

15th ANNUAL REPORT
2012-2013



Kiri Industries Limited

Future Full of Colours.....



Corporate Information

BOARD OF DIRECTORS

Mr. Pravin A. Kiri	<i>Chairman</i>
Mr. Manish P. Kiri	<i>Managing Director</i>
Mr. Shanker R. Patel	<i>Whole-time Director (upto 19.02.2013)</i>
Mr. Keyoor M. Bakshi	<i>Non-Executive Independent Director</i>
Ms. Harsha B. Bangari	<i>Nominee Director (Export Import Bank of India)</i>
Mr. V. Anish Babu	<i>Nominee Director (IFCI Limited)</i>

COMPANY SECRETARY

Suresh S. Gondalia

AUDITORS

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

REGISTERED OFFICE

7th Floor, Hasubhai Chambers,
Opp. Town Hall, Ellisbridge,
Ahmedabad – 380 006
www.kiriindustries.com

BANKERS

State Bank of India
Bank of India
Oriental Bank of Commerce
Export Import Bank of India
Standard Chartered Bank
Punjab National Bank
Indian Bank

Appeal to Members

The Ministry of Corporate Affairs, Government of India (vide circular Nos. 17/2011 and 18/2011 dated 21st April, 2011 and 29th April, 2011 respectively) has undertaken “Green Initiative in Corporate Governance” by allowing paperless compliances by the Companies to serve the documents to its shareholders through electronic mode. As your Company is committed to Green Initiative, members are requested to support this by registering/updating their e-mail addresses immediately.

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Notice

NOTICE is hereby given that the **15th Annual General Meeting** of the Members of KIRI INDUSTRIES LIMITED will be held on Monday, 23rd September, 2013 at 10.30 a.m. at Hall No. S-14, 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 Balance Sheet as at 31st March, 2013 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. Keyoor Bakshi, who retires by rotation and being eligible, offers himself for re-appointment.
3. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution as required under Section 224(1) of the Companies Act 1956, for appointment of Auditors:

"RESOLVED THAT M/s. V.D. Shukla & Co., Chartered Accountants, Ahmedabad, (Firm Registration Number 110240W) be and are hereby appointed as Auditors of the Company to hold office until the conclusion of the next Annual General Meeting of the Company at a remuneration to be fixed by the Board of Directors of the Company."

SPECIAL BUSINESS:

4. RE-APPOINTMENT OF MR. PRAVIN A. KIRI AS CHAIRMAN OF THE COMPANY:

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 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 read with applicable provisions of Schedule XIII thereof (including any statutory modifications or re-enactment thereof) for the time being in force and subject to approval of the shareholders and any other approvals or permissions as may be necessary, Mr. Pravin A. Kiri be and is hereby re-appointed as Chairman of the Company for a period of five years with effect from 1st April, 2013 on the remuneration as set out in the Explanatory Statement annexed to the Notice convening this Annual General Meeting.

RESOLVED FURTHER THAT in the event of absence or inadequacy of profits in any financial year, the remuneration for the period from 1st April, 2013 to 31st March, 2018 as detailed in the explanatory statement will be paid by the Company as minimum remuneration to Mr. Pravin A. Kiri in accordance with the conditions specified in Schedule XIII to the Companies Act, 1956 as amended from time to time in this regard or such other limits as may be prescribed by the Government, as minimum remuneration for the time being in force.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company (which shall include any Committee of the Board specifically authorised for this purpose) be and is hereby authorized to do all such acts, deeds and things as it may deem expedient in the interest of the Company."

5. RE-APPOINTMENT OF MR. MANISH P. KIRI AS MANAGING DIRECTOR OF THE COMPANY:

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 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 read with applicable provisions of Schedule XIII thereof (including any statutory modifications or re-enactment thereof) for the time being in force and subject to approval of the shareholders and any other approvals or permissions as may be necessary, Mr. Manish P. Kiri be and is hereby re-appointed as Managing Director of the Company for a period of five years with effect from 1st April, 2013 on the remuneration as set out in the Explanatory Statement annexed to the Notice convening this Annual General Meeting.

RESOLVED FURTHER THAT in the event of absence or inadequacy of profits in any financial year, the remuneration for the period from 1st April, 2013 to 31st March, 2018 as detailed in the explanatory statement will be paid by the Company as minimum remuneration to Mr. Manish P. Kiri in accordance with the conditions specified in Schedule XIII to the Companies Act, 1956 as amended from time to time in this regard or such other limits as may be prescribed by the Government, as minimum remuneration for the time being in force.

Notice (Contd...)

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company (which shall include any Committee of the Board specifically authorised for this purpose) be and is hereby authorized to do all such acts, deeds and things as it may deem expedient in the interest of the Company."

By Order of the Board of Directors
For Kiri Industries Limited

Place : Ahmedabad
Date : 12th August, 2013

Suresh S. Gondalia
Company Secretary

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
2. The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, 18th September, 2013 to Monday, 23rd September, 2013 (both days inclusive).
3. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 relating to Special Business under Item Nos.4 and 5 as set out above and details as required under Clause 49 of the Listing Agreement entered into with the Stock Exchanges in respect of Directors seeking appointment/ reappointment at this Annual General Meeting are annexed hereto.
4. Members are requested to:
 - (i) 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.
 - (ii) Quote Folio No. in all correspondence and in case the shares are held in dematerialized form, quote DP ID and Client ID number.
 - (iii) Register their e-mail address with their respective depository participant to receive the Annual Report and other communications from the Company electronically.
5. Shareholders intending to obtain information about the accounts to be approved in the meeting are requested to inform the Company in writing atleast 7 working days in advance of the Annual General Meeting.
6. 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.
7. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
8. Members wishing to claim their unclaimed dividends are requested to correspond with the Company or Registrars and Transfer Agent, at their Registered Office. Members are requested to note that dividends not encashed or claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account shall be transferred to the Investor Education and Protection Fund as per Section 205A of the Companies Act, 1956.
9. Copy of Annual Report has been uploaded on the website of the Company www.kiriindustries.com.

Notice (Contd...)

INFORMATION ABOUT DIRECTOR SEEKING REAPPOINTMENT (As required under Clause 49 of the Listing Agreement)

Name	Mr. Keyoor Bakshi
Date of Birth	31 st May, 1957
Date of Appointment	26 th April, 2010
Designation	Non-Executive Independent Director
Qualifications	1. Bachelor of Commerce (B.COM) and Law Graduate (L.LB) from Gujarat University; 2. Fellow Member (F.C.S) of the Institute of Company Secretaries of India;
Expertise in specific functional areas	Corporate Governance, Due Diligence, Mergers, Acquisition & Takeovers, Public offerings of Securities
Directorship held in other Public Companies (excluding foreign companies and Section 25 companies)	1. Tudor India Limited 2. Lesha Industries Limited
Membership / Chairmanship of committees of other Public companies (includes only Audit Committee and Shareholders' / Investors' Grievance Committee)	❖ Audit Committee ❖ Chairman in Lesha Industries Limited ❖ Shareholders' and Investors' Grievances Committee ❖ Member in Lesha Industries Limited
Number of shares held in the Company	NIL

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956

Resolution No. 4:-

Mr. Pravin A. Kiri, aged 68 years, is the Chairman and Promoter of our Company and has an experience of more than 45 years in the field of dyestuff and chemical industry. He is a science graduate from Gujarat University and started his career in the year 1966 by associating himself with Jai Chemical Industry (Kharawala Group) as a partner and was responsible for all the technical matters of the group. In 1998, he setup his own venture named "Kiri Dyes and Chemicals Private Limited". He has wide interest and knowledge in the areas of synthesizing organic structures of dyes and reactive dyes. He looks after the manufacturing activities of our Company and is in charge of operational strategy, quality control and research & development activities of the Company.

Mr. Pravin A. Kiri was re-appointed as the Chairman by the Shareholders of the Company at their Extra Ordinary General Meeting held on 26th June, 2010 for a period of three years from 1st April, 2010 to 31st March, 2013. On completion of his present term, the Board of Directors of the Company, at its meeting held on 28th May, 2013, has re-appointed him as Chairman of the Company for a further period of five years with effect from 1st April, 2013 on the terms and conditions mentioned hereunder, subject to approval of the shareholders at the ensuing Annual General Meeting and other approval(s) and permission(s) as may be necessary from time to time. Following are the terms and conditions for his re-appointment:-

Notice (Contd...)

1. Salary	Rs. 1,00,000 (Rupees one lakh) per month.
2. Perquisites	Will be allowed as under:
(i)	Housing: I The Expenditure by Company on hiring furnished accommodation for the Chairman will be subject to the following ceiling: Sixty percent of the salary, over and above ten percent payable by himself. Housing: II In case the accommodation is owned by the Company, ten percent of his salary shall be deducted by the Company. Housing: III In case no accommodation is provided by the Company, he shall be entitled to house rent allowance subject to ceiling laid down in Housing I. Explanation – The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income-tax Rules, 1962. This shall, however, be subject to a ceiling of ten percent of his salary.
(ii)	Medical Reimbursement Expenses incurred for the appointee and his family subject to a ceiling of one month's salary in a financial year.
(iii)	Leave Travel Concession For the appointee and his family, once in a year in accordance with the rules specified by the Company subject to a ceiling of one month's salary.
(iv)	Club Fees Annual Membership fees of clubs subject to a maximum of two clubs not including admission and life-membership fees.
(v)	Personal Accident Insurance Premium not to exceed Rs. 5,000 per annum.
(vi)	Contribution to provident fund, superannuation fund or annuity fund will not be included in the computation of the ceiling of perquisites to the extent these either singly or put together are not taxable under the Income-tax Act, 1961. Gratuity payable should not exceed half a month's salary for each completed year of service.
(vii)	Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites.
(viii)	Provision of car for use on Company's business and telephone at residence will not be considered as perquisites.

In accordance with the provisions of Schedule XIII and other applicable provisions of the Act, the Remuneration Committee and the Board of Directors at their respective meetings held on 28th May, 2013 have approved the remuneration as detailed above, be paid as minimum remuneration to Mr. Pravin A. Kiri in the absence or inadequacy of profits in any financial year during the period of five years from the effective date of his re-appointment.

Mr. Pravin A. Kiri is concerned or interested in the resolution of the accompanying notice relating to his own appointment. None of the other Directors except Mr. Manish P. Kiri is concerned or interested in the said resolution.

The Directors recommend this resolution for approval of the shareholders of the Company at the ensuing Annual General Meeting.

Resolution No. 5:-

Mr. Manish P. Kiri, aged 40 years, is the Managing Director and Promoter of our Company. He holds a degree in Bachelors of Engineering (Electronics & Communication) from Gujarat University and has also a Masters Degree in Business Management. He started his career with a U.S based company named "Parke-Davis Pharmaceuticals" as a statistical analyst. In 1998, he joined the Company as a Director. Presently he is involved in designing marketing strategies and its implementation and also looks after overall sales and exports, customer relationship management, establishing sales networks and Finance. 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 basic chemicals and intermediates.

Mr. Manish P. Kiri was re-appointed as the Managing Director by the Shareholders of the Company at their Extra Ordinary General Meeting held on 26th June, 2010 for a period of three years from 1st April, 2010 to 31st March, 2013. On completion of his present

Notice (Contd...)

term, the Board of Directors at its meeting held on 28th May, 2013, has re-appointed him as Managing Director of the Company for a further period of five years with effect from 1st April, 2013, subject to approval of the shareholders at the ensuing Annual General Meeting and other approval(s) and permission(s) as may be necessary from time to time. The terms and conditions for his reappointment are mentioned herein below:-

1. Salary	Rs. 1,00,000 (Rupees one lakh) per month.
2. Perquisites	Will be allowed as under
(i)	Housing: I The Expenditure by Company on hiring furnished accommodation for the Managing Director will be subject to the following ceiling: Sixty percent of the salary, over and above ten percent payable by himself. Housing: II In case the accommodation is owned by the Company, ten percent of his salary shall be deducted by the Company. Housing: III In case no accommodation is provided by the Company, he shall be entitled to house rent allowance subject to ceiling laid down in Housing I. Explanation – The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income-tax Rules, 1962. This shall, however, be subject to a ceiling of ten percent of his salary.
(ii)	Medical Reimbursement Expenses incurred for the appointee and his family subject to a ceiling of one month's salary in a financial year.
(iii)	Leave Travel Concession For the appointee and his family, once in a year in accordance with the rules specified by the Company subject to a ceiling of one month's salary.
(iv)	Club Fees Annual Membership fees of clubs subject to a maximum of two clubs not including admission and life-membership fees.
(v)	Personal Accident Insurance Premium not to exceed Rs. 5,000 per annum.
(vi)	Contribution to provident fund, superannuation fund or annuity fund will not be included in the computation of the ceiling of perquisites to the extent these either singly or put together are not taxable under the Income-tax Act, 1961. Gratuity payable should not exceed half a month's salary for each completed year of service.
(vii)	Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites.
(viii)	Provision of car for use on Company's business and telephone at residence will not be considered as perquisites.

In accordance with the provisions of Schedule XIII and other applicable provisions of the Act, the Remuneration Committee and the Board of Directors at their respective meetings held on 28th May, 2013 have approved that the remuneration as detailed above, be paid as minimum remuneration to Mr. Manish P. Kiri, in the absence or inadequacy of profits in any financial year during the period of five years from the effective date of his re-appointment.

Mr. Manish P. Kiri is concerned or interested in the resolution of the accompanying notice relating to his own appointment. None of the other Directors except Mr. Pravin A. Kiri is concerned or interested in the said resolution.

The Directors recommend this resolution for approval of the shareholders of the Company at the ensuing Annual General Meeting.

By Order of the Board of Directors
For Kiri Industries Limited

Place : Ahmedabad
Date : 12th August, 2013

Suresh S. Gondalia
Company Secretary

Directors' Report

To
The Members,
Kiri Industries Limited

Your Directors have pleasure in presenting 15th Annual Report together with Audited Accounts of the Company for the financial year ended on 31st March, 2013.

REVIEW OF STANDALONE PERFORMANCE:

	(Rs. in Lacs)	
Particulars	2012-13	2011-12
Total Revenue	52602.63	53704.08
Profit Before Finance Cost, Depreciation, Tax and Prior period adjustments	3475.82	8735.22
Less : Finance Cost	7542.79	5238.86
Depreciation	3197.90	3025.62
Prior Period adjustments	20.57	21.54
(Loss)/Profit before taxation and extra ordinary items	(7285.44)	449.20
Less : Extra Ordinary Items	11159.19	2184.12
Loss Before Taxation	(18444.63)	(1734.92)
Less : Provision for Taxation	0.00	301.21
Deferred Tax	(101.70)	322.81
Net Loss After Tax	(18342.92)	(2358.94)
Add : Surplus Brought Forward	6304.33	9463.27
(Loss)/Profit Available for Appropriation	(12038.59)	7104.33
Appropriation:		
Debenture Redemption Reserve	0.00	800.00
Balance Carried to Balance Sheet	(12038.59)	6304.33

Total Revenue:-

The Company has recorded total revenue of Rs. 52602.63 Lacs as against Rs. 53704.08 Lacs; which is reduced by 2.05% as against the corresponding previous financial year. During the year under review, operations of the Company has been affected due to lack of working capital.

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

Profit before Finance Cost, Depreciation, Tax and Prior period adjustments decreased from Rs. 8735.22 Lacs to Rs. 3475.82 Lacs in the reporting year, a decline of 60.21% as compared to the preceding financial year mainly on account of increase in input cost.

Total Expense:-

During the year under review, the total expenses amounted to Rs. 59888.07 Lacs as against Rs. 53254.92 Lacs; 12.46% higher as compared to the preceding financial year, mainly due to rise in the cost of materials consumed.

Net Loss:-

The Company has reported a Net Loss of Rs.18342.92 Lacs which was higher than the preceding financial year. It was due to higher finance costs as compared to the previous financial year and losses on account of unwinding of derivative contracts and conversion of foreign currency loans. The losses of Rs. 11159.19 Lacs are only one time and extraordinary in nature.

Directors' Report (Contd...)

REVIEW OF CONSOLIDATED PERFORMANCE:

	(Rs. in Lacs)	
Particulars	2012-13	2011-12
Total Revenue	56,084.30	55,842.43
Profit Before Finance Cost, Depreciation, Tax and Prior period adjustments	2,598.14	8,387.74
Less : Finance Cost	7,754.42	5,418.72
Depreciation	3,476.16	3,173.39
Prior Period Adjustments	20.57	20.77
Loss before taxation and extra ordinary items	(8,653.01)	(225.14)
Less : Extra Ordinary Items	11,159.19	2,184.13
Loss Before Taxation	(19,812.20)	(2,409.27)
Less : Provision for Taxation	23.19	301.21
Deferred Tax	24.99	489.21
Net Loss After Tax	(19,860.38)	(3,199.69)
Add : Surplus Brought Forward	5,039.76	9,483.45
(Loss)/Profit Available for Appropriation	(14,820.62)	6,283.76
Appropriation:		
Debenture Redemption Reserve	0.00	800.00
Preference Share Redemption Reserve	444.00	444.00
Balance Carried to Balance Sheet	(15,264.62)	5,039.76

Total Revenue:-

The Company has recorded total revenue of Rs. 56,084.30 Lacs as against Rs. 55,842.43 Lacs, which increased marginally by 0.43% as against the previous financial year.

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

Profit before Finance Cost, Depreciation, Tax and Prior period adjustments decreased from Rs. 8,387.74 Lacs to Rs. 2,598.14 Lacs in the reporting year, a decline by 66.22% as compared to the preceding financial year. It was mainly due to increase in input cost as compared to the previous financial year.

Net Loss:-

The Company has reported Net Loss of Rs.19,860.38 Lacs and that was higher than the preceding financial year. It was mainly due to higher input cost, finance cost and forex losses.

DIVIDEND:

In view of losses incurred during the financial year 2012-13, your Directors do not recommend any Dividend for the year under review.

SUBSIDIARIES AND CONSOLIDATED FINANCIAL STATEMENTS:-

In accordance with the general circular issued by the Ministry of Corporate Affairs, Government of India, the Company has not attached the Balance Sheet, Statement of Profit and Loss and other documents of the subsidiary companies with the Balance Sheet of the Company.

The Company has prepared Consolidated Financial Statements and its subsidiaries in accordance with the Generally Accepted Accounting Principles (GAAP). The same has been attached with the Annual Report of the Company. The summary of financial information of each of the subsidiary companies is also attached herewith and forms part of the Annual Report.

Directors' Report (Contd...)

The Company will provide the Annual Accounts of its subsidiary companies and the related detailed information on specific request made by any shareholder(s).

During the year under review, Senda International Capital Limited has converted zero coupon convertible bonds held in Dystar Global Holdings (Singapore) Pte. Ltd ("DyStar") into equity shares and consequent to conversion of bonds, our stake in DyStar has reduced to 37.15% of total paid up capital.

LISTING FEES:

The Equity Shares of your Company are listed and actively traded on the BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE). The Company has paid Annual Listing fees to both the stock exchanges for the Financial Year 2013-2014 within the stipulated time.

ISSUE OF ZERO COUPON FOREIGN CURRENCY CONVERTIBLE BONDS:

The shareholders at the Extra ordinary General Meeting held on 29th February, 2012 have approved issue of Equity Shares and/or convertible securities other than warrants and/or Non Convertible Debentures with warrants through QIP/ GDRs/ ADRs/ FCCB upto Rs. 300.00 crores. During the year 2012-13, the Company had issued Zero Coupon Foreign Currency Convertible Bonds on 16th January, 2013 aggregating to USD 15 Million in six series. FCCBs holders have paid initial amount of 3% of the offer price and balance 97% of the offer price on each of the Series shall be payable on the earlier of the Conversion Date or the due date specified in the table below:

Series of FCCBs	Exact due dates	Amount due per Bond (US\$)	No. of bonds falling due	Total Amount (US\$)
A	30 th September, 2013	97000	10	970000
B	30 th September, 2014	97000	10	970000
C	30 th March, 2015	97000	25	2425000
D	30 th September, 2015	97000	35	3395000
E	30 th September, 2016	97000	35	3395000
F	30 th September, 2017	97000	35	3395000

Where there is a default by any Series A, B, C, D, E and F FCCBs Bondholder in paying the balance of the issue amount due in respect of such Bonds, the Company has right to convert each partly paid bonds to the extent amount paid up on the relevant Series A, B, C, D, E and F FCCBs i.e., three percent (3%) and the balance ninety seven percent (97%) shall stand cancelled and each respective Series A, B, C, D, E and F FCCB (on which default has been committed) shall each be convertible to fully paid-up Equity Shares of face value of Rs.10 each at a premium of Rs. 1.92 per Equity Share, at a price of Rs.11.92 per Equity share.

DIRECTORS:

➤ Re-Appointment of Retiring Directors:-

Mr. Keyoor Bakshi, Director of the Company retires by rotation as per the provisions of the Companies Act, 1956 at the ensuing Annual General Meeting (AGM) and being eligible, offers himself for re-appointment. A brief profile of Mr. Bakshi as required under Clause 49 of the Listing Agreement is annexed to the Notice convening the AGM.

➤ Re-Appointment of Mr. Pravin A. Kiri as Chairman and Mr. Manish P. Kiri as Managing Director:-

Mr. Pravin A. Kiri was re-appointed as the Chairman of the Company by the Board of Directors at its meeting held on 28th May, 2013, for a further period of five years with effect from 1st April, 2013 on the terms and conditions mentioned in the Explanatory Statement annexed to the Notice convening the AGM of the Company subject to the approval of the shareholders.

Directors' Report (Contd...)

Mr. Manish P. Kiri was re-appointed as the Managing Director of the Company by the Board of Directors at its meeting held on 28th May, 2013, for a further period of five years with effect from 1st April, 2013 on the terms and conditions mentioned in the Explanatory Statement annexed to the Notice convening the AGM of the Company subject to approval of the shareholders.

➤ Resignation of Director:-

Mr. Shanker R. Patel had resigned as a Director w.e.f 19th February, 2013. The Board of Directors places on record their sincere appreciation for the valuable services rendered by him during his tenure as Director.

AUDITORS AND AUDITORS' OBSERVATION IN AUDIT REPORT:

M/s. V. D. Shukla & Co., Chartered Accountants, Statutory Auditors of the Company, retire at the ensuing Annual General Meeting and is eligible for re-appointment. The Company has also received a certificate stating that their appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956.

In respect of the auditors observation regarding default in repayment of principal and interest to banks and financial institutions, it is hereby clarified that the said delay in repayment was temporary in nature and thereafter regularized by the Company and in some cases due to legal matter pending with the institution/bank. As regards non provision of interest on unsecured loans, the Company has not provided interest in some cases, due to pending legal matter with the lenders.

In respect of auditors observation regarding irregularity in payment of statutory dues, it is hereby clarified that the said delay was due to mismatches in cash flow and tight liquidity position of the Company.

COST AUDITORS:

Pursuant to Section 233B of the Companies Act, 1956, the Board of Directors have appointed M/s. V. H. Savaliya & Associates (Registration No. 100346) as Cost Auditors of the Company for auditing Cost records for the year 2013-14 and the same is approved by the Central Government.

As per the various circulars issued by the Ministry of Corporate Affairs (MCA) from time to time, the Compliance Report for FY 2011-12 has been filed by the Company with the Central Government during the year under review. The Cost Audit report for FY 2012-13 shall be filed within the stipulated time as prescribed by the Central Government.

PUBLIC DEPOSITS:

During the year under review, your Company has not accepted any deposits as per the provisions of Section 58A of the Companies Act. 1956.

DIRECTORS' RESPONSIBILITY STATEMENT:

In compliance of Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed that:

1. In the preparation of the annual accounts for the financial year ended 31st March, 2013, all applicable accounting standards have been followed and no material departure have been made from the same;
2. The Directors have selected appropriate accounting policies and applied them consistently and made judgments and estimates that were 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 2012-13 and of the loss of the company for the year under review;
3. The Directors have taken proper and sufficient care to the best of their knowledge and ability, for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
4. The Directors have prepared the annual accounts for the financial year ended 31st March, 2013 on a 'going concern' basis.

PARTICULARS OF EMPLOYEES:

During the year under review, none of the employee of the Company is drawing remuneration exceeding the limits prescribed under Section 217(2A) of the Companies Act, 1956.

Directors' Report (Contd...)

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUTGO:

Additional information on conservation of energy, technology absorption, foreign exchange earnings & outgo as required to be disclosed in terms of Section 217(1)(e) of the Companies Act, 1956, read together with the Companies (Disclosures of Particulars in the Reports of Board of Directors) Rules, 1988, is given as an annexure to this report.

CORPORATE GOVERNANCE & MANAGEMENT DISCUSSION AND ANALYSIS:

The Company has always strived to maintain applicable standards of good Corporate Governance as embodied in its vision, mission and corporate values. The report on Corporate Governance as stipulated under Clause 49 of the Listing Agreement forms part of this report. The requisite certificate from the Statutory Auditors of the Company confirming compliance with the conditions of Corporate Governance as stipulated under the said clause is attached to this report.

QUALIFYING PERSONS FOR INTER SE TRANSFER OF SHARES:

As per the information provided by the promoters and as required under regulation 10(1)(a) of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 persons constituting "qualifying persons" as defined in the said regulations is given as under:

(1) Mr. Pravin A. Kiri, (2) Mr. Manish P. Kiri, (3) Mrs. Aruna P. Kiri, (4) Mrs. Anupama M. Kiri, (5) Ms. Amisha Kiri, (6) Master Hemil Kiri, (7) Synthesis International Limited, (8) Kiri Infrastructure Private Limited, (9) Kiri Peroxide Limited (10) Kiri International (Mauritius) Private Limited, (11) Kiri Investment and Trading Singapore Private Limited, (12) S.M.S. Chemicals Co. Limited, (13) Chemhub Exim Private Limited, (14) Chemhub Tradelink Private Limited, (15) Chemhub Trading DMCC.

ACKNOWLEDGEMENT:

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

For and on behalf of the Board of Directors

Place : Ahmedabad
Date : 12th August, 2013

Pravin A. Kiri
Chairman

Annexure to the Directors' Report

Information as per Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988:

A. CONSERVATION OF ENERGY:

Sr. No.	Particulars	Particulars
a.	Energy Conservation measures taken	The Company has started using gas as compared to other sources of energy and has also initiated generation of in-house power resulting in reduction of cost and pollution free operations. The Company has taken all necessary measures for energy conservation so as to maintain the operating cost to the minimum. The Company has further steamed based co-generation power plant, which helps substantial saving in power cost.
b.	Additional investments and proposals, if any, being implemented for reduction of consumption of energy	
c.	Impact of measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods	
d.	Total Energy Consumption and energy consumption per unit of production	As per Form A Attached.

B. TECHNOLOGY ABSORPTION: As per Form B Attached.

Annexure to the Directors' Report (Contd...)

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

(Rs. in Lacs)

Particulars	2012-13	2011-12
Total Foreign Exchange outgo	275.90	26.42
Total Foreign Exchange earnings	5304.93	15614.83

FORM A

Particulars with respect to Conservation of Energy

Power and fuel consumption	2012-13	2011-12
1. Electricity		
Units	17405078	15545069
Total Amount (Rs. in Lacs)	1382.76	1287.01
Rate per Unit (Rs.)	7.94	8.28
2. Diesel		
Units	74076	89200
Total Amount (Rs. in Lacs)	36.58	40.52
Rate per Unit (Rs.)	49.38	45.42
3. Furnace Oil		
Units	142330	405880
Total Amount (Rs. in Lacs)	72.13	168.04
Rate per Unit (Rs.)	50.68	41.40
4. Gas		
Quantity (SCM)	499047	2509918
Total Amount (Rs. in Lacs)	231.59	850.88
Rate per Unit (Rs./SCM)	46.41	33.90

FORM- B

TECHNOLOGY ABSORPTION

1. Specific areas in which R & D was carried out by the Company	The Company is fully equipped with the Research and Development facilities and is constantly engaged in 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.
2. Benefits derived as a result of the above (R & D)	
3. 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.

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION: Nil

For and on behalf of the Board of Directors

Place : Ahmedabad
Date : 12th August, 2013

Pravin A. Kiri
Chairman

Management Discussion and Analysis Report

1. Industry Structure and Development:

Chemical industry is capital as well as knowledge intensive industry. This industry plays a significant role in the global economic and social development. It is also human resource intensive industry and hence generates employment. The diversification within the chemical industry is huge and covers more than thousands of commercial products. Chemicals are used in a wide variety of products and processes. They are major contributors to national and world economies, their sound management throughout their lifecycle is essential in order to avoid significant and increasingly complex risks to human health and ecosystems and substantial costs to national economies. There is immense potential for increasing consumption within the country as also for India to become a reliable supplier of such quality chemicals to the world.

Chemicals play a major role in improving the quality of life by enabling the manufacture of the goods and materials that need whilst mitigating adverse environmental impact. By developing new usages of chemicals, processes and sustainable routes to produce novel environmental friendly materials, it can achieve low carbon processes that can make high value products of the Company for humans and solve energy and sustainability challenges.

Our Company is a leading manufacturer and supplier of Reactive Dyes, Dye Intermediates and Basic Chemicals. It currently focuses on manufacturing Basic Chemicals to feed Dye Intermediates and dyes manufacturing through a successful strategy of backward integration. The product range caters mainly to textiles industries.

2. Outlook and Opportunities:

Over the last fifteen years, the Indian chemicals 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. This 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.

Indian chemical companies with well-built systems and structured operations are likely to be benefited. It has been contributing to India's growing economy in a phenomenal way. Today, India has achieved considerable progress in production of basic organic and inorganic chemicals, dyestuffs and intermediates. Those companies who are manufacturing highly valued chemicals and who are compliant of industrial quality standards can make their mark not just in India but even in the overseas markets as well.

The Company with its JV Company is one of the largest manufacturers of Reactive Dyes in India. In addition to that our Company also has a basic chemical manufacturing unit that are used to manufacture dye intermediates. The dye intermediaries are further used to manufacture Reactive Dyes in the Company's facilities and they are also sold in domestic markets as well as exported to various dyes manufacturers outside India. This process of backward integration helps the Company to reduce operational costs and also to sell its products in the domestic as well as the international markets at competitive prices.

The Company has also put in place distribution networks to cover major market. It also plans to strengthen its own products through various distributing networks by entering into long term contracts with distributors and agents. The sales efforts are also well supported by a team of technical experts who play a pivotal role in providing pre / post sales technical services, training to customer's employee, on-site back-up, recipe and process customization, product development etc.

Our Company's R&D activities broadly comprise various processes for developing new products, standardizing analytical methods and identifying substitutes for key raw materials. Through the R&D centre, the Company continuously interacts with consumers to obtain feedback on its existing as well as new products to complement its new product development activities. It believes that with its strong R&D and technical capabilities, the company will be able to further expand its product offerings and improve its product quality and sales.

3. Threats, Risks and Concerns:

The Company is a leading manufacturer and suppliers of Dyes, Intermediates and Basic chemicals. However, the following major issues may hamper business operation as well as growth of the Company:

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

Management Discussion and Analysis Report (Contd...)

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

4. Internal control systems and its adequacy:

The Company has a well designed and adequate Internal Control system so as to ensure that all the assets of the Company are adequately safeguarded and protected against unauthorized use or disposition, Complete and fair reporting and compliances with all the applicable regulations and laws and company's internal policies. Audit Committee periodically reviews internal control system and also meets head of accounts and statutory auditors of the Company.

5. Development in Human Resources:

The Company focuses on attracting, motivating and retaining the best talent and has developed robust systems for training, performance management and talent development. The personnel policies are aimed towards recruiting talented employees and facilitating their integration into the Company's organization and encouraging the development of their skills and expertise.

The Company is led by a management team and staffed with employees who have significant experience in the domestic and international dye industry. Mr. Pravin A. Kiri, Chairman of our Company, has over 45 years of experience in the field of chemical and dyestuff industry. Mr. Manish P. Kiri, Managing Director, has been fostering the international relationships with growing number of corporates. Through their commitment and experience, the Company has grown its business in India and overseas, nurtured its brands and has demonstrated ability in successfully integrating the acquired foreign business into the Company's corporate set-up.

The Company provides continuous on job training and recruitment of experienced employees provide for overall development of human attributes like leadership, management, technical competency.

❖ Performance of the Company:

A. Standalone financial Performance:

The performance of the Company has been affected this year on account of global slowdown in chemical industry, depreciation in value of Indian Rupee and increased finance costs on account of conversion of forex losses into term loans.

i) Net Sales and Other Income:

During the financial year 2012-13, net sales and other income of the Company has declined by 2.05% from Rs. 53704.08 Lacs to Rs. 52602.63 Lacs as compared to the previous financial year 2011-12.

ii) Expenditure:

The total expenditure increased by 12.46% from Rs. 53254.92 Lacs to Rs. 59888.07 Lacs as compared to the previous financial year 2011-12.

iii) Employee benefit expenses:

The Employee benefit expenses declined by 26.68% from Rs. 2142.92 Lacs to Rs. 1571.28 Lacs as compared to the previous financial year 2011-12.

iv) Finance Cost:

The finance cost increased by 43.98% from Rs. 5238.86 Lacs to Rs. 7542.79 Lacs as compared to the previous financial year 2011-12.

v) Manufacturing Expenses:

The manufacturing expenses declined by 21.44% from Rs. 4225.88 Lacs to Rs. 3319.74 Lacs as compared to the previous financial year 2011-12.

vi) Loss before Tax and Extraordinary items:

In the financial year 2011-12, the Profit before tax and Extra-Ordinary items was Rs. 449.20 Lacs but in the current financial year 2012-13, the Company has incurred a loss of Rs. 7285.44 Lacs before Tax and Extraordinary items.

Management Discussion and Analysis Report (Contd...)

vii) Net Loss:

The Company has reported Net Loss of Rs.18342.92 Lacs which is higher than the preceding financial year 2011-12.

viii) Non Current Liabilities:

The non current liabilities have increased from Rs. 18680.88 Lacs to Rs. 47374.23 Lacs as compared to the previous financial year 2011-12.

ix) Current Liabilities:

The current liabilities have declined by 26.90% from Rs. 53012.76 Lacs to Rs. 38752.11 Lacs as compared to the previous financial year 2011-12.

x) Non Current Assets:

The non current assets have declined by 5.20% from Rs. 60492.32 Lacs to Rs. 57344.20 Lacs as compared to the previous financial year 2011-12.

xi) Current Assets:

The current assets have increased by 0.58% from Rs. 49103.38 Lacs to Rs. 49389.55 Lacs as compared to the previous financial year 2011-12.

B. Consolidated Financial Performance:

i) Total Revenue:

The total revenue for the financial year 2012-13 has increased by 0.43% from Rs. 56084.30 Lacs to Rs. 55842.43 Lacs as compared to the previous financial year 2011-12.

ii) Total Expense:

The total expenses for the year 2012-13 have increased by 15.46% from Rs. 56067.57 Lacs to Rs. 64737.31 Lacs as compared to the previous financial year 2011-12.

iii) Net Loss:

The net loss for the financial year 2012-13 has increased from Rs. 3199.69 Lacs to Rs. 19860.38 Lacs as compared to the previous financial year 2011-12.

iv) Non Current Liabilities:

The non current liabilities for the financial year 2012-13 have increased from Rs. 19273.55 Lacs to Rs. 48284.76 Lacs as compared to the previous financial year 2011-12.

v) Current Liabilities

The current liabilities for the financial year 2012-13 have declined by 20.30% from Rs. 55915.46 Lacs to Rs. 44542.27 Lacs as compared to the previous financial year 2011-12.

vi) Non Current Assets:

The non current assets for the financial year 2012-13 have declined by 4.57% from Rs. 60700.70 Lacs to Rs. 57926.99 Lacs as compared to the previous financial year 2011-12.

vii) Current Assets:

The current assets for the financial year 2012-13 have increased by 3.44% from Rs. 51870.81 Lacs to Rs. 53657.51 Lacs as compared to the previous financial year 2011-12.

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

Report on Corporate Governance

Effective corporate governance practices constitute the strong foundations on which successful commercial enterprises are built. The Company's philosophy on corporate governance oversees business strategies and ensures fiscal accountability, ethical corporate behaviour and fairness to all stakeholders comprising regulators, employees, customers, vendors, investors and the society at large. The essence of Corporate Governance lies in promoting and maintaining integrity, transparency in the higher echelons of management.

The Company's philosophy on Corporate Governance

Company's business strategy and plans should be consistent with the welfare of all its stakeholders including shareholders. In turn, these resources are leveraged to maximise long-term shareholder value, while preserving the interests of multiple stakeholders including the society at large. Corporate Governance rests upon full disclosure, independent monitoring and fairness to all especially minority shareholders. The Company has always strived to promote good governance practices which ensure that a competent management team is at the helm of affairs.

A report on the matters mentioned in the said clauses and the practices followed by the Company is detailed herein below:

1. BOARD OF DIRECTORS:

The Board of Directors of the Company is the apex Body constituted by the shareholders for overseeing the overall functioning of the Company. The Board provides and evaluates the strategic direction of the Company, management policies and their effectiveness and ensures that the long-term interests of the shareholders are being served.

- (a) As on 31st March, 2013, 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 Non-Executive Independent Directors including two Nominee Directors which is chaired by the Executive Director. Therefore, majority of the Board consists of Non-Executive Independent Directors as per the requirement of Clause 49 of the Listing Agreement.
- (b) None of the Directors on the Board is a Member of more than 10 Committees or Chairman of more than 5 Committees across all the companies in which he is a Director. Necessary disclosures regarding their Directorship/Membership in other companies as on 31st March, 2013 has been made by each and every Director.
- (c) The names and categories of the Directors on the Board, their attendance at Board Meetings held during the year 2012-13, attendance at the last Annual General Meeting and the number of Directorship and Committee Chairmanships/ Memberships held by them in other companies are given herein. Other Directorships do not include Alternate Directorships, Directorships of private limited companies, Section 25 companies and Foreign companies. Chairmanship/ Membership of Board Committees includes only Audit Committee and Shareholders Grievance Committee.

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

Report on Corporate Governance (Contd...)

Name of Directors	Category	No. of Board Meetings attended (Total 7 meetings held during 2012-2013)	Attendance at Last AGM held on 29.09.2012	No. of Directorships in other Public Companies	No. of Committee positions held in other Public Companies	
					Chairman	Member
Mr. Pravin A. Kiri - Chairman	Executive	6	Yes	1	—	—
Mr. Manish P. Kiri - Managing Director	Executive	7	Yes	1	1	—
Mr. Shanker R. Patel - Whole-time Director@	Executive	4	No	1	—	—
Mr. Keyoor M. Bakshi	Non-Executive - Independent	6	Yes	2	1	1
Mr. Ajay J. Patel#	Non-Executive - Independent	2	No	NIL	—	—
Ms. Harsha B. Bangari - Nominee of EXIM Bank	Non-Executive - Independent	3	No	NIL	—	—
Mr. V. Anish Babu - Nominee of IFCI Ltd.	Non-Executive - Independent	7	No	3	—	1

@ Mr. Shanker R. Patel had ceased as Director w.e.f. 19th February, 2013.

Mr. Ajay J. Patel had ceased as Director w.e.f 14th August, 2012.

(d) Board Procedure:

The Board of Directors meets atleast once a quarter to review the performance and financial results. A detailed Agenda is sent to all the Directors of the Company well in advance. The Chairman/Managing Director briefs the Directors at every Board Meeting on the overall performance of the Company. All major decisions/approvals are taken at the Board Meeting.

The Board of Directors duly met (7) seven times during the year on 14th May, 2012, 14th August 2012, 3rd September, 2012, 29th September, 2012, 10th November, 2012, 18th December, 2012 and 12th February, 2013.

The time gap between any two board meetings did not exceed four months.

2. AUDIT COMMITTEE:

(a) Composition of Audit Committee as on 31st March, 2013:

Name of the Members	Designation	Category
Mr. Keyoor M. Bakshi	Chairman	Non-Executive Independent Director
Mr. Manish P. Kiri	Member	Promoter & Executive Director
Ms. Harsha B. Bangari	Member	Non-Executive Independent Director
Mr. V. Anish Babu#	Member	Non-Executive Independent Director

Mr. Ajay J. Patel had resigned as a Director, member of the Audit Committee and Chairman of the Remuneration Committee and the same has been approved by the Board of Directors at their meeting held on 14th August, 2012. Accordingly, the said Committee was reconstituted and Mr. V. Anish Babu was inducted as a member w.e.f 14th August, 2012.

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

Report on Corporate Governance (Contd...)

(b) Terms of reference:

The terms of reference of Audit Committee are in compliance with the provisions of Clause-49 of the Listing Agreement and Section 292A of the Companies Act, 1956. Major terms of reference of the Committee include overseeing the financial reporting process, review of the financial statements, ensuring compliance with the regulatory guidelines, review of internal audit reports, recommending appointment and remuneration of the statutory auditors to the Board of Directors and review adequacy of internal control systems and internal audit function.

(c) Attendance of each member at the Audit Committee meetings held during the year:

Name	Category	No. of Meetings During the year 2012-13	
		Held	Attended
Mr. Keyoor M. Bakshi	Non-Executive Independent Director	5	5
Mr. Manish P. Kiri	Promoter & Executive Director	5	5
Ms. Harsha B. Bangari	Non-Executive Independent Director	5	2
Mr. Ajay J. Patel@	Non-Executive Independent Director	5	2
Mr. V Anish Babu#	Non-Executive Independent Director	5	3

@ Mr. Ajay J. Patel had resigned from the member of the Audit Committee w.e.f. 14th August, 2012.

Mr. V. Anish Babu was appointed as member of the Audit Committee w.e.f. 14th August, 2012.

- (d) During the year 5(Five) Audit Committee meetings were held on 14th May, 2012, 14th August, 2012, 3rd September, 2012, 10th November, 2012 and 12th February, 2013.

3. REMUNERATION COMMITTEE:

(a) Terms of Reference:

The Company has complied with the non-mandatory requirement of Clause 49 by forming a Remuneration Committee.

The Remuneration Committee reviews and recommends remuneration, promotions, incentives, performance bonus, increments etc. for the Executive Directors of the Board and senior managerial personnel of the Company.

(b) Composition of the Committee as on 31st March, 2013:

The Committee comprises of the following members:

Name of the Members	Designation	Category
Mr. Keyoor M. Bakshi#	Chairman	Non-Executive Independent Director
Ms. Harsha B. Bangari	Member	Non-Executive Independent Director
Mr. V. Anish Babu@	Member	Non-Executive Independent Director

Mr. Ajay J. Patel had resigned from the Chairman of the Committee w.e.f. 14th August, 2012 and Mr. Keyoor Bakshi was elected as a Chairman in his place.

@ Mr. V. Anish Babu was appointed as member of the Committee w.e.f. 14th August, 2012.

(c) Shareholding of Non-Executive Directors as on 31st March, 2013:

None of the Non-Executive Directors holds any shares of the Company.

(d) Remuneration Policy:

The Remuneration Committee has been constituted to review remuneration payable to Executive Directors. The Remuneration policy of the Company is directed towards rewarding performance, based on review of achievements on a periodic basis.

Report on Corporate Governance (Contd...)

(e) Remuneration paid to Directors:

Executive Directors:

The aggregate value of salary and perquisites paid for the year ended 31st March, 2013 to the Executive Directors are as follows:

(Rs. in Lacs)

Name	Designation	Salary	Perquisites & allowances	Total
Mr. Pravin A. Kiri	Chairman	12.00	Nil	12.00
Mr. Manish P. Kiri	Managing Director	12.00	Nil	12.00
Mr. Shanker R. Patel	Whole-time Director	10.00	Nil	10.00

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

Non-Executive Directors:

Sitting fees paid to Non-Executive Directors during the financial year 2012-13 are as under:

Name	Sitting Fees (in Rs.)
Mr. Keyoor M. Bakshi	67,500
Mr. Ajay J. Patel	20,000
Ms. Harsha B. Bangari	27,500
Mr. V. Anish Babu	70,000

4. SHAREHOLDERS' / INVESTORS' GRIEVANCES COMMITTEE:

The Shareholders' / Investors' Grievances Committee is empowered to perform the functions of the Board in relation to handling of Shareholders' / Investors' complaints and grievances.

COMPOSITION:-

Name of the Members	Designation	Category
Mr. Keyoor M. Bakshi	Chairman	Non-Executive Independent Director
Mr. Manish P. Kiri	Member	Executive Director
Mr. Pravin A. Kiri@	Member	Executive Director

@ Mr. Shanker R. Patel had resigned w.e.f 19th February, 2013 and Mr. Pravin A. Kiri was appointed as member in his Place.

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

The Committee met from time to time to review redressal of the Shareholders'/Investors' Grievances. The Committee is authorized to:

- Approve share transfers, transmission and remat related requests;
- Specifically look into the redressal of complaints of investors such as non-receipt of Dividend, Notices, Annual Report, etc.;
- Details of investor complaints received and redressed during the year 2012-13 are as follows:

Opening Balance	Received During the year	Resolved during the year	Closing Balance
NIL	2	2	NIL

- No Committee meeting was held during the year.

Report on Corporate Governance (Contd...)

5. SUBSIDIARY COMPANIES:

All subsidiary companies of the Company are managed by their respective Boards having the rights and obligation to manage such companies in the best interest of their stakeholders.

None of the subsidiaries of the Company comes under the purview of the Material Non-Listed Indian Subsidiary as prescribed under clause 49 of Listing Agreement.

6. GENERAL BODY MEETINGS:

(i) Details of Annual General Meetings held during the last three Financial Years:

Financial Year	Date	Time	Location
2011-12	29 th September, 2012	11.30 a.m.	Hall No. S-3, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad – 380 015
2010-11	29 th September, 2011	11.30 a.m.	H. T. Parekh Hall, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad- 380 015
2009-10	30 th September, 2010	11.30 a.m.	Hall No. S-3, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad – 380 015

Special Resolutions passed at the last three AGMs:

I. At 12th AGM held on 30th September, 2010:-

Issue, offer and allot Redeemable Preference Shares up to Rs. 150.00 crores for cash to any one or more of Indian and/or foreign entities or other person(s) whether member of the Company or not.

II. At 13th AGM held on 29th September, 2011:- No Special Resolution was passed.

III. At 14th AGM held on 29th September, 2012:- No Special Resolution was passed.

(ii) Extra Ordinary General Meeting:

During the year under review, one Extra Ordinary General Meeting of the members of the Company was held on Saturday, 30th March, 2013 at 10.30 a.m. at Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad – 380 015.

- For Change of name of the Company from Kiri Industries Limited to Equinaire Chemtech Limited - **Special Resolution;**
- For Alteration of Authorised Share Capital of the Company by transferring Rs. 100,00,00,000 consisting 10,00,00,000 unissued preference authorised share capital to equity authorised share capital of the Company - **Ordinary Resolution;** and
- For issue / offer and allot Equity Shares on preferential basis to Promoters and Promoter Group - **Special Resolution**

7. DISCLOSURES:

• 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.

• Code of Business Conduct:

The Company has adopted a Code of Business Conduct and Ethics based on the business principles of the Company which is already posted on the website of the Company. In compliance with the Code, Directors and senior management of the Company have affirmed their compliance with the Code for the year under review. In our Company, the Board of Directors and employees have a responsibility to understand and follow the Code of Business Conduct. A declaration to this effect signed by the Managing Director is attached herewith and forms part of this Annual Report.

• Related Party Transactions:

Transactions with the related parties during the year were placed before the Audit Committee for review and the same were submitted to the Board for their approval. Adequate care was taken to ensure that potential conflict of interest did not harm the interests of the Company at large.

• Compliance with Corporate Governance Code:

The Company has complied with all the mandatory requirements laid down by the Corporate Governance Code. The Company has also complied with the non-mandatory requirement by setting up a Remuneration Committee as per Clause 49 of the Listing Agreement.

Report on Corporate Governance (Contd...)

8. MEANS OF COMMUNICATION:

The unaudited quarterly financial results of the Company are generally published in the English newspaper circulated in India and regional language newspaper. The results are also displayed on the Company's website www.kiriindustries.com.

9. GENERAL SHAREHOLDER INFORMATION:

- | | |
|---------------------------------|---|
| 1. AGM Date, time and Venue | Date : Monday, 23 rd September, 2013
Time : 10.30 a.m.
Venue : Hall no. S-14, Ahmedabad Management Association ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad- 380 015 |
| 2. Financial year | Financial year : 1 st April, 2013 to 31 st March, 2014 |
| 3. Book Closure Date | Wednesday, 18 th September, 2013 to Monday, 23 rd September, 2013 (both days inclusive) |
| 4. Listing on Stock Exchange | <p>- The BSE Limited
1st Floor, Rotunda Building, B.S. Marg, Fort, Mumbai - 400 001</p> <p>- The National Stock Exchange of India Limited
Exchange Plaza, Bandra Kurla Complex, Bandra(E), Mumbai 400 051</p> <p>The Company has paid Annual Listing Fees for the year 2013-14 to the Stock Exchanges.</p> |
| 5. Stock Codes/Symbol | <p>1. The BSE Ltd. : 532967</p> <p>2. The National Stock Exchange of India Ltd.: KIRIINDUS INE415I01015</p> |
| 6. ISIN | |
| 7. Plant Locations | <p>Presently Company is engaged in the business of manufacturing Dyes, Dyes Intermediates and Basic Chemicals at its following plants:-</p> <ul style="list-style-type: none"> • 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 |
| 8. Address for Correspondence | <p>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 and investor@kiriindustries.com
Website: www.kiriindustries.com</p> |
| 9. Registrar and Transfer Agent | <p>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</p> |
| 10. Share Transfer System | Share Transfer requests, which are received in physical form are processed and the share certificates are returned within a period of 15 days from the date of receipt, subject to the documents being in order and complete in all aspects. |

Report on Corporate Governance (Contd...)

11. Dematerialization of Shares

Equity shares of the Company can be traded in dematerialised mode only by all the investors. The Company has entered into an agreement and established connectivity with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

10. Outstanding Financial Instruments which have an impact on Equity:

The Company has not issued any GDRs/ADRs/warrants as on date.

11. MARKET PRICE DATA:

High, low and number of shares traded during the months from April, 2012 to March, 2013 on the BSE Limited and the National Stock Exchange of India Limited are as follows:

Months	The BSE Limited			The National Stock Exchange of India Limited		
	High (Rs.)	Low (Rs.)	Total No. of Shares Traded	High (Rs.)	Low (Rs.)	Total No. of Shares Traded
April-12	102.50	63.35	68,384	102.90	63.75	2,50,393
May-12	66.00	35.25	2,79,835	67.00	34.95	6,14,426
June-12	35.50	23.35	6,18,613	34.00	23.00	10,38,048
July-12	32.00	20.35	17,35,156	32.05	20.30	26,38,475
August-12	28.80	20.65	2,40,327	28.50	20.10	3,91,908
September-12	27.50	20.80	2,81,718	27.50	19.60	6,05,455
October-12	26.10	22.00	2,00,994	25.90	21.75	3,53,672
November-12	27.85	11.55	5,56,962	24.95	11.55	9,32,842
December-12	12.79	10.40	11,16,844	12.95	10.40	22,48,110
January-13	13.89	10.00	11,31,479	13.95	9.40	22,11,306
February-13	10.80	6.12	4,09,656	10.90	5.60	12,97,396
March-13	15.57	6.00	9,22,555	15.65	6.00	22,69,337

12. SHAREHOLDING PATTERN AND DISTRIBUTION SCHEDULE:

A. Shareholding Pattern as on 31st March, 2013:

Sr. No.	Categories	No. of Shares	% of Total Holding
1	Promoters and Promoter Group	5974168	31.44
2	Individuals	6431339	33.86
3	Financial Institutions & Banks	1579037	8.31
4	Bodies Corporate	2974006	15.65
5	Clearing Members	2736	0.01
6	Foreign Nationals & Non Resident Indians (NRIs)	355661	1.87
7	Hindu Undivided Family	318307	1.68
8	Foreign Institutional Investor (FIIs)	1362730	7.17
9	Trust	2069	0.01
	Total	19000053	100.00

Report on Corporate Governance (Contd...)

B. Distribution Schedule as on 31st March, 2013:

No. of Shares	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Total Shares
1-1000	5444	53.93	247368	1.30
1001 - 5000	2660	26.35	751442	3.95
5001 - 10000	854	8.46	695364	3.66
10001 - 20000	490	4.85	744700	3.92
20001 - 30000	186	1.84	470252	2.48
30001 - 40000	96	0.95	341594	1.80
40001- 50000	87	0.86	404884	2.13
50001- 100000	122	1.21	901690	4.75
100001 and above	156	1.55	14442759	76.01
Total	10095	100.00	19000053	100.00

13. POSITION OF SHARES AS ON 31st MARCH, 2013:

The Percentage of Shares held in NSDL, CDSL and in Physical Form are given below:-

Mode of Holding	Percentage of Shares
NSDL	73.7104
CDSL	25.7489
Physical	0.5407

For and on behalf of Board of Directors

Date : 12th August, 2013
Place : Ahmedabad

Pravin A. Kiri
Chairman

CONFIRMATION ON CODE OF CONDUCT

To the Members of Kiri Industries Limited

This is to confirm that the Board has laid down a code of conduct for all Board members and senior management of the Company. It is further confirmed that all Directors and senior management personnel of the Company have affirmed compliance with the Code of Conduct of the Company as at 31st March, 2013, as envisaged in Clause 49 of the Listing Agreement.

Date : 12th August, 2013
Place : Ahmedabad

Manish P. Kiri
Managing Director

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of Kiri Industries Limited

We have examined the compliance of conditions of Corporate Governance by Kiri Industries Limited ("the Company"), for the year ended 31st March, 2013 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

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

In our opinion and to the best of our information and according to the explanations given to us and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement.

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

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

Vimal D. Shukla
Proprietor
Membership No. 036416

Place : Ahmedabad
Date : 12th August, 2013

Independent Auditors' Report

To the Members of
Kiri Industries Limited.

Report on the Financial Statements

We have audited the accompanying financial statements of Kiri Industries Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, 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 Financial Statements

Management is responsible for the preparation of these 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 Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. 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. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) in the case of the Profit and Loss Account, of the loss for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

Independent Auditors' Report (Contd...)

- 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 [and proper returns adequate for the purposes of our audit have been received from branches not visited by us];
- 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 [and with the returns received from branches not visited by us]
- d. in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
- e. on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- f. Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For V. D. Shukla & Co.

Chartered Accountants

Firm Registration No. 110240W

Vimal D. Shukla

Proprietor

Membership No. 036416

Place : Ahmedabad
Date : May 28, 2013

Annexure to the Auditors' Report

The Annexure referred to in paragraph 1 of the Our Report of even date to the members of Kiri Industries Limited. on the accounts of the company for the year ended 31st March, 2013.

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 generally maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
- (b) As explained to us, fixed assets, according to the practice of the company, have been physically verified by the management at reasonable intervals in a phased verification programme, which our opinion, is reasonable looking to the size of the company and nature of its assets. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) In our opinion and according to the information and explanations given to us, no fixed asset has been disposed during the year and therefore does not affect the going concern assumption.
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) On the basis of our examination of the inventory records of the Company, we are of the opinion that, the Company is maintaining proper records of its inventory. The discrepancies which were noticed on physical verification of inventory as compared to book records, have been properly dealt with in the books of accounts.
3. (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the company has granted unsecured loan to a Company covered in the register maintained under Section 301 of the Companies Act, 1956. We are of the opinion that the terms and conditions of loan are not prima facie prejudicial to the interest of the Company. The maximum amount involved during the year was Rs. 456.46 lacs and the period-end balance of the loan granted was Rs. 9.18 lacs. The terms of repayment of principal and interest have not been stipulated and hence, the question of overdue amount does not arise.
- (b) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not taken any loans from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanations given to us, there is generally an adequate internal control procedure commensurate with the size of the company and the nature of its business, for the purchase of inventories & fixed assets and payment for expenses & for sale of goods. During the course of our audit, no major instance of continuing failure to correct any weaknesses in the internal controls has been noticed.
5. a) Based on the audit procedures applied by us and according to the information, explanations and representation provided by the management, the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.
- b) In our opinion and according to our information and explanation given to us, the transactions made in pursuance of such contracts or arrangements entered in the register under section 301 of the Companies Act, 1956, in respect of any party during the period have been made at price which are reasonable having regard to the prevailing market prices at the relevant time
6. In our opinion and according to the information and explanations given to us, the company has not accepted deposits from the public, and therefore the questions of compliance of the provisions of Section 58A and 58 AA of the Companies Act, 1956 and the rules framed thereunder and the directives issued by the Reserve Bank of India does not arise. No order has been passed by Company Law Board, Reserve Bank of India or any Court or any other Tribunal.
7. According to the information and explanation given to us and on the basis of such checks as we considered appropriate, the company has an internal audit system commensurate with its size and nature of its business.

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

8. We have broadly reviewed the books of accounts maintained by the company pursuant to the notification of the Central Government for maintenance of the cost records u/s 209(1)(d) of the companies Act, 1956 and on the basis of such review, we are of the opinion, that prima-facie, the prescribed accounts and records have been made and maintained. We have not, however, carried out a detailed examination of the same.
9. (a) According to its records it is observed that the company is irregular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and any other material statutory dues with the appropriate authorities.
- (b) According to the information and explanations given to us, there are some dues in respect of Income Tax, Value Added Tax and Service Tax but there are no dues in respect of Excise Duty, Customs Duty, Wealth Tax, Cess and other statutory dues are outstanding as on 31st March, 2013 which are due for a period of less than six months from the date they became due. There are no disputes with any of the above authorities.
- (c) The disputed statutory dues that have not been deposited on account of disputed matters pending before appropriate authorities are as under.

Sr. No	Name of the Statute	Name of the Dues	Section under which dispute is pending	Period to which amount relates (FY)	Amount (Rs. In Lacs)	Forum where the dispute is pending
1	The Income Tax Act, 1961	Income Tax	Regular Assessment u/s 143(3)	2001-02	108.21	High Court
				2003-04	193.17	Income Tax Appellate Tribunal
				2006-07	58.59	Income Tax Appellate Tribunal
				2008-09	109.33	Income Tax Appellate Tribunal
				2009-10	21.18	Commissioner of Income Tax (Appeals)
			Regular Assessment u/s 143(3) r.w.s 147	2008-09	43.73	Commissioner of Income Tax (Appeals)
			Penalty u/s 271(1)(c)	2003-04	139.02	Income Tax Appellate Tribunal
2	The Central Excise Act, 1944	CENVAT Refund		2006-07	53.68	Income Tax Appellate Tribunal
				2009-10	341.08	High court
				2009-10	83.74	Central Excise and Service Tax Appellate Tribunal
				2010-11	255.23	Central Excise Commissioner Appeal
				2010-11	153.73	High Court
		Similar Goods		2010-11	344.00	Central Excise Commissioner Appeal
				2011-12	4.09	Central Excise Commissioner Appeal
		Differential Duties		2011-12	21.40	Central Excise Commissioner Appeal

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

10. The Company has accumulated losses and has incurred cash losses during the financial year covered by our audit but has not incurred any cash losses in the immediately preceding financial year.
11. In our opinion and according to the information and the explanations given to us, during the current year the Company has defaulted in repayment of its dues towards principal and interest to various banks and financial institution on due dates to the extent and for the period as given in note No. 4. Also the working capital limits have been overdrawn to the extent of Rs. 142.54 lacs.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. As informed to us, the provisions of any special statute applicable to chit fund are not applicable to the Company.
14. The company is not dealing or trading in shares, securities, debentures and other investments, therefore, the question of maintaining records in respect of transactions and contracts does not arise
15. In our opinion and according to the information and explanations given to us, the terms and conditions on which the company has which given guarantees for the loans taken by others from banks are not prejudicial to the interest of the company.
16. On the basis of the records examined by us and relying on the information compiled by the Company for correlating the funds raised to the end use of term loans, we report that the Company has generally applied the term loans for the purposes for which they were obtained.
17. According to the information and explanations given to us and on an overall examination of the Financial Statements of the Company and after placing reliance on the reasonable assumptions made by the Company for classification of long term and short term usages of funds, we are of the opinion that, prima-facie, as at the close of year, short term funds with negligible exceptions have not been utilised for long term purposes, and vice – versa.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
19. The Company has outstanding towards non convertible redeemable debentures of Rs. 4,000.00 lacs issued in the previous financial year which are secured by way of first pari passu charge on the fixed assets of intermediate plants and basic chemical plants of the company and personal guarantee of promoters/directors of the company.
20. The Company has not raised any money by public issue during the year.
21. 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 been informed of such case by the management.

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

Vimal D. Shukla
Proprietor
Membership No. 036416

Place : Ahmedabad
Date : May 28, 2013

Balance Sheet as at 31st March, 2013

(Rs. in Lacs)			
Particulars	Notes	As At 31 st March, 2013	As At 31 st March, 2012
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share Capital	2	1,900.01	1,900.01
Reserves and Surplus	3	17,407.41	36,002.05
Share Application Money		1,300.00	-
		20,607.42	37,902.06
NON-CURRENT LIABILITIES			
Long-term borrowings	4	45,244.74	16,449.69
Deferred tax liabilities (Net)	5	2,129.49	2,231.19
		47,374.23	18,680.88
CURRENT LIABILITIES			
Short-term borrowings	6	15,313.17	31,839.23
Trade payables	7	8,870.24	9,728.52
Other current liabilities	8	14,424.75	11,309.07
Short-term provisions	9	143.94	135.94
		38,752.10	53,012.76
Total		106,733.75	109,595.70
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Tangible assets	10	26,478.06	29,534.52
Capital work-in-progress	10	10,884.82	9,480.70
		37,362.88	39,015.22
Non-current investments	11	16,664.89	16,636.08
Long-term loans and advances	12	3,172.01	3,685.82
Other non-current assets	13	144.42	1,155.20
		19,981.32	21,477.10
CURRENT ASSETS			
Inventories	14	14,927.06	15,867.36
Trade receivables	15	29,510.37	26,590.17
Cash and cash equivalents	16	285.67	314.78
Short-term loans and advances	17	4,585.73	6,144.80
Other current assets	18	80.72	186.27
		49,389.55	49,103.38
Total		106,733.75	109,595.70

Significant Accounting Policies

1

The Note numbers 29 to 52 form integral part of the Financial Statements

As per our separate report of even date attached herewith.

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

Vimal D. Shukla
Proprietor
Membership No. 036416

Place : Ahmedabad
Date : May 28, 2013

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

Pravin A. Kiri
Chairman

Manish P. Kiri
Managing Director

Suresh S. Gondalia
Company Secretary

Place : Ahmedabad
Date : May 28, 2013

Statement of Profit & Loss for the Year Ended on 31st March, 2013

			(Rs. in Lacs)
Particulars	Notes	2012 - 2013	2011 - 2012
Revenue from Operations	19	57,548.20	56,556.74
Less : Excise duty		5,087.52	3,102.90
Net Revenue from Operations		52,460.68	53,453.84
Other Income	20	141.95	250.28
Total Revenue		52,602.63	53,704.12
Expenses:			
Cost of Materials Consumed	21	41,530.29	36,178.20
Purchase of Stock-in-Trade		808.21	1,468.63
Changes in Inventories of Finished goods, Work-in-Progress & Stock-in-Trade	22	747.98	(1,060.39)
Employee Benefit Expenses	23	1,571.28	2,142.92
Finance Costs	24	7,542.79	5,238.87
Depreciation		3,197.89	3,025.62
Other Expenses			
Administrative Expenses	25	515.86	891.90
Manufacturing Expenses	26	3,319.74	4,225.88
Selling & Distribution Expenses	27	633.45	1,121.75
Prior Period Adjustments	28	20.57	21.54
Total Expenses		59,888.07	53,254.92
Profit/(Loss) before exceptional and extraordinary items and tax		(7,285.44)	449.20
Less : Exceptional items		-	-
Profit/(Loss) before extraordinary items and tax		(7,285.44)	449.20
Less : Extraordinary Items		11,159.18	2,184.12
(Loss) / Profit Before Tax		(18,444.63)	(1,734.92)
Tax Expense			
Current Tax		-	-
Short Provision of earlier years		-	301.21
Net Current Tax		-	301.21
Deferred Tax		(101.70)	322.81
(Loss) / Profit for the year		(18,342.92)	(2,358.94)
Earning per equity Share			
Basic		(96.54)	(12.42)
Diluted		(96.54)	(12.42)

Significant Accounting Policies

1

The Note numbers 29 to 52 form integral part of the Financial Statements

As per our separate report of even date attached herewith.

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

Vimal D. Shukla
Proprietor
Membership No. 036416

Place : Ahmedabad
Date : May 28, 2013

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

Pravin A. Kiri
Chairman

Manish P. Kiri
Managing Director

Suresh S. Gondalia
Company Secretary

Place : Ahmedabad
Date : May 28, 2013

Cash Flow Statement for the Year Ended on 31st March, 2013

		(Rs. in Lacs)	
PARTICULARS	2012-2013	2011-2012	
A. Cash Flow from Operating Activities :			
Net Profit before Tax and Extraordinary items	(7,285.44)	449.20	
Adjustment for :			
- Depreciation	3,197.90	3,025.62	
- Interest & Dividend Income	(141.92)	(250.28)	
- Interest charged to P & L	7,542.79	5,238.87	
- Profit on Sale of Fixed Assets	(0.02)	-	
Operating Profit before working capital changes:	3,313.31	8,463.41	
Adjustment for :			
- Trade Receivables	(2,920.20)	(5,414.76)	
- Inventories	940.30	(108.44)	
- Long Term Advances & Other Non Current Assets	1,524.59	264.22	
- Short Term Advances & Other Current Assets	1,664.62	2,554.06	
- Trade Payables	(858.28)	(599.25)	
- Other Current Liabilities & Short Term Provisions	3,123.69	5,953.74	
- Deferred Tax Liability	(101.70)	322.81	2,972.38
Cash Generated from Operations	6,686.33	11,435.79	
- Taxes paid/ provision & Deferred tax	101.70	(624.02)	
Net Cash Flow from Operations	6,788.03	10,811.77	
B. Cash Flow from Investment Activities :			
- Purchase of Fixed Assets	(1,625.40)	(13,380.99)	
- Sale of Fixed Assets	79.85	-	
- Interest and Dividend Income	141.93	250.28	
- Investment	(28.81)	(2,305.59)	
Net cash flow from Investing Activities	(1,432.43)	(15,436.30)	
C. Cash Flow from Financing Activities :			
- Issue of Zero Coupon Foreign Currency Convertible Bonds	(5.22)	-	
- Share Application Money	1,300.00	-	
- Proceeds from Non Convertible Debenture	-	4,000.00	
- Proceeds from Long term Borrowings	32,719.75	7,003.29	
- Proceeds from Short term Borrowings	(2,861.33)	21,214.19	
- Interest paid	(7,542.79)	(5,238.86)	
Exceptional Items	(11,159.19)	(2,184.12)	
Repayment of Long Term Borrowings	(4,171.20)	(9,981.30)	
Repayment of Short Term Borrowings	(13,664.73)	(10,927.33)	
Net Cash Flow from Financing Activities	(5,384.71)	3,885.87	
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	(29.11)	(738.66)	
Cash and Cash Equivalents as at (Opening)	314.78	1,053.44	
Cash and Cash Equivalents as at (Closing)	285.67	314.78	

As per our separate report of even date attached herewith.

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

Vimal D. Shukla
Proprietor
Membership No. 036416

Place : Ahmedabad
Date : May 28, 2013

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

Pravin A. Kiri
Chairman

Manish P. Kiri
Managing Director

Suresh S. Gondalia
Company Secretary

Place : Ahmedabad
Date : May 28, 2013

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, 1956.

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 at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956.

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.

1.5 Impairment of Assets:

An assets is treated as impaired when the carrying cost of assets exceeds its recoverable value and impairment loss is charged to profit and loss account 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 Preliminary and Pre-operative Expenses

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

1.8 Accounting for Investments:

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

1.9 Valuation of Inventories:

The inventories are valued as under:

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

Notes to the Financial Statements (Contd...)

1.10 Revenue Recognition:

Sales

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

Interest

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

Dividends

Revenue is recognised 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 VI of the Companies Act, 1956.

Export Incentives

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

1.11 Accounting for effects of changes in foreign exchange rates:

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

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

In case of forward contracts, the difference between the forward rate and the exchange rate, being as premium or discount, at the inception of a forward exchange contract is recognized as income or expense over the life of the contract. Exchange differences on such contracts are recognized in the profit and loss account in the reporting period in which the rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or as expense for the period.

1.12 Accounting for Retirement Benefits :

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

1.13 Accounting for Taxes on Income :

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

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

1.14 Provisions, Contingent Liabilities and Contingent Assets :

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

1.15 Lease Rentals:

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

Notes to the Financial Statements (Contd...)

2 SHARE CAPITAL

(Rs. in Lacs)

Particulars	As At 31.03.2013	As At 31.03.2012
Authorised Share Capital		
15,00,00,000 Equity Shares (Previous year 5,00,00,000) of Rs 10/-each	15,000.00	5,000.00
5,00,00,000 Preference Shares (Previous year 15,00,00,000) of Rs 10/-each	5,000.00	15,000.00
	20,000.00	20,000.000
Issued, Subscribed & Paid-up Capital		
19,000,053 Equity Shares (Previous year 19,000,053) of Rs 10/- each fully paid up	1,900.01	1,900.01
Total	1,900.01	1,900.01

The reconciliation of the number of shares outstanding as at 31.03.2013 and 31.03.2012 is set out below:

Particulars	As at 31.03.2013	As at 31.03.2012
Number of shares at the beginning	19,000,053	19,000,053
Add: Equity Shares issued during the year	-	-
Number of shares at the end	19,000,053	19,000,053

The details of shareholders holding more than 5% shares as at 31.03.2013 and 31.03.2012 are set out below :

Name of the shareholders	No. of shares	% held as at 31.03.2013	No. of shares	% held as at 31.03.2012
Mr. Pravin Kiri	3582416	18.85	7638843	40.20
Mr. Manish Kiri	1859391	9.79	1859391	9.79
GMO Emerging Markets Fund	790064	4.16	1231731	6.48

Notes to the Financial Statements (Contd...)

3 RESERVES AND SURPLUS

(Rs. in Lacs)

Particulars	As At 31.03.2013	As At 31.03.2012
- Debenture Redemption Reserve		
Opening Balance	800.00	-
Add : Transfer from Profit & Loss account	-	800.00
Closing Balance	800.00	800.00
- Security Premium		
Opening Balance	28,431.92	28,431.92
Addition during the year	-	-
Less : Zero Coupon Foreign Currency Convertible Bonds issue exps.	251.72	-
Closing Balance	28,180.20	28,431.92
- General Reserve		
Opening Balance	465.80	465.80
Add : Transfer from Profit & Loss account	-	-
Closing Balance	465.80	465.80
- Surplus		
Opening Balance	6,304.33	9,463.27
Add : Net loss after tax transferred from Statement of Profit and Loss account	(18,342.92)	(2,358.94)
Amount available for appropriation	(12,038.59)	7,104.33
Appropriation		
Debenture Redemption Reserve	-	800.00
Closing Balance	(12,038.59)	6,304.33
Total	17,407.41	36,002.05

Note : The Company has not created Debenture Redemption Reserve for the year under review, in view of the clarification issued by Department of Company Affairs vide General Circular No. 9/2002 No. 6/3/2001-CL.V dated 18-04-2002.

4 LONG TERM BORROWINGS

(Rs. in Lacs)

Particulars	As At 31.03.2013	As At 31.03.2012
Secured :		
Non Convertible Debentures	3,200.00	3,800.00
Term Loans from Banks & Others	39,443.24	11,970.21
Hire Purchase Loans	172.32	71.56
Unsecured :		
Zero Coupon Foreign Currency Convertible Bonds	246.50	-
Term Loans from Banks	2,182.68	607.92
Total	45,244.74	16,449.69

Notes to the Financial Statements (Contd...)

The details of security of the long term borrowings are set out below :

Sr. No.	Description of Assets/Security	Security given to
1	All that piece or parcel of lease hold Plot No. 299/1/A, admeasuring about 3767 sq. mts., alongwith factory shed building, Plant and Machinery standing thereon of Vatva Industrial Estate of Gujarat Industrial Development Corporation, situated upon land bearing Survey No. 416/p and 410/p of mouje: Vinzol, Taluka: Dascroi, Registration District Ahmedabad and Sub-District Ahmedabad-5 (Narol)	First pari passu charge for securing working capital facilities, working capital Term Loan and funded Interest Term Loan from consortium banks and Term loan of State Bank of India, Punjab National Bank and Export Import Bank of India.
2	All that piece or parcel of lease hold Plot No. 299/1/B, admeasuring about 2050 sq. mts., alongwith factory shed building, Plant and Machinery standing thereon of Vatva Industrial Estate of Gujarat Industrial Development Corporation, situated upon land bearing Survey No. 416/p and 410/p of mouje: Vinzol, Taluka: Dascroi, Registration District Ahmedabad and Sub-District Ahmedabad-5 (Narol)	First pari passu charge for securing working capital facilities, working capital Term Loan and funded Interest Term Loan from consortium banks and Term loan of State Bank of India, Punjab National Bank and Export Import Bank of India.
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 Vatva Industrial Estate of Gujarat Industrial Development Corporation, situated upon land bearing Survey No. 418/p of mouje: Vinzol & Vatva, Taluka: Dascroi, Registration District Ahmedabad and Sub-District Ahmedabad-5 (Narol)	First pari passu charge for securing working capital facilities, working capital Term Loan and funded Interest Term Loan from consortium banks and Term loan of State Bank of India, Punjab National Bank and Export Import Bank of India.
4	All that piece or parcel of non-agricultural land bearing amalgamated Block No. 396 (allotted in lieu of old Block Nos. 396, 399, 400/A, 400/B, 401, 402, 403 and 404/A) totally admeasuring about 45773 sq. mts. alongwith factory shed building, plant and machinery at Mouje: Dudhavada, Taluka: Padra, Registration District Vadodara and Sub-District Padra	First pari Passu Charge to IDBI Trusteeship Services Ltd for securing Non convertible debentures and to secure term loan of State Bank of India, Punjab National Bank and Export Import Bank of India and working capital facilities from consortium banks.
5	All that piece and parcel of non-agricultural land bearing Block No. 552/A, 566, 567, 569, 570 & 571 admeasuring about 31942 sq.mts., alongwith factory shed building, plant and machinery at Mouje: Dudhwada, Taluka: Padra, Registration District: Vadodara and Sub-District: Padra	First pari Passu Charge to IDBI Trusteeship Services Ltd for securing Non convertible debentures and to secure term loan of State Bank of India, Punjab National Bank and Export Import Bank of India and working capital facilities from consortium banks.
6	All that piece or parcel of lease hold Plot Nos. 365 & 366, admeasuring about 1507.93 sq. mts., along with factory shed building standing thereon of Vatva Industrial Estate of Gujarat Industrial Development Corporation, situated upon land bearing Survey 410/p of mouje: Vinzol, Taluka: Dascroi, Registration District Ahmedabad and Sub-District Ahmedabad-5 (Narol)	First pari passu charge for securing term loan of State Bank of India and Punjab National Bank. Second pari passu charge for securing working capital facilities, working capital Term Loan and funded Interest Term Loan from consortium banks and Term loan of Export Import Bank of India.
7	All that piece and parcel of non agricultural land bearing Block No. 390/A, 390/B, 391/A, 391/B, 394/A/1, admeasuring about 22311 sq. mts., alongwith factory shed building, plant and machinery situate lying and being at mouje: Dudhwada, Taluka: Padra, Registration District: Vadodara and Sub-District: Padra	First pari passu charge for securing term loan of State Bank of India and Punjab National Bank. Second pari passu charge for securing working capital facilities, working capital Term Loan and funded Interest Term Loan from consortium banks and Term loan of Export Import Bank of India.

Notes to the Financial Statements (Contd...)

Sr. No.	Description of Assets/Security	Security given to
8	All that piece and parcel of non agricultural land bearing Block No. 393, 394/A/2 394/B/1, 394/B/2, admeasuring about 16313 sq. mts., alongwith factory shed building, plant and machinery, Power plant situate lying and being at mouje: Dudhwada, Taluka: Padra, Registration District: Vadodara and Sub-District: Padara	First Charge to Export Import Bank of India for securing their term loan. Second pari passu charge for securing term loan of State Bank of India and Punjab National Bank and working capital facilities, working capital Term Loan and funded Interest Term Loan from consortium banks.
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 IFCI Limited.
10	First charge on vehicles financed by the Kotak Mahindra Prime Limited	First Charge on vehicles financed by Kotak Mahindra Prime Ltd.
11	Pledge of 26,23,353 equity shares of Dystar Global Holdings (Singapore) Pte. Ltd held by the Company	Pldege of 13,11,677 equity shares with State Bank of India lead consortium bank for securing credit facilities provided by SBI lead consortium as first pari passu basis and 13,11,676 equity shares pledge with State Bank of India as exclusive charge for securing credit facilities provided to the Company.

Note: The Company has not created charge for securing new facilities provided to the Company on account of restrcuturing of debts on properties stated in Sr. No. 4 & 5 above, because of legal issues with IDBI Trusteeship Services Limited pending with Hon'ble Bombay High Court.

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

(Rs. in Lacs)

Particulars	Guaranteed by	Amount of Loan
Secured Loans		
Non Convertible Debentures	Personal Guarantees of some of the directors	3,200.00
Term Loans from Indian Overseas Bank, ING Vyasya Bank Limited, State Bank of India, Export Import Bank of India and Punjab National Bank	Personal Guarantees of some of the directors	19,537.30
Working Capital Term Loans and Funded Interest Term Loans from State Bank of India, Bank of India, Oriental Bank of Commerce, Export Import Bank of India, Punjab National Bank, Standard Chartered Bank and Indian Bank.	Personal Guarantees of some of the directors	19,250.24
Corporate Loan from IFCI Ltd	Personal Guarantees of some of the directors and pledge of shares	3,257.21

Notes to the Financial Statements (Contd...)

The details of the terms of repayment of Non Convertible Debentures are set out below: (Rs. in Lacs)

Nature of Loans	Amount	Terms of Loans
Non Convertible Debentures	4,000.00	Series A (Rs. 2,500 lacs): Repayment in 16 quarterly installments with 2% Redemption premium starting from end of 5th quarter from the date of allotment i. e. 12.08.2011. At the end of 5th to 8th quarter - 2.5% of principal, 9th to 12th quarter - 5% of principal, 13th to 16th quarter - 7.5% of principal, 17th to 20th quarter - 10% of principal. Rate of Interest - 10.75% Series B (Rs. 1,500 lacs): Repayment in 16 quarterly installments with 2% Redemption premium starting from end of 5th quarter from the date of allotment i. e. 07.10.2011. At the end of 5th to 8th quarter - 2.5% of principal, 9th to 12th quarter - 5% of principal, 13th to 16th quarter - 7.5% of principal, 17th to 20th quarter - 10% of principal. Rate of Interest - 10.75%

The details of the terms of repayment of Term Loans & other loans are set out below:

Nature of Loans

The consortium members banks have realigned the debt of the company. Where in installments for various term loans have been structured with back ended balloning and hence the amount of installment varies from Rs. 1.20 cr. for WCTL - I in year 1 to Rs. 2.01 in year 10, for WCTL - II the installment Rs. 40.01 cr. in year 1 and Rs.35.00 cr in year 2, WCTL - III of Rs. 10.66 cr. is payable in year 1, for WCTL - IV the installment Rs. 1.11 cr. in year 1 to Rs.49.05 cr.in year 10, for FITL the installment Rs. 0.51 cr in year 1 to Rs. 0.52 cr. in year 10, for Term Loan I the installment Rs. 1.56 cr. in year 1 to Rs. 9.23 cr. in year 10, Term Loan II of Rs. 13.33 cr. is payable within year 1.

The details of continuing default as on the Balance Sheet date in repayment of loans and interest are set out below: (Rs. in Lacs)

Particulars	Nature of Default	Period of continuing default	Amount of continuing default
State Bank of India	Interest	February, 2013	36.22
	Interest	March, 2013	36.00
Oriental Bank of Commerce	Interest	March, 2013	4.50
Punjab National Bank	Interest	January, 2013	7.21
	Interest	February, 2013	25.00
	Interest	March, 2013	25.00
Indian Overseas Bank	Principal	From January, 2012	530.48

Though the borrowings on account of Non Convertible Debentures and borrowings from IFCI Ltd. have been recalled, the same have been classified as long term borrowings in view of the original terms of agreements and legal disputes pending with various authorities. The installments due and payable within one year have been shown as current liabilities.

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 31st March, 2013 is given as below:

(Rs. in Lacs)

Particulars	As At 31.03.2013	Deferred Tax Liabilities As At 31.03.2012
Opening Balance of Deferred Tax Liabilities (Net)	2,231.19	1,908.38
Add : Addition during the year	(101.70)	322.81
Total	2,129.49	2,231.19

Notes to the Financial Statements (Contd...)

6 SHORT-TERM BORROWINGS

(Rs. in Lacs)

Particulars	As At 31.03.2013	As At 31.03.2012
Secured :		
Working Capital Loan from Banks	13,682.46	28,774.95
Unsecured :		
Working Capital Facility	965.90	1,643.93
Loans from Directors / Promoters	122.81	26.32
Intercompany Deposits	542.00	1,394.03
Total	15,313.17	31,839.23

The details of security of the short term borrowings are set out below :

(Rs. in Lacs)

Nature of Loans	Amount	Secured by
Secured Loans :		
Working Capital Loan repayable on demand from State Bank of India, Bank of India, Indian Bank, Punjab National Bank, Oriental Bank of Commerce, EXIM Bank, Standard Chartered Bank collectively known as Consortium bankers	13,682.46	Hypothecation of Stock, Book debt, Movable Plant and machinery and Personal Guarantees of some of the Directors

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

(Rs. in Lacs)

Particulars	Guaranteed by	Amount of Loan
Unsecured Loans :		
Working Capital Facility from India Factoring and Finance Solutions Pvt. Ltd. & IFCI Factors Ltd.	Personal Guarantee of some of the Directors	965.90
Inter Corporate Deposits	Personal Guarantee of some of the Directors & pledge of shares	542.00

The company has not made provision for interest on some of the unsecured loans in view of legal disputes. To that extent, the loss is under stated by Rs. 16.32 lacs.

7 TRADE PAYABLES

(Rs. in Lacs)

Particulars	As At 31.03.2013	As At 31.03.2012
Trade payables	8,870.24	9,728.52
Total	8,870.24	9,728.52

Notes to the Financial Statements (Contd...)

8 OTHER CURRENT LIABILITIES

(Rs. in Lacs)

Particulars	As At 31.03.2013	As At 31.03.2012
Current Maturity of Long-term debt	11,232.88	5,943.57
Credit Balances in Bank Accounts	38.80	147.35
Interest accrued but not due on Unsecured Loans	142.39	40.02
Interest accrued and due on borrowings	455.30	283.82
Advance received from Customers	118.83	1,064.73
Statutory Dues	183.19	141.65
Unpaid / Unclaimed Dividend	1.13	1.13
Employee Benefit Payables	167.21	226.06
Other Liabilities	2,085.02	3,460.74
Total	14,424.75	11,309.07

9 SHORT-TERM PROVISIONS

(Rs. in Lacs)

Particulars	As At 31.03.2013	As At 31.03.2012
Provision for Employee Benefit - Current	97.71	89.71
Provision for Tax on Dividend	46.23	46.23
Total	143.94	135.94

10 FIXED ASSETS

(Rs. in Lacs)

Assets	Opening Balance As on 01.04.2012	Addition during the year	Adjusted sold during the year	Gross Block As on 31.03.2013	Depreciation Up to 31.03.2012	Depreciation provided during the year	Adjusted during the year	Total Dep. Up to 31.03.2013	Net Block As on 31.03.2013	Net Block As on 31.03.2012
TANGIBLE ASSETS										
Land	1202.34	0.00	0.00	1202.34	0.00	0.00	0.00	0.00	1202.34	1202.34
Building	6153.33	129.89	0.00	6283.22	544.54	206.34	0.00	750.88	5532.34	5608.79
Plant & Machinery	27568.42	55.83	0.00	27624.25	6079.84	2848.01	0.00	8927.85	18696.40	21488.58
Electrification	794.24	33.71	0.00	827.95	168.95	83.56	0.00	252.51	575.44	625.29
Office Equipments	93.45	1.73	0.00	95.18	16.02	4.10	0.00	20.12	75.06	77.43
Furniture & Fixture	130.94	0.11	0.00	131.05	28.65	8.29	0.00	36.94	94.11	102.29
Vehicles	602.76	0.00	135.10	467.66	172.97	47.59	55.26	165.30	302.36	429.79
Capital Work In Progress	9480.70	1404.12	0.00	10884.82	0.00	0.00	0.00	0.00	10884.82	9480.70
TOTAL	46026.18	1625.39	135.10	47516.47	7010.97	3197.89	55.26	10153.60	37362.87	39015.21
PREVIOUS YEAR	32645.19	16752.09	3371.10	46026.18	3985.35	3025.62	0.00	7010.96	39015.22	28659.85

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

Notes to the Financial Statements (Contd...)

11 NON CURRENT INVESTMENTS

(Rs. in Lacs)

Particulars	As At 31.03.2013	As At 31.03.2012
Non-current Investment		
Trade (Unquoted)		
Investments in Mutual Funds		
• 100,000 Units (P.Y.100000) SBI Infrastructure Fund (NAV of the units held Rs. 7.81 lacs (P.Y.9.37 lacs)	10.00	10.00
Investment in Subsidiary		
• 1 Equity Share (P.Y. 1) of US \$ 1 In Kiri International (Mauritius) Private Ltd.	0.00	0.00
• 10,00,000 Equity Shares (P.Y. 1000000) of HK \$ 1 Each In Synthesis International Ltd.	57.56	1.50
• 49,994 Equity Shares (P.Y. 49,994) of INR 10 Each in Kiri Peroxide Limited	5.00	5.00
• 13,411 Equity Share (P.Y. 13,411) of SG \$ 1 in Kiri Investment & Trading Singapore Pvt. Ltd.	5.00	5.00
• 9,70,000 Equity Shares (P.Y. 9,70,000) of NTD 10 Each in SMS Chemical Co Ltd Fully Paid Up	339.53	339.53
• 200 Equity Shares (P.Y. Nil) of AED 1000 each in Chemhub Trading DMCC	28.81	-
Investment in Associate Company		
• 26,25,000 Equity Shares (P.Y. 26,25,000) of Rs 10/- each fully paid up in Kiri Infrastructure Private Limited	1,443.75	1,443.75
• 26,23,353 Equity Shares (P.Y. 26,23,353) Each of SG \$ 10 each of DyStar Global Holdings (Singapore) Pte. Ltd.	9,550.24	9,550.24
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
• 2,22,00,000 5% Non Cumulative Redeemable Preference Shares (P.Y. 2,22,00,000) of Rs 10/- Each Fully Paid up in Lonsen Kiri Chemical Industries Limited	2,220.00	2,220.00
Other (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
Total	16,664.89	16,636.08

12 LONG-TERM LOANS AND ADVANCES

(Rs. in Lacs)

Particulars	As At 31.03.2013	As At 31.03.2012
Capital Advances		
Unsecured, considered good	1,955.18	2,649.73
Doubtful	-	-
	1,955.18	2,649.73
Less : Allowance for Bad & Doubtful	-	-
	1,955.18	2,649.73
Security Deposits		
Unsecured, considered good	310.86	335.47
Doubtful	-	-
	310.86	335.47
Less : Allowance for Bad & Doubtful	-	-
	310.86	335.47
Other Loans & Advances		
Unsecured, considered good		
Loans & Advance to Employees	34.69	24.45
Other Loans & Advances	871.28	676.17
	905.97	700.62
Less : Allowance for Bad & Doubtful	-	-
	905.97	700.62
Total	3,172.01	3,685.82

Notes to the Financial Statements (Contd...)

13 OTHER NON-CURRENT ASSETS

(Rs. in Lacs)

Particulars	As At 31.03.2013	As At 31.03.2012
Deposits with Banks	143.51	1,154.06
Unamortised Expenses	0.91	1.14
Total	144.42	1,155.20

14 INVENTORIES

(Rs. in Lacs)

Particulars	As At 31.03.2013	As At 31.03.2012
Raw Material	996.11	1,263.18
Finished Goods	1,227.88	1,315.08
Stock in Process & Semi Finished Goods	12,373.95	13,034.73
Packing Material	329.12	254.37
Total	14,927.06	15,867.36

15 TRADE RECEIVABLES

(Rs. in Lacs)

Particulars	As at 31.03.2013	As at 31.03.2012
Debt outstanding for a period exceeding six months		
Unsecured considered good	14,814.74	10,516.07
Doubtful	1,547.31	1,329.13
	16,362.05	11,845.20
Less : Allowance for Bad & Doubtful	-	-
	16,362.05	11,845.20
Other debts		
Unsecured considered good	13,148.32	14,744.97
Doubtful	-	-
	13,148.32	14,744.97
Less : Allowance for Bad & Doubtful	-	-
	13,148.32	14,744.97
Total	29,510.37	26,590.17

Notes to the Financial Statements (Contd...)

16 CASH AND CASH EQUIVALENTS

(Rs. in Lacs)

Particulars	As at 31.03.2013	As at 31.03.2012
Cash on Hand	4.03	13.26
Balances with Scheduled Banks		
In Current Account	280.52	300.19
Balances with Non-Scheduled Banks		
In Current Account	0.06	0.27
Others		
Balances in Unpaid Dividend Accounts	1.06	1.06
Total	285.67	314.78

17 SHORT-TERM LOANS AND ADVANCES

(Rs. in Lacs)

Particulars	As at 31.03.2013	As at 31.03.2012
Others		
Unsecured, considered good		
Advance Tax & Tax Deducted at Source (Net of Provision C.Y. - Rs. 2,363.45 lacs Less : Rs. 1,052.22 lacs)	1,311.23	681.69
MAT Credit Entitlement	405.85	1,007.94
Balance with Government Authorities	2,577.01	3,962.51
Advances to Suppliers	252.80	436.15
Prepaid expenses	29.08	42.03
Other Loans & Advances	9.76	14.48
Doubtful	-	-
	4,585.73	6,144.80
Less : Allowance for Bad & Doubtful	-	-
	4,585.73	6,144.80
Total	4,585.73	6,144.80

18 OTHER CURRENT ASSETS

(Rs. in Lacs)

Particulars	As at 31.03.2013	As at 31.03.2012
Interest Accrued on Deposits	80.72	186.27
Total	80.72	186.27

Notes to the Financial Statements (Contd...)

19 REVENUE FROM OPERATIONS (Rs. in Lacs)

Particulars	2012-2013	2011-2012
Sale of Products	50,452.46	44,185.30
Sales of Services	-	7,394.52
Other Operating Revenue	2,008.22	1,874.02
Total	52,460.68	53,453.84

20 OTHER INCOME (Rs. in Lacs)

Particulars	2012-2013	2011-2012
Interest Income		
- FDs with Banks & ICDs	29.26	111.96
- Others	111.92	138.12
	141.18	250.08
Dividend Income	0.75	0.20
Net gain on sale of Fixed Assets	0.02	-
Total	141.95	250.28

21 COST OF MATERIALS CONSUMED (Rs. in Lacs)

Particulars	2012-2013	2011-2012
Raw Material Consumed :		
Opening Inventory	1,263.18	2,191.32
Add : Purchases (Net)	41,002.73	34,408.35
Less: Inventory at the end of the year	996.11	1,263.18
Cost of Raw Material consumed during the year	41,269.80	35,336.49
Packing Material Consumed :		
Opening Inventory	254.37	278.18
Add : Purchases (Net)	335.24	817.90
Less: Inventory at the end of the year	329.12	254.37
Cost of Packing Material consumed during the year	260.49	841.71
Total	41,530.29	36,178.20

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

Particulars	2012-2013	2011-2012
(Increase)/decrease in Stocks		
Stock at the beginning of the year :		
Finished Goods	1,315.08	189.34
Work in Progress & Semi Finished Goods	13,034.73	13,100.08
	14,349.81	13,289.42
Stock at the end of the year :		
Finished Goods	1,227.88	1,315.08
Work in Progress & Semi Finished Goods	12,373.95	13,034.73
	13,601.83	14,349.81
Total	747.98	(1,060.39)

Notes to the Financial Statements (Contd...)

23 EMPLOYEE BENEFITS EXPENSE (Rs. in Lacs)

Particulars	2012-2013	2011-2012
Salaries, Wages & Bonus	1,418.17	1,917.96
Contribution to Provident fund & other funds	74.31	94.79
Welfare Expenses	78.80	130.17
Total	1,571.28	2,142.92

24 FINANCE COST (Rs. in Lacs)

Particulars	2012-2013	2011-2012
Interest & Financial Charges		
- Interest Cost	7,208.16	4,750.81
- Financial Charges	334.63	488.06
Total	7,542.79	5,238.87

25 ADMINISTRATIVE EXPENSES (Rs. in Lacs)

Particulars	2012-2013	2011-2012
Insurance Premium	48.10	55.02
Communication Expenses	29.81	45.89
Postage & Conveyance	12.32	44.41
Travelling & Conveyance	60.11	87.38
Repairs & Maintenance - Others	4.21	4.95
Membership & Subscription	1.06	20.28
Security Expenses	43.11	40.97
Legal & Professional Fees	286.63	560.36
Payment to Auditors	10.00	10.00
Rates & Taxes	10.21	8.62
Donation	0.27	1.19
Miscellaneous Expenses	9.80	12.60
Preliminary Expenses	0.23	0.23
Total	515.86	891.90

Expenses Capitalised as a part of Capital Work in Progress (Rs. in Lacs)

Particulars	2012-2013	2011-2012
Finance Cost	-	395.81
Professional Fees	-	48.90
Salary & Wages	-	10.04
Other Administrative Expenses	-	518.98
Total	-	973.73

Notes to the Financial Statements (Contd...)

26 MANUFACTURING EXPENSES

(Rs. in Lacs)

Particulars	2012-2013	2011-2012
Operational & Other Expenses		
- Power & Fuel	2,896.24	3,472.34
Pollution Treatment Expenses	124.48	121.89
Repairs & Maintenance		
- Buildings	3.44	14.01
- Machineries	197.32	471.27
- Other Assets	38.35	51.69
	239.11	536.97
Laboratory Expenses	12.49	13.59
Factory Expenses	16.71	41.29
Rent Expenses	30.71	39.80
Total	3,319.74	4,225.88

27 SELLING & DISTRIBUTION EXPENSES

(Rs. in Lacs)

Particulars	2012-2013	2011-2012
Warehouse Charges	0.63	5.48
Export Expenses	34.97	180.77
Outward Freight & Transportation Charges	357.74	774.75
Travelling Expenses	30.88	85.28
Advertisement & Sales Promotion Expenses	209.23	75.47
Total	633.45	1,121.75

28 PRIOR PERIOD ADJUSTMENTS

(Rs. in Lacs)

Particulars	2012-2013	2011-2012
Prior Period Expenses	20.57	21.54
Total	20.57	21.54

29. The 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.

30. Extra ordinary items include derivative losses of Rs. 8,118.26 lacs & loss on conversion of foreign currency loans to Indian currency following restructuring of loans by the banks of Rs. 3,040.93 lacs.

(Rs. In Lacs)

Particulars	2012-2013	2011-2012
Estimated amount of contracts remaining to be executed on capital account and not provided for (*The Company has cancelled majority of its capital contracts and expects no liability on that account)	Nil	3,782.64

Notes to the Financial Statements (Contd...)

32 Contingent Liabilities

(Rs. In Lacs)

Particulars	2012-2013	2011-2012
Outstanding Letter of Credits issued by Banks	555.88	2,298.22
Guarantees given by Banks on behalf of the Company for various purposes.	168.06	25,286.23
Corporate Guarantees given by the Company on behalf of the Joint Venture Company.	8,900.00	8,900.00
Corporate Guarantees given by the Company on behalf of wholly owned Subsidiary Company.	-	8,865.27
Disputed Income Tax / Excise matters for various assessment years for which appeals are pending with Appellate authorities.	1930.18	1,886.44

- In addition to the above, various lenders have filed suits or have obtained orders from various legal authorities for which the company has filed appeals / counter litigations. At this stage it is not possible to quantify the liability and being contingent in nature, no provision has been made in accounts. Further, no provision has been made in accounts in respect of import duty which may become payable on failure to comply with necessary export obligations.

- 33 During the year under review, at the express request by the company, the consortium bankers agreed to restructure their loans and accordingly, all the foreign currency loans were converted into local currency loans, part of working capital loans were converted into term loans, derivative losses were funded and other concessions were also given by the banks on stipulated terms and conditions. Similarly, non consortium bankers have also sanctioned certain concessions to the company on stipulated terms and conditions.

34 Directors' Remuneration

(Rs. In Lacs)

Particulars	2012-2013	2011-2012
Mr. Pravin A. Kiri	12.00	84.00
Mr. Manish P. Kiri	12.00	84.00
Mr. Shanker R. Patel	10.00	12.00
Directors Sitting Fees	1.85	2.07

35 Remuneration to Auditors

Audit Fees	6.00	6.00
Taxation Matters	2.50	2.50
Certification and other Matters	1.50	1.50

36 C.I.F. Value of imported goods

Raw Material	1,216.64	4562.64
Machinery & Spares	-	3059.33

37 Earnings in Foreign Currency

F.O.B. Value of Exports	5304.93	15614.83
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38 Expenditure in Foreign Currency

Foreign Travel Expense	11.73	19.52
Export sales Commission	6.25	0.00
Professional & Legal Charges	6.20	6.90
Zero Coupon Convertible Bond issue expenses	251.72	0.00

39 Particulars of Non Resident Shareholders to whom dividend is remitted

(Rs. In lacs)

	2012-2013	2011-2012
Amount of final dividend remitted	Nil	1.54
No. of Shareholders	Nil	3
No. of shares held	Nil	1,02,630
Year/ Period to which dividend relates	N.A.	2010-11

Notes to the Financial Statements (Contd...)

- 40** In view of the exemption granted vide notification number S.O. 301(E) dated 8th February, 2011 issued by the Ministry of Corporate Affairs, Government of India, the information required vide para 3(i)(a), 3(ii)(a), 3(ii)(b), 3(ii)(d) of part II of Schedule VI of the Companies Act, 1956 has not been given.
- 41** Disclosure as per Clause 32 of the Listing Agreements with the Stock Exchanges:
- (a) Loans and advances in the nature of Loans given to subsidiaries and associates in which Directors are interested.

(Rs. In lacs)

Name of the Company	Relationship	During the Year	As at 31 st March, 2013	Maximum Balance outstanding during the year
Kiri Infrastructure Pvt Ltd.	Associates	9.18	455.64	456.46

- 42 Lease:**

(Rs. In lacs)

Particulars	As at March 31, 2013	As at March 31, 2012
Operating Lease		
i. Expenses under cancellable operating lease and rental contracts during the year	-	-
ii. Expenses under non-cancellable operating lease and a rental contract during the year	27.00	36.00
iii. Maximum financial obligation from long term non-cancellable operating lease and rental contracts as per the respective agreement as follows :		
Not later than one year	Nil	36.00
Later than one year not later than five years	Nil	30.00

- 43** Details of loan taken from companies under the same management:

(Rs. In lacs)

Name of the Company	2012-13		2011-12	
	Balance as at 31 st March, 2013	Maximum balance during the year	Balance as at 31 st March, 2012	Maximum balance during the year
Kiri Infrastructure Pvt. Ltd.	455.64	456.46	456.46	868.02

- 44 Calculation of Earning Per Share**

Earning Per Share		2012-13	2011-12
Basic			
Loss attributable to Equity Shareholders	Rs. in Lacs	(18,342.92)	(2,358.94)
Nominal Value of Equity Share	Rs.	10	10
Weighted average number of ordinary Equity Shares - for Basic EPS	Nos.	1,90,00,053	1,90,00,053
Basic EPS	Rs.	(96.54)	(12.42)
Diluted EPS	Rs.	(96.54)	(12.42)

- 45. Zero Coupon Foreign Currency Convertible Bonds**

On January 16, 2013, the Company has made an issue of zero coupon convertible bonds aggregating to USD 15 Million (approximately Rs. 82.17 crores) comprising of 10 (aggregating to US\$ 10,00,000) zero coupon convertible bonds due 2018 ("Series A FCCBs"), 10 (aggregating to US\$ 10,00,000) zero coupon convertible bonds due 2018 ("Series B FCCBs"), 25 (aggregating to US\$ 25,00,000) zero coupon convertible bonds due 2018 ("Series C FCCBs"), 35 (aggregating to US\$ 35,00,000) zero coupon convertible bonds due 2018 ("Series D FCCBs"), 35 (aggregating to US\$ 35,00,000) zero coupon convertible bonds due 2018 ("Series E FCCBs"), 35 (aggregating to US\$ 35,00,000) zero coupon convertible bonds due 2018 ("Series F FCCBs")

Notes to the Financial Statements (Contd...)

- a. Each fully paid up series A, B, C, D, E and F, (unless previously redeemed or purchased and cancelled) will be converted by the Bondholder at any time on or after February 16, 2013 but prior to close of business on January 18, 2018. Each bond will be converted into fully paid up equity shares of Rs. 10 each at a premium of Rs. 1.92 per share, at a price of Rs. 11.92 per share at a fixed exchange rate conversion of Rs. 54.7773 per US Dollar.
- b. Three percent (3%) of the offer price payable on each of the Series A,B, C, D, E and F FCCBs is paid by the holder of bonds on January 16, 2013. The remaining ninety seven percent (97%) of the payment of the offer price payable on each of the Series A,B, C, D, E and F FCCBs shall be payable on the earlier of the Conversion Date or the due date specified in the table below :

Series of FCCBs	Exact due dates	Amount due per Bond (US\$)	No. of bonds falling due	Total Amount (US\$)
A	30 th September, 2013	97000	10	970000
B	30 th September, 2014	97000	10	970000
C	30 th March, 2015	97000	25	2425000
D	30 th September, 2015	97000	35	3395000
E	30 th September, 2016	97000	35	3395000
F	30 th September, 2017	97000	35	3395000

- c. Where there is a default by any Series A, B, C, D, E and F FCCB Bondholder, in paying the balance of the issue amount due in respect of such Bonds, the Company has right to convert each partly paid bonds to the extent amount paid up on the relevant Series A, B, C, D, E and F FCCBs i.e, three percent (3%) and the balance ninety seven percent (97%) shall stand cancelled and each respective Series A, B, C, D, E and F FCCB (on which default has been committed) shall each be convertible to fully paid-up Equity Shares of face value of Rs.10 each at a premium of Rs. 1.92 per Equity Share, at a price of Rs.11.92 per share.
 - d. The expenses incurred on issue of zero coupon convertibles have been set off against securities premium account.
46. The Company had acquired DyStar Group in February, 2010 jointly with its Chinese Partner, Well Prospering Limited (WPL) which had invested Euro 22 Million in DyStar Group in form of Zero Coupon Convertible Bond with an option of conversion of same in equity shares any time within five years of the date of issue of Bond. On July 14 2012, Well Prospering Limited has transferred zero coupon convertible bond of Euro 22 million to Senda International Capital Limited. On 26th December, 2012 Senda International Capital Limited has exercised its right and converted the same into Equity. As a result, the company's stake has reduced to 37.15 % in DyStar Global Holdings (Singapore) Pte Ltd.

47. Related Party Disclosure –

A) Related Party And Their Relationship

Name of the Party

Kiri International (Mauritius) Private Limited
 Synthesis International Limited
 SMS Chemicals Co. Limited
 Kiri Peroxide Ltd.
 Chemmhub Trading DMCC
 Kiri Investment and Trading Singapore Private Limited
 Dystar Global Holdings (Singapore) Pte. Ltd
 Kiri Infrastructure Pvt. Ltd.
 Lonsen Kiri Chemical Ind. Ltd.
 Mr. Pravinbhai A Kiri
 Mr. Manishbhai P Kiri
 Mrs. Arunaben P Kiri
 Mrs. Anupama M. Kiri
 Pravinbhai A. Kiri – HUF

Relationship

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

Notes to the Financial Statements (Contd...)

B) Transaction with Related Parties

Figures in *Italics* represent figures as at 31st March, 2012

(Rs. In Lacs)

Particulars	Subsidiaries & Step Down Subsidiaries	Joint Ventures	Associates Enterprise	Key Management Personnel & their Relatives	Total
Purchase of Goods	-	99.78	-	-	99.78
	-	44.49	-	-	44.49
Sales of Goods / Services / Job Work Income	627.78 2,654.22	1,193.63 197.09	- -	- -	1,821.41 2,851.31
Remuneration	-	-	-	34.00	34.00
	-	-	-	180.00	180.00
Investment	28.81 405.59	- 1,900.00	- -	- -	28.81 2,305.59
Advance given	-	-	9.18	-	9.18
	-	-	741.52	-	741.52
Advance repaid	-	-	10.00	-	10.00
	-	-	1,222.71	-	1,222.71
Reimbursement of exps.	-	-	-	-	-
	-	-	3.02	-	3.02
Interest received	-	-	-	-	-
	-	-	77.36	-	77.36
Interest paid	-	-	-	-	-
	-	-	-	41.51	41.51
Dividend	-	-	-	-	-
	-	-	-	133.98	133.98
Loan repaid	-	-	-	1,450.46	1,450.46
	-	-	-	734.18	734.18
Loan taken	-	-	-	1,546.95	1,546.95
	-	-	-	285.42	285.42
Guarantees given	-	8,900.00	-	-	8,900.00
	-	8,900.00	8,865.27	-	17,765.27
Share Application Money given	212.72	-	-	-	212.72
	-	-	-	-	-
Share Application Money received	260.00	-	-	1,040.00	1,300.00
	-	-	-	-	-
Outstanding Balance (Cr)	-	-	176.56	122.81	299.37
	-	110.64	-	26.33	136.97
Outstanding Balance (Dr)	2,923.76	1,025.35	545.95	-	4,495.06
	2,566.85	-	549.77	-	3,116.62

Notes to the Financial Statements (Contd...)

C) Disclosure in respect of material transactions with related parties

		(Rs. in Lacs)	
Nature of Transaction	Name of the Related Party	2012-13	2011-12
Purchase of Goods	Lonsen Kiri Chemical Industries Ltd	99.78	44.49
Sales of Goods / Services /	Lonsen Kiri Chemical Industries Ltd	1,193.63	197.09
Job work Income	Synthesis International Limited	-	654.24
	Chemhub Trading DMCC	627.78	-
	SMS Chemicals Co. Ltd.	-	1,999.98
Remuneration	Mr. Pravin A. Kiri	12.00	84.00
	Mr. Manish P. Kiri	12.00	84.00
	Mr. Shanker R. Patel	10.00	12.00
Investment	Lonsen Kiri Chemical Industries Ltd - Pref. Share	-	1,900.00
	Kiri Investment & Trading Singapore Pvt. Ltd.	-	5.00
	Synthesis International Limited	-	56.06
	SMS Chemicals Co. Ltd.	-	339.53
	Kiri Peroxide Ltd	-	5.00
	Chemhub Trading DMCC	28.81	-
Advance given	Kiri Infrastructure Pvt. Ltd.	9.18	741.52
Reimbursement of exps.	Dystar Global Holdings (Singapore) Pte. Ltd (formerly known as Kiri Holding Singapore Private Limited)	-	3.02
Advance repaid	Kiri Infrastructure Pvt. Ltd.	10.00	1,222.71
Interest received	Kiri Infrastructure Pvt. Ltd.	-	77.36
Interest paid	Mr. Pravin A. Kiri	-	41.51
Dividend	Mr. Manish P. Kiri	-	16.14
	Mr. Pravin A. Kiri	-	104.30
	Mrs. Arunaben P. Kiri	-	13.54
Loan repaid	Mrs. Anupama M. Kiri	-	15.00
	Mrs. Arunaben P. Kiri	234.00	88.50
	Mr. Pravin A. Kiri	989.32	159.94
	Mr. Manish P. Kiri	157.14	470.74
	Pravin A. Kiri – HUF	70.00	-
Loan taken	Mrs. Anupama M. Kiri	-	15.00
	Mrs. Aruna P. Kiri	253.81	82.78
	Mr. Pravin A. Kiri	1,006.53	110.00
	Mr. Manish P. Kiri	213.59	77.64
	Pravin Kiri – HUF	73.02	-

Notes to the Financial Statements (Contd...)

		(Rs. in Lacs)	
Nature of Transaction	Name of the Related Party	2012-13	2011-12
Guarantees given	Dystar Global Holdings (Singapore) Pte. Ltd (formerly known as Kiri Holding Singapore Private Limited)	-	8,865.27
	Lonsen Kiri Chemical Industries Ltd	8,900.00	8,900.00
Share Application Money Given	Synthesis International Limited	210.25	-
	Chemhub Trading DMCC	2.47	-
Share Application Money received	Mrs. Anupama M. Kiri	1,040.00	-
	Kiri Peroxide Ltd.	260.00	-
Outstanding Balance (Cr)	Lonsen Kiri Chemical Industries Ltd	-	110.64
	Mrs. Arunaben P. Kiri	28.62	8.81
	Mr. Manish P. Kiri	72.68	16.23
	Mr. Pravin A. Kiri	18.50	1.29
	M/s Pravin A. Kiri - HUF	3.02	-
Outstanding Balance (Dr)	Synthesis International Limited	296.00	566.87
	SMS Chemicals Co. Ltd.	1,999.98	1,999.98
	Chemhub Trading DMCC	627.78	-
	Dystar Global Holdings (Singapore) Pte. Ltd (formerly known as Kiri Holding Singapore Private Limited)	93.31	93.31
	Kiri Infrastructure Pvt. Ltd.	455.64	456.46
	Lonsen Kiri Chemical Industries Ltd.	1,025.35	-

As there is no commission paid to any of the Directors, the computation of profit u/s 198 and 350 of the Companies Act, 1956 has not been given.

48 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 Lacs)	
Particulars		Year ended 31 st March 2013	Year ended 31 st March 2012
Revenue by Geographical Segment			
India		44,443.36	27,975.94
Outside India		6,009.10	23,603.88
Addition to Fixed Assets and Intangible Assets			
India		1,625.40	13,380.99
Outside India		0.00	0.00
Carrying amount of Fixed Assets (Net)			
India		37,361.87	39,015.22
Outside India		0.00	0.00

Notes to the Financial Statements (Contd...)

49 Employee Benefits:

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

1. Defined Benefit Plans:

(Rs. in Lacs)

Particulars	Gratuity	Leave Encashment
I. Expense recognized during the year		
Current Service Cost	17.10	9.94
Interest Cost	11.04	0.87
Expected return on plan assets	-	-
Net actuarial Losses (Gains)	(67.46)	9.35
II. Reconciliation of opening and closing balances of defined benefit obligation:		
Defined benefit obligation at beginning of the Year	126.19	9.95
Service Cost	17.10	9.94
Interest Cost	11.04	0.87
Actuarial Losses (Gains)	(67.46)	9.35
Losses (Gains) on curtailments	-	-
Liabilities extinguished on settlements	-	-
Benefits paid	(21.12)	(16.48)
Defined benefit obligation at end of the year	65.75	13.63
III. Reconciliation of opening and closing balances of fair value of plan assets		
Fair value of plan assets at the beginning of year	27.60	-
Expected return on plan assets	2.37	-
Actuarial Gains (Losses)	(1.11)	-
Contributions by employer	-	-
Benefit paid	(21.12)	-
Defined benefit obligation at end of the year	7.74	-
IV. Reconciliation of the present value of defined benefit obligation and fair value of plan assets		
Present value of defined benefit obligations at the end of the year	7.71	(13.62)
Fair value of plan assets at the end of the year	(65.75)	-
Net assets (liability) at the end of the year	(58.01)	(13.62)
V. Investment details	Percentage invested as at 31.03.2013	
Life Insurance Corporation of India (LIC) / SBI Life Insurance Company Ltd. (SBI)	100%	
VI. Actuarial Assumptions		
Mortality Table (LIC)	1994-96 (Ultimate)	1994-96 (Ultimate)
Discount Rate (per annum)	8.75%	8.75%
Expected Return on plan assets (per annum)	8.60%	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 Lacs)

Particulars	2012-13	2011-12
Employer's Contribution to Provident Fund	63.39	52.45
Employer's Contribution to Superannuation Fund	—	—

Notes to the Financial Statements (Contd...)

50 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.

51 Derivative Instruments:

The company has entered into forward contracts to offset foreign currency risks arising from the amounts denominated in currencies other than the Indian Rupee. The counter parties to such forward contracts are banks.

Consequent to the announcement issued by the Institute of Chartered Accountants of India on Accounting of Derivatives, details of derivatives contracts outstanding as on 31st March, 2013 are as under:

Figures in *Italics* represent figures as at 31st March, 2012

(Rs. in lacs)

Currency	Exposure to Buy / Sell	No. of Contracts	For the year ended 31 st March, 2013	
			Indian Currency	Foreign Currency
US Dollar / INR	Sell	- <i>24</i>	- <i>13,882.33</i>	- <i>289.30</i>
US Dollar / INR	Buy	1 -	2,392.50 -	50.00 -
Euro / INR	Buy	8 -	1,555.70 -	23.00 -
Euro / USD	Buy	- <i>1</i>	- <i>178.82</i>	- <i>2.50</i>
Derivative Structure				
US Dollar / INR	Sell	- <i>15</i>	- <i>7,606.75</i>	- <i>185.00</i>

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

As per our separate report of even date attached herewith.

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

Vimal D. Shukla
Proprietor
Membership No. 036416
Place : Ahmedabad
Date : May 28, 2013

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

Pravin A. Kiri
Chairman

Manish P. Kiri
Managing Director

Suresh S. Gondalia
Company Secretary

Place : Ahmedabad
Date : May 28, 2013

Independent Auditors' Report on Consolidated Financial Statements

To
**The Board of Directors of
Kiri Industries Limited**

We have audited the accompanying consolidated financial statements of **KIRI INDUSTRIES LIMITED** (the "Company"), its subsidiary and its joint venture company (the Company, its subsidiary and joint venture company constitute "the Group"), which comprise the Consolidated Balance Sheet as at 31st March, 2013, Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

The Company's Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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 auditors' judgments, 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 control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the consolidated financial statements.

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

As stated in the Other Matters paragraph below, our opinion, in so far as it relates to the amounts and disclosures included in respect of the subsidiaries, jointly controlled entities and associates not audited by us, is based solely on the reports of such other auditors.

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 the financial statements/financial information of the subsidiary and separate audit report of the joint venture Company; referred to below in the Other Matters paragraph, the aforesaid consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2013;
- (b) in the case of the Consolidated Statement of Profit and Loss, of the loss of the Group for the year ended on that date; and
- (c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

Independent Auditors' Report on Consolidated Financial Statements (Contd...)

Other Matters

1. We did not audit the financial statements of the subsidiary, whose financial statements reflect total assets of Rs. 753.60 lacs as at 31st March, 2013, total revenues of Rs. Nil for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net loss of Rs. 28.64 lacs for the year ended 31st March, 2013, as considered in the consolidated financial statements, in respect of the subsidiary, whose financial statements have not been audited by us nor by any other auditor. These financial statements have been furnished to us by the Management and our opinion, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, is based solely on those financial statements.

Our opinion is not qualified in respect of these matters.

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

Place : Ahmedabad
Date : May 28, 2013

Vimal D. Shukla
Proprietor
Membership No. 036416

Consolidated Balance Sheet as at 31st March, 2013

(Rs. in Lacs)			
Particulars	Notes	As At 31 st March, 2013	As At 31 st March, 2012
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share Capital	3	1,900.01	1,900.01
Reserves and Surplus	4	15,069.38	35,181.48
Share Application Money		1,778.41	292.93
Foreign Currency Translation Reserve		9.67	8.08
		18,757.47	37,382.50
NON-CURRENT LIABILITIES			
Long-term borrowings	5	45,580.41	16,594.19
Deferred tax liabilities (Net)	6	2,704.35	2,679.36
		48,284.76	19,273.55
CURRENT LIABILITIES			
Short-term borrowings	7	16,621.03	32,808.62
Trade payables	8	11,444.73	11,234.40
Other current liabilities	9	16,277.24	11,700.50
Short-term provisions	10	199.27	171.94
		44,542.27	55,915.46
Total		111,584.50	112,571.51
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Tangible assets	11	32,466.87	34,933.42
Capital work-in-progress	11	10,885.32	9,480.70
		43,352.19	44,414.12
Non-current investments	12	11,387.32	11,358.51
Long-term loans and advances	13	3,026.63	3,754.35
Other non-current assets	14	160.85	1,173.72
		14,574.80	16,286.58
CURRENT ASSETS			
Inventories	15	18,171.75	17,642.34
Trade receivables	16	29,233.27	26,891.91
Cash and cash equivalents	17	630.26	514.03
Short-term loans and advances	18	5,511.53	6,565.75
Other current assets	19	110.70	256.78
		53,657.51	51,870.81
Total		111,584.50	112,571.51

Significant Accounting Policies

2

The Note numbers 30 to 44 form integral part of the Financial Statements

As per our separate report of even date attached herewith.

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

Vimal D. Shukla
Proprietor
Membership No. 036416

Place : Ahmedabad
Date : May 28, 2013

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

Pravin A. Kiri
Chairman

Manish P. Kiri
Managing Director

Suresh S. Gondalia
Company Secretary

Place : Ahmedabad
Date : May 28, 2013

Consolidated Statement of Profit & Loss for the Year Ended on 31st March, 2013

		(Rs. in Lacs)	
Particulars	Notes	2012 - 2013	2011 - 2012
Revenue from Operations	20	61,088.53	58,838.25
Less : Excise duty		5,171.66	3,274.57
Net Revenue from Operations		55,916.87	55,563.68
Other Income	21	167.43	278.75
Total Revenue		56,084.30	55,842.43
Expenses:			
Cost of Materials Consumed	22	45,484.49	37,987.33
Purchase of Stock-in-Trade		808.20	1,568.06
Changes in Inventories of Finished goods, Work-in-Progress & Stock-in-Trade	23	39.69	(970.08)
Employee Benefit Expenses	24	1,856.83	2,287.35
Finance Costs	25	7,754.42	5,418.72
Depreciation		3,476.16	3,173.39
Other Expenses			
Administrative Expenses	26	627.36	951.49
Manufacturing Expenses	27	3,958.36	4,457.20
Selling & Distribution Expenses	28	711.23	1,173.34
Prior Period Adjustments	29	20.57	20.77
Total Expenses		64,737.31	56,067.57
Loss before exceptional and extraordinary items and tax		(8,653.01)	(225.14)
Less : Exceptional items		-	-
Loss before extraordinary items and tax		(8,530.93)	(225.14)
Less : Extraordinary Items		11,159.19	2,184.13
Loss Before Tax		(19,812.20)	(2,409.27)
Tax Expenses			
Current Tax		-	-
Provision for wealth tax		-	-
Short Provision of earlier years		23.19	301.21
Net Current Tax		23.19	301.21
Deferred Tax		24.99	489.21
Loss for the year		(19,860.38)	(3,199.69)
Earning per equity Share			
Basic		(104.53)	(16.84)
Diluted		(104.53)	(16.84)

Significant Accounting Policies

2

The Note numbers 30 to 44 form integral part of the Financial Statements

As per our separate report of even date attached herewith.

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

Vimal D. Shukla
Proprietor
Membership No. 036416

Place : Ahmedabad
Date : May 28, 2013

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

Pravin A. Kiri
Chairman

Manish P. Kiri
Managing Director

Suresh S. Gondalia
Company Secretary

Place : Ahmedabad
Date : May 28, 2013

Consolidated Cash Flow Statement for the Year Ended on 31st March, 2013

		(Rs. in Lacs)	
PARTICULARS	2012-2013	2011-2012	
A. Cash Flow from Operating Activities :			
Net Profit before Tax and Extraordinary items	(8,653.01)	(225.14)	
Adjustment for			
- Depreciation	3,476.16	3,173.39	
- Interest & Dividend Income	(167.42)	(265.46)	
- Interest charged to P & L	7,754.42	5,418.71	
- Profit on Sale of Fixed Assets	(0.02)	-	
Operating Profit before working capital changes:	2,410.13	8,101.50	
Adjustment for :			
- Trade Receivables	(2,341.37)	(5,316.49)	
- Inventories	(529.41)	(320.50)	
- Long Term Advances & Other Non Current Assets	1,740.59	182.34	
- Short Term Advances & Other Current Assets	1,200.31	2,605.23	
- Trade Payables	210.33	703.03	
- Other Current Liabilities & Short Term Provisions	4,604.07	5,713.06	
- Foreign Currency Translation Reserve	1.59	6.29	
- Deferred Tax Liability	24.99	489.21	4,062.17
Cash Generated from Operations	7,321.23	12,163.67	
- Taxes paid/ provision & Deferred tax	(48.17)	(790.42)	
Net Cash Flow from Operations	7,273.06	11,373.25	
B. Cash Flow from Investment Activities :			
- Purchase of Fixed Assets	(2,494.08)	(15,757.74)	
- Sale of Fixed Assets	79.85	-	
- Interest and Dividend Income	167.42	265.46	
- Investment	(28.81)	(349.45)	
Net cash flow from Investing Activities	(2,275.62)	(15,841.73)	
C. Cash Flow from Financing Activities :			
- Issue of Zero Coupon Foreign Currency Convertible Bonds	(5.23)	-	
- Share Application Money	1,485.48	218.63	
- Proceeds from Non Convertible Debenture	-	4,000.00	
- Proceeds from Long term Borrowings	32,910.92	7,172.50	
- Proceeds from Short term Borrowings	(2,522.87)	20,817.67	
- Interest paid	(7,754.42)	(5,418.72)	
Exceptional Items	(11,159.19)	(2,184.12)	
Repayment of Long Term Borrowings	(4,171.19)	(10,009.90)	
Repayment of Short Term Borrowings	(13,664.72)	(10,927.32)	
Net Cash Flow from Financing Activities	(4,881.22)	3,668.74	
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	116.23	(799.74)	
Cash and Cash Equivalents as at (Opening)	514.03	1,313.77	
Cash and Cash Equivalents as at (Closing)	630.26	514.03	

As per our separate report of even date attached herewith.

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

Vimal D. Shukla
Proprietor
Membership No. 036416

Place : Ahmedabad
Date : May 28, 2013

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

Pravin A. Kiri
Chairman

Manish P. Kiri
Managing Director

Suresh S. Gondalia
Company Secretary

Place : Ahmedabad
Date : May 28, 2013

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 (Accounting Standard) Rules, 2006, as amended.

Subsidiary

- i. Subsidiary is fully consolidated from the date of acquisition / incorporation, being the date on which the Group obtains control and continue to be consolidated until the date that such 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 unrealised 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 recognised 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) derecognises the assets (including goodwill) and liabilities of the subsidiary;
 - b) derecognises the carrying amount of any minority interest;
 - c) derecognises the cumulative translation differences, recorded in foreign currency translation reserve;
 - d) recognises the value of the consideration received;
 - e) recognises the value of any investment retained;
 - f) recognises 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 31st March, 2013.

Joint Venture

The Group recognises 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.

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

Associate Company

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

Details of Subsidiaries and Joint Venture with respective holdings thereof

List of subsidiaries and Joint Venture companies which are included in the consolidation and the Company's effective holdings therein are as under:

Sr. No	Name of Company	Ownership in % either directly or through Subsidiaries		Country of Incorporation
		2012-13	2011-12	

A Subsidiaries

i)	Synthesis International Limited	100.00	100.00	Hong Kong
ii)	Kiri International (Mauritius) Private Limited	100.00	100.00	Mauritius
iii)	Kiri Investment & Trading Singapore Pvt. Ltd	100.00	100.00	Singapore
iv)	SMS Chemicals Co. Limited	100.00	100.00	Taiwan
v)	Chemhub Trading DMCC	100.00	-	U.A.E.

B Joint Venture of Kiri Industries Limited

i)	Lonsen Kiri Chemical Industries Ltd	40.00	40.00	India
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C Details of Associate Company and Ownership interest is as follow:

(Rs in Lacs)

Name of the Company	% Share held	Original cost of Investment	Goodwill/ (Capital Reserve)	Accumulated Profit/ (Loss) as at 31.03.2013	Carrying amount of Investments as at 31.03.2013
Kiri Infrastructure Private Limited	47.61 %	1,443.75	43.77	-	1,487.52
Dystar Global Holdings (Singapore) Pte. Ltd.	37.15%	9,550.24	18,371.24	-	27,921.48
Total		10,993.99	18,415.01	-	29,409.00

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

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 (Accounting Standards) Rules, 2006, as amended ('the Rules') and the relevant provisions of the Companies Act, 1956 ('the Act').

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.

d) Depreciation

- i) Depreciation on Fixed Assets, except for those stated in para (iv) below, is provided on straight line method (SLM) at the rates prescribed under Schedule XIV of the Companies Act, 1956 or the rates determined on the basis of useful lives of the respective assets, whichever is higher.
- ii) In respect of assets whose useful life has been revised, the unamortised depreciable amount has been charged over the revised remaining useful life. In respect of assets purchased during the year, depreciation is provided on a pro-rata basis from the date on which such asset is ready to be put to use.
- iii) 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 recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.
- (ii) After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

f) Borrowing Costs

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

g) Investments

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long - term investments. Current investments are carried at lower

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

of cost and fair value determined on an individual investment basis. However, provision is made to recognise a decline, other than temporary, in the value of long term investments.

h) Inventories

Inventories are valued as follows:

Raw materials, packing materials & stores and spares

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

Work – in – progress and finished goods

Lower of cost and net realizable value. Cost includes direct materials, labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods held by the parent company includes 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 recognised 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 arising 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' / unitholders' 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 VI of the Companies Act, 1956.

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.

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

iii) Exchange Differences

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

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

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

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

v) Foreign operations

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

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

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

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

k) Employee Benefits

(i) Gratuity

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

(ii) Provident fund

The eligible employees of the Company are entitled to receive benefits in respect of provident fund, a defined contribution plan, in which both employees and the company/subsidiaries make monthly/annual contributions at a 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 recognises such contributions and shortfall, if any, as an expense in the year incurred.

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

(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 the 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 realised.

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 realised. 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 (Contd...)

3 SHARE CAPITAL

(Rs. in Lacs)

Particulars	As At 31.03.2013	As At 31.03.2012
Authorised Share Capital		
15,00,00,000 Equity Shares (Previous year 5,00,00,000) of Rs 10/-each	15,000.00	5,000.00
5,00,00,000 Preference Shares (Previous year 15,00,00,000) of Rs 10/-each	5,000.00	15,000.00
	20,000.00	20,000.00
Issued, Subscribed & Paid-up Capital		
19,000,053 Equity Shares (Previous year 19,000,053) of Rs 10/- each fully paid up	1,900.01	1,900.01
Total	1,900.01	1,900.01

The reconciliation of the number of shares outstanding as at 31.03.2013 and 31.03.2012 is set out below:

Particulars	As at 31.03.2013	As at 31.03.2012
Number of shares at the beginning	19,000,053	19,000,053
Add: Equity Shares issued during the year	-	-
Number of shares at the end	19,000,053	19,000,053

The details of shareholders holding more than 5% shares as at 31.03.2013 and 31.03.2012 are set out below :

Name of the shareholders	No. of shares	% held as at 31.03.2013	No. of shares	% held as at 31.03.2012
Mr. Pravin Kiri	3582416	18.85	7638843	40.20
Mr. Manish Kiri	1859391	9.79	1859391	9.79
GMO Emerging Markets Fund	790064	4.16	1231731	6.48

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

4 RESERVES AND SURPLUS

(Rs. in Lacs)

Particulars	As At 31.03.2013	As At 31.03.2012
- Debenture Redemption Reserve		
Opening Balance	800.00	-
Add : Transfer from Profit & Loss account	-	800.00
Closing Balance	800.00	800.00
- Preference Share Redemption Reserve		
Opening Balance	444.00	-
Add : Transfer from Profit & Loss account	444.00	444.00
Closing Balance	888.00	444.00
- Security Premium		
Opening Balance	28,431.92	28,431.92
Addition during the year	-	-
Less : Zero Coupon Foreign Currency Convertible Bonds issue exps.	251.72	-
Closing Balance	28,180.20	28,431.92
- General Reserve		
Opening Balance	465.80	465.80
Add : Transfer from Profit & Loss account	-	-
Closing Balance	465.80	465.80
- Surplus		
Opening Balance	5,039.76	9,483.45
Add : Net profit after tax transferred from Statement of Profit and Loss account	(19,860.38)	(3,199.69)
Amount available for appropriation	(14,820.62)	6,283.76
Appropriation		
Debenture Redemption Reserve	-	800.00
Preference Share Redemption Reserve	444.00	444.00
Closing Balance	(15,264.62)	5,039.76
Total	15,069.38	35,181.48

Note : The Company has not created Debenture Redemption Reserve for the year under review, in view of the clarification issued by Department of Company Affairs vide General Circular No. 9/2002 No. 6/3/2001-CL.V dated 18-04-2002.

5 LONG TERM BORROWINGS

(Rs. in Lacs)

Particulars	As At 31.03.2013	As At 31.03.2012
Secured :		
Non Convertible Debentures	3,200.00	3,800.00
Term Loans from Banks & Others	39,778.92	12,721.38
Hire Purchase Loans	172.32	72.81
Unsecured :		
Zero Coupon Foreign Currency Convertible Bonds issue exps.	246.50	-
Term Loans from Banks	2,182.67	-
Total	45,580.41	16,594.19

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

The details of security of the long term borrowings are set out below :

Sr. No.	Description of Assets/Security	Security given to
1	All that piece or parcel of lease hold Plot No. 299/1/A, admeasuring about 3767 sq. mts., alongwith factory shed building, Plant and Machinery standing thereon of Vatva Industrial Estate of Gujarat Industrial Development Corporation, situated upon land bearing Survey No. 416/p and 410/p of mouje: Vinzol, Taluka: Dascroi, Registration District Ahmedabad and Sub-District Ahmedabad-5 (Narol)	First pari passu charge for securing working capital facilities, working capital Term Loan and funded Interest Term Loan from consortium banks and Term loan of State Bank of India, Punjab National Bank and Export Import Bank of India.
2	All that piece or parcel of lease hold Plot No. 299/1/B, admeasuring about 2050 sq. mts., alongwith factory shed building, Plant and Machinery standing thereon of Vatva Industrial Estate of Gujarat Industrial Development Corporation, situated upon land bearing Survey No. 416/p and 410/p of mouje: Vinzol, Taluka: Dascroi, Registration District Ahmedabad and Sub-District Ahmedabad-5 (Narol)	First pari passu charge for securing working capital facilities, working capital Term Loan and funded Interest Term Loan from consortium banks and Term loan of State Bank of India, Punjab National Bank and Export Import Bank of India.
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 Vatva Industrial Estate of Gujarat Industrial Development Corporation, situated upon land bearing Survey No. 418/p of mouje: Vinzol & Vatva, Taluka: Dascroi, Registration District Ahmedabad and Sub-District Ahmedabad-5 (Narol)	First pari passu charge for securing working capital facilities, working capital Term Loan and funded Interest Term Loan from consortium banks and Term loan of State Bank of India, Punjab National Bank and Export Import Bank of India.
4	All that piece or parcel of non-agricultural land bearing amalgamated Block No. 396 (allotted in lieu of old Block Nos. 396, 399, 400/A, 400/B, 401, 402, 403 and 404/A) totally admeasuring about 45773 sq. mts. alongwith factory shed building, plant and machinery at Mouje: Dudhavada, Taluka: Padra, Registration District Vadodara and Sub-District Padra	First pari Passu Charge to IDBI Trusteeship Services Ltd for securing Non convertible debentures and to secure term loan of State Bank of India, Punjab National Bank and Export Import Bank of India and working capital facilities from consortium banks.
5	All that piece and parcel of non-agricultural land bearing Block No. 552/A, 566, 567, 569, 570 & 571 admeasuring about 31942 sq.mts., alongwith factory shed building, plant and machinery at Mouje: Dudhwada, Taluka: Padra, Registration District: Vadodara and Sub-District: Padra	First pari Passu Charge to IDBI Trusteeship Services Ltd for securing Non convertible debentures and to secure term loan of State Bank of India, Punjab National Bank and Export Import Bank of India and working capital facilities from consortium banks.
6	All that piece or parcel of lease hold Plot Nos. 365 & 366, admeasuring about 1507.93 sq. mts., along with factory shed building standing thereon of Vatva Industrial Estate of Gujarat Industrial Development Corporation, situated upon land bearing Survey 410/p of mouje: Vinzol, Taluka: Dascroi, Registration District Ahmedabad and Sub-District Ahmedabad-5 (Narol)	First pari passu charge for securing term loan of State Bank of India and Punjab National Bank. Second pari passu charge for securing working capital facilities, working capital Term Loan and funded Interest Term Loan from consortium banks and Term loan of Export Import Bank of India.
7	All that piece and parcel of non agricultural land bearing Block No. 390/A, 390/B, 391/A, 391/B, 394/A/1, admeasuring about 22311 sq. mts., alongwith factory shed building, plant and machinery situate lying and being at mouje: Dudhwada, Taluka: Padra, Registration District: Vadodara and Sub-District: Padra	First pari passu charge for securing term loan of State Bank of India and Punjab National Bank. Second pari passu charge for securing working capital facilities, working capital Term Loan and funded Interest Term Loan from consortium banks and Term loan of Export Import Bank of India.

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

Sr. No.	Description of Assets/Security	Security given to
8	All that piece and parcel of non agricultural land bearing Block No. 393, 394/A/2 394/B/1, 394/B/2, admeasuring about 16313 sq. mts., alongwith factory shed building, plant and machinery, Power plant situate lying and being at mouje: Dudhwada, Taluka: Padra, Registration District: Vadodara and Sub-District: Padara	First Charge to Export Import Bank of India for securing their term loan. Second pari passu charge for securing term loan of State Bank of India and Punjab National Bank and working capital facilities, working capital Term Loan and funded Interest Term Loan from consortium banks.
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 & Dist. Bharuch and uninstalled plant and machinery of Hydrogen Peroxide Plant of the Company.	First charge for securing corporate loan from IFCI Limited.
10	First charge on vehicles financed by the Kotak Mahindra Prime Limited	First Charge on vehicles financed by Kotak Mahindra Prime Ltd.
11	Pledge of 26,23,353 equity shares of Dystar Global Holdings (Singapore) Pte. Ltd held by the Company	Pledge of 13,11,677 equity shares with State Bank of India lead consortium bank for securing credit facilities provided by SBI lead consortium as first pari passu basis and 13,11,676 equity shares pledge with State Bank of India as exclusive charge for securing credit facilities provided to the Company.
12	The whole of the Current Assets and movable properties of the Company both present and future at Dudhwada, Taluka: Padra, Registration District: Vadodara and Sub District: Padra	First pari passu charge for securing working capital facilities provided by State Bank of India, Export Import Bank of India and Union Bank of India.
13	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 pari passu charge for securing working capital facilities provided by State Bank of India, Export Import Bank of India and Union Bank of India.
14	All the Storage/mixing vessels purchased out of bank finance at company's premises at village: Dudhwada, Tal: Padra, District: Vadodara, Gujarat.	First Charge for securing Term Loan-1 provided by Union Bank of India.
15	Term Deposit of Rs. 2.20 crores	First pari passu charge for securing working capital facilities provided by State Bank of India, Export Import Bank of India and Union Bank of India.
16	Plant and machinery and other assets of Levafix Reactive dyes of the Company.	First charge on Machineries / other assets purchased out of Term Loan-II provided by Union Bank of Indian and Second charge on all the other assets of the Company purchased / to be purchased for setting up unit for manufacturing of Levafix Reactive dyes of the Company.

Note: The Company has not created charge for securing new facilities provided to the Company on account of restructuring of debts on properties stated in Sr. No. 4 & 5 above, because of legal issues with IDBI Trusteeship Services Limited pending with Hon'ble Bombay High Court.

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

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

(Rs. in Lacs)

Particulars	Guaranteed by	Amount of Loan
Secured Loans		
Non Convertible Debentures	Personal Guarantees of some of the directors	3,200.00
Term Loans from Indian Overseas Bank, ING Vysya Bank Limited, State Bank of India, Export Import Bank of India, Punjab National Bank and Union Bank of India	Personal Guarantees of some of the directors	20,522.61
Working Capital Term Loans and Funded Interest Term Loans from State Bank of India, Bank of India, Oriental Bank of Commerce, Export Import Bank of India, Punjab National Bank, Standard Chartered Bank and Indian Bank	Personal Guarantees of some of the directors	(18,181.76)
Corporate Loan from IFCI Ltd	Personal Guarantees of some of the directors and pledge of shares	3,257.21

The details of the terms of repayment of Non Convertible Debentures are set out below:

(Rs. in Lacs)

Nature of Loans	Amount	Terms of Loans
Non Convertible Debentures	4,000.00	Series A (Rs. 2,500 lacs): Repayment in 16 quarterly installments with 2% Redemption premium starting from end of 5th quarter from the date of allotment i. e. 12.08.2011. At the end of 5th to 8th quarter - 2.5% of principal, 9th to 12th quarter - 5% of principal, 13th to 16th quarter - 7.5% of principal, 17th to 20th quarter - 10% of principal. Rate of Interest - 10.75% Series B (Rs. 1,500 lacs): Repayment in 16 quarterly installments with 2% Redemption premium starting from end of 5th quarter from the date of allotment i. e. 07.10.2011. At the end of 5th to 8th quarter - 2.5% of principal, 9th to 12th quarter - 5% of principal, 13th to 16th quarter - 7.5% of principal, 17th to 20th quarter - 10% of principal. Rate of Interest - 10.75%

The details of the terms of repayment of Term Loans & other loans are set out below:

Nature of Loans

The consortium members banks have realigned the debt of the company. Where in installments for various term loans have been structured with back ended balloning and hence the amount of installment varies from Rs. 1.20 cr. for WCTL - I in year 1 to Rs. 2.01 in year 10, for WCTL - II the installment of Rs. 40.01 cr. in year 1 and Rs.35.00 cr in year 2, WCTL - III of Rs. 10.66 cr. is payable in year 1, for WCTL - IV the installment Rs. 1.11 cr. in year 1 to Rs.49.05 cr.in year 10, for FITL the installment of Rs. 0.51 cr in year 1 to Rs. 0.52 cr. in year 10, for Term Loan I the installment of Rs. 1.56 cr. in year 1 to Rs. 9.23 cr. in year 10, Term Loan II of Rs. 13.33 cr. is payable within 1 year.

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

The details of continuing default as on the Balance Sheet date in repayment of loans and interest are set out below: (Rs. in Lacs)

Particulars	Nature of Default	Period of continuing default	Amount of continuing default
State Bank of India	Interest	February, 2013	36.22
	Interest	March, 2013	36.00
Oriental Bank of Commerce	Interest	March, 2013	4.50
Punjab National Bank	Interest	January, 2013	7.21
	Interest	February, 2013	25.00
	Interest	March, 2013	25.00
Indian Overseas Bank	Principal	From January, 2012	530.48

Though the borrowings on account of Non Convertible Debentures and borrowings from IFCI Ltd. have been recalled, the same have been classified as long term borrowings in view of the original terms of agreements and legal disputes pending with various authorities. The installments due and payable within one year have been shown as current liabilities.

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 31st March, 2013 is given as below:

(Rs. in Lacs)

Particulars	As At 31.03.2013	Deferred Tax Liabilities As At 31.03.2012
Opening Balance of Deferred Tax Liabilities (Net)	2,679.36	2,190.14
Add : Addition during the year	24.99	489.22
Total	2,704.35	2,679.36

7 SHORT-TERM BORROWINGS

(Rs. in Lacs)

Particulars	As At 31.03.2013	As At 31.03.2012
Secured :		
Working Capital Loan from Banks	14,990.32	29,744.35
Unsecured :		
Working Capital Facility	965.90	1,643.93
Loans from Directors / Promoters	122.81	26.32
Intercompany Deposits	542.00	1,394.02
Total	16,621.03	32,808.62

The details of security of short term borrowings are set out below :

(Rs. in Lacs)

Nature of Loans	Amount	Secured by
Secured Loans :		
Working Capital Loan repayable on demand from State Bank of India, Bank of India, Indian Bank, Punjab National Bank, Oriental Bank of Commerce, EXIM Bank, Standard Chartered Bank and Union Bank of India	14,990.32	Hypothecation of Stock, Book debt, Movable Plant and machinery and Personal Guarantees of some of the directors

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

The details of Loans guaranteed by Directors or others are set out below : (Rs. in Lacs)

Particulars	Guaranteed by	Amount of Loan
Unsecured Loans :		
Working Capital Facility from India Factoring and Finance Solutions Pvt. Ltd. & IFCI Factors Ltd.	Personal Guarantee of some of the Directors	965.90
Inter Corporate Deposits	Personal Guarantee of some of the Directors & pledge of shares	542.00

The company has not made provision for interest on some of the unsecured loans in view of legal disputes. To that extent, the loss is under stated by Rs. 16.32 lacs.

8 TRADE PAYABLES (Rs. in Lacs)

Particulars	As At 31.03.2013	As At 31.03.2012
Trade payables	11,444.73	11,234.40
Total	11,444.73	11,234.40

9 OTHER CURRENT LIABILITIES (Rs. in Lacs)

Particulars	As At 31.03.2013	As At 31.03.2012
Current Maturity of Long-term debt	11,291.34	5,943.57
Credit Balances in Bank Accounts	46.71	147.35
Interest accrued but not due on Unsecured Loans	142.39	40.02
Interest accrued and due on borrowings	455.30	283.82
Advance received from Customers	1,634.95	1,332.98
Statutory Dues	216.05	143.33
Unpaid / Unclaimed Dividend	1.13	1.13
Employee Benefit Payables	185.61	226.06
Other Liabilities	2,303.76	3,582.24
Total	16,277.24	11,700.50

10 SHORT-TERM PROVISIONS (Rs. in Lacs)

Particulars	As At 31.03.2013	As At 31.03.2012
Provision for Employee Benefit - current	153.04	125.71
Provision for Tax on Dividend	46.23	46.23
Total	199.27	171.94

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

11 FIXED ASSETS

(Rs. in Lacs)

Assets	Opening Balance As on 01.04.2012	Addition during the year	Adjusted sold during the year	Gross Block As on 31.03.2013	Depreciation Up to 31.03.2012	Depreciation provided during the year	Adjusted during the year	Total Dep. Up to 31.03.2013	Net Block As on 31.03.2013	Net Block As on 31.03.2012
TANGIBLE ASSETS										
Land	1,420.92	-	-	1,420.92	-	-	-	-	1,420.92	1,420.92
Building	7,233.86	226.80	-	7,460.66	601.21	243.70	-	844.91	6,615.75	6,632.65
Plant & Machinery	31,535.04	785.49	-	32,320.53	6,336.29	3,058.71	-	9,395.00	22,925.53	25,198.75
Electrification	1,167.70	52.17	-	1,219.87	183.38	104.45	-	287.83	932.04	984.32
Office Equipments	99.14	2.38	-	101.52	16.42	4.38	-	20.80	80.72	82.72
Furniture & Fixture	159.02	14.66	-	173.68	31.62	10.73	-	42.35	131.33	127.40
Vehicles	670.60	7.95	135.10	543.45	183.94	54.19	55.26	182.87	360.58	486.66
Capital Work In Progress	9,480.70	1,404.62	-	10,885.32	-	-	-	-	10,885.32	9,480.70
TOTAL	51,766.98	2,494.08	135.10	54,125.95	7,352.86	3,476.16	55.26	10,773.76	43,352.19	44,414.12
PREVIOUS YEAR	32,645.19	16,752.09	3,371.10	46,026.18	3,985.35	3,025.62	-	7,010.96	39,015.22	28,659.85

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

12 NON CURRENT INVESTMENTS

(Rs. in Lacs)

Particulars	As At 31.03.2013	As At 31.03.2012
Non-current Investment		
Trade (Unquoted)		
Investments in Mutual Funds		
• 100,000 Units (P.Y.100000) SBI Infrastructure Fund (NAV of the units held Rs. 7.81 lacs (P.Y.9.37 lacs)	10.00	10.00
Investment in Subsidiary		
• 1 Equity Share (P.Y. 1) of US \$ 1 In Kiri International (Mauritius) Private Ltd.	0.00	0.00
• 49,994 Equity Shares (P.Y. 49,994) of INR 10 Each in Kiri Peroxide Limited	5.00	5.00
• 13,411 Equity Share (P.Y. 13,411) of SG \$ 1 in Kiri Investment & Trading Singapore Pvt. Ltd.	5.00	5.00
• 9,70,000 Equity Shares (P.Y. 9,70,000) of NTD 10 Each in SMS Chemical Co Ltd Fully Paid Up	339.53	339.53
• 200 Equity Shares (P.Y. Nil) of AED 1000 Each in Chemhub Trading DMCC	28.81	-
Investment in Associate Company		
• 26,25,000 Equity Shares (P.Y. 26,25,000) of Rs 10/- Each Fully Paid up in Kiri Infrastructure Private Limited	1,443.75	1,443.75
• 26,23,353 Equity Shares (P.Y. 26,23,353) Each of SG \$ 10 Each of DyStar Global Holdings (Singapore) Pte. Ltd.	9,550.24	9,550.24
Other (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
Total Non-current Investment	11,387.32	11,358.51

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

13 LONG-TERM LOANS AND ADVANCES

(Rs. in Lacs)

Particulars	As At 31.03.2013	As At 31.03.2012
Capital Advances		
Unsecured, considered good	2,026.90	2,718.26
Doubtful	-	-
	2,026.90	2,718.26
Less : Allowance for Bad & Doubtful	-	-
	2,026.90	2,718.26
Security Deposits		
Unsecured, considered good	310.86	335.47
Doubtful	-	-
	310.86	335.47
Less : Allowance for Bad & Doubtful	-	-
	310.86	335.47
Other Loans & Advances		
Unsecured, considered good		
Loans & Advance to Employees	34.69	24.45
Other Loans & Advances	654.18	676.17
	688.87	700.62
Less : Allowance for Bad & Doubtful	-	-
	688.87	700.62
Total	3,026.63	3,754.35

14 OTHER NON-CURRENT ASSETS

(Rs. in Lacs)

Particulars	As At 31.03.2013	As At 31.03.2012
Deposits with Banks	143.51	1,154.06
Unamortised Expenses	17.34	19.66
Total	160.85	1,173.72

15 INVENTORIES

(Rs. in Lacs)

Particulars	As At 31.03.2013	As At 31.03.2012
Raw Material	2,870.07	2,407.70
Finished Goods	2,251.98	1,837.88
Stock in Process & Semi Finished Goods	12,649.49	13,103.28
Packing Material	400.21	293.48
Total	18,171.75	17,642.34

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

16 TRADE RECEIVABLES

(Rs. in Lacs)

Particulars	As at 31.03.2013	As at 31.03.2012
Debt outstanding for a period exceeding six months		
Unsecured considered good	14,724.62	10,516.07
Doubtful	1,547.30	1,329.13
	16,271.92	11,845.20
Less : Allowance for Bad & Doubtful	-	-
	16,271.92	11,845.20
Other debts		
Unsecured considered good	12,961.35	15,046.71
Doubtful	-	-
	12,961.35	15,046.71
Less : Allowance for Bad & Doubtful	-	-
	12,961.35	15,046.71
Total	29,233.27	26,891.91

17 CASH AND CASH EQUIVALENTS

(Rs. in Lacs)

Particulars	As at 31.03.2013	As at 31.03.2012
Cash on Hand	49.08	16.10
Balances with Scheduled Banks		
In Current Account	580.06	496.60
Balances with Non-Scheduled Banks		
In Current Account	0.06	0.27
Others		
Balances in Unpaid Dividend Accounts	1.06	1.06
Total	630.26	514.03

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

18 SHORT-TERM LOANS AND ADVANCES

(Rs. in Lacs)

Particulars	As at 31.03.2013	As at 31.03.2012
Others		
Unsecured, considered good		
Advance Tax & Tax Deducted at Source (Net of Provision Rs. 2363.45 lacs Less : Rs. 1074.15 lacs)	1,289.30	676.18
MAT Credit Entitlement	443.10	1,068.37
Balance with Government Authorities	2,895.96	4,067.82
Advances to Suppliers	526.38	696.48
Prepaid expenses	29.08	42.03
Other Loans & Advances	327.71	14.87
Doubtful	-	-
	5,511.53	6,565.75
Less : Allowance for Bad & Doubtful	-	-
	5,511.53	6,565.75
Total	5,511.53	6,565.75

19 OTHER CURRENT ASSETS

(Rs. in Lacs)

Particulars	As at 31.03.2013	As at 31.03.2012
Interest Accrued on Deposits	110.70	256.78
Total	110.70	256.78

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

20 REVENUE FROM OPERATIONS (Rs. in Lacs)

Particulars	2012-2013	2011-2012
Sale of Products	53,806.36	46,230.79
Sales of Services	-	7,394.52
Other Operating Revenue	2,110.51	1,938.37
Total	55,916.87	55,563.68

21 OTHER INCOME (Rs. in Lacs)

Particulars	2012-2013	2011-2012
Interest Income		
- FDs with Banks & ICDs	46.80	124.63
- Others	119.86	140.63
	166.66	265.26
Dividend Income	0.75	0.20
Net gain on sale of Fixed Assets	0.02	-
Duty Drawback Income	-	0.11
Excess E.C.G.C. Premium Provision Written Back	-	12.76
Sundry Balances written back	-	0.42
Total	167.43	278.75

22 COST OF MATERIALS CONSUMED (Rs. in Lacs)

Particulars	2012-2013	2011-2012
Raw Material Consumed :		
Opening Inventory	2,407.70	2,980.19
Add : Purchases (Net)	45,531.56	36,509.76
Less: Inventory at the end of the year	2,870.07	2,407.70
Cost of Raw Material consumed during the year	45,069.18	37,082.25
Packing Material Consumed :		
Opening Inventory	293.49	315.41
Add : Purchases (Net)	522.03	883.16
Less: Inventory at the end of the year	400.21	293.49
Cost of Packing Material consumed during the year	415.31	905.08
Total	45,484.49	37,987.33

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

Particulars	2012-2013	2011-2012
(Increase)/decrease in Stocks		
Stock at the beginning of the year :		
Finished Goods	1,837.88	668.65
Work in Progress & Semi Finished Goods	13,103.28	13,302.43
	14,941.16	13,971.08
Stock at the end of the year :		
Finished Goods	2,251.98	1,837.88
Work in Progress & Semi Finished Goods	12,649.49	13,103.28
	14,901.47	14,941.16
Total	39.69	(970.08)

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

24 EMPLOYEE BENEFIT EXPENSES (Rs. in Lacs)

Particulars	2012-2013	2011-2012
Salaries, Wages & Bonus	1,661.52	2,050.42
Contribution to Provident fund & other funds	83.80	103.00
Welfare Expenses	111.51	133.93
Total	1,856.83	2,287.35

25 FINANCE COST (Rs. in Lacs)

Particulars	2012-2013	2011-2012
Interest & Financial Charges		
- Interest Cost	7,378.45	4,881.95
- Financial Charges	375.97	536.77
Total	7,754.42	5,418.72

26 ADMINISTRATIVE EXPENSES (Rs. in Lacs)

Particulars	2012-2013	2011-2012
Insurance Premium	61.69	64.39
Communication Expenses	38.92	52.32
Postage & Conveyance	16.10	47.82
Travelling & Conveyance	101.55	102.92
Repairs & Maintenance - Others	4.21	4.95
Membership & Subscription	1.51	20.59
Security Expenses	51.52	46.67
Legal & Professional Fees	302.17	573.16
Payment to Auditors	12.40	12.40
Rates & Taxes	18.80	9.70
Donation	0.66	1.22
Miscellaneous Expenses	15.52	13.11
Preliminary Expenses	2.31	2.24
Total	627.36	951.49

Expenses Capitalised as a part of Capital Work in Progress (Rs. in Lacs)

Particulars	2012-2013	2011-2012
Finance Cost	-	395.81
Professional Fees	-	48.90
Salary & Wages	-	10.04
Other Administrative Expenses	-	518.98
Total	-	973.73

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

27 MANUFACTURING EXPENSES

(Rs. in Lacs)

Particulars	2012-2013	2011-2012
Operational & Other Expenses		
- Power & Fuel	3,402.68	3,661.42
Pollution Treatment Expenses	126.68	123.47
Repairs & Maintenance		
- Buildings	3.46	14.01
- Machineries	204.74	475.98
- Other Assets	38.41	51.69
	246.61	541.68
Laboratory Expenses	18.87	17.31
Factory Expenses	43.25	46.98
Rent Expenses	120.27	66.34
Total	3,958.36	4,457.20

28 SELLING & DISTRIBUTION EXPENSES

(Rs. in Lacs)

Particulars	2012-2013	2011-2012
Warehouse Charges	0.63	5.48
Export Expenses	59.48	192.93
Outward Freight & Transportation Charges	394.38	792.14
Travelling Expenses	47.35	107.05
Advertisement & Sales Promotion Expenses	209.39	75.74
Total	711.23	1,173.34

29 PRIOR PERIOD ADJUSTMENTS

(Rs. in Lacs)

Particulars	2012-2013	2011-2012
Prior Period Expenses	20.57	20.77
Total	20.57	20.77

30. 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.

31. Extra ordinary items include derivative losses of Rs. 8,118.26 lacs & loss on conversion of foreign currency loans to Indian currency following restructuring of loans by the banks of Rs. 3,040.93 lacs.

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

32 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 Lacs)

Particulars	Year ended 31 st March 2013	Year ended 31 st March 2012
Revenue by Geographical Segment		
India	44,018.14	23,270.00
Outside India	9,788.82	30,355.31
Addition to Fixed Assets and Intangible Assets		
India	2,494.08	13,380.99
Outside India	0.00	0.00
Carrying amount of Fixed Assets (Net)		
India	43,352.20	44,414.12
Outside India	0.00	0.00

33 Capital Commitments

(Rs. In Lacs)

Particulars	As at 31 st March 2013	As at 31 st March 2012
Estimated amount of contracts remaining to be executed on capital account and not provided for:		
• Parent Company	Nil	3782.64
• Share of Joint venture	101.60	89.80
• Associate Company	NIL	NIL
Total	101.60	3,872.44

34 Contingent Liabilities not provided for

(Rs. In Lacs)

Particulars	As at 31 st March 2013	As at 31 st March 2012
Outstanding Letter of Credit		
- Parent company Rs. 555.88 Lacs (P.Y. Rs. 2298.22 Lac)		
- Joint Venture company Rs.120.44 Lacs (P.Y. Rs. 56.08 Lac)	676.32	2,354.30
Bank Guarantees given by		
- Parent company Rs.168.06 Lacs (P.Y. Rs. 25,286.23 Lac)		
- Joint Venture company Rs. 57.40 Lacs (P.Y. Rs. 55.40 Lacs)	225.46	25,341.63
Corporate Guarantees given by Parent company on behalf of :		
- Joint Venture Company Rs. 8,900 Lacs (P.Y.Rs. 8,900 lac)	8,900.00	8,900.00
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.]	1930.18	1886.44
Total	11,731.96	38,482.37

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

35 Lease: (Rs. In lacs)

Particulars	As at 31 st March 2013	As at 31 st March 2012
Operating Lease		
i. Expenses under cancellable operating lease and rental contracts during the year	-	-
ii. Expenses under non-cancellable operating lease and a rental contract during the year	27.00	36.00
iii. Maximum financial obligation from long term non-cancellable operating lease and rental contracts as per the respective agreement as follows :		
Not later than one year	Nil	36.00
Later than one year not later than five years	Nil	30.00

36 Earning Per Share (EPS)

Particulars	2013	2012
(Loss) as per Consolidated Profit & Loss Account	(19,860.38)	(3,199.84)
Basic and Diluted Earnings Per Share (Rs.)	10	10
Weighted average number of ordinary equity shares - for Basic EPS	1,90,00,053	1,90,00,053
Basic EPS	(104.53)	(16.84)
Diluted EPS	(104.53)	(16.84)

37 Zero Coupon Foreign Currency Convertible Bonds

On January 16, 2013, the Company has made an issue of zero coupon foreign currency convertible bonds aggregating to USD 15 Million (approximately Rs. 82.17 crores) comprising of 10 (aggregating to US\$ 10,00,000) zero coupon foreign currency convertible bonds due 2018 ("Series A FCCBs"), 10 (aggregating to US\$ 10,00,000) zero coupon foreign currency convertible bonds due 2018 ("Series B FCCBs"), 25 (aggregating to US\$ 25,00,000) zero coupon foreign currency convertible bonds due 2018 ("Series C FCCBs"), 35 (aggregating to US\$ 35,00,000) zero coupon foreign currency convertible bonds due 2018 ("Series D FCCBs"), 35 (aggregating to US\$ 35,00,000) zero coupon foreign currency convertible bonds due 2018 ("Series E FCCBs"), 35 (aggregating to US\$ 35,00,000) zero coupon foreign currency convertible bonds due 2018 ("Series F FCCBs")

Each fully paid up series A, B, C, D, E and F, (unless previously redeemed or purchased and cancelled) will be converted by the Bondholder at any time on or after February 16, 2013 but prior to close of business on January 18, 2018. Each bond will be converted into fully paid up equity shares of Rs. 10 each at a premium of Rs. 1.92 per share, at a price of Rs. 11.92 per share at a fixed exchange rate conversion of Rs. 54.7773 per US Dollar.

Three percent (3%) of the offer price payable on each of the Series A,B, C, D, E and F FCCBs is paid by the holder of bonds on January 16, 2013. The remaining ninety seven percent (97%) of the payment of the offer price payable on each of the Series A,B, C, D, E and F FCCBs shall be payable on the earlier of the Conversion Date or the due date specified in the table below :

Series of FCCBs	Exact due dates	Amount due per Bond (US\$)	No. of bonds falling due	Total Amount (US\$)
Series A FCCBs	30 th September, 2013	97000	10	970000
Series B FCCBs	30 th September, 2014	97000	10	970000
Series C FCCBs	30 th March, 2015	97000	25	2425000
Series D FCCBs	30 th September, 2015	97000	35	3395000
Series E FCCBs	30 th September, 2016	97000	35	3395000
Series F FCCBs	30 th September, 2017	97000	35	3395000

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

Where there is a default by any Series A, B, C, D, E and F FCCB Bondholder, in paying the balance of the issue amount due in respect of such Bonds, the Company has right to convert each partly paid bonds to the extent amount paid up on the relevant Series A, B, C, D, E and F FCCBs i.e, three percent (3%) and the balance ninety seven percent (97%) shall stand cancelled and each respective Series A, B, C, D, E and F FCCB (on which default has been committed) shall each be convertible to fully paid-up Equity Shares of face value of Rs.10 each at a share price premium of Rs. 1.92 per Equity Share, at a price of Rs.11.92 per share.

The expenses incurred on issue of zero coupon convertibles have been set off against securities premium account.

- 38.** The Company had acquired DyStar Group in February, 2010 jointly with its Chinese Partner, Well Prospering Limited (WPL) which had invested Euro 22 Million in DyStar Group in form of Zero Coupon Convertible Bond with an option of conversion of same in equity shares any time within five years of the date of issue of Bond. On 14th July, 2012, Well Prospering Limited has transferred zero coupon convertible bond of Euro 22 million to Senda International Capital Limited. On 26th December, 2012 Senda International Capital Limited has exercised its right and converted the same into Equity. As a result, the company's stake has reduced to 37.15 % in DyStar Global Holdings (Singapore) Pte Ltd.

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. Kiri Investment & Trading Singapore Pvt. Ltd Kiri Peroxide Ltd.
Key Management Personnel (KMPP)	Mr. Pravinbhai A. Kiri – Chairman Mr. Manishbhai P. Kiri – Managing Director
Relative of Key Management Personnel	Mrs. Anupama M. Kiri Mrs. Arunaben P. Kiri Pravinbhai Kiri - HUF

Disclosure in respect of material transactions with related parties

		(Rs. in Lacs)	
Nature of Transaction	Name of the Related Party	2012-13	2011-12
Purchase of Goods	Lonsen Kiri Chemical Industries Ltd	59.87	26.69
Sales of Goods / Services /	Lonsen Kiri Chemical Industries Ltd	716.18	118.25
Job work Income	Chemhub Trading DMCC	627.78	-
	SMS Chemicals Co. Ltd.	-	1,999.98
Remuneration	Mr. Pravin A. Kiri	12.00	84.00
	Mr. Manish P. Kiri	12.00	84.00
	Mr.Shankar R. Patel	10.00	12.00
	Kiri Investment & Trading Singapore Pvt. Ltd.	-	5.00
Investment	SMS Chemicals Co. Ltd.	-	339.53
	Kiri Peroxide Ltd	-	5.00
	Chemhub Trading DMCC	28.81	-
Advance given	Kiri Infrastructure Pvt. Ltd.	9.18	741.52
Reimbursement of exps.	Dystar Global Holdings (Singapore) Pte. Ltd	-	3.02
Advance repaid	Kiri Infrastructure Pvt. Ltd.	10.00	1,222.71
Interest received	Kiri Infrastructure Pvt. Ltd.	-	77.36
Interest paid	Mr. Pravin A. Kiri	-	41.51

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

(Rs. in Lacs)			
Nature of Transaction	Name of the Related Party	2012-13	2011-12
Dividend	Mr. Manish P. Kiri	-	16.14
	Mr. Pravin A. Kiri	-	104.30
	Mrs. Arunaben P. Kiri	-	13.54
Loan repaid	Mrs. Anupama M. Kiri	-	15.00
	Mrs. Arunaben P. Kiri	234.00	88.50
	Mr. Pravin A. Kiri	989.32	159.94
	Mr. Manish P. Kiri	157.14	470.74
	Pravin A. Kiri – HUF	70.00	-
Loan taken	Mrs. Anupama M. Kiri	-	15.00
	Mrs. Aruna P. Kiri	253.81	82.78
	Mr. Pravin A. Kiri	1,006.53	110.00
	Mr. Manish P. Kiri	213.59	77.64
	Pravin Kiri - HUF	73.02	-
Guarantees given	Dystar Global Holdings (Singapore) Pte. Ltd	-	8,865.27
	Lonsen Kiri Chemical Industries Ltd	8,900.00	8,900.00
Share Application Money Given	Chemhub Trading DMCC	2.47	-
Share Application Money received	Mrs. Anupama M. Kiri	1,040.00	-
	Kiri Peroxide Ltd.	260.00	-
Outstanding Balance (Cr)	Lonsen Kiri Chemical Industries Ltd	-	66.38
	Mrs. Arunaben P. Kiri	28.62	8.81
	Mr. Manish P. Kiri	72.68	16.23
	Mr. Pravin A. Kiri	18.50	1.29
	Pravin A. Kiri - HUF	3.02	-
	SMS Chemicals Co. Ltd.	1,999.98	1,999.98
	Chemhub Trading DMCC	627.78	-
Outstanding Balance (Dr)	Dystar Global Holdings (Singapore) Pte. Ltd.	93.31	93.31
	Kiri Infrastructure Pvt. Ltd.	455.64	456.46
	Lonsen Kiri Chemical Industries Ltd.	615.21	-

As there is no commission paid to any of the directors, the computation of profit u/s 198 and 350 of the Companies Act, 1956 has not been given.

40 Derivative Instruments and Unhedged Foreign Currency Exposure

a) Derivative Instruments

The company has entered into forward contracts to offset foreign currency risks arising from the amounts denominated in currencies other than the Indian Rupee. The counter parties to such forward contracts are banks.

Consequent to the announcement issued by the Institute of Chartered Accountants of India on Accounting of Derivatives, details of derivatives contracts outstanding as on 31st March, 2013 are as under:

Figures in *Italics* represent figures as at 31st March, 2012

(Amount In lacs)

Currency	Exposure to Buy / Sell	No. of Contracts	For the year ended 31 st March, 2013	
			Indian Currency	Foreign Currency
US Dollar / INR	Sell	- 24	- 13,882.33	- 289.30
US Dollar / INR	Buy	1 -	2,392.50 -	50.00 -
Euro / INR	Buy	8 -	1,555.70 -	23.00 -
Euro / USD	Buy	- 1	- 178.82	- 2.50
Derivative Structure				
US Dollar / INR	Sell	- 15	- 7,606.75	- 185.00

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

41. 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 Lonsen Kiri Chemical Industries Ltd., incorporated in India, which is engaged in the business of manufacturing various types of Dyes. The Company's share of the assets, liabilities, income and expenses of the joint venture is as follows:

(Rs. In Lacs)					
Balance Sheet	As at December 31 st , 2012	As at December 31 st , 2011	Statement of Profit and Loss	Year ended December 31 st , 2012	Year ended December 31 st , 2011
EQUITY AND LIABILITIES			Net Revenue from Operations	4,493.23	2,271.93
SHAREHOLDERS' FUNDS			Other Income	25.49	28.46
Share Capital	5,220.00	5,220.00	Total Revenue	4,518.72	2,300.39
Reserves and Surplus	(2,280.27)	(791.46)	Expenses:		
Share Application Money	478.41	292.93	Cost of Materials Consumed	4,942.79	2,053.92
	3,418.14	4,721.47	Purchase of Stock-in-Trade	-	-
NON-CURRENT LIABILITIES			Changes in Inventories of	(708.29)	90.30
Long-term borrowings	335.68	144.51	Finished goods, Work-in-Progress		
Deferred tax liabilities (Net)	574.86	448.16	& Stock-in-Trade		
	910.54	592.67	Employee Benefit Expenses	285.54	144.43
CURRENT LIABILITIES			Finance Costs	211.22	172.04
Short-term borrowings	1,307.86	969.40	Depreciation	278.26	147.77
Trade payables	3,368.68	1,384.26	Other Expenses		
Other current liabilities	1,852.48	391.42	Administrative Expenses	131.70	55.48
Short-term provisions	77.41	41.65	Manufacturing Expenses	638.64	231.33
	6,606.43	2,786.73	Selling & Distribution Expenses	77.79	50.83
Total	10,935.11	8,100.87			
ASSETS					
NON-CURRENT ASSETS			Prior Period Adjustments	-	(0.78)
Fixed assets			Total Expenses	5,857.65	2,945.32
Tangible assets	5,988.82	5,398.90	Loss before exceptional and	(1,338.93)	(644.93)
Capital work-in-progress	0.50	-	extraordinary items and tax		
	5,989.32	5,398.90			
Non-current investments			Exceptional Items	-	-
Long-term loans and advances	71.72	68.53	Loss before extraordinary	(1,338.93)	(644.93)
Other non-current assets	16.44	18.51	items and tax		
	88.16	87.04	Less : Extraordinary Items	-	-
CURRENT ASSETS					
Inventories	3,244.69	1,774.99	Loss Before Tax	(1,338.93)	(644.93)
Trade receivables	625.45	225.43			
Cash and cash equivalents	324.28	175.59	Tax Expense	149.88	166.55
Short-term loans and advances	633.24	426.46			
Other current assets	29.99	12.46			
	4,857.65	2,614.93			
Total	10,935.11	8,100.87	Loss for the year	(1,488.81)	(811.48)

Proportionate Contingent Liabilities: Rs. 177.84 Lacs (P.Y. – Rs. 111.48 Lacs)

Proportionate Estimated amount of contracts remaining to be executed on capital account and not provided for: Rs. 101.60 Lacs (P.Y. – Rs. 89.80 Lacs)

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

42. 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 Lacs)

Particulars	Gratuity	Leave Encashment
I. Expense recognized during the year		
Current Service Cost	17.10	9.94
Interest Cost	11.04	0.87
Expected return on plan assets	-	-
Net actuarial Losses (Gains)	(67.46)	9.35
II. Reconciliation of opening and closing balances of defined benefit obligation:		
Defined benefit obligation at beginning of the Year	126.19	9.95
Service Cost	17.10	9.94
Interest Cost	11.04	0.87
Actuarial Losses (Gains)	(67.46)	9.35
Losses (Gains) on curtailments	-	-
Liabilities extinguished on settlements	-	-
Benefits paid	(21.12)	(16.48)
Defined benefit obligation at end of the year	65.75	13.63
III. Reconciliation of opening and closing balances of fair value of plan assets		
Fair value of plan assets at the beginning of year	27.60	-
Expected return on plan assets	2.37	-
Actuarial Gains (Losses)	(1.11)	-
Contributions by employer	-	-
Benefit paid	(21.12)	-
Defined benefit obligation at end of the year	7.74	-
IV. Reconciliation of the present value of defined benefit obligation and fair value of plan assets		
Present value of defined benefit obligations at the end of the year	7.71	(13.62)
Fair value of plan assets at the end of the year	(65.75)	-
Net assets (liability) at the end of year	(58.01)	(13.62)
V. Investment details	Percentage invested as at 31.03.2013	
Life Insurance Corporation of India (LIC) / SBI Life Insurance Company Ltd. (SBI)	100%	
VI. Actuarial Assumptions		
Mortality Table (LIC)	1994-96 (Ultimate)	1994-96 (Ultimate)
Discount Rate (per annum)	8.75%	8.75%
Expected Return on plan assets (per annum)	8.60%	0.00%
Annual Increase in salary costs	6.00%	6.00%

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

2. Defined Contribution plans

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

Particulars	(Rs. In Lacs)	
	2012-13	2011-12
Employer's Contribution to Provident Fund	63.39	52.45
Employer's Contribution to Superannuation Fund	—	—

43. Figures pertaining to subsidiary company have been reclassified where necessary to bring them in line with the Company's financial statements.

44. Previous year figures have been regrouped or rearranged wherever necessary.

As per our separate report of even date attached herewith.

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

Vimal D. Shukla
Proprietor
Membership No. 036416

Place : Ahmedabad
Date : May 28, 2013

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

Pravin A. Kiri
Chairman

Manish P. Kiri
Managing Director

Suresh S. Gondalia
Company Secretary

Place : Ahmedabad
Date : May 28, 2013

Statement pursuant to exemption received under Section 212(8) of the Companies Act, 1956 relating to Subsidiary companies.

(Rs. in Lacs)

Name of Subsidiaries	Reporting Currency	Exchange Rate	Capital	Reserves	Total assets	Total Liabilities	Investment	Turnover	Profit/ (Loss) Before Tax	Provision for Taxation	Profit/ (Loss) After Tax	Proposed Dividend	Country
Kiri International (Mauritius) Private Limited	USD	-	-	-	-	-	-	-	-	-	-	-	Mauritius
Synthesis International Limited	HKD	6.99	69.90	(4.70)	784.49	784.49	-	-	(1.51)	-	(1.51)	-	Hong Kong
Kiri Investment and Trading Singapore Private Limited	SGD	40.45	5.87	(19.60)	0.51	0.51	-	-	(6.81)	-	(6.81)	-	Singapore
Chemhub Trading DMCC	USD	54.85	0.46	(2.25)	10.82	10.82	-	2.55	(2.25)	-	(2.25)	-	U.A.E.
SMS Chemicals Co. Ltd	NTD	1.82	157.53	(60.73)	285.67	285.67	-	257.26	53.60	-	53.60	-	Taiwan

NOTES:

The Indian rupee equivalents of the figures given in the foreign currencies in the accounts of the subsidiary companies, have been given based on the exchange rates as on 31.03.2013

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

Place : Ahmedabad
Date : May 28, 2013

Pravin A. Kiri
Chairman

Manish P. Kiri
Managing Director

Suresh S. Gondalia
Company Secretary



Attendance Slip / Proxy Form

Kiri Industries Limited

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

ATTENDANCE SLIP

15th ANNUAL GENERAL MEETING - Monday, 23rd September, 2013 at 10.30 A.M.

Folio No./DP ID : _____

Client ID : _____

No. of Shares held : _____

I certify that I am a registered Equity Shareholder/Proxy of the Company. I hereby record my presence at the 15th Annual General Meeting of the Company, held at Hall No. S-14, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad- 380 015 on Monday, 23rd September, 2013 at 10.30 A.M.

Member's/Proxy's name in BLOCK letters

Member's/Proxy's Signature

Note : (Please fill in this Attendance slip and hand it over at the entrance of the meeting hall.)

Kiri Industries Limited

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

PROXY FORM

15th ANNUAL GENERAL MEETING - Monday, 23rd September, 2013 at 10.30 A.M.

I/ We _____ of _____ of being

a member/members of the above named Company hereby appoint _____

of _____ or failing him/her _____

of _____ in my/ our absence to attend and vote for me/us and on my/ our behalf at the 15th Annual General Meeting of the Company to be held on Monday, 23rd September, 2013 at 10.30 A.M. and any adjournment thereof.

Signature (s) _____

Affix 1
Rupee
Revenue
Stamp

Date : _____

LF No. / DP ID : _____

Client ID : _____

No of Shares held _____

Note: The proxy must be deposited at the Registered Office of the Company 48 hours before the meeting.



If undelivered, please return to:



Kiri Industries Limited

Future Full of Colours.....

Registered Office

7th Floor, Hasubhai Chambers, Opp. Town Hall,
Ellisbridge, Ahmedabad – 380 006

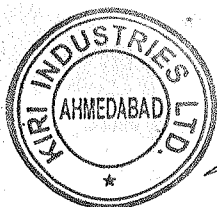
Kiri Industries Limited

Date: May 28, 2013

FORM A

Pursuant to clause 31(a) of the Listing Agreement

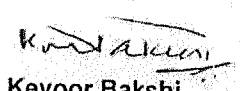
1.	Name of the company	Kiri Industries Limited
2.	Annual financial statements (Standalone and Consolidated) for the year ended	31 st March, 2013
3.	Type of Audit observation	Un-qualified
4.	Frequency of observation	Not Applicable

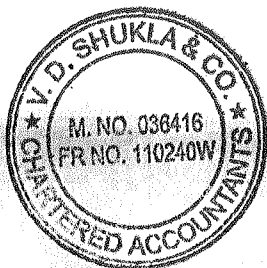


For Kiri Industries Limited

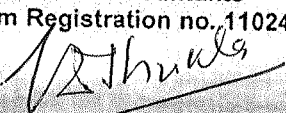

Manish Kiri
Managing Director

For Kiri Industries Limited


Keyoor Bakshi
Chairman of Audit Committee



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


Vimal D. Shukla
Proprietor
Membership No. 036416