates Division:**

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

- **Basic Chemicals Division:**

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

Report on Corporate Governance (Contd...)

N. Dematerialization of Shares: 99.63% paid-up capital of the Company has been dematerialised as on March 31, 2017.

O. Outstanding GDRs/ADRs/ Warrants or any Convertible instruments, conversion date and likely impact on equity The Company has not issued any GDRs/ADR as on date. the Board of Directors on 4th October, 2016 has allotted 35,00,000 warrants to M/s Equinaire Chemtech LLP, Promoter Group on Preferential basis as per SEBI (ICDR) Guideline, 2009. If warrant holder convert its warrants into equity shares than the paid up capital will increase to that extent.

P. Shareholding Pattern as on March 31, 2017:

Sr. No.	Categories	No. of Shares	% of Total Capital
1	Promoters and Promoter Group	10490878	37.68
2	Financial Institutions / Banks	712536	2.56
3	Bodies Corporate	1851112	6.65
4	Individuals	8035309	28.86
5	Clearing Members	160697	0.58
6	Foreign Nationals	130140	0.47
7	Hindu Undivided Family	494396	1.78
8	Non Resident Indians	479989	1.71
9	Foreign Institutional Investor (FIIs)	1607579	5.77
10	Trusts	825000	2.96
11	Foreign Portfolio Investments	3056315	10.98
Total		**27843951**	**100.00**

Q. Distribution Schedule as on March 31, 2017:

Sr. No.	Holding	Number	% of Total	Shares	% of Total
1.	Between 1 and 1000	11,438	60.34	53,93,200	1.94
2.	Between 1001 and 5000	4,819	25.42	1,27,93,630	4.59
3.	Between 5001 and 10000	1,169	6.17	92,85,950	3.33
4.	Between 10001 and 20000	662	3.49	99,35,670	3.57
5.	Between 20001 and 30000	276	1.46	70,74,870	2.54
6.	Between 30001 and 40000	126	0.66	44,87,580	1.61
7.	Between 40001 and 50000	81	0.43	37,99,190	1.36
8.	Between 50001 and 100000	188	0.99	1,36,02,810	4.89
9.	>100000	198	1.04	21,20,66,610	76.17
	Total	**18,957**	**100.00**	**27,84,39,510**	**100.00**

R. Position of Shares as on March 31, 2017:

The Percentage of Shares held in NSDL (78.5811%), CDSL (21.0498%) and in Physical Form (0.3691%).

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

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

Report on Corporate Governance (Contd...)

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 25, 2017
Place : Ahmedabad

Pravin Kiri
Chairman

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

To,
The Members
Kiri Industries Limited

This is to confirm that the board has laid down a code of conduct for Board of Directors and senior management of the Company. It is further confirmed that all Directors and senior management of the company have affirmed compliance with the Code of Conduct of the Company as at March 31, 2017, 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

Manish Kiri
Managing Director
(DIN: 00198284)

Date : August 25, 2017
Place : Ahmedabad

Report on Corporate Governance (Contd...)

TO WHOM SO EVER IT MAY CONCERN

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

A. We have reviewed financial statements and the cash flow statement for the year ended on March 31, 2017 and that to the best of our knowledge and belief :
   1. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
   2. these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

B. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.

C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

D. We have indicated to the auditors and the Audit committee:
   1. Significant changes in internal control over financial reporting during the year;
   2. Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
   3. Instances of significant fraud of which they have become aware and the involvement therein if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For Kiri Industries Limited

Place : Ahmedabad
Date : August 25, 2017

Manish Kiri
Managing Director

Jayesh Vyas
Chief Financial Officer

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of Kiri Industries limited

We have examined all the relevant records of "Kiri Industries Limited" for the purpose of certifying compliance of the conditions of the Corporate Governance under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the financial year ended March 31, 2017.

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

This certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company. In our opinion and to the best of our information and according to the explanations and information furnished to us, we certify that the Company has complied with all the mandatory requirements of Corporate Governance as stipulated in Schedule II of the said SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. As regards discretionary Requirements specified in Part E of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has complied with items C, D and E.

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

Vimal D. Shukla
Proprietor
Membership No. 036416

Place : Ahmedabad
Date : August 25, 2017

Independent Auditor's Report

To
The Members of
Kiri Industries Limited

Report on the Standalone financial statements

We have audited the accompanying standalone financial statements of Kiri Industries Limited ("the Company"), which comprises the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone financial statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act, as applicable.

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 mis-statement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017, and its profit and its cash inflows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by section 143(3) of the Act, we report that:
   a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
   b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
   c. the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
   d. in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards prescribed under Section 133 of the Act, as applicable;
   e. on the basis of written representations received from the directors as on March 31, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, from being appointed as a director in terms of section 164(2) of the Act.
   f. with respect to the adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate report in "Annexure – A". Our report expresses an unmodified opinion on the adequacy

Independent Auditor's Report

and operating effectiveness of the Company's internal financial controls over financial reporting.

g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its financial statement;

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company;

iv. The Company has provided requisite disclosures in the standalone financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8th November, 2016 of the Ministry of Finance, during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures performed and the representations provided to us by the management we report that the disclosures are in accordance with the books of account maintained by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For V.D. Shukla & Co.
Chartered Accountants
FRN: 110240W

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

Place : Ahmedabad
Date : May 25, 2017

Annexure "A" to the Independent Auditor's Report

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' of our report of even date) Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Kiri Industries Ltd. ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone financial statements of the company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

Annexure to the Auditor's Report

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

Meaning of Internal Financial Controls Over Financial Reporting

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

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For V.D. Shukla & Co.
Chartered Accountants
FRN: 110240W

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

Place : Ahmedabad
Date : May 25, 2017

Annexure "B" to the Independent Auditor's Report

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

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

1. (a) The company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.

   (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

   (c) As explained to us, all the title deeds of immovable properties are held in the name of the company except an agricultural land intended for industrial purpose, held in the name of the chairman of the company in his fiduciary capacity as per section 88 of the Indian Trust Act, 1882, pending necessary approval for conversion of agriculture land into non agriculture land.

2. (a) As explained to us, inventories have been physically verified during the year by the management at reasonable intervals.

   (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.

   (c) In our opinion and on the basis of our examination of the records, the Company is generally maintaining proper records of its inventories. No material discrepancy was noticed on physical verification of stocks by the management as compared to book records.

3. According to the information and explanations given to us and on the basis of our examination of the books of

Annexure to the Auditor's Report

account, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 189 of the Companies Act, 2013. Consequently, the provisions of clauses ii (a), iii (b) and iii (c) of the order are not applicable to the Company.

4. In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Companies Act, 2013.

5. Based on the audit procedures applied by us and according to the information and explanations provided by the management, the company has not accepted any deposit u/s 73 to 76 or any other relevant provisions of the Companies Act.

6. The maintenance of cost records has been specified by the Central Government under Section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

7. (a) According to the records of the company, it is observed that the company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, cess to the extent applicable and any other statutory dues with appropriate authorities.

   (b) The disputed statutory dues that have not been deposited on account of disputed matters pending before appropriate authorities are as under.

Sr No.	Name of the Statute	Section under which dispute is pending	Period to which amount relates (FY)	Amount (Rs. in Lakhs)	Forum where the dispute is pending
1	Income Tax Act, 1961	143 (3)	2002-03	36.99	Income Tax Appellate Tribunal
		143 (3)	2005-06	53.67	Income Tax Appellate Tribunal
		271(1)(c)	2005-06	53.67	Income Tax Appellate Tribunal
		143 (3)	2007-08	8.53	Income Tax Appellate Tribunal
		143 (3)	2008-09	21.18	Income Tax Appellate Tribunal
		143 (3)	2009-10	19.89	Income Tax Appellate Tribunal
		271(1)(c)	2009-10	0.88	Commissioner of Income Tax (Appeals)
		143 (3)	2010-11	316.06	Income Tax Appellate Tribunal
2	The Central Excise Act, 1944	CENVAT Refund	2009-10	341.08	High court
			2009-10	83.74	Central Excise and Service Tax Appellate Tribunal
			2010-11	255.23	Central Excise Commissioner Appeal
			2010-11	153.73	High Court
		Similar Goods	2010-11	344.00	Central Excise Commissioner Appeal
			2011-12	4.09	Central Excise Commissioner Appeal
		Outward Transportation of Finished Goods	2013-14	2.17	Custom, Excise and Service Tax Appellant Tribunal, Ahmedabad
3	The Gujarat VAT, 2003	VAT Liabilities	2007-08	62.39	Gujarat Value Added Tax Tribunal

Annexure to the Auditor's Report

8. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that, the Company has not defaulted in repayment of dues to any bank and debenture holder. The company has not borrowed from financial institution or government during the year.

9. According to the information and explanation given to us, the Company has not raised money through initial public officer nor taken any term loan during the year. Hence, the question of application of funds for the purpose for which these were borrowed does not arise.

10. Based on the audit procedures performed and the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year, nor have we been informed of such case by the management.

11. During the year under review, the company has paid managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act.

12. Based on the audit procedures performed and the information and explanations given to us, the company is not Nidhi Company, therefore it is not required to follow Nidhi Rule, 2014.

13. Based on the audit procedures performed and the information and explanations given to us, the transactions with related party are in compliance with sections 177 and 188 of the Companies Act, 2013.

14. According to the information and explanation given to us, during the year the Company has made preferential allotment and to a relative of a director by way of conversion of Share Warrants into equity shares for which the requirements of section 42 of the Companies Act, 2013 and SEBI guidelines have been complied with and the amount raised have been used for the purposes for which the funds were raised.

15. According to the information and explanation given to us, the Company has not entered in to non-cash transaction with directors or person connected with them during the year.

16. According to the information and explanation given to us, the Company is not required to be registered under section 45-IA of Reserve Bank of India Act, 1934.

For V.D. Shukla & Co.
Chartered Accountants
FRN: 110240W

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

Place : Ahmedabad
Date : May 25, 2017

Balance Sheet as at 31st March, 2017

(Rs. in Lakhs)

Particulars	Notes	As at 31st March, 2017		As at 31st March, 2016	
EQUITY AND LIABILITIES					
SHAREHOLDERS' FUNDS					
Share Capital	2	3,217.75		3,088.35	
Reserves and Surplus	3	24,171.46		13,023.63	
Money Received Against Share Warrants		12,705.00		1,759.84	
			40,094.21		17,871.82
NON-CURRENT LIABILITIES					
Long-term borrowings	4	16,176.13		26,885.30	
Deferred tax liabilities (Net)	5	2,641.91		2,254.07	
Other Long Term Liabilities	6	66.00		60.96	
Long Term Provisions	7	730.52		493.94	
			19,614.56		29,694.27
CURRENT LIABILITIES					
Short-term borrowings	8	150.00		130.72	
Trade payables	9	14,902.71		13,552.96	
Other current liabilities	10	2,100.23		16,663.06	
Short-term provisions	11	120.21		89.04	
			17,273.15		30,435.78
Total			**76,981.92**		**78,001.87**
ASSETS					
NON-CURRENT ASSETS					
Fixed assets					
Tangible assets	12	30,489.77		27,691.97	
Capital work-in-progress	12	3,603.39		303.40	
			34,093.16		27,995.37
Non-current investments	13	17,119.14		17,443.94	
Long-term loans and advances	14	2,295.59		1,407.92	
Other non-current assets	15	-		0.23	
			19,414.73		18,852.09
Total Non-Current Assets			53,507.89		46,847.46
CURRENT ASSETS					
Current Investment	16	320.00		-	
Inventories	17	4,032.54		5,044.61	
Trade receivables	18	13,872.08		21,651.31	
Cash and cash equivalents	19	458.89		234.44	
Short-term loans and advances	20	4,721.77		4,031.96	
Other current assets	21	68.75		192.09	
			23,474.03		31,154.41
Total			**76,981.92**		**78,001.87**
Significant Accounting Policies	**1**				

The Note numbers 2 to 51 form integral part of the Financial Statements

As per our separate report of even date attached herewith

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

Vimal Shukla
Proprietor
Membership No. 036416
Place : Ahmedabad
Date : May 25, 2017

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

Pravin Kiri
Chairman
(DIN No 00198275)

Manish Kiri
Managing Director
(DIN No 00198284)

Suresh Gondalia
Company Secretary

Jayesh Vyas
Chief Financial Officer

Place : Ahmedabad
Date : May 25, 2017

Statement of Profit & Loss for the year ended on 31st March, 2017

(Rs. in Lakhs except EPS)

Particulars	Notes	2016-2017	2015-2016
Revenue from Operations		103,352.04	95,705.36
Less : Excise duty		6,869.09	6,801.31
Net Revenue from Operations	22	96,482.95	88,904.05
Other Income	23	200.42	761.06
Total Revenue		**96,683.37**	**89,665.11**
Expenses:			
Cost of Materials Consumed	24	63,655.42	65,618.03
Purchase of Stock-in-Trade		2,110.66	1,337.82
Changes in Inventories of Finished goods, Work-in-Progress & Stock-in-Trade	25	2,351.22	(570.80)
Employee Benefits Expense	26	3,799.01	3,213.08
Finance Costs	27	802.14	6,715.03
Depreciation	12	2,234.28	2,037.68
Other Expenses			
Administrative Expenses	28	1,419.42	2,578.21
Manufacturing Expenses	29	8,827.71	7,199.93
Selling & Distribution Expenses	30	1,532.82	1,245.21
Prior Period Adjustments	31	29.49	19.68
Total Expenses		**86,762.17**	**89,393.87**
Profit before extraordinary items and tax		**9,921.20**	**271.24**
Less: Extraordinary Items		9.69	(469.61)
Profit Before Tax		**9,911.51**	**740.85**
Tax Expense			
Current Tax		-	-
Net Current Tax		-	-
Deferred Tax		387.84	(166.40)
Profit for the year		**9,523.67**	**907.25**
Earning per equity Share			
Basic		34.20	3.60
Diluted		26.12	2.87
Significant Accounting Policies	**1**		

The Note numbers 2 to 51 form integral part of the Financial Statements

As per our separate report of even date attached herewith

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

Vimal Shukla
Proprietor
Membership No. 036416
Place : Ahmedabad
Date : May 25, 2017

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

Pravin Kiri
Chairman
(DIN No 00198275)

Manish Kiri
Managing Director
(DIN No 00198284)

Suresh Gondalia
Company Secretary

Jayesh Vyas
Chief Financial Officer

Place : Ahmedabad
Date : May 25, 2017

Cash Flow Statement for the year ended on 31st March, 2017

(Rs. in Lakhs)

Particulars		2016-2017		2015-2016	
A.	**Cash Flow from Operating Activities :**				
	Net Profit before Tax and Extraordinary items	9,911.51		740.85	
	Adjustment for				
	- Depreciation	2,234.28		2,037.68	
	- Interest & Dividend Income	(191.08)		(359.00)	
	- Interest charged to P & L	802.14		6,715.03	
	Operating Profit before working capital changes:		12,756.85		9,134.56
	Adjustment for :				
	- Trade Receivables	7,779.23		23,841.01	
	- Inventories	1,012.07		343.70	
	- Long Term Advances & Other Non Current Assets	(887.46)		1,021.45	
	- Short Term Advances & Other Current Assets	(566.47)		3,646.99	
	- Trade Payables	1,349.74		3,508.77	
	- Other Current Liabilites & Short Term Provisions	(646.78)		(9,172.49)	
	- Long Term Provisions	241.62		465.15	
	- Deferred Tax Liabilty	387.84	8,669.79	(166.40)	23,488.18
	Cash Generated from Operations		21,426.64		32,622.74
	- Taxes paid/ provision & Deferred tax		(387.84)		166.40
	Net Provisions no longer required		-		12,387.06
	Net Cash Flow from Operations		**21,038.80**		**20,402.08**
B.	**Cash Flow from Investment Activities :**				
	- Purchase of Fixed Assets		(5,032.08)		(4,153.62)
	- Addition to CWIP		(3,300.00)		
	- Interest and Dividend Income		191.09		359.00
	- Investment		4.80		(203.06)
	Net cash flow from Investing Activities		**(8,136.19)**		**(3,997.68)**

Cash Flow Statement for the year ended on 31st March, 2017

(Rs. in Lakhs)

Particulars	2016-2017	2015-2016
C. Cash Flow from Financing Activities :		
- Share/Warrant Application Money	10,945.16	(3,340.16)
- Proceeds from Equity Share Capital	129.40	382.48
- Security Premium	1,624.96	3,316.76
- Proceeds from Long term Borrowings	288.48	-
- Proceeds from Short term Borrowings	19.29	-
- Interest charged	(802.14)	(6,715.03)
Exceptional Items	-	-
Repayment of Long Term Borrowings	(24,883.31)	(9,949.00)
Repayment of Short Term Borrowings	-	-
Net Cash Flow from Financing Activities	**(12,678.16)**	**(16,304.95)**
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	224.45	99.45
Cash and Cash Equivalents as at (Opening)	234.44	134.99
Cash and Cash Equivalents as at (Closing)	458.89	234.44

As per our separate report of even date attached herewith

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

Vimal Shukla
Proprietor
Membership No. 036416
Place : Ahmedabad
Date : May 25, 2017

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

Pravin Kiri
Chairman
(DIN No 00198275)

Manish Kiri
Managing Director
(DIN No 00198284)

Suresh Gondalia
Company Secretary

Jayesh Vyas
Chief Financial Officer

Place : Ahmedabad
Date : May 25, 2017

Notes to the Financial Statements

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 Accounting Convention:

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

1.2 Use of Estimates:

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

1.3 Accounting for Fixed Assets:

Fixed Assets are stated at cost of acquisition and subsequent improvements net of CENVAT credit and VAT but including freight and other incidental expenses related to acquisition, installation and foundation less accumulated depreciation. Direct expenses as well as pro rata identifiable indirect expenses on the projects during construction period are capitalized and apportioned on fixed assets on the date of commencement of commercial production.

1.4 Depreciation Accounting:

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

1.5 Impairment of Assets:

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

1.6 Borrowing Cost:

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

1.7 Accounting for Investments:

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

1.8 Valuation of Inventories:

The inventories are valued as under:

a. Raw materials are valued at lower of cost excluding excise duty and other taxes or market value.

b. Work in process is valued at lower of cost or market value. Material lying on shop floor, awaiting packing and sending in bonded warehouse have been treated as work-in-process.

c. Semi finished goods are valued at lower of cost to the stage of completion or market value.

Notes to the Financial Statements (Cotnd...)

d. Finished goods are valued at lower of cost exclusive of excise duty or market value.

e. Stock of packing materials is valued at lower of cost or market value.

1.9 Revenue Recognition:

Sales

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

Interest:

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

Dividends:

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

Export Incentives:

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

1.10 Accounting for effects of changes in foreign exchange rates:

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

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

1.11 Accounting for Retirement Benefits :

i) Contributions to Employees' Provident Fund remitted to statutory authority are charged to revenue.

ii) Liability on leave encashment to employees is provided and paid on actual basis and charged accordingly.

iii) The company has made an arrangement with Life Insurance Corporation of India and State Bank of India for covering gratuity liability inclusive of past services.

1.12 Accounting for Taxes on Income :

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

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

1.13 Provisions, Contingent Liabilities and Contingent Assets :

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

1.14 Lease Rentals:

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

Notes to the Financial Statements (Cotnd...)

2 SHARE CAPITAL (Rs. in Lakhs)

Particulars	As at 31.03.2017	As at 31.03.2016
Authorised Share Capital		
15,00,00,000 Equity Shares (Previous year 15,00,00,000) of Rs 10/-each	15,000.00	15,000.00
5,00,00,000 Preference Shares (Previous year 5,00,00,000) of Rs 10/-each	5,000.00	5,000.00
	20,000.00	**20,000.00**
Issued, Subscribed & Paid-up Capital		
2,78,43,951 Equity Shares (Previous year 2,65,49,951) of Rs 10/- each fully paid up	2,784.40	2,655.00
43,33,500 0.15% Cummulative Non Convertible Redeemable Preference Shares (Previous year 43,33,500) of Rs. 10/- each Fully paid up	433.35	433.35
Total	**3,217.75**	**3,088.35**

The reconciliation of the number of Equity Shares outstanding as at 31.03.2017 and 31.03.2016 is set out below:

Particulars	As at 31.03.2017	As at 31.03.2016
Number of shares at the beginning	2,65,49,951	2,27,25,126
Add: Shares issued during the year	12,94,000	38,24,825
Number of shares at the end	**2,78,43,951**	**2,65,49,951**

The reconciliation of the number of Preference Shares outstanding as at 31.03.2017 and 31.03.2016 is set out below:

Particulars	As at 31.03.2017	As at 31.03.2016
Number of shares at the beginning	43,33,500	43,33,500
Add: Shares issued during the year	-	-
Number of shares at the end	**43,33,500**	**43,33,500**

The details of shareholder holding more than 5% Equity Shares as at 31.03.2017 and 31.03.2016 are set out below :

Name of the shareholder	No. of shares	% held as at 31.03.2017	No. of shares	% held as at 31.03.2016
Mr. Pravin Kiri	25,01,680	8.98	25,01,680	9.42
Mr. Manish Kiri	18,22,728	6.55	18,22,728	6.87
Mrs. Anupama Kiri	57,01,238	20.48	44,07,238	16.60
GMO Emerging Markets Fund	17,54,682	6.30	17,09,182	6.44
Vikasa India EIF I Fund	14,98,951	5.38	-	-
LTS Investment Funds Limited	-	-	18,13,951	6.83

Notes to the Financial Statements (Cotnd...)

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

Particulars	As at 31.03.2017	As at 31.03.2016
- **Debenture Redemption Reserve**		
Opening Balance	1,200.00	800.00
Add : Transfer from Statement of Profit & Loss	-	400.00
Less: Transfer to General Reserve	1,200.00	-
Closing Balance	-	1,200.00
- **Security Premium**		
Opening Balance	34,363.05	31,045.51
Addition during the year	1,630.44	3,352.04
Less : Share/FCCB Conversion Expsenses	5.48	34.50
Closing Balance	35,988.01	34,363.05
- **General Reserve**		
Opening Balance	417.60	417.60
Add : Debenture Redemption reserve	1,200.00	-
Closing Balance	1,617.60	417.60
- **Redemption Reserve of Non Convertiable Preference Share**		
Opening Balance	92.86	-
Addition during the year	30.95	92.86
Closing Balance	123.81	92.86
- **Surplus**		
Opening Balance	(23,049.88)	(23,463.49)
Add : Net profit after tax transferred from Statement of Profit and Loss	9,523.66	907.25
Amount available for appropriation	**(13,526.22)**	**(22,556.24)**
Less : Provision for DDT on Preference Shares	0.13	0.13
Less : Provision for Dividend on Preference Shares	0.65	0.65
Less : Provision for Redemption Reserve of Non Convertiable Preference Share	30.96	92.86
Less : Provision for Debenture Redemption Reserve	-	400.00
Closing Balance	(13,557.96)	(23,049.88)
Total	**24,171.46**	**13,023.63**

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

Particulars	As at 31.03.2017	As at 31.03.2016
Secured :		
Term Loans from Bank & Others	15,142.10	26,139.75
Unsecured :		
Zero Coupon Foreign Currency Convertible Bonds	1,034.03	745.55
Total	**16,176.13**	**26,885.30**

Notes to the Financial Statements (Cotnd...)

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

Sr. No.	Description of Assets/Security	Security given to
1	All that piece or parcel of lease hold Plot No. 299/1/A, admeasuring about 3767 sq. mtrs., alongwith factory shed building, Plant and Machinery standing thereon of Vatwa Industrial Estate of Gujarat Industrial Development Corporation, situated upon land bearing Survey No. 416/p and 410/p of mouje: Vinzol, Taluka: Dascroi, Registration District Ahmedabad and Sub-District Ahmedabad-5 (Narol)	First charge for securing credit facilities from Invent Assets Securitisation and Reconstruction Private Limited
2	All that piece or parcel of lease hold Plot No. 299/1/B, admeasuring about 2050 sq. mtrs., alongwith factory shed building, Plant and Machinery standing thereon of Vatwa Industrial Estate of Gujarat Industrial Development Corporation, situated upon land bearing Survey No. 416/p and 410/p of mouje: Vinzol, Taluka: Dascroi, Registration District Ahmedabad and Sub-District Ahmedabad-5 (Narol)	First charge for securing credit facilities from Invent Assets Securitisation and Reconstruction Private Limited
3	All that piece or parcel of lease hold Plot No. 10/8, (Phase-I), admeasuring about 2539 Sq. mtrs. alongwith Factory shed building, Plant and Machinery standing thereon of Vatwa Industrial Estate of Gujarat Industrial Development Corporation, situated upon land bearing Survey No. 418/p of mouje: Vinzol & Vatwa, Taluka: Dascroi, Registration District Ahmedabad and Sub-District Ahmedabad-5 (Narol)	First charge for securing credit facilities from Invent Assets Securitisation and Reconstruction Private Limited
4	All that piece or parcel of non-agricultural land bearing amalgamated Block No. 396 (allotted in lieu of old Block Nos. 396, 399, 400/A, 400/B, 401, 402, 403 and 404/A) totally admeasuring about 45773 sq. mtrs. alongwith factory shed building, plant and machinery at Mouje: Dudhavada, Taluka: Padra, Registration District Vadodara and Sub-District Padra.	First Charge for securing credit facilities from Invent Assets Securitisation and Reconstruction Private Limited
5	All that piece and parcel of non-agricultural land bearing Block No. 552/A, 566, 567, 569, 570 & 571 admeasuring about 31942 sq. mtrs., alongwith factory shed building, plant and machinery at Mouje: Dudhwada, Taluka: Padra, Registration District: Vadodara and Sub-District: Padra	First Charge for securing credit facilities from Invent Assets Securitisation and Reconstruction Private Limited
6	All that piece or parcel of lease hold Plot Nos. 365 & 366, admeasuring about 1507.93 sq. mtrs., alongwith 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 credit facilities from Invent Assets Securitisation and Reconstruction Private Limited
7	All that piece and parcel of non agricultural land bearing Block No. 390/A, 390/B, 391/A, 391/B, 394/A/1, admeasuring about 22311 sq. mtrs., alongwith 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 credit facilities from Invent Assets Securitisation and Reconstruction Private Limited
8	All that piece and parcel of non agricultural land bearing Block No. 393, 394/A/2 394/B/1, 394/B/2, admeasuring about 16313 sq. mtrs., alongwith 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 credit facilities from Invent Assets Securitisation and Reconstruction Private Limited

Notes to the Financial Statements (Cotnd...)

Sr. No.	Description of Assets/Security	Security given to
9	All that pieces and parcels of lands, comprised in and forming part of lands admeasuring 1,69,463 Sq. mtrs., together with all buildings, structures, erections, etc. constructed and/or to be constructed thereon, both present and future, and being, lying and situated at Village: Kadodara, Tehsil: Wagra & Distt. Bharuch and uninstalled plant and machinery of Hydrogen Peroxide Plant of the Company.	First charge for securing corporate loan 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 credit facilities from Invent Assets Securitisation and Reconstruction Private Limited.

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

Secured Loans

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

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

In respect of debts due to Invent Assets Securitisation and Reconstruction Private Limited ("Invent") and as per settlement agreements executed by the Company with Invent, the outstanding settlement amount shall be repayable in Quarterly installments starting from September-2015 ending September, 2022. In respect of debts due to Assets Care and Reconstruction Enterprise Limited ("ACRE") and as per settlement agreements executed by the Company with ACRE, the outstanding settlement amount shall be repayable in Quarterly installments starting from March, 2015 ending September, 2019.

5 DEFERRED TAX

The Company estimates deferred tax assets and liabilities using the applicable rate of taxation based on the impact of timing difference between financial statements and estimated taxable income for the current year. The net deferred tax assets / liabilities as at March 31, 2017 is given as below:

(Rs. in Lakhs)

Particulars	As at 31.03.2017	As at 31.03.2016
	Deferred Tax Liabilities	Deferred Tax Liabilities
Opening Balance of Deferred Tax Liabilities (Net)	2,254.07	2,420.47
Add : Addition during the year	387.84	(166.40)
Total	**2,641.91**	**2,254.07**

6 OTHER LONG TERM LIABILITIES

(Rs. in Lakhs)

Particulars	As at 31.03.2017	As at 31.03.2016
Deposits received from Customers	66.00	60.96
Total	**66.00**	**60.96**

Notes to the Financial Statements (Cotnd...)

7 LONG TERM PROVISIONS

(Rs. in Lakhs)

Particulars	As at 31.03.2017	As at 31.03.2016
Provision for employee related liabilities	730.52	493.94
Total	**730.52**	**493.94**

8 SHORT-TERM BORROWINGS

(Rs. in Lakhs)

Particulars	As at 31.03.2017	As at 31.03.2016
Unsecured :		
Inter Corporate Deposits	150.00	130.72
Total	**150.00**	**130.72**

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

Particulars	Guaranted by
Unsecured Loans : Inter Corporate Deposits	Personal Guarantee of some of Director

9 TRADE PAYABLES

(Rs. in Lakhs)

Particulars	As at 31.03.2017	As at 31.03.2016
Trade payables	14,902.71	13,552.96
Total	**14,902.71**	**13,552.96**

10 OTHER CURRENT LIABILITIES

(Rs. in Lakhs)

Particulars	As at 31.03.2017	As at 31.03.2016
Current Maturity of Long-term secured debt	236.60	14,122.26
Credit Balances in Bank Accounts	163.52	444.58
Interest accrued but not due on borrowings	-	254.75
Advance received from Customers	318.90	399.54
Statutory Dues	57.51	138.04
Unpaid / Unclaimed Dividend	0.98	1.06
Employee Benefit Payables	278.78	141.26
Other Liabilities	1,043.94	1,161.57
Total	**2,100.23**	**16,663.06**

Current Maturity of Long-term secured debt includes loans from Invent Assets Securitisation and Reconstruction Private Limited and Assets Care and Reconstruction Enterprise Limited.

Notes to the Financial Statements (Cotnd...)

11 SHORT-TERM PROVISIONS

(Rs. in Lakhs)

Particulars	As at 31.03.2017	As at 31.03.2016
Provision for Employee Benefit - current	119.81	88.64
Provision for Taxation	0.40	0.40
Total	**120.21**	**89.04**

12 FIXED ASSETS

(Rs. in Lakhs)

ASSETS	GROSS BLOCK AS ON 01/04/2016	ADDITION DURING THE YEAR	SALES / ADJUSTMENT DURING THE YEAR	CLOSING BLOCK AS ON 31/03/2017	OPENING DEPRECIATION BLOCK AS ON 01/04/2016	DEPRECIATION DURING THE YEAR	SALES / ADJUSTMENT DURING THE YEAR	TRANSFER TO RETAINED EARNINGS	CLOSING BLOCK AS ON 31/03/2017	WDV AS ON 31/03/2017	WDV AS ON 31/03/2016
TANGIBLE ASSETS											
Land	1,281.92	58.04	-	1,339.96	-	-	-	-	-	1,339.96	1,281.92
Building	7,432.72	234.96	-	7,667.68	1,305.07	233.13	-	-	1,538.20	6,129.48	6,127.64
Plant & Machinery	33,132.65	4,653.82	-	37,786.47	13,754.38	1,778.04	-	-	15,532.42	22,254.05	19,378.28
Electrification	1,014.66	8.71	-	1,023.37	495.70	98.56	-	-	594.26	429.11	518.95
Office Equipments	118.47	16.02	-	134.50	86.81	9.43	-	-	96.24	38.26	31.67
Furniture & Fixture	153.60	1.05	-	154.65	79.89	16.86	-	-	96.75	57.89	73.71
Vehicles	578.10	47.57	-	625.67	351.40	58.10	-	-	409.50	216.17	226.70
Computer	114.05	5.39	-	119.44	69.77	34.91	-	-	104.68	14.76	44.28
INTANGIBLE ASSETS				-							
Computer Software	19.70	6.51	-	26.21	10.87	5.25	-	-	16.12	10.09	8.82
Capital Work In Progress	303.40	7,638.88	4,338.89	3,603.39	-	-	-	-	-	3,603.39	303.40
TOTAL	**44,149.27**	**12,670.95**	**4,338.89**	**52,481.34**	**16,153.89**	**2,234.28**	**-**	**-**	**18,388.17**	**34,093.16**	**27,995.37**
PREVIOUS YEAR	**55,081.63**	**4,153.62**	**15,085.98**	**44,149.27**	**15,562.82**	**2,037.68**	**1,446.61**	**-**	**16,153.89**	**27,995.37**	**39,518.81**

- 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 (Cotnd...)

13 NON CURRENT INVESTMENTS

(Rs. in Lakhs)

Particulars	As at 31.03.2017	As at 31.03.2016
Non-current Investment		
Trade (Unquoted)		
- **Investments in Mutual Funds**		
1,00,395.43 Units (PY. 1,00,375.95) SBI Mutual Fund (NAV of the units held Rs. 17.61 lakhs (P.Y. Rs.14.40 Lakhs)	13.96	13.76
- **Investment in Subsidiary**		
NIL Equity Share (P.Y. 1) of US $ 1 each in Kiri International (Mauritius) Private Ltd.	-	0.00
38,39,000 Equity Shares (P.Y. 10,00,000) of HK $ 1 each in Synthesis International Ltd.	256.86	256.86
NIL Equity Share (P.Y. 13,411) of SG $ 1 each in Kiri Investment & Trading Singapore Pvt. Ltd.	-	5.00
9,70,000 Equity Shares (P.Y. 9,70,000) of NTD 10 each in SMS Chemical Co Ltd 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
- **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 Rs 10 each fully paid up in Kiri Infrstructure Private Limited	1,443.75	1,443.75
- **Investment in Joint Venture Company**		
3,00,00,000 Equity Shares (P.Y.3,00,00,000) of Rs.10 each fully paid up in Lonsen Kiri Chemical Industries Limited.	3,000.00	3,000.00
2,48,00,000 5% Non Cumulative Redeemable Preference Shares (P.Y. 2,80,00,000) of Rs 10 each fully paid up in Lonsen Kiri Chemical Industries Limited	2,480.00	2,800.00
Others (Unquoted)		
- **Investments in Equity Instruments**		
20,000 Equity Shares (P.Y. 20,000) of Rs. 25 each in Kalupur Commercial Co-Operative Bank Limited.	5.00	5.00
10,000 Equity Shares (P.Y. 10,000) of Rs. 10 each in Kapsil Aqua Enviro Limited	1.00	1.00
Total Non-current Investment	**17,119.14**	**17,443.94**

14 LONG-TERM LOANS AND ADVANCES

(Rs. in Lakhs)

Particulars	As at 31.03.2017	As at 31.03.2016
Unsecured, considered good		
Capital Advances	1,141.23	411.89
Security Deposits	615.50	551.87
Loans & Advance to Employees	521.22	416.36
Other Loans & Advances	17.64	27.80
Total	**2,295.59**	**1,407.92**

Notes to the Financial Statements (Cotnd...)

15 OTHER NON-CURRENT ASSETS (Rs. in Lakhs)

Particulars	As at 31.03.2017	As at 31.03.2016
Unamortised Expenses	-	0.23
Total	**-**	**0.23**

16 CURRENT INVESTMENT (Rs. in Lakhs)

Particulars	As at 31.03.2017	As at 31.03.2016
32,00,000 5% Non Cumulative Redeemable Preference Shares (P.Y. NIL) of Rs 10 each fully paid up in Lonsen Kiri Chemical Industries Limited	320.00	-
Total	**320.00**	**-**

17 INVENTORIES (Rs. in Lakhs)

Particulars	As at 31.03.2017	As at 31.03.2016
Raw Material & Fuel	2,166.54	862.88
Finished Goods	1,263.87	1,008.33
Stock in Process & Semi Finished Goods	481.29	3,088.05
Packing Material	120.84	85.35
Total	**4,032.54**	**5,044.61**

18 TRADE RECEIVABLES (Rs. in Lakhs)

Particulars	As at 31.03.2017	As at 31.03.2016
Debt outstanding for a period exceeding six months		
Unsecured considered good	2,713.03	2,744.81
Doubtful	423.87	423.87
	3,136.90	**3,168.68**
Less : Allowance for Bad & Doubtful	-	-
	3,136.90	**3,168.68**
Other debts		
Unsecured considered good	10,735.18	18,482.63
	10,735.18	**18,482.63**
Total	**13,872.08**	**21,651.31**

Notes to the Financial Statements (Cotnd...)

19 CASH AND CASH EQUIVALENTS

(Rs. in Lakhs)

Particulars	As at 31.03.2017	As at 31.03.2016
Cash on Hand	3.52	4.66
Balances with Scheduled Banks		
In Current Accounts	354.91	144.46
In Deposit Accounts	99.48	84.26
Others		
Balances in Unpaid Dividend Accounts	0.98	1.06
Total	**458.89**	**234.44**

20 SHORT-TERM LOANS AND ADVANCES

(Rs. in Lakhs)

Particulars	As at 31.03.2017	As at 31.03.2016
Others		
Unsecured, considered good		
Advance Tax & Tax Deducted at Source	951.94	1,370.77
MAT Credit Entitlement	405.85	405.85
Balance with Government Authorities	2,547.06	2,091.62
Advances to Suppliers	695.61	147.16
Prepaid expenses	121.31	16.56
	4,721.77	4,031.96
Less : Allowance for Bad & Doubtful	-	-
Total	**4,721.77**	**4,031.96**

21 OTHER CURRENT ASSETS

(Rs. in Lakhs)

Particulars	As at 31.03.2017	As at 31.03.2016
Interest Accrued on Deposits	68.75	52.09
Dividend Receivable	-	140.00
Total	**68.75**	**192.09**

22 REVENUE FROM OPERATIONS

(Rs. in Lakhs)

Particulars	2016-17	2015-16
Sale of Products	95,626.82	88,325.10
Other Operating Revenue	856.13	578.95
Total	**96,482.95**	**88,904.05**

Notes to the Financial Statements (Cotnd...)

23 OTHER INCOME (Rs. in Lakhs)

Particulars	2016-17	2015-16
Interest Income		
- FDs with Banks & ICDs	190.29	214.64
- Cash Discount and other Income	9.33	402.06
	199.62	**616.70**
Dividend Income	0.80	144.36
Total	**200.42**	**761.06**

24 COST OF MATERIALS CONSUMED (Rs. in Lakhs)

Particulars	2016-17	2015-16
Raw Material Consumed :		
Opening Inventory	814.66	1,459.16
Add : Net Purchases	63,737.26	63,160.24
Less: Inventory at the end of the year	1,938.48	814.66
Cost of Raw Material consumed during the year	**62,613.44**	**63,804.74**
Packing Material Consumed :		
Opening Inventory	85.35	338.07
Add : Net Purchases	1,077.47	1,560.57
Less: Inventory at the end of the year	120.84	85.35
Cost of Packing Material consumed during the year	**1,041.98**	**1,813.29**
Total	**63,655.42**	**65,618.03**

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

Particulars	2016-17	2015-16
(Increase)/decrease in Stocks		
Stock at the beginning of the year :		
Finished Goods	1,008.33	524.75
Work in Progress & Semi Finished Goods	3,088.05	3,000.83
	4,096.38	**3,525.58**
Stock at the end of the year :		
Finished Goods	1,263.87	1,008.33
Work in Progress & Semi Finished Goods	481.29	3,088.05
	1,745.16	**4,096.38**
Total	**2,351.22**	**(570.80)**

Notes to the Financial Statements (Cotnd...)

26 EMPLOYEE BENEFITS EXPENSE (Rs. in Lakhs)

Particulars	2016-17	2015-16
Salaries, Wages & Bonus	3,532.33	3,002.60
Contribution to Provident fund & other funds	57.61	40.29
Welfare Expenses	209.07	170.19
Total	**3,799.01**	**3,213.08**

27 FINANCE COST (Rs. in Lakhs)

Particulars	2016-17	2015-16
Interest & Financial Charges		
- Interest Cost	748.57	6,657.33
- Financial Charges	53.57	57.70
Total	**802.14**	**6,715.03**

28 ADMINISTRATIVE EXPENSES (Rs. in Lakhs)

Particulars	2016-17	2015-16
Insurance Premium	68.39	66.48
Communication Expenses	49.50	35.09
Postage & Conveyance	29.50	28.15
Travelling & Conveyance	32.55	32.20
Repairs & Maintenance - Others	57.34	48.82
Membership & Subscription	1.89	1.37
Security Expenses	94.90	73.00
Legal & Professional Fees	809.86	440.72
Payment to Auditors	15.00	15.00
Rates & Taxes	34.55	153.41
Foreign Exchange Loss	110.83	1,630.23
CSR and Social Welfare Expenses	78.34	13.32
Miscellaneous Expenses	34.25	38.47
Preliminary Expenses Written Off	0.23	0.23
Software Expense	2.29	1.72
Total	**1,419.42**	**2,578.21**

Notes to the Financial Statements (Cotnd...)

29 MANUFACTURING EXPENSES **(Rs. in Lakhs)**

Particulars	2016-2017		2015-2016	
Operational & Other Expenses				
- Power & Fuel		6,348.28		5,334.56
Pollution Treatment Expenses		267.29		223.84
Repairs & Maintenance				
- Buildings	80.44		69.61	
- Machineries	1,721.37		1,261.56	
- Other Assets	209.96		218.48	
		2,011.77		1,549.65
Laboratory Expenses		38.76		18.56
Factory Expenses		161.61		73.32
Total		**8,827.71**		**7,199.93**

30 SELLING & DISTRIBUTION EXPENSES **(Rs. in Lakhs)**

Particulars	2016-17	2015-16
Export Expenses	66.85	33.79
Outward Freight & Transportation Charges	1,312.65	996.01
Travelling Expenses	100.92	141.39
Advertisement & Sales Promotion Expenses	52.40	74.02
Total	**1,532.82**	**1,245.21**

31 PRIOR PERIOD ADJUSTMENTS **(Rs. in Lakhs)**

Particulars	2016-17	2015-16
Prior Period Expenses	29.49	19.68
Total	**29.49**	**19.68**

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

33 Contingent Liabilities **(Rs. in Lakhs)**

Particulars	2016-17	2015-16
Guarantees given by Banks on behalf of the Company for various purposes.	64.53	84.26
Disputed Income Tax / Excise matters for various assessment years for which appeals are pending with Appellate authorities.	1,757.30	1,859.37

34 Directors' Remuneration **(Rs. in Lakhs)**

Particulars	2016-17	2015-16
Mr. Pravin Kiri	66.16	12.00
Mr. Manish Kiri	66.21	12.00
Directors Sitting Fees	2.13	2.01

Notes to the Financial Statements (Cotnd...)

35 Remuneration to Auditors (Rs. in Lakhs)

Particulars	2016-17	2015-16
Audit Fees	9.00	9.00
Taxation Matters	3.50	3.50
Certification and other Matters	2.50	2.50

36 C.I.F. Value of imported goods (Rs. in Lakhs)

Particulars	2016-17	2015-16
Raw Material	3,913.06	1,066.52

37 Earnings in Foreign Currency (Rs. in Lakhs)

Particulars	2016-17	2015-16
F.O.B. Value of Exports	18,995.71	14,432.91

38 Expenditure in Foreign Currency (Rs. in Lakhs)

Particulars	2016-17	2015-16
Foreign Travel Expense	39.84	56.84
Export sales Commission	117.35	Nil
Legal & Professional Charges	446.06	138.33

39 Calculation of Earning Per Share (Rs. in Lakhs)

Earnings Per Share		2016-17	2015-16
Profit attributable to equity shareholders	Rs	95,23,66,298	9,07,25,263
Nominal Value of equity share	Rs.	10	10
Weighted average number of equity shares	Nos.		
- for Basic EPS		2,78,43,951	2,52,12,308
- for Diluted EPS		3,64,62,599	3,16,24,321
Basic EPS	Rs.	34.20	3.60
Diluted EPS	Rs.	26.12	2.87

40 Material Consumption Ratio (Rs. In Lakhs)

Material	2016-17		2015-16	
	Amount	% of Total Material Consumed	Amount	% of Total Material Consumed
Indigenous	59,742.36	93.85	64,551.51	98.37
Imported	3,913.06	6.15	1,066.52	1.63
Total	**63,655.42**	**100.00**	**65,618.03**	**100.00**

Notes to the Financial Statements (Cotnd...)

41 Terms and Conditions of Foreign Currency Convertible Bonds (FCCBs):

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

a. Maturity of date of Series B, D, E and F Bonds has been extended from January 17, 2018 to January 17, 2022.

b. The offer price payable on each of the Series A, B, C, D, E and F FCCB's shall be payable on the earlier of the Conversion Date or the due date specified in the table below:

ORIGINAL							
Series of FCCBs	Due date for payment of balance subscription (A)	No. of Bonds originally in the Series (B)	Total Principal Amount Payable (US$) (C)	Initial Subscription Paid at the time of allotment (D)		Balance payment due (US$) after the allotment (E = C-D)	
				in US$	in %	in US$	in %
Series A	September 30, 2013	10	10,00,000	30,000	3	9,70,000	97
Series B	September 30, 2014	10	10,00,000	30,000	3	9,70,000	97
Series C	March 30, 2015	25	25,00,000	75,000	3	24,25,000	97
Series D	September 30, 2015	35	35,00,000	1,05,000	3	33,95,000	97
Series E	September 30, 2016	35	35,00,000	1,05,000	3	33,95,000	97
Series F	September 30, 2017	35	35,00,000	1,05,000	3	33,95,000	97
REVISED							
Series of FCCBs	Due date for payment of balance subscription (F)	Revised No. of bonds in the Series (G)	Total Principal Amount Payable (H)	Amount Already Subscribed (I=D)		Revised Total Amount due to be Subscribed (US $) (J=H-I)	
				in US$	in %	in US$	in %
Series A	N.A.*	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Series B	N.A.**	8	10,00,000	8,06,000	100	N.A.	N.A.
Series C	N.A.*	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Series D	June 30, 2016	9	9,00,000	1,05,000	11.67	7,95,000	88.33
Series E	September 30, 2016	14	14,00,000	1,05,000	7.50	12,95,000	92.50
Series F	December 31, 2016	14	14,00,000	1,05,000	7.50	12,95,000	92.50

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

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

c. Where there is a default by any Series D,E and F bondholder, in paying balance amount due in respect of such bonds, the Company has right to Convert each partly paid up bonds to the extent initial 3% amount paid up on relevant Series D,E and F bonds and the balance 97% shall stand cancelled and each respective Series D,E and F bonds (on which default has been committed) shall be convertible into fully paid up equity shares of Rs. 10/- each at a premium of Rs. 2.03 per equity share aggregating to Rs. 12.03 per equity share.

42 During the year the Company has allotted 12,94,000 equity shares of Rs. 10 each at an issue price of Rs. 136 per equity share upon conversion of equal number of warrants issued to promoter group on preferential basis as per SEBI (ICDR) Regulations, 2009.

Notes to the Financial Statements (Cotnd...)

43 Employee Stock Option Scheme:

A. During the financial year ended March 31, 2017, the Nomination and Remuneration Committee of the Company at their meeting held on April 8, 2016 has granted 1,25,000 options to the Eligible Employee of the Company in accordance with the Kiri Industries Limited-Employee Stock Option Scheme- 2014. The Scheme is administered by Kiri Employees Stock Option Trust, an independent trust.

Particulars	No. of options	
	As on March 31, 2017	As on March 31, 2016
Options Outstanding at the beginning of the year	8,75,000	--
Options granted	1,25,000	8,75,000
Options exercised	1,75,000	-
Less : Forfeited / Lapsed /Idle/ Available for Reissue	-	-
Options Outstanding at the end of the year	8,25,000	8,75,000

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

The employee share based payment plans have been accounted based on latest closing market price prior to the date of meeting of Nomination and Remuneration Committee for granting option (i.e.07.04.2015) and total compensation expense has been worked out at Rs. 9,08,68,750, out of which Rs.4,12,17,021/- had been recognized in the F.Y. 2015-16 and Rs. 2,31,65,771/- during the year as ' Employees Compensation Expense'. The balance amount of Rs.2,64,85,958/- has been deferred to be amortized over a period of remaining vesting period of three years based on the Guidance Note on Accounting for Employee Share-Based Payments issued by the Institute of Chartered Accountants of India (the Guidance Note).

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

The Company had provided loan of Rs.3,50,00,000 to Kiri Employees Stock Option Trust (ESOS Trust), which has purchased shares of Kiri Industries Limited directly from Kiri Industries Limited equivalent to the number of stock options to be allotted to eligible employees. The repayment of the loans granted by the Company to Kiri Employees Stock Option Trust (ESOS Trust) is dependent on the exercise of the options by the employees to whom options has been granted. As the options worth Rs. 61,25,000/- have been exercised by the employee and the loan to that extent have been repaid by the trust to the company during the year.

44 Related Party Disclosure –

A) Related Party and Their Relationship

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

Notes to the Financial Statements (Cotnd...)

B) Transaction with Related Parties

Figures in Italics represent figures as at 31-03-2016 **(Rs. in Lakhs)**

Particulars	Subsidiaries & Step Down Subsidiaries	Joint Ventures	Associates Enterprise / Subsidiaries of Associates Enterprise	Key Management Personnel & their Relatives	Entity Controlled by Key Management Personnel	Total
Purchase of Goods	- -	1051.19 *709.48*	- -	33.00 -	- -	1084.19 *709.48*
Sales of Goods /Job Work Income	7950.83 *499.53*	11301.00 *7540.35*	- -	- -	- -	19251.83 *8039.88*
Gain on Investment of Winding up of Subsidiary	5.45 -					5.45 -
Loss in Investment of Winding up of Subsidiary	15.14 -					15.14 -
Remuneration	- -	- -	- -	132.37 *24.00*	- -	132.37 *24.00*
Investment	- *199.30*	- -	- -	- -	- -	- *199.30*
Equity Shares	- -	- -	- -	129.40 *245.60*	- -	129.40 *245.60*
Share Premium	- -	- -	- -	1630.44 *3094.56*	- -	1630.44 *3094.56*
Loan Repaid	- -	- -	- -	- *213.86*	- -	- *213.86*
Loan taken	- -	- -	- -	- *108.35*	- -	- *108.35*
Dividend Income	- -	- *140.00*	-	-	-	- *140.00*
Money Received Against Share Warrants	- -	- -	- -	1270.50 -	- -	1270.50 -
Outstanding Balance (Cr)	- *139.20*	502.88 *755.62*	- -	12.92 *1.48*	- -	515.80 *896.30*
Outstanding Balance (Dr)	1997.17 *82.26*	- *140.00*	25.41 *25.41*	- -	- -	2022.58 *247.67*

Notes to the Financial Statements (Cotnd...)

C) Disclosure in respect of material transactions with related parties **(Rs. in Lakhs)**

Nature of Transaction	Name of the Related Party	2016-17	2015-16
Purchase of Goods	Lonsen Kiri Chemical Industries Ltd.	1,051.19	709.48
	Kiri Laboratories Pvt. Ltd.	33.00	--
Sales of Goods / Job work Income	Lonsen Kiri Chemical Industries Ltd.	11,301.00	7,540.35
	Chemhub Trading DMCC	7,950.83	499.53
Gain on Investment of Winding up of Subsidiary	Kiri International (Mauritius) Private Limited	5.45	--
Loss of Investment of Winding up of Subsidiary	Kiri Investment and Trading Singapore Private Limited	15.14	--
Remuneration	Mr. Pravin Kiri	66.16	12.00
	Mr. Manish Kiri	66.21	12.00
Investment	Synthesis International Limited	--	199.30
Equity Share	Mrs. Anupama Kiri	129.40	245.60
Share Premium	Mrs. Anupama Kiri	1,630.44	3,094.56
Loan repaid	Mrs. Aruna Kiri	--	118.75
	Mr. Manish Kiri	--	83.11
	Mrs. Anupama Kiri	--	12.00
Loan taken	Mrs. Aruna Kiri	--	50.85
	Mr. Manish Kiri	--	45.50
	Mrs. Anupama Kiri	--	12.00
Dividend Income	Lonsen Kiri Chemical Industries Ltd.	--	140.00
Money received against Share Warrant	Equainaire Chemtech LLP	1,270.50	-
Outstanding Balance (Cr)	Mr. Manish Kiri	5.98	0.78
	Mr. Pravin Kiri	6.94	0.70
	Lonsen Kiri Chemical Industries Ltd.	502.88	755.62
	Chemhub Trading DMCC	--	139.20
Outstanding Balance (Dr)	Synthesis International Limited	82.26	82.26
	Chemhub Trading DMCC	1,914.91	-
	Dystar Global Holdings (Singapore) Pte. Ltd	25.41	25.41
	Lonsen Kiri Chemical Industries Ltd. (Dividend Receivable)	--	140.00

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

Notes to the Financial Statements (Cotnd...)

45 Segment Reporting

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

Information about Secondary Geographical Segments:

(Rs. in Lakhs)

Particulars	Year ended 31st March 2017	Year ended 31st March 2016
Revenue by Geographical Segment		
India	69,620.33	71,763.57
Outside India	26,862.62	17,140.48
Addition to Fixed Assets and Intangible Assets		
India	5,032.08	4,153.61
Outside India	0.00	0.00
Carrying amount of Fixed Assets (Net)		
India	34,093.16	27,995.38
Outside India	0.00	0.00

46 Employees Benefits:

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

1. Defined Benefit Plans

(Rs. in Lakhs)

Particulars		Gratuity	Leave Encashment
I.	**Expense recognized during the year**		
	Current Service Cost	28.89	12.32
	Interest Cost	10.29	2.82
	Expected return on plan assets	-	-
	Net actuarial Losses	9.71	1.78
II.	**Reconciliation of opening and closing balances of defined benefit obligation:**		
	Defined benefit obligation at beginning of the Year	128.41	35.28
	Service Cost	28.89	12.32
	Interest Cost	10.29	2.83
	Actuarial Losses (Gains)	9.71	1.78
	Benefits paid	(13.65)	(29.02)
	Defined benefit obligation at end of the year.	163.66	23.19

Notes to the Financial Statements (Cotnd...)

	Particulars	Gratuity	Leave Encashment
III.	**Reconciliation of opening and closing balances of fair value of plan assets**		
	Fair value of plan assets at the beginning of year	9.82	-
	Expected return on plan assets	0.79	-
	Actuarial Gains (Losses)	1.29	-
	Contributions by employer	-	-
	Benefit paid from fund	-	-
	Defined benefit obligation at end of the year.	11.89	-
IV.	**Reconciliation of the present value of defined benefit obligation and fair value of Planed assets**		
	Present value of defined benefit obligations at the end of the year	(175.55)	(23.19)
	Fair value of plan assets at the end of the year	11.89	-
	Net assets (liability) at the end of year	(163.66)	(23.19)
V.	**Investment details**	**Percentage invested as at 31.03.2017**	
	Life Insurance Corporation of India (LIC) / SBI Life Insurance Company Ltd (SBI)	100%	
VI.	**Actuarial Assumptions**		
	Mortality Table (Indian Assured Lives Mortality)	2006-08 (Ultimate)	2006-08 (Ultimate)
	Discount Rate (per annum)	7.57%	7.57%
	Expected Return on plan assets (per annum)	7.57%	0.00%
	Annual Increase in salary costs	6.00%	6.00%

2. Defined Contribution plans

Contribution of Defined Contribution Plan, recognized as expense for the year as under:

(Rs. in Lakhs)

Particulars	2016-17	2015-16
Employer's Contribution to Provident Fund	107.65	83.72

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

Notes to the Financial Statements (Cotnd...)

48 Unhedged Foreign Currency Exposure:

	As at 31st March, 2017 Receivable/ Payable		As at 31st March, 2016 Receivable/ Payable	
	Amount in Rs.	**in Foreign currency**	**Amount in Rs.**	**in Foreign currency**
Receivable	445,852,794	USD 6,830,106 EURO 43,158	298,450,641	USD 5,585,285
Payable	29,553,410	USD 455,790	31,586,719	USD 492,498

49 Specified Bank Notes Disclosure (SBNs)

In accordance with the MCA notification G.S.R. 308(E) dated March 30, 2017 details of Specified Bank Notes (SBNs) and Other Denomination Notes (ODN) held and transacted during the period from November 8, 2016 to December 30, 2016 is given below:

(Rs. In Lakhs)

Particulars	SBNs	ODNs	Total
Closing cash as on November 8, 2016	85.00	6.05	91.05
(+) Permitted receipts	-	16.21	16.21
(-) Permitted payments	-	15.45	15.45
(-) Amounts deposited in Banks	85.00	-	85.00
Closing cash as on December 30, 2016	-	6.81	6.81

50 Social Welfare Expenditure related to Corporate Social Responsibility as per section 135 of the Companies Act, 2013 read with Schedule VII thereof Rs. 67.66 lakhs (PY Rs. 9.56 Lakhs), though not mandatory.

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

As per our separate report of even date attached herewith

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

Vimal Shukla
Proprietor
Membership No. 036416
Place : Ahmedabad
Date : May 25, 2017

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

Pravin Kiri
Chairman
(DIN No 00198275)

Manish Kiri
Managing Director
(DIN No 00198284)

Suresh Gondalia
Company Secretary

Jayesh Vyas
Chief Financial Officer

Place : Ahmedabad
Date : May 25, 2017

Independent Auditor's Report

To
The Members of
Kiri Industries Limited

Report on the Consolidated financial statements

We have audited the accompanying consolidated financial statements of Kiri Industries Limited (hereinafter referred to as "the Holding Company") and its subsidiaries and joint ventures (the Holding Company, its subsidiaries and partnership firms together referred to as "the Group"), comprising of the Consolidated Balance Sheet as at March 31, 2017, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated financial statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated 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 and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act, as applicable. 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 the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

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

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of the other auditors on separate financial statements of the subsidiaries and joint venture referred to in the Other Matters paragraph below, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2017, and their consolidated profit and their consolidated cash flows for the year ended on that date.

Other Matters

We did not audit the financial statements of certain subsidiaries, whose financial statements reflect total assets of Rs. 2,067.78 Lakhs as at March 31, 2017, total revenues of Rs.11,338.11 Lakhs, net cash outflows amounting to Rs.318.81 Lakhs and financial statements of certain subsidiaries in which the share of profit of the Group is Rs. 44.25 Lakhs. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated

Independent Auditor's Report

financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements approved by the Management.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of the report of the other auditors on separate financial statements and the other financial information of subsidiaries and joint venture, referred in the Other Matters paragraph above we report, to the extent applicable, that:

a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated financial statements;

b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.;

c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account and working/records maintained for the purpose of preparation of the consolidated financial statements;

d. in our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act;

e. On the basis of the written representations received from directors of the Holding company as on March 31, 2017 taken on record by the Board of Directors of the Holding company and the reports of the statutory auditors of its subsidiary companies and jointly controlled entities incorporated in India, none of the directors of the Group companies is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164(2) of the Act.

f. With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our report in "Annexure A", which is based on the Auditors' Reports of the Company and its subsidiary companies and jointly controlled entities incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the internal financial controls over financial reporting of the Company and its subsidiary companies and jointly controlled entities incorporated in India.

g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   i The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group;

   ii the group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

   iii there has been no delay in transferring amounts, where required to be transferred, to the Investor Education and Protection Fund by the Group;

   iv The Holding Company has provided requisite disclosures in the consolidated financial statements as regards the holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8th November,2016 of the Ministry of Finance, during the period from 8th November, 2016 to 30th December, 2016 of the Holding Company as applicable. Based on audit procedures performed and the representations provided to us by the management, we report that the disclosures are in accordance with the relevant books of accounts maintained by the Holding Company.

For V.D. Shukla & Co.
Chartered Accountants
FRN: 110240W

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

Place : Ahmedabad
Date : May 25, 2017

Annexure "A" to the Independent Auditor's Report

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' of our report of even date) Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2017, we have audited the internal financial controls over financial reporting of Kiri Industries Limited (hereinafter referred to as "the Holding Company") and its subsidiary companies and joint ventures which are companies incorporated in India (hereinafter referred to as "the Group"), as of 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 financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls Over Financial Reporting

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

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

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

Annexure "A" to the Independent Auditor's Report

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Group 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, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For V.D. Shukla & Co.
Chartered Accountants
FRN: 110240W

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

Place : Ahmedabad
Date : May 25, 2017

Consolidated Balance Sheet as at 31st March, 2017

(Rs. in Lakhs)

Particulars	Notes	As at 31st March, 2017		As at 31st March, 2016	
EQUITY AND LIABILITIES					
SHAREHOLDERS' FUNDS					
Share Capital	3	3,217.75		3,088.35	
Reserves and Surplus	4	88,082.23		59,823.29	
Money Received Against Share Warrants		12,705.00		1,759.84	
Tranlation Reserve		(53.97)		(220.26)	
			1,03,951.01		64,451.22
NON-CURRENT LIABILITIES					
Long-term borrowings	5	16,176.13		26,885.30	
Deferred tax liabilities (Net)	6	3,220.97		2,838.17	
Other Long Term Liabilities	7	66.00		60.96	
Long Term Provisions	8	730.51		493.94	
			20,193.61		30,278.37
CURRENT LIABILITIES					
Short-term borrowings	9	1,051.96		1,460.12	
Trade payables	10	18,745.47		19,562.67	
Other current liabilities	11	3,131.98		17,989.47	
Short-term provisions	12	607.25		177.54	
			23,536.66		39,189.80
Total			**1,47,681.28**		**1,33,919.39**
ASSETS					
NON-CURRENT ASSETS					
Fixed assets					
Tangible assets	13	36,687.16		33,283.17	
Intangible assets	13	947.77		-	
Capital work-in-progress	13	3,603.39		563.94	
			41,238.32		33,847.11
Non-current investments	14	72,486.67		56,783.28	
Long-term loans and advances	15	2,374.95		1,487.28	
Other non-current assets	16	6.25		8.56	
			74,867.87		58,279.12
Total Non-current assets			**1,16,106.19**		**92,126.23**
CURRENT ASSETS					
Current Investment		-		-	
Inventories	17	8,250.01		8,577.59	
Trade receivables	18	15,380.06		25,345.41	
Cash and cash equivalents	19	1,324.61		2,004.88	
Short-term loans and advances	20	6,448.67		5,733.84	
Other current assets	21	171.74		131.44	
			31,575.09		41,793.16
Total			**1,47,681.28**		**1,33,919.39**
Significant Accounting Policies	**2**				

The Note numbers 3 to 46 form integral part of the Financial Statements

As per our separate report of even date attached herewith

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

Vimal Shukla
Proprietor
Membership No. 036416
Place : Ahmedabad
Date : May 25, 2017

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

Pravin Kiri
Chairman
(DIN No 00198275)

Manish Kiri
Managing Director
(DIN No 00198284)

Suresh Gondalia
Company Secretary

Jayesh Vyas
Chief Financial Officer

Place : Ahmedabad
Date : May 25, 2017

Consolidated Statement of Profit & Loss for the year ended on 31st March, 2017

(Rs. in Lakhs except EPS)

Particulars	Notes	2016-2017	2015-2016
Revenue from Operations		1,19,613.25	1,10,139.05
Less : Excise duty		7,298.22	7,146.69
Net Revenue from Operations	22	1,12,315.03	1,02,992.36
Other Income	23	459.98	1,282.39
Total Revenue		**1,12,775.01**	**1,04,274.75**
Expenses:			
Cost of Materials Consumed	24	74,905.79	73,393.38
Purchase of Stock-in-Trade		2,110.66	1,337.82
Changes in Inventories of Finished goods, Work-in-Progress & Stock-in-Trade	25	1,450.34	12.14
Employee Benefits Expense	26	4,525.32	3,916.18
Finance Costs	27	882.15	7,379.77
Depreciation	13	2,926.85	2,686.26
Other Expenses			
Administrative Expenses	28	1,621.36	2,987.23
Manufacturing Expenses	29	10,251.96	8,642.16
Selling & Distribution Expenses	30	1,733.05	1,416.10
Prior Period Adjustments	31	31.05	22.17
Total Expenses		**1,00,438.53**	**1,01,793.21**
Profit before extraordinary items and tax		**12,336.48**	**2,481.54**
Add: Extraordinary Items		(9.69)	469.62
Profit Before Tax		**12,326.79**	**2,951.16**
Tax Expense			
Current Tax		836.64	550.00
Short Provision for earlier years		-	26.77
Net Current Tax		**836.64**	**576.77**
Deferred Tax		382.81	(193.02)
Mat Credit Entitlement		(83.99)	-
Profit for the year		**11,023.35**	**2,567.41**
Share of Profit from Assoicates		15,611.41	17,003.92
Profit for the year		**26,634.76**	**19,571.33**
Earning per equity Share			
Basic		95.66	77.62
Diluted		73.05	61.88
Significant Accounting Policies	**2**		

The Note numbers 3 to 46 form integral part of the Financial Statements

As per our separate report of even date attached herewith

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

Vimal Shukla
Proprietor
Membership No. 036416
Place : Ahmedabad
Date : May 25, 2017

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

Pravin Kiri
Chairman
(DIN No 00198275)

Manish Kiri
Managing Director
(DIN No 00198284)

Suresh Gondalia
Company Secretary

Jayesh Vyas
Chief Financial Officer

Place : Ahmedabad
Date : May 25, 2017

Consolidated Cash Flow Statement for the year ended on 31st March, 2017

(Rs. in Lakhs)

Particulars		2016-2017		2015-2016	
A.	**Cash Flow from Operating Activities :**				
	Net Profit before Tax and Extraordinary items		12,326.79		2,951.16
	Adjustment for				
	- Depreciation	2,926.85		2,686.26	
	- Interest & Dividend Income	(247.56)		(679.82)	
	- Interest charged to P & L	882.15		7,347.95	
	- Loss/(Profit) on Sale of Fixed Assets	1.40		-	
	Operating Profit before working capital changes:		15,889.63		12,305.55
	Adjustment for :				
	- Trade Receivables	9,965.35		22,848.67	
	- Inventories	327.58		1,576.84	
	- Long Term Advances & Other Non Current Assets	(885.37)		1,045.59	
	- Short Term Advances & Other Current Assets	(755.13)		4,396.71	
	- Trade Payables	(817.20)		3,003.83	
	- Other Current Liabilites & Short Term Provisions	(542.90)		(9,581.13)	
	Other Long Term Liabilities	5.07		-	
	- Long Term Provisions	236.56		465.15	
	- Foreign Currency Translation Reserve	166.28		(194.51)	
	- Deferred Tax Liabilty	382.80	8,083.04	(193.03)	23,368.12
	Cash Generated from Operations		23,972.67		35,673.67
	- Taxes paid/ provision & Deferred tax		(1,303.44)		(383.74)
	Net Provisions no longer required		-		12,643.85
	Net Cash Flow from Operations		**22,669.23**		**22,646.08**
B.	**Cash Flow from Investment Activities :**				
	- Purchase of Fixed Assets		(10,321.47)		(4,566.44)
	- Sale of Fixed Assets		2.01		-
	- Interest and Dividend Income		247.56		679.82
	- Investment		(15,703.39)		(17,263.00)
	Net cash flow from Investing Activities		**(25,775.29)**		**(21,149.62)**

Consolidated Cash Flow Statement for the year ended on 31st March, 2017

(Rs. in Lakhs)

Particulars	2016-2017	2015-2016
C. Cash Flow from Financing Activities :		
- Proceeds from Equity Share Capital	129.40	382.48
- Security Premium	1,624.96	3,317.54
- Share/Warrant Application Money	10,945.16	(3,340.16)
- Proceeds from Long term Borrowings	288.48	-
- Proceeds from Short term Borrowings	19.28	-
- Interest charged	(882.15)	(7,347.95)
Share of Profit from Associates	15,611.41	17,003.92
Repayment of Long Term Borrowings	(24,883.31)	(9,949.00)
Repayment of Short Term Borrowings	(427.44)	-
Net Cash Flow from Financing Activities	**2,425.79**	**66.83**
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	(680.27)	1,563.29
Cash and Cash Equivalents as at (Opening)	2,004.88	441.59
Cash and Cash Equivalents as at (Closing)	1,324.61	2,004.88

As per our separate report of even date attached herewith

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

Vimal Shukla
Proprietor
Membership No. 036416
Place : Ahmedabad
Date : May 25, 2017

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

Pravin Kiri
Chairman
(DIN No 00198275)

Manish Kiri
Managing Director
(DIN No 00198284)

Suresh Gondalia
Company Secretary

Jayesh Vyas
Chief Financial Officer

Place : Ahmedabad
Date : May 25, 2017

Notes to the Consolidated Financial Statements

1. Principles of consolidation:

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

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

Subsidiary

i. Subsidiary is continues to be consolidated until the date that control ceases.

ii. The financial statements of the Company and its subsidiary have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra group balances and intra group transactions. The intra group transactions, intra group balances and unrealized profits & losses from intra-group transactions have been eliminated.

iii. The excess of the cost to the Company of its investment in the subsidiary over the Company's portion of equity on the acquisition date is recognized in the financial statements as "Goodwill" and is tested for impairment annually. The excess of Company's portion of equity of the Subsidiary over the cost of investment therein is treated as "Capital Reserve". The Company's portion of the equity in the subsidiary at the date of acquisition is determined after realigning the material accounting policies of the subsidiary to that of the parent and the charge/(reversal) on account of realignment is adjusted to the accumulated reserves and surplus of the subsidiary at the date of acquisition.

iv. The consolidated financial statements are prepared using uniform accounting policies for like transactions and events in similar circumstances and necessary adjustments required for deviations, if any to the extent possible, are made in the consolidated financial statements and are presented to the extent possible, in the same manner as the Company's standalone financial statements.

v. Minority interest in the net assets of subsidiary consists of equity attributable to the minority shareholders at the date on which investments are made by the company in the subsidiary company and share of minority interest in the net profit is adjusted against the income to arrive at the net income attributable to minority interest shareholders. Minority interest's share of net assets is presented separately in the balance sheet.

vi. If the Group losses control over a subsidiary, it:

a) derecognizes the assets (including goodwill) and liabilities of the subsidiary;

b) derecognizes the carrying amount of any minority interest;

c) derecognizes the cumulative translation differences, recorded in foreign currency translation reserve;

d) recognizes the value of the consideration received;

e) recognizes the value of any investment retained;

f) recognizes any surplus or deficit in profit or losses.

vii. Financial statements of the subsidiary are prepared for the same reporting year as the parent company i.e. for the year ended March 31, 2017.

viii. Financial Statement of the Joint Venture Company has been prepared for the same reporting year as the parent company i.e. for the year ended March 31, 2017.

Joint Venture

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

Associate Company

i. Investment in associates where the company directly or indirectly through subsidiaries holds more than 20% of equity, are accounted for using equity method as per Accounting Standard 23 – "Accounting for Investment in Associates in Consolidated Financial Statements" notified by Companies (Accounting Standards) Rules, 2006.

Notes to the Consolidated Financial Statements (Cotnd...)

ii. The Company accounts for its share of post acquisition changes in net assets of associates, after eliminating unrealized profits and losses resulting from transactions between the company and its associates to the extent of its share, through its reserves for the balance based on available information.

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

Details of Subsidiary and Joint Venture with respective holdings thereof:

a) List of subsidiary and Joint Venture company which are included in the consolidation and the Company's effective holdings therein are as under:

Sr. No	Name of Company	Ownership in % either directly or through Subsidiary		Country of Incorporation
		2016-17	2015-16	
A	**Subsidiary**			
	i) Chemhub Trading DMCC	100.00	100.00	Dubai
B	**Joint Venture of Kiri Industries Limited**			
	i) Lonsen Kiri Chemical Industries Ltd	40.00	40.00	India

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

Name of Company	% Share held	Original Cost of Investment	Goodwill / (Capital Reserve)	Carrying amount of Investments as at 31.03.2017
Kiri Infrastructure Private Limited	47.61%	1,443.75	(176.92)	1,266.83
Dystar Global Holdings (Singapore) Pte. Ltd.	37.57%	9,550.24	84,399.25	93,949.49
Total		**10,993.99**	**84,222.33**	**95,216.32**

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.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of accounting

The consolidated financial statements of the Group are prepared under the historical cost convention, on an accrual basis of accounting to comply in all material respects, with the mandatory accounting standards as notified by the Companies Act, 2013.

b) Use of estimates

The preparation of consolidated financial statements in conformity with Indian Generally Accepted Accounting Principles (IGAAP) requires management to make estimates and assumptions that may affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the consolidated financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

c) Fixed Assets

i) Fixed assets are stated at cost of acquisition or construction less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Capital work-in-progress comprises of advances paid to acquire fixed assets and the cost of fixed assets that are not yet ready for their intended use as at the balance sheet date. In the case of new undertakings, pre-operative expenses are capitalized upon the commencement of commercial production.

ii) Insurance, spares / standby equipments are capitalized as part of the mother assets.

Notes to the Consolidated Financial Statements (Cotnd...)

d) Depreciation

i) Depreciation has been provided on straight line method and in the manner specified in Schedule II to the Companies Act, 2013.

ii) Depreciation is not recorded on capital work-in-progress until construction and installation are complete and asset is ready for its intended use. Capital work - in - progress includes capital advances.

e) Impairment

(i) The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

(ii) After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

f) Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

g) Investments

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long - term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. However, provision is made to recognize a decline, other than temporary, in the value of long term investments.

h) Inventories

Inventories are valued as follows:

Raw materials, packing materials & stores and spares

At lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Costs include all costs in bringing the inventories to their present location and condition. Cost is determined on First In First Out (FIFO) basis.

Work – in – progress and finished goods

At lower of cost and net realizable value. Cost includes direct materials, labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods held by the parent company excludes excise duty.

Obsolescence of inventory is determined on a specific review and is accordingly provided for, if any. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

i) Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Sale of Goods

Revenue is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer. Excise Duty is deducted from turnover (gross) are the amount that is included in the amount of turnover (gross) and not the entire amount of liability arise during the year. Turnover (gross) is disclosed net of Sales tax and VAT.

Interest

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

Dividends

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

Notes to the Consolidated Financial Statements (Cotnd...)

Export Incentives

Revenue is recognized on an accrual basis.

j) Foreign Currency Translation

i) Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

ii) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

iii) Exchange Differences

Exchange differences arising on a monetary item that, in substance, form part of the company's net investment in a non-integral foreign operation is accumulated in a foreign currency translation reserve in the financial statements until the disposal of the net investment, at which time they are recognized as income or as expenses.

Exchange differences arising on the settlement of monetary items not covered above, or on reporting such monetary items of company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

iv) Forward Exchange Contracts not intended for trading or speculation purposes:

The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognized in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation of renewal of forward exchange contract is recognised as income or as expense for the year

v) Foreign operations

The financial statements of an integral foreign operation are translated as if the transactions of the foreign operation have been those of the company itself.

In translating the consolidated financial statements of a non-integral foreign operation for incorporation in consolidated financial statements, the assets and liabilities, both monetary and non-monetary (including goodwill and capital reserve), of the non-integral foreign operation are translated at the closing rate; income and expense items are translated at average exchange rates prevailing during the year. All resulting exchange differences are accounted in a foreign currency translation reserve until the disposal of the net investment.

On the disposal of a non-integral foreign operation, the cumulative amount of the exchange differences which have been deferred and which relate to that operation are recognized as income or an expenses in the same period in which the gain or loss on disposal is recognized.

When there is a change in the classification of a foreign operation, the translation procedures applicable to the revised classification are applied from the date of the change in the classification.

k) Employee Benefits

(i) Gratuity

The Company has obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 to 30 days salary payable for each completed year of service. Vesting occurs upon completion of five years of service. The Company have obtained insurance policies with the Life Insurance Corporation of India and SBI Life Insurance Company Limited as an annual contribution towards gratuity fund. The company accounts for the liability for gratuity benefits payable in future based on an independent actuarial valuation.

(ii) Provident fund

The eligible employees of the Company are entitled to receive benefits in respect of provident fund, a defined contribution plan, in which both employees and the company/subsidiaries make monthly/annual contributions

Notes to the Consolidated Financial Statements (Cotnd...)

at a specified percentage of the covered employees' salary. The contributions, as specified under the law, are made to the provident fund and pension fund set up by the Company and its subsidiaries or to respective Regional Provident Fund Commissioner and the Central Provident Fund under the State Pension scheme. The Company is generally liable for monthly/annual contributions and any shortfall in the fund assets based on the government specified minimum rates of return or pension and recognizes such contributions and shortfall, if any, as an expense in the year incurred.

(iii) Leave Salary

The Company provides for the encashment of leave or leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits, for future encashment. The liability is provided based on the number of days of unutilized leave at each balance sheet date on basis of an independent actuarial valuation.

l) Income Taxes

Tax expense comprises current and deferred tax.

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and applicable foreign tax laws in case of foreign subsidiaries. Current tax is net of credit for entitlement for Minimum Alternative tax. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income that originates in the period and are capable of reversal in one or more subsequent periods.

In respect of foreign subsidiary, Deferred tax asset and liabilities are not recognized.

At each balance sheet date the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

m) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

n) Provisions, Contingent Liabilities and Contingent Assets

A provision is recognized when a Group has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Contingent liabilities are not recognized but are disclosed by way of notes to accounts unless the possibility of an outflow is remote.

Contingent Assets are neither recognized nor disclosed in the consolidated financial statements.

o) Cash and Cash equivalents

Cash and cash equivalents for the purpose of cash flow statement comprise of cash at bank, cash in hand and short-term investments with an original maturity of three months or less.

p) Miscellaneous Expenditure

Miscellaneous Expenditure represents the expenses incurred on Initial Public Offer and preliminary expenses. Miscellaneous Expenditure is charged off to Statement of Profit & Loss over 10 years on straight line basis.

Notes to the Consolidated Financial Statements (Cotnd...)

3 SHARE CAPITAL (Rs. in Lakhs)

Particulars	As at 31.03.2017	As at 31.03.2016
Authorised Share Capital		
15,00,00,000 Equity Shares (Previous year 15,00,00,000) of Rs 10/-each	15,000.00	15,000.00
5,00,00,000 Preference Shares (Previous year 5,00,00,000) of Rs 10/-each	5,000.00	5,000.00
	20,000.00	**20,000.00**
Issued, Subscribed & Paid-up Capital		
2,78,43,951 Equity Shares (Previous year 2,65,49,951) of Rs 10/- each fully paid up	2,784.40	2,655.00
43,33,500 0.15% Cummulative Non Convertible Redeemable Preference Shares (Previous year 43,33,500) of Rs. 10/- each Fully paid up	433.35	433.35
Total	**3,217.75**	**3,088.35**

The reconciliation of the number of Equity Shares outstanding as at 31.03.2017 and 31.03.2016 is set out below:

Particulars	As at 31.03.2017	As at 31.03.2016
Number of shares at the beginning	2,65,49,951	2,27,25,126
Add: Shares issued during the year	12,94,000	38,24,825
Number of shares at the end	**2,78,43,951**	**2,65,49,951**

The reconciliation of the number of Preference Shares outstanding as at 31.03.2017 and 31.03.2016 is set out below:

Particulars	As at 31.03.2017	As at 31.03.2016
Number of shares at the beginning	43,33,500	43,33,500
Add: Shares issued during the year	-	-
Number of shares at the end	**43,33,500**	**43,33,500**

The details of shareholder holding more than 5% Equity Shares as at 31.03.2017 and 31.03.2016 are set out below :

Name of the shareholder	No. of shares	% held as at 31.03.2017	No. of shares	% held as at 31.03.2016
Mr. Pravin Kiri	25,01,680	8.98	25,01,680	9.42
Mr. Manish Kiri	18,22,728	6.55	18,22,728	6.87
Mrs. Anupama Kiri	57,01,238	20.48	44,07,238	16.60
GMO Emerging Markets Fund	17,54,682	6.30	17,09,182	6.44
Vikasa India EIF I Fund	14,98,951	5.38	-	0.00
LTS Investment Funds Limited	-	0.00	18,13,951	6.83

Notes to the Consolidated Financial Statements (Cotnd...)

4 RESERVES AND SURPLUS **(Rs. in Lakhs)**

Particulars	As at 31.03.2017	As at 31.03.2016
- **Debenture Redemption Reserve**		
Opening Balance	1,200.00	800.00
Add : Transfer from Statement of Profit & Loss	-	400.00
Less: Transfer to General Reserve	1,200.00	-
Closing Balance	-	1,200.00
- **Preferance Share Redemption Reserve**		
Opening Balance	2,892.86	2,029.28
Add : Transfer from Statement of Profit & Loss	30.96	863.58
Closing Balance	2,923.82	2,892.86
- **Security Premium**		
Opening Balance	34,363.06	31,045.51
Addition during the year	1,630.44	3,352.05
Less : Zero Coupen Convertible Bonds issue expenses	5.48	34.50
Closing Balance	35,988.02	34,363.06
- **General Reserve**		
Opening Balance	417.60	417.60
Add : Debenture Redemption reserve	1,200.00	-
Closing Balance	1,617.60	417.60
- **Surplus**		
Opening Balance	20,949.77	2,671.29
Add : Net profit after tax transferred from Statement of Profit and Loss	26,634.76	19,571.34
Amount available for appropriation	**47,584.53**	**22,242.63**
Less : Provision for DDT on Pref Shares	30.96	863.58
Less : Provision for Dividend on Pref Shares	0.13	0.13
Less : Provision for Redemption Reserve of Non Convertiable Preference Share	0.65	29.15
Less : Provision for Debenture Redemption Reserve	-	400.00
Closing Balance	47,552.79	20,949.77
Total	**88,082.23**	**59,823.29**

5 LONG TERM BORROWINGS **(Rs. in Lakhs)**

Particulars	As at 31.03.2017	As at 31.03.2016
Secured :		
Term Loans from Bank & Others	15,142.10	26,139.75
Unsecured :		
Zero Coupon Foreign Currency Convertible Bonds	1,034.03	745.55
Total	**16,176.13**	**26,885.30**

Notes to the Consolidated Financial Statements (Cotnd...)

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

Sr. No.	Description of Assets/Security	Security given to
1	All that piece or parcel of lease hold Plot No. 299/1/A, admeasuring about 3767 sq. mtrs., alongwith factory shed building, Plant and Machinery standing thereon of Vatwa Industrial Estate of Gujarat Industrial Development Corporation, situated upon land bearing Survey No. 416/p and 410/p of mouje: Vinzol, Taluka: Dascroi, Registration District Ahmedabad and Sub-District Ahmedabad-5 (Narol)	First charge for securing credit facilities from Invent Assets Securitisation and Reconstruction Private Limited
2	All that piece or parcel of lease hold Plot No. 299/1/B, admeasuring about 2050 sq. mtrs., alongwith factory shed building, Plant and Machinery standing thereon of Vatwa Industrial Estate of Gujarat Industrial Development Corporation, situated upon land bearing Survey No. 416/p and 410/p of mouje: Vinzol, Taluka: Dascroi, Registration District Ahmedabad and Sub-District Ahmedabad-5 (Narol)	First charge for securing credit facilities from Invent Assets Securitisation and Reconstruction Private Limited
3	All that piece or parcel of lease hold Plot No. 10/8, (Phase-I), admeasuring about 2539 Sq. mtrs. alongwith Factory shed building, Plant and Machinery standing thereon of Vatwa Industrial Estate of Gujarat Industrial Development Corporation, situated upon land bearing Survey No. 418/p of mouje: Vinzol & Vatwa, Taluka: Dascroi, Registration District Ahmedabad and Sub-District Ahmedabad-5 (Narol)	First charge for securing credit facilities from Invent Assets Securitisation and Reconstruction Private Limited
4	All that piece or parcel of non-agricultural land bearing amalgamated Block No. 396 (allotted in lieu of old Block Nos. 396, 399, 400/A, 400/B, 401, 402, 403 and 404/A) totally admeasuring about 45773 sq. Mtrs. alongwith factory shed building, plant and machinery at Mouje: Dudhavada, Taluka: Padra, Registration District Vadodara and Sub-District Padra.	First Charge for securing credit facilities from Invent Assets Securitisation and Reconstruction Private Limited
5	All that piece and parcel of non-agricultural land bearing Block No. 552/A, 566, 567, 569, 570 & 571 admeasuring about 31942 sq. mtrs., alongwith factory shed building, plant and machinery at Mouje: Dudhwada, Taluka: Padra, Registration District: Vadodara and Sub-District: Padra	First Charge for securing credit facilities from Invent Assets Securitisation and Reconstruction Private Limited
6	All that piece or parcel of lease hold Plot Nos. 365 & 366, admeasuring about 1507.93 sq. mtrs., alongwith 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 credit facilities from Invent Assets Securitisation and Reconstruction Private Limited
7	All that piece and parcel of non agricultural land bearing Block No. 390/A, 390/B, 391/A, 391/B, 394/A/1, admeasuring about 22311 sq. mtrs., alongwith 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 credit facilities from Invent Assets Securitisation and Reconstruction Private Limited
8	All that piece and parcel of non agricultural land bearing Block No. 393, 394/A/2 394/B/1, 394/B/2, admeasuring about 16313 sq. mtrs., alongwith 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 credit facilities from Invent Assets Securitisation and Reconstruction Private Limited

Notes to the Consolidated Financial Statements (Cotnd...)

Sr. No.	Description of Assets/Security	Security given to
9	All that pieces and parcels of lands, comprised in and forming part of lands admeasuring 1,69,463 Sq. mtrs., together with all buildings, structures, erections, etc. constructed and/or to be constructed thereon, both present and future, and being, lying and situated at Village: Kadodara, Tehsil: Wagra & Distt. Bharuch and uninstalled plant and machinery of Hydrogen Peroxide Plant of the Company.	First charge for securing corporate loan 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 credit facilities from Invent Assets Securitisation and Reconstruction Private Limited.
11	All that piece or parcel of non-Agricultural land for industrial purpose bearing Block Nos. 577/B, 584/B, 588,589,489,490,586 and 545 along with construction standing thereon situate lying and being at mouje: Dudhwada Taluka : Padra, Registration District : Vadodara and sub district : Padra	First Charge of land and building for working capital facilities provided by Industrial and Commercial Bank of China.

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

Secured Loans

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

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

In respect of debts due to Invent Assets Securitisation and Reconstruction Private Limited ("Invent") and as per settlement agreements executed by the Company with Invent, the outstanding settlement amount shall be repayable in Quarterly installments starting from September-2015 ending September, 2022. In respect of debts due to Assets Care and Reconstruction Enterprise Limited ("ACRE") and as per settlement agreements executed by the Company with ACRE, the outstanding settlement amount shall be repayable in Quarterly installments starting from March, 2015 ending September, 2019.

6 DEFERRED TAX

The Company estimates deferred tax assets and liabilities using the applicable rate of taxation based on the impact of timing difference between financial statements and estimated taxable income for the current year. The net deferred tax assets / liabilities as at March 31, 2017 is given as below:

(Rs. in Lakhs)

Particulars	Deferred Tax Liabilities	
	As at 31.03.2017	As at 31.03.2016
Opening Balance of Deferred Tax Liabilities (Net)	2,838.17	3,031.20
Add : Deduction/Addition during the year	382.80	(193.03)
Total	**3,220.97**	**2,838.17**

Notes to the Consolidated Financial Statements (Cotnd...)

7 OTHER LONG TERM LIABILITIES (Rs. in Lakhs)

Particulars	As at 31.03.2017	As at 31.03.2016
Deposits received from Customers	66.00	60.96
Total	**66.00**	**60.96**

8 LONG TERM PROVISIONS (Rs. in Lakhs)

Particulars	As at 31.03.2017	As at 31.03.2016
Provision for employee related liabilities	730.51	493.94
Total	**730.51**	**493.94**

9 SHORT-TERM BORROWINGS (Rs. in Lakhs)

Particulars	As at 31.03.2017	As at 31.03.2016
Secured :		
Working Capital Loan from Banks	901.96	1,329.40
Unsecured :		
Inter Corporate Deposits	150.00	130.72
Total	**1,051.96**	**1,460.12**

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

Particulars	Guaranted by
Unsecured Loans :	
Inter Corporate Deposits	Personal Guarantee of some of Director

10 TRADE PAYABLES (Rs. in Lakhs)

Particulars	As at 31.03.2017	As at 31.03.2016
Trade payables	18,745.47	19,562.67
Total	**18,745.47**	**19,562.67**

Notes to the Consolidated Financial Statements (Cotnd...)

11 OTHER CURRENT LIABILITIES

(Rs. in Lakhs)

Particulars	As at 31.03.2017	As at 31.03.2016
Current Maturity of Long-term secured debt	236.60	14,122.26
Credit Balances in Bank Accounts	168.51	444.58
Interest accrued and not due on borrowings	-	254.75
Advance received from Customers	1,120.76	1,513.57
Statutory Dues	127.95	240.07
Unpaid / Unclaimed Dividend	0.98	1.06
Employee Benefit Payables	278.78	141.26
Other Liabilities	1,198.40	1,271.92
Total	**3,131.98**	**17,989.47**

Current Maturity of Long-term secured debt includes loans from Invent Assets Securitisation and Reconstruction Private Limited and Assets Care and Reconstruction Enterprise Limited.

12 SHORT-TERM PROVISIONS

(Rs. in Lakhs)

Particulars	As at 31.03.2017	As at 31.03.2016
Provision for Employee Benefit - current	191.62	170.13
Provision for Taxation	415.63	7.41
Total	**607.25**	**177.54**

13 FIXED ASSETS

(Rs. in Lakhs)

ASSETS	GROSS BLOCK AS ON 01/04/2016	ADDITION DURING THE YEAR	SALES / ADJUSTMENT DURING THE YEAR	CLOSING BLOCK AS ON 31/03/2017	OPENING DEPRECIATION BLOCK AS ON 01/04/2016	DEPRECIATION DURING THE YEAR	SALES / ADJUSTMENT DURING THE YEAR	TRANSFER TO RETAINED EARNINGS	CLOSING BLOCK AS ON 31/03/2017	WDV AS ON 31/03/2017	WDV AS ON 31/03/2016
TANGIBLE ASSETS											
Land	1,500.50	58.04	-	1,558.54	-	-	-	-	-	1,558.54	1,500.50
Building	8,764.35	455.95	-	9,220.30	1,531.09	278.11	-	-	1,809.20	7,411.10	7,233.25
Plant & Machinery	38,953.92	5,336.07	-	44,289.99	15,681.11	2,354.42	-	-	18,035.53	26,254.46	23,272.81
Electrification	1,426.98	386.51	-	1,813.49	628.81	152.14	-	-	780.95	1,032.54	798.18
Office Equipments	125.92	17.04	-	142.96	92.18	10.01	-	-	102.19	40.77	33.74
Furniture & Fixture	198.08	6.05	-	204.13	97.65	21.35	-	-	119.01	85.12	100.43
Vehicles	669.49	51.62	9.72	711.39	392.70	68.17	6.32	-	454.55	256.84	276.79
Computer	156.89	16.45	-	173.34	98.24	37.40	-	-	135.64	37.70	58.65
INTANGIBLE ASSETS				-							
Computer Software	19.70	6.51	-	26.21	10.88	5.25	-	-	16.12	10.09	8.82
Intellectual Property	-	947.77	-	947.77	-	-	-	-	-	947.77	-
Capital Work In Progress	563.94	7,638.88	4,599.43	3,603.39	-	-	-	-	-	3,603.39	563.94
TOTAL	**52,379.77**	**14,920.89**	**4,609.15**	**62,691.51**	**18,532.66**	**2,926.85**	**6.32**	**-**	**21,453.19**	**41,238.32**	**33,847.11**
PREVIOUS YEAR	**62,899.30**	**4,566.44**	**15,085.98**	**52,379.77**	**17,293.00**	**2,686.26**	**1,446.61**	**-**	**18,532.66**	**33,847.11**	**45,606.30**

- 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 (Cotnd...)

14 NON CURRENT INVESTMENTS (Rs. in Lakhs)

Particulars	As at 31.03.2017	As at 31.03.2016
Non-current Investment		
Trade (Unquoted)		
- **Investments in Mutual Funds**		
1,00,395.43 Units (PY. 1,00,375.95) SBI Mutual Fund (NAV of the units held Rs. 17.61 lakhs (P.Y. Rs.14.40 Lakhs)	13.96	13.76
- **Investment in Subsidiary**		
NIL Equity Share (P.Y. 1) of US $ 1 each in Kiri International (Mauritius) Private Ltd.	-	0.00
38,39,000 Equity Shares (P.Y. 38,39,000) of HK $ 1 each in Synthesis International Ltd.	256.86	256.86
NIL Equity Share (P.Y. 13,411) of SG $ 1 each in Kiri Investment & Trading Singapore Pvt. Ltd.	-	5.00
9,70,000 Equity Shares (P.Y. 9,70,000) of NTD 10 each in SMS Chemical Co Ltd Fully Paid Up	339.53	339.53
- **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 Rs 10 each fully paid up in Kiri Infrstructure Private Limited	1,443.75	1,443.75
Add : Share of Profit	60,639.07	45,027.66
Others (Unquoted)		
- **Investments in Equity Instruments**		
20,000 Equity Shares (P.Y. 20,000) of Rs. 25 each in Kalupur Commercial Co-Operative Bank Limited.	5.00	5.00
12,000 Equity Shares (P.Y. 12,000) of Rs. 10 each in Kapsil Aqua Enviro Limited	1.20	1.20
- **Investments in Bank Deposit**		
Fixed Deposit in Bank	237.06	140.28
Total Non-current Investment	**72,486.67**	**56,783.28**

15 LONG-TERM LOANS AND ADVANCES (Rs. in Lakhs)

Particulars	As at 31.03.2017	As at 31.03.2016
Unsecured, considered good		
Capital Advances	1,141.23	411.88
Security Deposits	712.50	648.89
Loans & Advance to Employees	521.22	416.36
Other Loans & Advances	-	10.15
Total	**2,374.95**	**1,487.28**

Notes to the Consolidated Financial Statements (Cotnd...)

16 OTHER NON-CURRENT ASSETS (Rs. in Lakhs)

Particulars	As at 31.03.2017	As at 31.03.2016
Unamortised Expenses	6.25	8.56
Total	**6.25**	**8.56**

17 INVENTORIES (Rs. in Lakhs)

Particulars	As at 31.03.2017	As at 31.03.2016
Raw Material & Fuel	3,959.49	2,888.84
Finished Goods	2,805.39	2,122.34
Stock in Process & Semi Finished Goods	1,325.31	3,458.70
Stores & Spares	0.77	0.40
Packing Material	159.05	107.31
Total	**8,250.01**	**8,577.59**

18 TRADE RECEIVABLES (Rs. in Lakhs)

Particulars	As at 31.03.2017	As at 31.03.2016
Debt outstanding for a period exceeding six months		
Unsecured considered good	2,822.25	2,888.77
Doubtful	423.87	423.87
	3,246.12	**3,312.64**
Less : Allowance for Bad & Doubtful	-	-
	3,246.12	**3,312.64**
Other debts		
Unsecured considered good	12,133.94	22,032.77
Less : Allowance for Bad & Doubtful	-	-
	12,133.94	**22,032.77**
Total	**15,380.06**	**25,345.41**

Notes to the Consolidated Financial Statements (Cotnd...)

19 CASH AND CASH EQUIVALENTS

(Rs. in Lakhs)

Particulars	As at 31.03.2017	As at 31.03.2016
Cash on Hand	4.84	5.08
Balances with Scheduled Banks		
In Current Accounts	1,186.22	1,562.57
In Deposit Accounts	99.48	84.26
Balances with Non-Scheduled Banks		
In Current Accounts	33.09	351.91
Others		
Balances in Unpaid Dividend Accounts	0.98	1.06
Total	**1,324.61**	**2,004.88**

20 SHORT-TERM LOANS AND ADVANCES

(Rs. in Lakhs)

Particulars	As at 31.03.2017	As at 31.03.2016
Others		
Unsecured, considered good		
Advance Tax & Tax Deducted at Source	951.94	1,370.77
MAT Credit Entitlement	809.14	893.13
Balance with Government Authorities	3,689.45	2,989.00
Advances to Suppliers	874.69	462.02
Prepaid expenses	121.31	16.56
Other Loans & Advances	2.14	2.36
Doubtful	-	-
	6,448.67	5,733.84
Less : Allowance for Bad & Doubtful	-	-
Total	**6,448.67**	**5,733.84**

21 OTHER CURRENT ASSETS

(Rs. in Lakhs)

Particulars	As at 31.03.2017	As at 31.03.2016
Interest Accrued on Deposits	171.74	131.44
Total	**171.74**	**131.44**

Notes to the Consolidated Financial Statements (Cotnd...)

22 REVENUE FROM OPERATIONS (Rs. in Lakhs)

Particulars	2016-17	2015-16
Sale of Products	1,11,407.58	1,02,395.66
Other Operating Revenue	907.45	596.71
Total	**1,12,315.03**	**1,02,992.37**

23 OTHER INCOME (Rs. in Lakhs)

Particulars	2016-17	2015-16
Interest Income		
- FDs with Banks & ICDs	224.87	239.17
- Cash Discount and other Income	21.90	407.78
	246.77	646.95
Dividend Income	0.80	4.36
Gain on sale of Fixed Assets	-	-
Foreign Exchange loss/(gain)- Net	206.97	-
Miscelleneous Income	5.44	631.08
Total	**459.98**	**1,282.39**

24 COST OF MATERIALS CONSUMED (Rs. in Lakhs)

Particulars	2016-17	2015-16
Raw Material Consumed :		
Opening Inventory	2,978.18	4,117.97
Add : Net Purchases	74,234.71	70,090.83
Less: Inventory at the end of the year	3,703.70	2,978.18
Cost of Raw Material consumed during the year	**73,509.19**	**71,230.62**
Packing Material Consumed :		
Opening Inventory	107.31	360.10
Add : Net Purchases	1,448.33	1,909.97
Less: Inventory at the end of the year	159.04	107.31
Cost of Packing Material consumed during the year	**1,396.60**	**2,162.76**
Total	**74,905.79**	**73,393.38**

Notes to the Consolidated Financial Statements (Cotnd...)

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

Particulars	2016-17	2015-16
(Increase)/decrease in Stocks		
Stock at the beginning of the year :		
Finished Goods	2,122.34	2,203.38
Work in Progress & Semi Finished Goods	3,458.70	3,389.80
	5,581.04	5,593.18
Stock at the end of the year :		
Finished Goods	2,805.39	2,122.34
Work in Progress & Semi Finished Goods	1,325.31	3,458.70
	4,130.70	5,581.04
Total	**1,450.34**	**12.14**

26 EMPLOYEE BENEFITS EXPENSE **(Rs. in Lakhs)**

Particulars	2016-17	2015-16
Salaries, Wages & Bonus	4,215.55	3,673.00
Contribution to Provident fund & other funds	92.86	66.93
Welfare Expenses	216.91	176.25
Total	**4,525.32**	**3,916.18**

27 FINANCE COST **(Rs. in Lakhs)**

Particulars	2016-17	2015-16
Interest & Financial Charges		
- Interest Cost	760.63	7,268.22
- Financial Charges	107.91	79.73
- Forex Loss/(Profit)	13.61	31.82
Total	**882.15**	**7,379.77**

Notes to the Consolidated Financial Statements (Cotnd...)

28 ADMINISTRATIVE EXPENSES **(Rs. in Lakhs)**

Particulars	2016-17		2015-16	
Insurance Premium		91.64		89.55
Communication Expenses		57.04		41.09
Postage & Conveyance		36.57		34.41
Travelling & Conveyance		64.15		75.03
Repairs & Maintenance - Others		57.34		48.82
Membership & Subscription		2.59		2.32
Security Expenses		111.69		87.22
Legal & Professional Fees		828.18		460.74
Payment to Auditors				
- Audit Fees	12.20		12.20	
- For Tax Audit	3.80		3.80	
- Certification and Other Matters	3.00		3.00	
		19.00		19.00
Rates & Taxes		53.65		191.07
Foreign Exchange Loss		110.83		1,793.96
CSR and Social Walfare Expenses		79.14		13.32
Miscellaneous Expenses		104.94		126.67
Preliminary Expenses		2.31		2.31
Software Expense		2.29		1.72
Total		**1,621.36**		**2,987.23**

29 MANUFACTURING EXPENSES **(Rs. in Lakhs)**

Particulars	2016-2017		2015-2016	
Operational & Other Expenses				
- Power & Fuel		7,403.85		6,318.16
Pollution Treatment Expenses		356.03		275.81
Repairs & Maintenance				
- Buildings	112.65		110.85	
- Machineries	1,797.60		1,331.64	
- Other Assets	301.27		459.14	
		2,211.52		1,901.63
Laboratory Expenses		60.88		42.39
Factory Expenses		219.68		104.17
Total		**10,251.96**		**8,642.16**

Notes to the Consolidated Financial Statements (Cotnd...)

30 SELLING & DISTRIBUTION EXPENSES **(Rs. in Lakhs)**

Particulars	2016-17	2015-16
Export Expenses	187.74	144.48
Outward Freight & Transportation Charges	1,389.50	1,052.77
Travelling Expenses	103.08	144.47
Advertisement & Sales Promotion Expenses	52.73	74.38
Total	**1,733.05**	**1,416.10**

31 PRIOR PERIOD ADJUSTMENTS **(Rs. in Lakhs)**

Particulars	2016-17	2015-16
Prior Period Expenses	31.05	22.17
Total	**31.05**	**22.17**

32 The accounts of the subsidiary which are neither audited by us nor by any other auditor have been compiled, consolidated and certified by the management of respective subsidiary.

33 Segment Information

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

Information about Secondary Geographical Segments: **(Rs. in Lakhs)**

Particulars	Year ended 31st March 2017	Year ended 31st March 2016
Revenue by Geographical Segment		
India	67,133.64	69,800.08
Outside India	45,181.39	33,192.29
Addition to Fixed Assets and Intangible Assets		
India	10,321.47	4,566.44
Outside India	0.00	0.00
Carrying amount of Fixed Assets (Net)		
India	41,238.32	33,847.11
Outside India	0.00	0.00

34 Capital Commitments **(Rs. in Lakhs)**

Particulars	As at March 31, 2017	As at March 31, 2016
Estimated amount of contracts remaining to be executed on capital account and not provided for:		
Parent Company	Nil	Nil
Subsidiary Company	35.66	Nil
Share of Joint venture	51.93	360.68
Associate Company	Nil	Nil
Total	**87.59**	**360.68**

Notes to the Consolidated Financial Statements (Cotnd...)

35 Contingent Liabilities not provided for **(Rs. in Lakhs)**

Particulars	As at March 31, 2017	As at March 31, 2016
Outstanding Letter of Credit		
• Parent company	-	-
• Joint Venture company	132.05	31.18
Guarantees given by Banks on behalf of the Company for various purposes		
• Parent company	64.53	84.26
• Joint Venture company	86.70	94.66
Claims against the Company not acknowledged as debts:		
Income Tax / Excise [under disputed Income Tax / Excise matters for various assessment years for which appeals are pending with Appellate authorities.]	1,757.30	1,859.37
Total	**2,040.58**	**2,069.47**

36 Calculation of Earning Per Share

Earnings Per Share		2016-17	2015-16
Profit as per Consolidated Statement of Profit and Loss	Rs	2,66,34,75,942	1,95,71,34,382
Nominal Value of equity share	Rs.	10	10
Weighted average number of equity shares	Nos.		
- for Basic EPS		2,78,43,951	2,52,12,308
- for Diluted EPS		3,64,62,599	3,16,24,321
Basic EPS	Rs.	95.66	77.62
Diluted EPS	Rs.	73.05	61.88

37 Terms and Conditions of Foreign Currency Convertible Bonds (FCCBs):

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

a. Maturity of date of Series B, D, E and F Bonds has been extended from January 17, 2018 to January 17, 2022.

b. The offer price payable on each of the Series A, B, C, D, E and F FCCB's shall be payable on the earlier of the Conversion Date or the due date specified in the table below:

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

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

Notes to the Consolidated Financial Statements (Cotnd...)

ORIGINAL							
Series of FCCBs	Due date for payment of balance subscription (A)	No. of Bonds originally in the Series (B)	Total Principal Amount Payable (US$) (C)	Initial Subscription Paid at the time of allotment (D)		Balance payment due (US$) after the allotment (E = C-D)	
				in US$	in %	in US$	in %
Series A	September 30, 2013	10	10,00,000	30,000	3	9,70,000	97
Series B	September 30, 2014	10	10,00,000	30,000	3	9,70,000	97
Series C	March 30, 2015	25	25,00,000	75,000	3	24,25,000	97
Series D	September 30, 2015	35	35,00,000	1,05,000	3	33,95,000	97
Series E	September 30, 2016	35	35,00,000	1,05,000	3	33,95,000	97
Series F	September 30, 2017	35	35,00,000	1,05,000	3	33,95,000	97

REVISED							
Series of FCCBs	Due date for payment of balance subscription (F)	Revised No. of bonds in the Series (G)	Total Principal Amount Payable (H)	Amount Already Subscribed (I=D)		Revised Total Amount due to be Subscribed (US $) (J=H-I)	
				in US$	in %	in US$	in %
Series A	N.A.*	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Series B	N.A.**	8	10,00,000	8,06,000	100	N.A.	N.A.
Series C	N.A.*	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Series D	June 30, 2016	9	9,00,000	1,05,000	11.67	7,95,000	88.33
Series E	September 30, 2016	14	14,00,000	1,05,000	7.50	12,95,000	92.50
Series F	December 31, 2016	14	14,00,000	1,05,000	7.50	12,95,000	92.50

c. Where there is a default by any Series D,E and F bondholder , in paying balance amount due in respect of such bonds, the Company has right to Convert each partly paid up bonds to the extent initial 3% amount paid up on relevant Series D,E and F bonds and the balance 97% shall stand cancelled and each respective Series D,E and F bonds (on which default has been committed) shall be convertible into fully paid up equity shares of Rs. 10/- each at a premium of Rs. 2.03 per equity share aggregating to Rs. 12.03 per equity share.

38 During the year the Company has allotted 12,94,000 equity shares of Rs. 10 each at an issue price of Rs. 136 per equity share upon conversion of equal number of warrants issued to promoter group on preferential basis as per SEBI (ICDR) Regulations, 2009.

39 Related Parties

Names of related parties with whom transactions have taken place during the year:

Joint Venture (JV)	Lonsen Kiri Chemical Industries Limited
Associate Company (AC)	Kiri Infrastructure Private Limited DyStar Global Holdings (Singapore) Pte. Ltd.
Wholly Owned Subsidiaries	Chemhub Trading DMCC SMS Chemicals Co. Ltd. Synthesis International Limited
Directors' Relative are Key Managerial Personnel	Kiri Laboratories Pvt. Ltd. Kiri Carbon Pvt. Ltd. Kiri Peroxide Ltd. Indochin Development Pvt. Ltd.

Notes to the Consolidated Financial Statements (Cotnd...)

Key Management Personnel (KMPR)	Mr. Pravin Kiri – Chairman Mr. Manish Kiri – Managing Director
Relative of Key Management Personnel	Mrs. Anupama Kiri Mrs. Aruna Kiri Pravinbhai Kiri – HUF
Promoter Directors are Partners	Equinaire Chemtech LLP

Transaction with Related Parties

Disclosure in respect of material transactions with related parties **(Rs. in Lakhs)**

Nature of Transaction	Name of the Related Party	2016-17	2015-16
Purchase of Goods	Lonsen Kiri Chemical Industries Ltd.	630.71	425.69
	Kiri Laboratories Pvt. Ltd.	33.00	-
Sales of Goods / Job work Income	Lonsen Kiri Chemical Industries Ltd.	6,780.60	4,524.21
Remuneration	Mr. Pravin Kiri	66.16	12.00
	Mr. Manish Kiri	66.21	12.00
Investment	Synthesis International Limited	-	199.30
Gain on Investment of Winding up of Subsidiary	Kiri International (Mauritius) Private Limited	5.45	-
Loss of Investment of Winding up of Subsidiary	Kiri Investment and Trading Singapore Private Limited	15.14	-
Equity Share	Mrs. Anupama Kiri	129.40	245.60
Share Premium	Mrs. Anupama Kiri	1,630.44	3,094.56
Loan repaid	Mrs. Arunaben Kiri	-	118.75
	Mr. Manish Kiri	-	83.11
	Mrs. Anupama Kiri	-	12.00
Loan taken	Mrs. Aruna Kiri	-	50.85
	Mr. Manish Kiri	-	45.50
	Mrs. Anupama Kiri	-	12.00
Money received against Share Warrant	Equinaire Chemtech LLP	1,270.50	-
Outstanding Balance (Cr)	Mr. Manish Kiri	5.98	0.78
	Mr. Pravin Kiri	6.94	0.70
	Lonsen Kiri Chemical Industries Ltd.	502.88	755.62
	Chemhub Trading DMCC	-	139.20
Outstanding Balance (Dr)	Synthesis International Limited	82.26	82.26
	Chemhub Trading DMCC	1,914.91	-
	Dystar Global Holdings (Singapore) Pte. Ltd	25.41	25.41
	Lonsen Kiri Chemical Industries Ltd. (Dividend Receivable)	-	140.00

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

Notes to the Consolidated Financial Statements (Cotnd...)

40 Details of the Company's share in Joint Venture included in the Consolidated Financial Statements is as follows (Before inter-company eliminations):

The Company has a 40% interest in the assets, liabilities, income and expenses of the Lonsen Kiri Chemical Industries Ltd., incorporated in India, which is engaged in the business of manufacturing various types of Synthetic Organic Dyes. The Company's share of the assets, liabilities, income and expenses of the joint venture are as follows:

(Rs. In Lakhs)

Balance Sheet	As at 31st March, 2017	As at 31st March, 2016	Profit and Loss	2016-2017	2015-2016
EQUITY AND LIABILITIES					
SHAREHOLDERS' FUNDS					
Share Capital	5,800.00	5,800.00	Net Revenue from Operations	17,453.47	16,236.76
Reserves and Surplus	3,721.97	2,111.31	Other Income	259.55	661.33
	9,521.97	**7,911.31**	**Total Revenue**	**17,713.02**	**16,898.09**
NON-CURRENT LIABILITIES					
Long-term borrowings	-	-	**Expenses:**		
Deferred tax liabilities (Net)	579.06	584.10	Cost of Materials Consumed	12,831.52	9,826.38
	579.06	**584.10**	Changes in Inventories of Finished goods, Work-in-Progress & Stock-in-Trade	(900.88)	582.94
CURRENT LIABILITIES			Employee Benefits Expense	718.38	695.80
Short-term borrowings	901.96	1,329.40	Finance Costs	39.21	658.02
Trade payables	3,736.41	5,153.36	Depreciation	692.56	648.58
Other current liabilities	1,030.16	1,604.25	**Other Expenses**		
Short-term provisions	487.04	88.50	Administrative Expenses	179.90	364.82
	6,155.57	**8,175.51**	Manufacturing Expenses	1,424.25	1,442.22
Total	**16,256.60**	**16,670.92**	Selling & Distribution Expenses	200.24	170.89
			Prior Period Adjustments	1.57	2.49
ASSETS			**Total Expenses**	**15,186.75**	**14,392.14**
NON-CURRENT ASSETS					
Fixed assets			**Profit before exceptional and extraordinary items and tax**	**2,526.27**	**2,505.95**
Tangible assets	6,197.39	5,591.19	Less : Extraordinary Items	-	-
Capital work-in-progress	-	260.54	**Profit Before Tax**	**2,526.27**	**2,505.95**
	6,197.39	**5,851.73**	Tax Expense	(915.60)	(578.65)
Non-current investments	237.26	140.49	**Profit for the year**	**1,610.67**	**1,927.30**
Long-term loans and advances	97.00	97.00			
Other non-current assets	6.26	8.33			
	340.52	**245.82**			
CURRENT ASSETS					
Inventories	4,217.46	3,118.44			
Trade receivables	2,838.70	4,258.37			
Cash and cash equivalents	832.63	1,418.53			
Short-term loans and advances	1,726.90	1,698.65			
Other current assets	103.00	79.38			
	9,718.69	**10,573.37**			
Total	**16,256.60**	**16,670.92**			

Proportionate Contingent Liabilities: Rs. 218.75 Lakhs (P.Y. Rs. 125.84 Lakhs)

Proportionate Estimated amount of contracts remaining to be executed on capital account and not provided for: Rs. 51.93 Lakhs (P.Y. Rs. 360.68 Lakhs)

Notes to the Consolidated Financial Statements (Cotnd...)

41 Details of Employee Benefits – Gratuity

The Parent company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with the Life Insurance Corporation of India and SBI Life Insurance in the form of a qualifying insurance policy.

1. Defined Benefit Plans **(Rs. in Lakhs)**

Particulars		Gratuity	Leave Encashment
I.	**Expense recognized during the year**		
	Current Service Cost	28.89	12.32
	Interest Cost	10.29	2.82
	Expected return on plan assets	-	-
	Net actuarial Losses (Gains)	9.71	1.78
II.	**Reconciliation of opening and closing balances of defined benefit obligation:**		
	Defined benefit obligation at beginning of the Year	128.41	35.28
	Service Cost	28.89	12.32
	Interest Cost	10.29	2.83
	Actuarial Losses (Gains)	9.71	1.78
	Losses (Gains) on curtailments	-	-
	Liabilities extinguished on settlements	-	-
	Benefits paid	(13.65)	(29.02)
	Defined benefit obligation at end of the year.	163.66	23.19
III.	**Reconciliation of opening and closing balances of fair value of plan assets**		
	Fair value of plan assets at the beginning of year	9.82	-
	Expected return on plan assets	0.79	-
	Actuarial Gains (Losses)	1.29	-
	Contributions by employer	-	-
	Benefit paid from fund	-	-
	Defined benefit obligation at end of the year.	11.89	-
IV.	**Reconciliation of the present value of defined benefit obligation and fair value of Planed assets**		
	Present value of defined benefit obligations at the end of the year	(175.55)	(23.19)
	Fair value of plan assets at the end of the year	11.89	-
	Net assets (liability) at the end of year	(163.66)	(23.19)
V.	**Investment details**	**Percentage invested as at 31.03.2017**	
	Life Insurance Corporation of India (LIC) / SBI Life Insurance Company Ltd (SBI)	100%	
VI.	**Actuarial Assumptions**		
	Mortality Table (Indian Assured Lives Mortality)	2006-08 (Ultimate)	2006-08 (Ultimate)
	Discount Rate (per annum)	7.57%	7.57%
	Expected Return on plan assets (per annum)	7.57%	0.00%
	Annual Increase in salary costs	6.00%	6.00%

Notes to the Consolidated Financial Statements (Cotnd...)

2. Defined Contribution plans

Contribution of Defined Contribution Plan, recognized as expense for the year as under:

(Rs. in Lakhs)

Particulars	2016-17	2015-16
Employer's Contribution to Provident Fund	107.65	83.72

42 Specified Bank Notes Disclosure (SBNs)

In accordance with the MCA notification G.S.R. 308(E) dated March 30, 2017 details of Specified Bank Notes (SBNs) and Other Denomination Notes (ODN) held and transacted during the period from November 8, 2016 to December 30, 2016 is given below:

(Rs. In Lakhs)

Particulars	SBNs	ODNs	Total
Closing cash as on November 8, 2016	85.00	6.05	91.05
(+) Permitted receipts	-	16.21	16.21
(-) Permitted payments	-	15.45	15.45
(-) Amounts deposited in Banks	85.00	-	85.00
Closing cash as on December 30, 2016	-	6.81	6.81

43 Unhedged Foreign Currency Exposure:

	As at 31st March, 2017 Receivable/ Payable		As at 31st March, 2016 Receivable/ Payable	
	Amount in Rs.	in Foreign currency	Amount in Rs.	in Foreign currency
Receivable	445,852,794	USD 6,830,106 EURO 43,158	298,450,641	USD 5,585,285
Payable	29,553,410	USD 455,790	31,586,719	USD 492,498

44 Social Welfare Expenditure related to Corporate Social Responsibility as per section 135 of the Companies Act, 2013 read with Schedule VII thereof Rs. 156.76 Lakhs (PY Rs. 87.56 Lakhs).

45 Figures pertaining to subsidiary company have been reclassified where necessary to bring them in line with the Company's financial statements.

46 Previous year figures have been regrouped or rearranged wherever necessary.

As per our separate report of even date attached herewith

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

Vimal Shukla
Proprietor
Membership No. 036416
Place : Ahmedabad
Date : May 25, 2017

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

Pravin Kiri
Chairman
(DIN No 00198275)

Manish Kiri
Managing Director
(DIN No 00198284)

Suresh Gondalia
Company Secretary

Jayesh Vyas
Chief Financial Officer

Place : Ahmedabad
Date : May 25, 2017

ROUTE MAP OF AGM VENUE

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 19th Annual General Meeting (AGM) of the company to be held on Friday, September 29, 2017 at 10.30 a.m. at Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad - 380 015.

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

Name of Member / Proxy in Block

Signature of Member / Proxy

Note:

1. Please complete the Folio No./ DP ID-Client ID, name, no. of shares and sign this Attendance Slip and hand it over at the Attendance Verification Counter at the ENTRANCE OF THE MEETING HALL.
2. The Notice of AGM as well as the Annual Report for the year 2016-17 along with Attendance Slip and Proxy Form are being sent to all the Members whose email address is registered with the Company / Depository Participant. Members receiving electronic copy and attending the AGM can print copy of this Attendance Slip.
3. Physical copy of the Annual Report for the year 2016-17 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 falling him;

(2) Name : _____
Address : _____
E-mail Id : _____ Signature : _____ or falling him;

(3) Name : _____
Address : _____
E-mail Id : _____ Signature : _____

As my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 19th Annual General Meeting of the company to be held on Friday, September 29, 2017 at 10.30 a.m. at Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad - 380 015 and at any adjournment thereof in respect of such resolutions as are stated below:

Resolution No.	Particulars of Resolution	Optional (Please mention No. of Shares held)	
		For	Against
	ORDINARY BUSINESS		
1.	To receive, consider and adopt the Audited Balance Sheet as at March 31, 2017 and the Statement of Profit and Loss for the year ended on that date together with the Report of Directors' and Auditors' thereon.		
2.	To appoint a Director in place of Mr. 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 Share for the Financial Year 2016-17.		
4.	To appointment of Statutory Auditors and fix their remuneration.		
	SPECIAL BUSINESS		
5.	To ratify the remuneration of Cost Auditors of the Company for Financial Year 2017-18 - **Ordinary Resolution**		

Signed this _____ day of _____ 2017.

Signature of the Shareholder _____

Signature of first proxy holder(s) _____

Affix Revenue Stamp

Notes:

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. For the Resolutions, Explanatory Statement and Notes, please refer to the Notice of the 19th Annual General Meeting.
3. It is optional to put a 'X' in the appropriate column against the Resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all Resolutions, your proxy will be entitled to vote in the manner as he / she deem appropriate.
4. Please complete all details including details of member (s) in the above box before submission.

If undelivered, please return to:

Kiri Industries Limited

Future Full of Colours.....

(CIN : L24231GJ1998PLC034094)

Registered Office

7th Floor, Hasubhai Chambers, Opp. Town Hall,
Ellisbridge, Ahmedabad – 380 006

GANAPATI, A'bad (079)26568111