Kiri Industries Limited

Future Full of Colours.....

Annual Report

2014-2015

Kiri Industries Limited
Future Full of Colours.....

Corporate Information

BOARD OF DIRECTORS

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

CHIEF FINANCIAL OFFICER

Jayesh Vyas

COMPANY SECRETARY

Suresh Gondalia

STATUTORY AUDITORS

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

COST AUDITORS

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

SECRETARIAL AUDITORS

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

REGISTERED OFFICE

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

CIN

L24231GJ1998PLC034094

CONTENTS — PAGE NO.

Notice	01
Directors' Report	07
Management Discussion and Analysis Report	45
Report on Corporate Governance	48
Independent Auditors' Report	57
Balance Sheet	62
Statement of Profit & Loss	63
Cash Flow Statement	64
Notes to the Financial Statements	65
Independent Auditors' Report on Consolidated Financial Statements	87
Consolidated Financial Statements	92
Attendance Slip & Proxy	119

Notice

NOTICE is hereby given that the 17th **Annual General Meeting** of the members of KIRI INDUSTRIES LIMITED will be held on Saturday, 26th day of September, 2015 at 10.30 a.m. at Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad - 380 015, to transact the following businesses:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2015 and the Statement of Profit and Loss for the year ended on that date together with the Report of Directors' and Auditors' thereon.

2. To appoint a Director in place of Mr. Manish Kiri (DIN-00198284), who retires by rotation and being eligible, offers himself for re-appointment.

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

   "RESOLVED THAT pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 and their corresponding Rules, pursuant to the recommendations of the Audit Committee and the resolution passed by the members at their 16th Annual General Meeting (AGM) held on 26th September, 2014, M/s. V. D. Shukla & Co., Chartered Accountants (ICAI Firm Registration No. 110240W), has appointed as Statutory Auditors of the Company upto the conclusion of 19th AGM of the Company, who have confirmed their eligibility in terms of the provisions of Section 141 of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, as Statutory Auditors to hold office up to the conclusion of the 18th AGM of the Company, be and is hereby ratified at such remuneration plus service tax and out of pocket expenses as may be mutually agreed between the Board of Directors and Statutory Auditors."

SPECIAL BUSINESS:

4. **Appointment of Mrs. Veenaben Padia as an Independent 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 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 read with Schedule IV to the Act and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mrs. Veenaben Padia (DIN- 06992591), who was appointed as an Additional Director on 10th October, 2014 by the Board of Directors pursuant to the provisions of Section 161 of the Companies Act, 2013 and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing her candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years with effect from 26th September, 2015 up to 25th September, 2020."

5. **To ratify the remuneration of Cost Auditors of the Company for F.Y. 2015-16:**

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

   "**RESOLVED THAT** pursuant to the provisions of section 148, other applicable provisions of the Companies Act, 2013 and rules framed thereunder (including statutory modification(s) or re-enactment thereof for the time being in force), consent of the members be and hereby accorded to the Board of Directors of the Company for payment of remuneration of Rs. 2,00,000/- (Rupees Two Lakhs only) plus service tax and out of pocket expenses to M/s. V. H. Savaliya & Associates, Cost Accountants, who has been appointed by the Board at their meeting held on 29th May, 2015, for audit of cost records of manufacturing units of the Company, located at Vatva, Ahmedabad and Village Dudhwada, Taluka: Padra, Dist. : Vadodara for financial year 2015-16 and the same be and is hereby ratified by the members of the Company.

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

By order of the Board,
For Kiri Industries Limited

Place : Ahmedabad
Date : August 7, 2015

Suresh Gondalia
Company Secretary

Notice (Contd...)

Notes:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
2. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate should not be more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten per cent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
3. The Company has notified closure of Register of members and Share transfer books from Saturday, 19th September, 2015 to Saturday, 26th September, 2015 (both days inclusive). Notice of the Meeting is being sent to all the Members, whose names appeared in the Register of Members as on Friday, 21st August, 2015.
4. The Business as set out in the Notice will be transacted through E-Voting. The Company is providing the facility for voting by Electronic means i.e. e-voting. The instructions and other information relating to e-voting are given under point no. 16 of notes below.
5. Corporate members intending to send their authorised representatives to attend the meeting are requested to send a certified true copy of Board Resolution.
6. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of the business set out above is annexed hereto.
7. Brief profile of Directors who has proposed to be appointed / re-appointed, nature of their expertise in specific functional areas, names of companies in which they hold directorships and memberships / chairmanships of Board Committees, shareholding as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, are annexed to the Notice.
8. Members are requested to bring their attendance slip along with their copy of Annual Report to the Meeting.
9. In case of Joint holders attending the meeting, only such joint holder who is higher in order of names will be entitled to vote.
10. Relevant documents referred to in the accompanying Notice is open for inspection by the members at the Registered Office of the Company on all working days, except Saturdays, during business hours up to the date of the Meeting.
11. Members are requested to:
    - 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.
    - Quote Folio No. in all correspondence and in case the shares are held in dematerialized form, quote DP ID and Client ID number.
    - Register their e-mail address with their respective depository participant to receive the Annual Report and other communications from the Company electronically.
12. Members intending to obtain information about the accounts to be approved in the meeting are requested to inform the Company 7 (seven) days in advance from the date of the Annual General Meeting.
13. 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.
14. Copy of Annual Report has been available on the website of the Company www.kiriindustries.com
15. Members wishing to claim their unclaimed dividends are requested to correspond with the Company or Registrars and Transfer Agent. 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 124 of the Companies Act, 2013.

Notice (Contd...)

16. Pursuant to provisions of section 108 of the Companies Act 2013, read with the Companies (Management and Administration) Rules, 2014, and Clause 35B of the Listing Agreement, the Company is pleased to provide e-voting facility to the members to cast their votes electronically on all resolutions set forth in the Notice. The Company has engaged the services of Central Depository Services (India) Limited (CDSL) to provide the e-voting facility.

The instructions for members voting electronically are as under

- The voting period begins on Wednesday, 23rd September, 2015 (9.00 a.m.) and ends on Friday, 25th September, 2015 (5.00 p.m.). During this period members' of the Company, holding shares either in physical form or in dematerialized form, as on Saturday, 19th September, 2015 being the cut of date, may cast their vote electronically. The members will not be able to cast their vote electronically beyond the date and time mentioned above and the remote e-voting module shall be disabled for voting by CDSL thereafter.
- Once the vote on a resolution is cast by the member, he/she shall not be allowed to change it subsequently or cast the vote again.
- The facility for voting through Poll Paper would be made available at the AGM and the members attending the meeting who have not cast their votes by remote e-voting shall be able to exercise their right at the meeting through Poll Paper. The members who have already cast their vote by remote e-voting prior to the meeting, may also attend the Meeting, but shall not be entitled to cast their vote again.

(i) The shareholders should log on to the e-voting website www.evotingindia.com.

(ii) Click on Shareholders.

(iii) Now Enter your User ID

a. For CDSL: 16 digits beneficiary ID,

b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,

c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

(iv) Next enter the Image Verification as displayed and Click on Login.

(v) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

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

	For Members holding shares in Demat Form and Physical Form
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) • Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number as mentioned in label as Sr. No. in the PAN Field. • In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. • Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

Notice (Contd...)

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

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

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

(x) Click on the EVSN for the relevant <Kiri Industries Limited> on which you choose to vote.

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

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

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

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

(xv) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.

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

(xvii) Note for Non – Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
- The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

(xviii) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

➢ **General Instructions:**

a) M/s R.C. Tarpara & Associates, Practicing Company Secretary (Membership No. FCS 6165, COP No. 5785), has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

b) The Scrutinizer shall after the conclusion of voting at the general meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.

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

Notice (Contd...)

Details of Directors seeking Appointment / Re-appointment as required under Clause 49 of the Listing Agreement

Name	Mrs. Veenaben Padia	Mr. Manish Kiri
Date of Birth	1st December, 1956	26th December, 1972
Date of Appointment	10th October, 2014	14th May, 1998
Qualifications	Master of Economics from M. S. University.	- B.E. (Electronic & Communication), - MBA-Finance-USA
Expertise in specific functional areas	➢ Leadership experience in providing strategic advisory expertise and directing development and implementation of widespread programmes and organisations through insights into livelihood, education, microfinance, gender, and health relating to gender and marginalised and socially excluded communities. ➢ She worked with private-sector CSR divisions, government agencies and international donors and NGOs such as DFID, USDA, ADB, World Bank, CARE and IFAD and guided sizeable teams consisting of middle /senior level managerial personnel and handling large-scale and multi-dimensional project management, including administration and finances.	➢ He has vast experience in field of Finance, Marketing, General Administration and formulating Corporate strategies and its implementation. He embarked upon a plan of fast growth and spearheaded the company's growth by establishing a large economy of scale manufacturing facilities and backward integration into manufacturing of intermediates and basic chemicals. Mr. Kiri has been instrumental in the expansion of the Company and was largely involved in the acquisition of DyStar in 2010.
Directorship held in other Public Limited Companies (excluding Private Companies, Foreign companies and Companies under Section 8 of Companies Act, 2013)	NIL	1. Lonsen Kiri Chemical Industries Limited; 2. Kiri Peroxide Limited
Membership / Chairmanship of committees of other Public companies (includes Audit Committee and Stakeholders Relationship Committee)	NIL	Lonsen Kiri Chemical Industries Limited; Audit Committee - Chairman
Number of shares held in the Company	NIL	18,22,728 Equity Shares of Rs. 10 each.

Notice (Contd...)

EXPLANATORY STATEMENT

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

As required under Section 102 of the Companies Act, 2013, the following explanatory statement sets out all material facts relating to the business mentioned under Item Nos. 4 and 5 of the accompanying Notice:

Item No. 4

The Board of Directors, on the recommendation of Nomination and Remuneration Committee had appointed Mrs. Veenaben Padia as an Additional Director with effect from 10th October, 2014, pursuant to the provisions of Section 161 of the Companies Act, 2013 ("the Act"). She would hold office up to the date of the ensuing Annual General Meeting of the Company.

Mrs. Veenaben Padia, aged 58 years. She is Master of Economics from M. S. University. She has vast leadership experience in providing strategic advisory and directing development and implementation of widespread programmes and organisations through insights into livelihood, education, microfinance, gender, and health relating to gender and marginalised and socially excluded communities. She worked with private-sector CSR divisions, government agencies and international donors and NGOs such as DFID, USDA, ADB, World Bank, CARE and IFAD and guided sizeable teams consisting of middle/senior level managerial personnel and handling large-scale and multi-dimensional project management, including administration and finance.

The Company had received notices in writing from the member alongwith requisite deposit, prescribed under Section 160 of the Act, proposing the candidature of Mrs. Veenaben Padia for the office of Director of the Company.

It is proposed to appoint Mrs. Veenaben Padia as Independent Director pursuant to Section 149 of the Act and Clause 49 of the Listing Agreement to hold office for 5 (Five) consecutive years from 26th September, 2015 to 25th September, 2020 and she shall not be counted for calculation of total number of directors for retirement by rotation.

She is not disqualified from being appointed as a Director in terms of Section 164 of the Act and had given her consent to act as a Director. She had also given a declaration to the Board that she met the criteria of independence as provided under Section 149 of the Act as well as Clause 49 of the Listing Agreement. In the opinion of the Board, she fulfills the conditions specified in the Act and the Rules framed thereunder and that the proposed Director is independent of the management for appointment as Independent Director in compliance with the provisions of section 149 read with Schedule IV of the Act.

Mrs. Veenaben Padia is concerned / interested in the resolution set out in Item No. 4 of the Notice relating to her own appointment.

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

The Board of Directors recommends this resolution for approval of the members of the Company.

Item No. 5

The Audit Committee of the Company at their meeting held on 29th May, 2015 has recommended to the Board of Directors, for appointment and fixing of remuneration of M/s. V. H. Savaliya & Associates, Cost Accountants, for audit of cost records of manufacturing units of the Company for the financial year 2015-16. The Board of Directors of the Company at their meeting held on 29th May, 2015 has appointed and fixed their remuneration as Cost Auditors of the Company subject to ratification by the members of the Company.

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

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

By order of the Board,
For Kiri Industries Limited

Place : Ahmedabad
Date : August 7, 2015

Suresh Gondalia
Company Secretary

Directors' Report

To,
The Members
Kiri Industries Limited

Your Directors have pleasure in presenting 17th Annual Report together with Audited Accounts of the Company for the financial year ended on 31st March, 2015.

❖ **Standalone Performance:**

The highlights of Company's Standalone financial performance, for the year ended 31st March, 2015 are as under:

(Rs. In Lakhs)

Particulars	2014-15	2013-14
Total Revenue	78386.84	58385.23
Profit Before Finance Cost, Depreciation, Tax and Prior period adjustments	7291.40	6212.09
Less : Finance Cost	8444.07	7726.23
Depreciation	2021.80	3349.64
Prior Period adjustments	196.51	22.54
(Loss) before taxation and extra ordinary items	**(3370.98)**	**(4886.32)**
Less : Extra Ordinary Items	0.00	2876.61
(Loss) Before Taxation	**(3370.98)**	**(7762.93)**
Less : Provision for Taxation	0.00	0.00
Deferred Tax	315.39	(24.40)
Net Loss After Tax	**(3686.37)**	**(7738.53)**
Add : Deficit Brought Forward	(19777.12)	(12038.59)
(Loss) Available for Appropriation	**(23463.49)**	**(19777.12)**

❖ **Highlights of Operations**

➢ **Total Revenue:**

During the year under review total turnover of the Company increased by 34.26% from Rs. 58385.23 Lakhs to Rs. 78386.84 Lakhs as compared to previous financial year ended 31st March, 2014, increase in revenue mainly due to increase in production and price of Dyes Intermediate and positive support from Dye and basic chemical division.

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

Profit before Finance cost, Depreciation, tax and prior period adjustment increased by 17.37% from Rs. 6212.09 Lakhs to Rs. 7291.40 Lakhs which is due to increase in price of Dyes Intermediate of the Company.

➢ **Total Expense:**

During the year under review, the Total Expense increased by 5.59% amounting to Rs. 63238.29 Lakhs as Compared to Rs. 59888.90 Lakhs of the previous financial year. The increase in total expenses are mainly on account of increase in Finance Costs, Employee Benefits Expenses, Manufacturing Expenses, Administrative Expenses and increase in selling and distribution expenses as compared to the previous financial year.

➢ **Net Loss:**

During the year under review the Company is able to reduced loss as compared to the previous year. In the Current financial year the Net Loss had reduced by 52.36% to Rs. 3686.37 Lakhs as compared to Rs. 7738.53 Lakhs of the previous financial year, the net loss reduced mainly on account of support of intermidiate business of the Company as compared to the previous financial year.

Directors' Report (Contd...)

❖ **Highlights of Consolidated Performance**

The highlights of Company's consolidated financial performance, for the year ended 31st March, 2015 are as under:

(Rs. In Lakhs)

Particulars	2014-15	2013-14
Total Revenue	93275.99	69211.30
Profit Before Finance Cost, Depreciation, Tax and Prior period adjustments	10362.34	7383.32
Less : Finance Cost	8630.65	8022.18
Depreciation	2835.78	3657.28
Prior Period adjustments	215.03	31.56
(Loss) before taxation and extra ordinary items	**(1319.12)**	**(4327.70)**
Less : Extra Ordinary Items	0.00	(2876.61)
(Loss) Before Taxation	**(1319.12)**	**(7204.31)**
Less : Current Tax	392.20	0.00
Short Provision of Tax for earlier years	29.69	0.00
Deferred Tax	262.89	63.96
Mat Credit Entitlement	(392.16)	-
Net Loss After Tax	**(1611.74)**	**(7268.27)**
Add : Share of Profit from Associate	19764.20	8259.54
Profit After Tax for the year	**18152.46**	**991.27**

❖ **Highlights of Operations**

➢ **Total Revenue:**

During the year under review, the total revenue increased by 34.77% from Rs. 69211.30 Lakhs to Rs. 93275.99 Lakhs as compared to the previous financial year ended 31st March, 2014 due to increase in prices of products of the Company and positive support from Dye and basic chemical business and significant contribution by joint venture company.

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

During the year under review, the Profit before Finance Costs, Depreciation, Tax and prior period adjustments increased to Rs. 10362.34 Lakhs from Rs. 7383.32 Lakhs as compared to the previous financial year. It was mainly due to increase in revenue from operations.

➢ **Total Expense:**

During the year under review, the total Expenditure is increased by 28.63% to Rs. 94559.11 Lakhs as compared to Rs. 73539.00 Lakhs of the previous financial year. The reasons for increase in total expenses are only due to increase in Finance Costs, Material Cost, Employee Benefits Expenses, increase in Administrative, Selling and Distribution and Manufacturing Expenses as compared to the previous financial year.

➢ **Net Profit**:

During the year under review, the Company had achieved profit of Rs. 18152.46 Lakhs as compared to the profit of Rs. 991.27 Lakhs of the previous financial year. The increase in net profit mainly on account of increase in total revenue, increase in price of products of the Company, positive contribution by dyes and basic chemical division and joint venture of the Company.

Directors' Report (Contd...)

- **Dividend**

In view of losses incurred during the financial year 2014-15, your Directors do not recommend any Dividend for the year under review.

- **Subsidiaries and Consolidated Financial Statements**

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

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

- **Listing Fees**

The Equity Shares of your Company are listed and actively traded on the BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE). The Company had paid Annual Listing fees to both the stock exchanges for the Financial Year 2015- 2016 within the stipulated time.

- **Directors**

Appointment of Director:

In compliance with the provisions of Section 149, 152, 161 of the Companies Act, 2013 ("the Act"), other applicable provisions if any of the Act, rules framed thereunder, the Board of Directors of the Company at their meeting held on 10th October, 2014 has proposed Mrs. Veenaben Padia (DIN: 06992591) as Independent Director of the Company with effective from ensuing Annual General Meeting for a period of 5 (Five) consecutive years upto 25th September, 2020.

Re-Appointment of Retiring Director:

Mr. Manish Kiri, Managing Director of the Company, retires at the ensuing Annual General Meeting (AGM) and being eligible, offers himself for re-appointment. A brief profile of Mr. Manish Kiri as required under Clause 49 of the Listing Agreement is annexed to the Notice.

Withdrawal of Nominee Director:

- The State Bank of India (SBI) had withdraw their Nominee Director, Mr. Jayanta Kumar Sinha w.e.f. 25.08.2014;
- The Export Import Bank of India (Exim Bank) had withdraw their Nominee Director, Mrs. Harsha Bangari w.e.f. 01.12.2014.

- **Declaration of Independent Directors**

Pursuant to Section 149 (7) of the Companies Act, 2013, the Company has received necessary declaration from each Independent Director for FY 2014-15 confirming that they meet the criteria of independence as prescribed under the Act and Clause 49 of the Listing Agreement.

- **Appointment of Key Managerial Personnel**

During the period under review, the Board of Directors of the Company has appointed Mr. Jayesh Vyas, as Chief Financial Officer of the Company w.e.f. 10th October, 2014, in accordance with the provisions of Section 2(51), 203 of the Companies Act, 2013 ("the Act"), other applicable provisions, if any, of the Act, Appointment and Remuneration of Managerial Personnel Rules, 2014 and other applicable rules of the Act (including any statutory modification or re-enactment thereof from time to time).

- **Board Meetings as well as separate Independent Directors Meeting:**

The Board met 6 (Six) times during the financial year (on 29.05.2014, 11.08.2014, 10.10.2014, 13.11.2014, 11.02.2015 and 30.03.2015). The intervening gap between any two meetings was within the period prescribed by the Companies Act, 2013.

Directors' Report (Contd...)

A separate meeting of Independent Directors of the Company was held on 30th March, 2015. At the meeting, the Independent Directors reviewed the performance of Executive Directors, the Board and the Chairman of the Company.

❖ **Auditors and Audit Report:**

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

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

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

❖ **Cost Auditors:**

The Audit Committee of the Company at their meeting held on 29th May, 2015 has recommended to the Board of Directors, for appointment and fixing of remuneration of M/s. V. H. Savaliya & Associates, Cost Accountants, for audit of cost records of manufacturing units of the Company for the financial year 2015-16. The Board of Directors of the Company at their meeting held on 29th May, 2015 has appointed M/s. V. H. Savaliya & Associates as Cost Auditors at a remuneration of Rs. 2,00,000 plus Service Tax & out of pocket expenses subject to ratification by the members of the Company at the ensuing general meeting.

❖ **Internal Auditors**

In compliance of Section 138 of the Companies Act, 2013 ("the Act"), other applicable provisions of the Act and the Companies (Account), Rules 2014 and other applicable rules framed there under (subject to modification or reenactment thereof from time to time), the Board of Directors of the Company at their meeting held on 29th May, 2015 has re-appointed Mr. Mittal Shah, Chartered Accountants, Ahmedabad [Membership No.: 131116] for conducting the internal audit of the Company for the year 2015-16.

❖ **Secretarial Auditors**

In compliance of the provision of section 204 of the Companies Act, 2013, other applicable provisions of the Act, the Companies (Appointment and Remuneration of Managerial Personnel), Rules 2014 and other applicable rules framed there under (subject to modification or reenactment thereof from time to time), the Board of Directors at their meeting held on 30th March, 2015 has appointed M/s Kashyap R. Mehta & Associates, Practicing Company Secretary, Ahmedabad [Membership No.: FCS 1821, COP No.: 2052] as Secretarial Auditor for conducting Secretarial Audit of the Company for the year 2014-15. The secretarial audit report is attached herewith as "**Annexure – B"**. The Secretarial Audit Report do not contained any qualification.

❖ **Public Deposits:**

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

❖ **Changes In Capital Structure:**

Allotment of Equity Shares:

During the year under review, the Board of Directors of the Company at their meeting held on 10th October, 2014 has allotted 37,25,073 Equity Shares on preferential basis as per SEBI (ICDR), Regulations, 2009 and conversion of foreign currency convertible bonds. Due to issuance of said equity shares, issued and paid up equity share capital has been increased from Rs. 1900.00 Lakhs to Rs. 2272.51 Lakhs.

Further, the Board of Directors of the Company at its meeting held on 30th March, 2015, has allotted 43,33,500 Cumulative Non Convertible Redeemable Preference Shares of Rs. 10 each, at an issue price of Rs. 15 per share (including securities

Directors' Report (Contd...)

premium of Rs. 5.00 per Preference Share) aggregating to Rs. 650,02,500/- (Six Crores Fifty Lakhs Two Thousand Five Hundred Only) to TATA Capital Financial Services Limited against redemption of 65 Non Convertible Debentures of Rs. 10,00,000 each held by them. The said preference shares carry dividend @ 0.15% and will be redeemed on or before 7 years from date of allotment.

❖ **Directors Responsibility Statement**

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

a) in the preparation of the annual accounts for the year ended March 31, 2015, the applicable accounting standards read with requirements set out under Schedule III to the Act, have been followed and there are no material departures from the same;

b) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for that period;

c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) the Directors had prepared the annual accounts for the year ended March 31, 2015 on a 'going concern' basis;

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

❖ **Contracts and Arrangements with Related Parties**

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

❖ **Composition of Committees**

Audit Committee:

In terms of provisions of section 177 of the Companies Act, 2013 and Clause 49 of the Listing Agreement, your Company has constituted the Audit Committee and the Composition of the said committee given below:

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

Nomination and Remuneration Committee:

The Company has constituted Nomination and Remuneration Committee in compliance with section 178 of the Companies Act, 2013 and clause 49 of the Listing Agreement.

The Nomination and Remuneration Committee shall identify persons who are qualified to become directors and who may be appointed in senior management, recommend to the Board their appointment and removal and shall carry out evaluation of performance of every directors of the Company.

The Nomination and Remuneration Committee shall formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees. The said committee will also comply the requirements of Clause 49 of the Listing Agreement. The Composition of Committee is given below:

Directors' Report (Contd...)

Name of Member	Designation
Mr. Mukesh Desai	Chairman
Mr. Keyoor Bakshi	Member
Mrs. Veenaben Padia	Member

Stakeholder's Relationship Committee:

The Company has constituted Stakeholder's Relationship Committee in compliance with section 178 of the Companies Act, 2013 and clause 49 of the Listing Agreement.

The Company believes in upholding and maintaining high transparency between the Company's affairs and its stakeholders. Thus as a part of its endeavor to follow its Ethics and values, A special Committee of Directors has been created named "Stakeholder's Relationship Committee", which resolves the grievances/Complaints received from any security holders.

The Composition of Stakeholder's Relationship Committee is given below:

Name of Member	Designation
Mrs. Veenaben Padia	Chairman
Mr. Keyoor Bakshi	Member
Mr. Manish Kiri	Member

Corporate Social Responsibility Committee:

As part of its Corporate Social Responsibility (CSR), the Company makes concentrated efforts in the fields of Community Healthcare, Sanitation & Hygiene, Education and Social Care & Concern.

In line with the provisions of the Companies Act, 2013 and rules made thereunder, the Company has constituted Corporate Social Responsibility Committee, the Composition of the Committee is given below:

Name of Member	Designation
Mrs. Veenaben Padia	Chairman
Mr. Pravin Kiri	Member
Mr. Manish Kiri	Member
Mr. Mukesh Desai	Member

❖ **Adoption of Policies**

Adoption of Whistle Blower Policy (Vigil Mechanism):

In compliance of provisions of Section 177 of the Companies Act, 2013 ("**the Act**"), other applicable provisions of the Act, Companies (Meetings of the Board and Its Powers), Rules 2014 and Clause 49 of the Listing Agreement, your Company has establish a vigil mechanism for their directors and employees, so as to report their genuine concerns or grievances.

The vigil mechanism shall provide for adequate safeguards against victimisation of person(s) who use such mechanism and make provision for direct access to the chairman of the Audit Committee or the director nominated by the Audit Committee, as the case may be, in exceptional cases.

The detail of establishment of such mechanism through Whistle Blower Policy is available on the website of the Company and also annexed with this report and as "**Annexure C**".

The functioning of the Whistle Blower mechanism is reviewed by the Audit Committee on regular basis.

Directors' Report (Contd...)

Adoption of Nomination and Remuneration Policy:

In compliance of the provisions of section 178 of the Act, other applicable provisions of the Act, the Companies (Meetings of Board and its Powers), Rules 2014 and subject to modification(s) / re-enactment(s) thereof from time to time and Clause 49 of the Listing Agreement, your company has adopted and implemented Nomination and Remuneration Policy and the same is available on the website of the Company and also annexed to this report as "**Annexure D**".

Adoption of Corporate Social Responsibility Policy:

In compliance of Section 135 of the Companies Act, 2013 ("the Act") your Company has always been committed to the cause of social service since its inception and has repeatedly channelized its resources and activities, which positively affects the society socially, ethically and also environmentally. Your Company has taken up various Corporate Social Responsibility ("**CSR"**) initiatives and enhanced value in the society.

Your Company has formulated CSR Policy which encompasses its philosophy and guides its sustained efforts for undertaking and supporting socially useful programs for the welfare & sustainable development of the society.

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

However, the Company during the year 2014-15, has contributed directly or through NGO/Trust Rs. 33.89 Lakhs towards education, distribution of clean water in surrounding villages of Padra, Contribution to NGO/Trust for medical treatment, education, food supply in municipal school etc.

The detail about CSR policy is available on the website of the Company and annexed with this Report along with details of amount contributed in CSR activites as **"Annexure E".**

Adoption of Policy of prevention of Sexual Harassment of Women at work place

Your Company believes in conduct of its affairs in a fair and transparent manner to foster professionalism, honesty, integrity and ethical behavior and committed to developing a culture where it is safe for all the employees to raise their concerns about any misconduct or unacceptable practice by co- employee.

In accordance with the provisions of Sexual Harassment of Women at Work Place (Prevention, Prohibition and Redressal) Act, 2013, the Company shall have to implement policy to provide protection against sexual harassment of women at work place and for the prevention and redressal of complaints of sexual harassment and for matters connected therewith or incidental thereto.

The sexual harassment results in violation of the fundamental rights of women to equality under articles 14 and 15 of the Constitution of India and their right to life and to live with dignity under article 21 of the Constitution and right to practice any profession or to carry on any occupation, trade or business which includes a right to work in safe environment.

Your Company has formulated and implemented this policy to protect the fundamental and human rights of the women against the sexual harassment at work place of the Company.

The said policy is available on the website of the Company and annexed with this report as "**Annexure F**".

- **Manner of Evaluation of Board, Its Committees and Individual Directors**

Pursuant to the provisions of the Companies Act, 2013 a structured questionnaire was prepared after taking into consideration of the various aspects of the Board's functioning, composition of the Board and its committees, culture, execution and performance of specific duties, obligations and governance.

The performance evaluation of the independent Directors was completed. The performance evaluation of the executive Directors was carried out by the Independent Directors. The Board of Directors expressed their satisfaction with the evaluation process.

- **Familiarisation Programme**

The Company undertook various steps to make the Independent Directors have full understanding about the Company. The details of such familiarisation programmes have been disclosed on the Company's website www.kiriindustries.com.

Directors' Report (Contd...)

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

  Particulars of loans given, investments made, guarantees given and securities provided along with the purpose for which the loan or guarantee or security is proposed to be utilized by the recipient are provided in notes to the financial statement of the Company for the year ended 31st March, 2015.

- **Extract of annual return**

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

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

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

- **Corporate Governance & Management Discussion and Analysis**

  The Corporate Governance philosophy of the Company rests on five basic principles viz. protection of rights & interests of members, equality in treatment of all members, disclosure of timely & accurate information, strategic guidance & effective monitoring by the Board and accountability of the Board to the Company & its members. As stipulated by Clause 49 of the Listing Agreement, Report on Corporate Governance given as forms part of this Annual Report. Certificate of the Auditors regarding compliance with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement is also annexed to the Annual Report of the Company.

  As stipulated by Clause 49 of the Listing Agreement, the Management Discussion and Analysis Report is given as part of this Annual Report.

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

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

- **Acknowledgement:**

  Your Directors would like to express their appreciation for the assistance and co-operation received from the government, 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 Board of Directors

Date : 7th August, 2015
Place : Ahmedabad

Pravin Kiri
Chairman

Directors' Report (Contd...)

Annexure A to the Directors Report

Form AOC-I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/ associate companies/ joint ventures

Part "A": Subsidiaries

(Rs. in Lakhs)

Sr. No.	Name of the subsidiary	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	Share capital	Reserves & surplus	Total assets	Total Liabilities	Invest -ments	Turnover	Profit/ (Loss) before taxation	Provision for taxation	Profit (Loss) after taxation	Proposed Dividend	% of Shareholding
1	Chemhub Trading DMCC	31.03.2015	1USD = INR 62.59	34.10	(197.13)	549.44	549.44	Nil	9.39	(19.24)	Nil	(19.24)	Nil	100

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

Names of subsidiaries which are yet to commence operations : Indochin Development Private Limited - Stepdown Subsidiary

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

Directors' Report (Contd...)

Part "B": Associates and Joint Ventures
Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

(Rs. in Lakhs)

1.	Name of Associates/Joint Ventures	Kiri Infrastructure Pvt Ltd (Associate Company)	DyStar Global Holdings (Singapore) Pte. Ltd (Associate Company)	Lonsen Kiri Chemical Industries Ltd (Joint Venture)
2.	**Latest audited Balance Sheet Date**	31st March, 2015	31st December, 2014	31st March, 2015
3.	**Shares of Associate/Joint Ventures held by the company on the year end**			
	- **No. of Equity shares**	26,25,000	26,23,354	3,00,00,000
	Amount of Investment in Associates/Joint Venture	1443.75	9550.24	3000.00
	Extend of Holding %	47.61%	37.57%	40.00%
	- **No. of 5% Non Cumulative Redeemable Preference shares.**	-	-	2,80,00,000
	Amount of Investment in Associates/Joint Venture	-	-	2800.00
	Extend of Holding %	-	-	40.00%
4.	**Description of how there is significant influence**	Due to Percentage of stake of the Company		
5.	**Reason why the associate/joint venture is not consolidated**	N.A		
6.	**Net worth attributable to Shareholding as per latest audited Balance Sheet**	1268.97	60817.26	6124.00
7.	**Profit / Loss for the year**			
	i. Considered in Consolidation	-	19764.20	2268.89
	ii. Not Considered in Consolidation	(2.30)	32842.13	3403.32

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

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

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

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

Pravin Kiri
Chairman
(DIN No 00198275)

Manish Kiri
Managing Director
(DIN No 00198284)

Suresh Gondalia
Company Secretary

Jayesh Vyas
Chief Financial Officer

Place : Ahmedabad
Date : 7th August, 2015

Directors' Report (Contd...)

Annexure – B to the Directors Report
Form No. MR-3

Secretarial Audit Report

for the financial year ended on 31st march, 2015

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

To,
The Members,
Kiri Industries Limited

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on **31st March, 2015** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2015 according to the provisions of:

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

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

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

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

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

   (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011

   (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992

   (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009

   (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999

   (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008

   (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client

   (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009

   (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; and

(vi) Various common laws applicable to the manufacturing and other activities of the Company such as Labour Laws, Pollution Control Laws, Land Laws etc. for which we have relied on Certificates/ Reports/ Declarations/Consents/Confirmations

Directors' Report (Contd...)

obtained by the Company from the experts of the relevant field such as Advocate, Labour Law Consultants, Engineers, Occupier of the Factories, Registered Valuers, Chartered Engineers, Factory Manager, Chief Technology Officer of the Company, Local Authorities, Effluent Treatment Adviser etc.

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

(i) Secretarial Standards issued by The Institute of Company Secretaries of India (on voluntary basis).

(ii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited

during the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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

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

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

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

a. Duly passed Special Resolution under Section 180(1)(c) at the 16th Annual General Meeting held on 26th September, 2014 and have complied with all the provisions of listing agreement, Companies Act, 2013 and rules made there under

b. Duly passed Special Resolution under Section 180(1)(a) at the 16th Annual General Meeting held on 26th September, 2014 and have complied with all the provisions of listing agreement, Companies Act, 2013 and rules made there under

c. Duly passed a Special Resolution pursuant to the provisions of Section 62(1)(b) of the Companies Act, 2013, SEBI Guidelines, listing agreement and other applicable laws at the 16th Annual General Meeting held on 26th September, 2014 to issue shares under 'Employee Stock Option Scheme' however the same is not yet implemented.

d. Duly passed a Special Resolution pursuant to the provisions of Section 62(1)(a) of the Companies Act, 2013, SEBI Guidelines, listing agreement and other applicable laws at the 16th Annual General Meeting held on 26th September, 2014 to issue shares/ warrants to Promoters and Non Promoters Group on Preferential Basis.

e. Duly passed a Special Resolution pursuant to the provisions of Sections 42, 55 and 62 of the Companies Act, 2013, SEBI Guidelines, listing agreement and other applicable laws at the Extra Ordinary General Meeting held on 21st March, 2015 issue cumulative Non Convertible Redeemable Preference Shares.

f. Duly passed a Special Resolution pursuant to the provisions of Section 188 of the Companies Act, 2013, listing agreement and other applicable laws at the Extra Ordinary General Meeting held on 21st March, 2015 for approving Related Party Transactions.

FOR KASHYAP R. MEHTA & ASSOCIATES
COMPANY SECRETARIES

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

Place : Ahmedabad
Date : 11th July, 2015

Directors' Report (Contd...)

Annexure – C to the Directors Report

Whistle Blower Policy

(As per the Companies Act, 2013 and Clause 49 of the Listing Agreement)

1. Introduction

1.1 The Company Kiri Industries Limited ("KIL"/ "The Company") believes in the conduct of its affairs in a fair and transparent manner to foster professionalism, honesty, integrity and ethical behaviour. KIL is committed to developing a culture where it is safe for all the employees to raise concerns about any misconduct or unacceptable practice.

1.2 For this purpose, KIL has adopted a Code of Business Conduct, which lays down the principles and standards that should govern the actions of the Company and its employees. The Code of Business Conduct requires the employees not only to comply with and strictly adhere to the standards of the conduct contained therein but also report to the Chairman or Whole-time Directors for any misconduct or any illegal activity, fraud or abuse of the assets of the Company. The employees reporting any misconduct shall be suitably protected and no unjust action(s) will be taken against any such employee(s).

1.3 As per Section 177 (9) of the Companies Act, 2013 ("the Act") The Companies (Meetings of Board and its Powers) Rules, 2014 every following classes of Company (ies):

- Listed Company;
- Which accept deposits from the public;
- Which have borrowed money from banks and public financial institutions in excess of Rs. 50.00 Crore (Rupees fifty crore); and
- In compliance of Clause 49 of the Listing Agreement,

Requires vigil mechanism for directors and employees to report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy. Such a vigil mechanism shall provide for adequate safeguards against victimization of persons who use such mechanism and also make provision(s) for direct access to the Chairman of the Audit Committee or any director nominated to play the role of Audit Committee, as the case may be in appropriate or exceptional cases.

2. Objective

2.1 KIL is committed to adhere to the highest standards of ethical, moral and legal conduct of business operations. To maintain these standards, KIL encourages its employees who have concerns about suspected misconduct to come forward and express these concerns without fear of punishment or unfair treatment. A Vigil (Whistle Blower) mechanism provides a channel to the employees and Directors to report to the management concerns about unethical behaviour, actual or suspected fraud or violation of the Codes of conduct or policy. It provides adequate safeguards against victimization of employees and Directors to avail of the mechanism.

2.2 The Company shall circulate the existence and contents of this Policy to all the Employees.

3. Definitions

The definitions of some of the key terms used in this policy are given below.

3.1 "Audit Committee" means the Audit Committee constituted by the Board of Directors of the Company in accordance with the provisions of Section 177 of the Companies Act, 2013 ("the Act") and The Companies (Meetings of Board and its Powers) Rules, 2014 (including any statutory modifications or re-enactment thereof from time to time) read with Clause 49 of the Listing Agreement entered into by the Company with the Stock Exchanges.

3.2 "Company" means "Kiri Industries Limited"/"KIL".

3.3 "Employee" means every employee, including the Directors in the employment, of the Company (whether working in India or abroad) and its Subsidiaries.

3.4 "Good Faith" means an Employee shall be deemed to be communicating in 'good faith' if there is a reasonable basis for communication of Unethical Behaviour and Improper Practices or any other Wrongful Conduct. Good faith

shall be deemed lacking (a) when the Employee does not have personal knowledge or a factual basis for the communication or (b) where the Employee knew or reasonably should have known that his communication about the Unethical Behaviour and Improper Practices or Wrongful Conduct is malicious, false or frivolous.

3.5 "Investigators" means any person(s) duly appointed/consulted by the CFO, CEO, Chairman of the Audit Committee as the case may be, to conduct an investigation under this policy.

3.6 "Protected Disclosure" means a concern raised by an employee or group of employees of the Company, through a written communication and made in good faith which discloses or demonstrates information about an unethical or improper activity with respect to the Company. It should be factual and not speculative or in the nature of an interpretation / conclusion and should contain as much specific information as possible to allow for proper assessment of the nature and extent of the concern.

3.7 "Subject" means a person against or in relation to whom a Protected Disclosure has been made or evidence gathered during the course of an investigation.

3.8 "Whistle Blower" is an employee or group of employees who make a Protected Disclosure under this Policy and also referred in this policy as complainant.

3.9 "Unethical Behaviour and Improper Practices or Wrongful Conduct" shall mean:-

(a) an act or omission which does not conform to approved standard of social and professional behavior;

(b) an act or omission which leads to unethical business practices including misappropriation of monies and actual or suspected fraud;

(c) improper or unethical conduct;

(d) breach of etiquette or morally offensive behavior;

(e) an act or omission which may lead to incorrect financial reporting;

(f) an act or omission which is not in line with applicable company policy including Company's Code of Business Conduct or ethics policies;

(g) an act or omission which is unlawful;

(h) an act or omission which may lead to substantial and specific danger to public health and safety or abuse of authority.; and/or

(i) any other unethical behaviour, improper practices or wrongful conduct.

4. Scope and role of Whistle Blower

4.1 All Employees of the Company are eligible to make Protected Disclosures under this Policy.

4.2 The role of Whistle Blowers is that of reporting party with reliable information. Whistle Blowers are not expected or required to act as investigator nor fact finder in any matter and they do not have any right to participate in the investigation proceedings.

4.3 The Policy shall not be used in place of the Company's grievance procedures or procedures laid down for the protection of employees against sexual harassment at workplace. Further, this policy shall not be a route for raising malicious or unfounded allegations against colleagues. While it will be ensured that genuine Whistle Blowers are accorded complete protection from any kind of unfair treatment, any abuse of this protection will warrant disciplinary action. Whistle Blowers, who had made three or more Protected Disclosures which had been subsequently found to be mala fide, frivolous or malicious, shall be barred from making any further Protected Disclosures under this Policy.

5. Manner in which concern can be raised

5.1 Any Whistle Blower, who observes any Protected Disclosures relating to financial malpractices or non-compliance with legal requirements relating to financial matters, shall report the same to the Managing Director (MD) /Chief Executive Officer (CEO) of the Company and any other Whistle Blower, who observes any Protected Disclosures

relating to non-financial malpractices, shall report to the Managing Director/Chief Executive Officer of the Company. The MD/CEO, as the case may be, shall appropriately, thoroughly and expeditiously conduct the investigation of such Protected Disclosure, including where necessary with the help of Investigators. If the concerned Whistle Blower is not satisfied with the outcome of the investigation by the MD/CEO as the case may be, then he can make the Protected Disclosure directly to the Chairman of the Audit Committee. The Audit Committee shall appropriately and expeditiously investigate the Protected Disclosure including where necessary with the help of Investigators and recommend appropriate action.

5.2 Where a Protected Disclosure is to be made, which involves a MD or CEO of the Company, such Protected Disclosure may be made by any Whistle Blower to the Chairman of Audit Committee. The Audit Committee shall appropriately and expeditiously investigate the Protected Disclosure including where necessary with the help of Investigators and recommend appropriate action.

5.3 The Whistle Blower must disclose his / her identity in the covering letter while forwarding such Protected Disclosures. No cognizance will be taken of any Protected Disclosure made anonymously and/or without proper signature.

5.4 Protected Disclosure can be made through email complaint or written complaint. The complaint should be factual rather than speculative and must contain to the maximum extent possible, the following information:-

(a) The Employee, and/or outside party or parties involved;

(b) The office/unit of the Company where it happened

(c) When did it happen; date or time;

(d) Nature of concern

(e) Any documentary evidence or proof, if available

(f) Whom to contact for more information, if possible

(g) Any other relevant information for investigation

6. Investigation

6.1 All Protected Disclosures reported under this Policy will be thoroughly investigated by the MD and/or CEO and/or Audit Committee, as the case may be. The identity of Whistle Blower, Subject and any other person assisting in the investigation, will be kept confidential.

6.2 Subject(s) may be communicated about the allegations made in the Protected Disclosure, unless such communication is detrimental to the investigation proceedings. The investigation shall be conducted in a fair manner and provide opportunity for hearing to the Subject.

6.3 Subject(s) shall have a duty to co-operate during investigation to the extent that such co-operation will not compromise self-incrimination protections available under the applicable laws.

6.4 Subject(s) will normally be informed in writing of the allegations at the outset of a formal investigation and have opportunities for providing their inputs during the investigation.

6.5 Subject(s) shall have a duty to co-operate with the Audit Committee or any of the Officers appointed by it in this regard.

6.6 Unless there are compelling reasons not to do so, Subject(s) will be given the opportunity to respond to material findings contained in the investigation report. No allegation of wrong doing against a subject(s) shall be considered as maintainable unless there is good evidence in support of the allegation.

6.7 Whistle Blowers/Subjects and any other Employee assisting the investigation shall have a responsibility not to interfere with the investigation. Evidence shall not be withheld, destroyed or tampered with, and witnesses shall not be directly, indirectly, explicitly or implicitly influenced, coached, threatened and/or intimidated by the Whistle Blower/Subject or any other person.

6.8 In the course of investigation proceedings, Subjects are not allowed to leave the Company without specific written approval of the concerned Director. In case of Whistle Blowers, they shall be allowed to leave the Company

Directors' Report (Contd...)

with a specific written undertaking, that they shall continue to extend necessary co-operation for conduct of investigation till required under intimation to the concerned Director.

6.9 After investigation, a written report of the findings should be prepared and the Whistle Blowers/Subjects have a right to be informed about outcome of the investigation.

6.10 After Investigation, the Investigator shall report to the Managing Director/Chief Executive Officer of the Company if investigation against the any other employee. If Managing Director/Chief Executive Officer involved in such practice then report to be submitted to the Chairman of the Audit Committee for corrective or disciplinary action as it may deem fit.

7. Protection

7.1 No unfair treatment will be meted out to a Whistle Blower by virtue of his/her having reported a Protected Disclosure under this Policy in Good Faith. KIL is adopt the policy to condemns any kind of discrimination, harassment, victimization or any other unfair employment practice being adopted against Whistle Blowers.

7.2 Whistle Blower may directly report any violation of the above clause no.7.1 to the Chairman of the Audit Committee, who shall investigate into the same and instruct such corrective or disciplinary action as it may deem fit.

7.3 Any other Employee assisting in the said investigation shall also be protected to the same extent as the Whistle Blower.

7.4 This Policy may not be used as a defense by the Whistle Blower against whom an adverse personnel action has been taken.

8. Decision

If an investigation of any Protected Disclosure leads the MD/CEO, The audit committee to conclude that an Unethical Behaviour and Improper Practices or Wrongful Conduct has been committed, then the MD, CFO, Audit Committee, as the case may be, shall instruct such corrective or disciplinary action as may deem fit. For avoidance of doubt, it is clarified that any disciplinary or corrective action initiated against the Subject as a result of the findings of an investigation pursuant to this Policy shall adhere to the applicable personnel or staff conduct and disciplinary procedures.

9. Reporting

The MD/CEO shall submit a report to the Chairman of the Audit Committee on quarterly basis about the Protected Disclosures received by them including their outcome and status.

10. General

10.1 The Whistle Blower shall have right to access Chairman of the Audit Committee directly in exceptional cases and the Chairman of the Audit Committee is authorized to prescribe suitable directions in this regard.

10.2 Every Department head shall submit a certificate that this policy has been notified to each Employee of his department and the same has been acknowledged by each such Employee. The new Employees shall be informed about the existence and content of this policy by the HR department of the Company.

10.3 All Protected Disclosures made by the Whistle Blower or documents obtained during the course of investigation along with the reports of investigation shall be retained by the Company for a minimum period of 7 years.

10.4 The Board of Directors of the Company shall have the right to amend the policy from time to time without assigning any reason whatsoever. However, no such amendment or modification will be binding on the Employees and Directors unless the same is notified to them in writing.

For **Kiri Industries Limited**

Place : Ahmedabad
Date : 11th August, 2014

Pravin Kiri
Chairman

Keyoor Bakshi
Chairman of Audit Committee

Directors' Report (Contd...)

Annexure – D to the Directors Report

Nomination and Remuneration Policy

(As per the Companies Act, 2013 and Clause 49 of the Listing Agreement)

1. Introduction

In accordance with the provisions section 178 of the Companies Act, 2013 ("the Act"), other applicable provisions of the Act, and in compliance of the applicable clauses of the Listing Agreement the Board of Directors of the Company at its meeting held on 11th August, 2014 had re-named "Remuneration Committee" as "Nomination and Remuneration Committee".

- **Constitution on 05.03.2007**

The Nomination and Remuneration Committee ("the Committee") of Kiri Industries Limited ("KIL" / "the Company") was constituted by the Board of Directors ("the Board") of the Company at their meeting held on 5th March, 2007. At that time the constitution of the said committee was as per following:

Mr. Bipin Patel, Chairman-Independent Director, Mr. Keyoor Bakshi and Mr. Yamal Vyas, Independent Director of the said Committee.

- **Reconstitutions**

The said committee had been reconstituted on 24th May, 2008, 17th November, 2008, 8th December, 2008, 26th April, 2010, 14th November, 2011, 14th August, 2012 and 29th October, 2013.

- **Existing Committee**

In compliance of the provisions of section 178 of the Act, other applicable provisions of the Act, the Companies (Meetings of Board and its Powers), Rules 2014 and subject to modification(s) / re-enactment(s) thereof from time to time and in compliance of the applicable clauses of the Listing Agreement, the company shall set up a Nomination and Remuneration Committee which shall comprise at least three directors, all of whom shall be Non-Executive Directors and at least half shall be Independent Directors. Chairman of the committee shall be an Independent Director.

At Present, constitution of the Committee in line with clause 49 of the listing Agreement and Section 178 of the Act and Rules framed thereunder from time to time. In future, any changes in constitution of Committee on account of changes in Board of Directors of the Company, need not requires change in this policy once board of Directors of the Company reconstitute the Committee.

2. Objectives

(a) To recommend to the Board in relation to appointment and removal of Directors and Senior Management;

(b) To recommend the Remuneration payable to Directors, Key Managerial Personnel and Senior Managerial personnel and other employees i.e. General Manager and above category.

(c) To evaluate the performance of the members of the Board and provide necessary Report to the Board for further evaluation of the Board;

(d) Other necessary things which is required for review and recommendation to the Board of Directors from time to time in compliance with the provisions of Act and any amendment thereto from time to time.

3. Definitions

In compliance of the provisions of section 2(51), 203 and other applicable provisions of the Act, the Companies (Appointment and Remuneration of Managerial Personal), 2014 and subject to modification(s) / re-enactment(s) thereof from time to time the definition of Key Managerial Personal is mentioned herein below:

(a) Key Managerial Personnel: Key Managerial Personnel means—

(i) Managing Director or Chief Executive Officer or Manager and in their absence, a Whole Time Director;

(ii) Company secretary,

(iii) Chief Financial Officer; and

(iv) Such other officer as may be decided by the Company from time to time.

(b) Senior Management: It means the members who are the part of its core management team excluding the Board. This would also include all members of management one level below the executive directors including all functional heads.

Directors' Report (Contd...)

4. Role of Committee

The role of the Committee inter alia will be as per the following:

a) To identify the persons who are qualified to become Directors and who may be appointed in senior management;

b) Formulate the criteria for determining qualifications, positive attributes and independence of a Director;

c) To recommend the Board of the appointment and removal of Senior Management of the Company;

d) To carry out evaluation of performance of Directors and recommend to the Board appointment / removal based on his / her performance;

e) To recommend to the Board on (i) policy relating to remuneration for Directors, Key Managerial Personnel and Senior Management and (ii) for Executive Directors remuneration and incentive;

f) Ensure that level and composition of remuneration is reasonable and sufficient, relationship of remuneration to performance is clear and meets appropriate performance benchmarks;

g) To develop a policy on Board diversity;

h) To develop a succession plan for the Board and to regularly review the plan.

5. Composition of Committee

a) The Committee shall consist of minimum 3 (Three) Non-executive directors, majority of them being independent Directors;

b) Minimum 2 (two) members shall constitute a quorum for the Committee meeting;

c) Membership of the Committee shall be disclosed in the Annual Report of the Company;

d) Terms of the Committee shall be continued unless terminated by the Board of Directors.

e) The Chairman of the Committee shall be an Independent Director;

f) The Chairman of the Company may be appointed as a member of the Committee but shall not be a Chairman of the Committee;

g) In the absence of the Chairman, the members of the Committee present at the meeting shall choose one amongst them to act as Chairman;

h) The Chairman of the Committee could be present at the Annual General Meeting, to answer the queries of shareholders. However, it would be up to the Chairman to decide who should answer the queries;

i) The company shall disclose the remuneration policy and the evaluation criteria in the Annual Report of the Company;

6. Frequency of Meetings

The meeting of the Committee shall be held at such regular intervals as may be required from time to time and as suggested by Chairman of the Committee.

7. Committee of Members' Interests

a) A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.

b) The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

8. Secretary

The Company Secretary of the Company shall act as Secretary of the Committee.

9. Voting

a) Matters arising for determination at Committee meetings shall be decided by majority of vote of Members present and voting and any such decision shall for all purposes be deemed a decision of the Committee;

b) In the case of equality of votes, the Chairman of the meeting will have a casting vote.

Directors' Report (Contd...)

10. Duties of the Committee

10.1 Duties for Nomination:

The duties of the Committee in relation to nomination matters include:

a) Ensuring that there is an appropriate induction & training programme in place for new Directors and members of Senior Management and reviewing its effectiveness;

b) Ensuring that on appointment to the Board of the Company, the Directors receive a formal letter of appointment in accordance with the Guidelines provided under the Act, applicable schedules as well as applicable clauses of Listing Agreement;

c) Identifying and recommending Directors who are to be put forward for retirement by rotation every year in compliance with the Act;

d) Determining the appropriate size, diversity and composition of the Board of the Company;

e) Setting a formal and transparent procedure for selecting new Directors for appointment on the Board of the Company;

f) Developing a succession plan for the Board and Senior Management and regularly reviewing the plan;

g) Evaluating the performance of the Board members and Senior Management in the context of the Company's performance from business and compliance perspective;

h) Making recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director(s);

i) Delegating any of its powers to one or more of its members or the Secretary of the Committee;

j) Recommend any necessary changes to the Board;

k) Considering any other matters as may be requested by the Board;

10.2 Duties for Remuneration:

The duties of the Committee in relation to remuneration matters include:

a) To consider and determine the Remuneration Policy, based on the performance and the remuneration is reasonable and sufficient to attract, retain and motivate members of the Board;

b) To approve the remuneration of the Senior Management including key managerial personnel of the Company maintaining a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company;

c) To delegate any of its powers to one or more of its members or the Secretary of the Committee;

d) to consider any other matters as may be requested by the Board;

e) Professional indemnity and liability insurance for Directors and senior management.

11. Proceeding of Committee Meeting

a) The Proceeding of all meetings of the Committee must be written in English Language and it should be serially numbered;

b) Minutes of the Committee meetings will be placed before the subsequent Board and Committee meeting;

c) The Proceeding of the meeting of the Committee must be signed and dated by the Chairman of the Committee at the subsequent meeting.

12. General

The Board shall have the right to amend the policy from time to time without assigning any reason whatsoever and do all such acts and things as may be necessary from time to time.

For **Kiri Industries Limited**

Place : Ahmedabad
Date : 11th August, 2014

Pravin Kiri
Chairman

Keyoor Bakshi
Chairman of to the Committee

Directors' Report (Contd...)

Annexure – E to the Directors Report

Corporate Social Responsibility Policy

(As per the Companies Act, 2013 and the Companies (Account of Companies), Rules 2014)

I. Introduction

Kiri Industries Limited (**"the Company / KIL"**) has always been committed to the cause of social service since its inception and has repeatedly channelized a part of its resources and activities, such that it positively affects the society socially, ethically and also environmentally. The Company has taken up various Corporate Social Responsibility ("**CSR"**) initiatives and enhanced value in the society.

With the commencement of the Companies Act, 2013 constitution of a Corporate Social Responsibility Committee (**"CSR Committee"**) of the Board and formulation of a Corporate Social Responsibility Policy became a mandatory requirement. Therefore, the Company seeks to formulate a formal CSR Policy which encompasses its philosophy and guides its sustained efforts for undertaking and supporting socially useful programs for the welfare & sustainable development of the society.

II. CSR Object

The main objective of CSR policy is to lay down guidelines for the companies to make CSR as one of the key business process for sustainable development for the Society. It aims at supplementing the role of the Government in enhancing welfare measures of the society based on the immediate and long term social and environmental consequences of their activities. Company will act as a good Corporate Citizen, subscribing to the principles of Global Compact for implementation.

The Company firmly believes that CSR is primarily, the responsibility of the Company in relation to the impact of its decisions and activities on the society and also the environment, through a transparent and ethical behavior which is:

(a) consistent with sustainable development and welfare of society,

(b) takes into account the expectations of stakeholders,

(c) in compliance with applicable law, and

(d) uniformly integrated and practiced throughout the Company.

III. Scope

In furtherance of its CSR objects, the following are covered under this Policy:

(a) CSR activities implemented by the Company on its own;

(b) CSR activities of the Company through an external trust/society.

IV. Definitions

In this Policy, unless the context otherwise requires:

a. "**Act**" shall mean the Companies Act 2013, including any modifications, amendments or re-enactment thereof.

b. "**Agency**" (or Agencies) means any Section 8 Company or a registered trust/ society/NGO/ institution, performing social services for the benefit of the society and excluding a registered trust/society/NGO/institution/Section 8 Company which is formed by the Company or its holding or subsidiary company/companies.

c. "**Approved Budget**" shall mean the total budget as approved by the Board of the Company upon the recommendation of the CSR Committee, which is to be utilized for CSR Projects.

d. "**Board**" shall mean the Board of Directors of the Company.

e. "**Company**" shall mean Kiri Industries Limited and wherever the context requires, shall signify the Company acting through its Board.

f. "**CSR Annual Plan**" shall mean the annual plan detailing the CSR expenditure for the year.

g. "**CSR Committee**" shall mean the Corporate Social Responsibility Committee constituted by the Board of the Company in accordance with the Act, consisting of three or more directors, out of which at least one director shall be an independent director.

h. "**CSR expenditure**" means all CSR expenditure of the Company as approved by the Board upon recommendation of the CSR committee, including the following:

i. contribution to CSR Projects which shall be implemented and/or executed by the Company;

ii. contribution to CSR Projects (including for corpus as required) which shall be implemented and/or executed by its Trust or Society; and

Directors' Report (Contd...)

iii. contribution to CSR Projects (including for corpus as required) which shall be implemented and/or executed by an Agency.

iv. Any other contributions covered under Schedule VII to the Companies Act, 2013.

Contribution of any amount directly or indirectly to any political party under section 182 of the Act, shall not be considered as CSR expenditure.

i. "**CSR Officer**" shall mean the whole time person engaged by the Company for activities envisaged in the CSR Policy; having due comprehension, understanding, drive and passion for such activities and designated as such.

j. "**CSR Policy**" shall mean the present Corporate Social Responsibility Policy of the Company, which covers the activities to be undertaken by the Company as specified in Schedule VII to the Act and the CSR Expenditure thereon.

k. "**CSR Projects**" or "**Projects**" means Corporate Social Responsibility projects/activities/ programs/ initiatives, instituted in India, either new or ongoing, and includes, but is not limited to those undertaken by the Board in pursuance of recommendations of the CSR Committee as per the declared CSR Policy of the Company.

Projects/activities/ programs/ initiatives undertaken in pursuance of normal course of business of the Company and projects which benefit only the employees of the Company and their families shall not be considered as CSR Projects.

l. "**Financial Year**" shall mean the period beginning from 1st April of every year to 31st March of the succeeding year.

m. "**Net profit**" shall mean the net profit as per the Act and Rules based on which the specific percentage for CSR expenditure has to be calculated.

n. "**Rules**" shall mean the Companies (Corporate Social Responsibility) Rules 2014, including any re-enactment, modifications or amendments thereof.

o. "**Thrust Areas**" shall have the meaning as ascribed to them as per point V of the Policy.

V. Thrust Areas

While the Company is eligible to undertake any suitable/rightful activity as specified in Schedule VII of the Act, however, at present, it proposes to undertake the relevant activities on priority basis in the following three Thrust Areas:

1.1 Community healthcare, sanitation and hygiene, including, but not limited to:

(1) Establishment and management of state-of-the-art healthcare infrastructure with high level of excellence.

(2) Providing financial and/or other assistance to the Agencies involved in exclusive medical research, public health, nursing etc.

(3) Providing financial assistance to deserving people for specialized medical treatment in any medical institution.

(4) Activities concerning or promoting: a. General health care including preventive health care, b. Safe motherhood, c. Child survival support programs, d. Health / medical camps, e. Better hygiene and sanitation, f. Adequate and potable water supply, etc.

1.2 Education and knowledge enhancement, including, but not limited to:

(1) Establishment and management of educational and knowledge enhancement infrastructure.

(2) Providing financial and/or other assistance to the needy and/or deserving students.

(3) Providing financial assistance to any Agency involved in education, knowledge enhancement and sports.

(4) Facilitate enhancement of knowledge and innovation in the educational Agencies.

(5) Contribution to technology incubators located within academic institutions which are approved by the Central Government.

1.3 Social care and concern, including, but not limited to:

(1) Creating Public awareness

(2) Protection and upgradation of environment including ensuring ecological balance and related activities.

(3) Rural development projects

(4) Others:

a. Establishment and management of orphanages, old age homes, Sanatoriums, Dharmashalas and institutions of similar nature.

b. Providing assistance to institutes of credibility involved in areas of social care, including:

- Preservation of heritage;

Directors' Report (Contd...)

- Animal welfare, social welfare and related matters;
- Orphanages, old age homes, Sanatoriums, Dharmashalas and institutions of similar nature.

c. Other humanitarian activities.

1.4 Contribution for Eradicating extreme hunger and poverty, promotion of gender equality and empowering women and reducing child mortality and improving maternal health.

1.5 Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government or the State Governments for Socio-economic development and relief and fund for the welfare of the Scheduled Castes, the Schedule Tribes, other backward classes, minorities and women.

VI. Identification of CSR Projects

1. CSR Projects need to be identified and planned for approval of the CSR Committee, in particular in Thrust Areas, with estimated expenditure and phase wise implementation schedules;
2. The Company shall ensure that in identifying its CSR Projects, preference shall be given to the local area and areas around which the Company (including its Units) operates. However, this shall not bar the Company from pursuing its CSR objects in other areas.
3. As a cardinal principle, the CSR Projects in Thrust Areas, shall be identified on the basis of a detailed assessment survey.
4. The CSR Officer may engage external professionals/firms/agencies if required, for the purpose of identification of CSR Projects.

VII. Implementation of CSR Projects

The Company shall implement the identified CSR Projects by the following means:

I. Direct Method

1. The Company may itself implement the identified CSR Projects presently within the scope and ambit of the Thrust Areas as defined in the Policy;
2. The Company may also implement the identified Projects through creation of Trust or Society which is involved in CSR activities, within the scope and ambit of the Thrust Areas as defined in the Policy;
3. The CSR Officer may engage external professionals/firms/agencies if required, for the purpose of implementation of its CSR Projects.
4. The Company may collaborate with other companies, including its Group Companies if required, for fulfilling its CSR objects through the Direct method, provided that the CSR Committees of respective companies are in a position to monitor separately such CSR Projects.

II. Indirect Method

1. The Company may implement the identified CSR Projects through Agencies, subject to the condition that:
   - The activities pursued by the Agency are covered within the scope and ambit of Schedule VII of the Act
   - The Agency has an established track record of at least three years in undertaking similar programs or projects, and
   - The Company has specified the Project to be undertaken through the Agency which shall preferably be in Thrust Areas, the modalities of utilization of funds on such Projects and the monitoring and reporting mechanism which shall be atleast once in three months.
2. The Company, may collaborate with other companies, including its holding, subsidiary as well as Associate Companies for fulfilling its CSR objects through the Indirect method provided that the CSR Committees of respective companies are in a position to monitor separately such Projects.

VIII. Monitoring

Monitoring process for CSR Projects shall include the following:

- Evaluation of Planned progress V/s Actual Progress
- Actual expenditure V/s expenditure as per Approved Budget

Directors' Report (Contd...)

I. Fund allocation and others

A. Fund allocation

1. The Company, in every Financial Year, shall endeavor to spend the feasible amount, which shall not be restricted by the statutory limit of a specified percentage of its average net profits of the immediately preceding three Financial Years. However, the aforementioned expenditure in any Financial Year shall be atleast 2% of Company's average Net profits for the three immediately preceding Financial Years.
2. The CSR Committee shall prepare a CSR Annual Plan for the above which shall include:
   a. Identified CSR Projects
   b. CSR expenditure
   c. Implementation Schedules
3. Total expenditure in the CSR Annual Plan shall be approved by the Board upon recommendation by the CSR Committee;
4. In case the Company fails to spend the statutory minimum limit of 2% of Company's average net profits of the immediately preceding three years, in any given financial year, the Board shall specify the reasons for the same in its Director's Report of respective financial year in terms of clause (o) of sub-section (3) of section 134 of the Companies Act, 2013.

B. Others

1. The CSR Committee shall ensure that major portion of the CSR expenditure in the Annual Plan shall be for the Projects in the Thrust Areas. However, there shall not be any preference given to any particular Thrust Area for budgetary allocation and it shall be made purely as per the identified CSR Projects on need basis.
2. The Chairman or Managing Director or whole time Director of the Company is severally authorized to decide on Projects to be implemented through the Indirect Method within the allocation as per the Annual Plan.
3. Any surplus arising out of the CSR Projects shall not form a part of the business profit of the Company.

IX. Duties and responsibilities

A. Board of Directors

The Board shall include in its Report the annual report on CSR Projects as per the format provided in the Annexure to the Rules.

B. CSR Committee

i. The CSR Committee shall monitor the implementation of the CSR Policy and CSR Plan. For this purpose, the CSR Committee shall meet atleast twice a year.

ii. In discharge of CSR functions of the Company, the CSR Committee shall be directly responsible to the Board for any act that may be required to be done by the CSR Committee in furtherance of its statutory obligations, or as required by the Board.

iii. The CSR Committee shall place before the Board the draft annual report as per the annexure prescribed under the Rules for finalization.

iv. The CSR Committee shall place before the Board a responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company for inclusion in the Board's Report.

v. The CSR Committee shall ensure that the CSR Policy and finalized Annual Plan are displayed on the Company's website.

C. CSR Officer

i. The CSR Officer shall be responsible for the proper implementation and execution of CSR Projects of the Company.

ii. The CSR Officer shall be responsible for monitoring the Projects vis-à-vis the Annual Plan.

iii. The CSR Officer shall send the half yearly CSR report for the CSR Committee meeting in October and CSR Annual Plan and the draft annual report as per the format in Rules for the CSR Committee meeting.

iv. The CSR Officer shall communicate the relevant feedbacks received by him/her to the CSR Committee.

Directors' Report (Contd...)

v. The CSR Officer shall be directly responsible to the CSR Committee for any act that may be required to be done by the CSR Committee in accordance with the Policy.

vi. The CSR Officer shall be assisted by a select group of individuals who shall be exclusively dedicated and/or available on priority basis to the CSR Officer, including in Units, as and when required in discharge of all or any of his functions as required under the CSR Policy.

X Review Periodicity and amendment

i. CSR Plan may be revised/modified/amended by the CSR Committee at such intervals as it may deem fit in consultation with Board.

ii. The CSR Committee shall review the Policy from time to time unless such revision is necessitated earlier.

For Kiri Industries Limited

Place : Ahmedabad
Date : 10th October, 2014

Pravin Kiri
Chairman

REPORTING OF CORPORATE SOCIAL RESPONSIBILITY (CSR)

Sr. No.	Particulars	
1.	Period for which CSR is being reported	From 01.04.2014 to 31.03.2015
2.	(a) Whether information includes information about subsidiary company(s):	No
	(b) If yes, then indicate number of such subsidiary company(s)	Not Applicable
3.	(a) Whether information includes information about any other entity(s) (e.g. supplies, value chain etc.)	No
	(b) If yes, then indicate number of such entity(s)	Not Applicable
4.	Does the company have a written CSR policy If yes, attach a copy	Yes Copy attached with this report
5.	Brief contents of the CSR policy	Please refer link below: http://kiriindustries.com/pdf/policy/CSR%20Policy%20KIL.pdf
6.	The Composition of the CSR Committee	CSR Committee consist following members: 1. Mrs. Veenaben Padia – Chairman 2. Mr. Pravin Kiri - Member 3. Mr. Manish Kiri - Member 4. Mr. Mukesh Desai - Member
7.	Average net profit of the company for last three financial years:	In compliance of Section 135 of the Companies Act, 2013 the Company shall ensure that the Company spends, in every financial year at least 2% amount of average net profit of last three years in CSR activities. However, the company has incurred loss in the financial year 2013, 2014 and 2015, therefore, the provision of Section 135 of the Act does not apply to the Company for the current financial year.
8.	Prescribed CSR Expenditure (2%. of the amount as in item 7 above)	Not Applicable Rs. 33.89 Lakhs (Voluntary)
9.	Details of CSR spent during the financial year	Not Applicable
10.	Total amount to be spent for the financial year	Not Applicable
11.	Amount unspent, if any	Not Applicable

Directors' Report (Contd...)

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

(Rs. in Lakhs)

Sr. No.	CSR project or activity identified.	Sector in which the Project is covered	Location of Projects or programs	Amount outlay (budget) (Rs.)	Amount spent on the projects or programs	Cumulative expenditure upto to the reporting (Rs.)	Amount spent: Direct or through implementing Agency period. (Rs.)
1.	**Direct expenditure on projects or programs.**	Social Education	Ahmedabad/ Vadodara	NIL	14.41	14.41	Direct
		Social Health	Ahmedabad/ Vadodara	NIL	16.98	16.98	Direct
		Clean Water Distribution	Vadodara	NIL	2.50	2.50	Direct
2.	**Overheads:**	NIL	N.A.	NIL	NIL	NIL	N.A.
	Total				**33.89**	**33.89**	

Our CSR responsibilities:

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

For Kiri Industries Limited

Place : Ahmedabad
Date : 7th August, 2015

Pravin Kiri
Chairman

Directors' Report (Contd...)

Annexure – F to the Directors Report

Policy for Prevention of Sexual Harassment of Women

(As per Sexual Harassment of Women at Work Place (Prevention, Prohibition and Redressal) Act, 2013)

1. Introduction

1.1 The Company Kiri Industries Limited (**"KIL"/ "The Company"**) believes in the conduct of its affairs in a fair and transparent manner to foster professionalism, honesty, integrity and ethical behavior. **KIL** is committed to developing a culture where it is safe for all the employees to raise concerns about any misconduct or unacceptable practice by co-employee.

1.2 For this purpose, **KIL** has adopted a Code of Business Conduct, which lays down the principles and standards that should govern the actions of the Company and its employees. The Code of Business Conduct requires the employees not only to comply with and strictly adhere to the standards of the business conduct contained therein but also report to the Chairman or Whole-time Directors for any misconduct or any illegal activity, fraud or abuse of the assets of the Company. The employees reporting any misconduct shall be suitably protected and no unjust action(s) will be taken against any such employee(s).

1.3 In accordance with Section 22 of Sexual Harrassment of Women at work place (Prevention, Prohibition and redressal) Act, 2013, the Company shall have to implement policy to provide protection against sexual harassment of women at work place and for the prevention and redressal of complaints of sexual harassment and for matters connected therewith or incidental thereto.

1.4 The sexual harassment results in violation of the fundamental rights of women to equality under articles 14 and 15 of the Constitution of India and their right to life and to live with dignity under article 21 of the Constitution and right to practice any profession or to carry on any occupation, trade or business which includes a right to a safe environment free from sexual harassment.

1.5 It is required to implement this policy to protect the fundamental and human rights of the women against the sexual harassment at work place of the Company.

2. Objective

2.1 **KIL** is committed to adhere to the highest standards of ethical, moral and legal conduct of business operations. To maintain these standards, our Company is committed to providing work environment that ensures every employee is treated with dignity, respect and afforded equitable treatment. The Company is also committed to promoting a work environment that is conducive to the professional growth of its employees and encourages equality of opportunity. The Company will not tolerate any form of sexual harassment and is committed to take all necessary steps to ensure that its employees are not subjected to any form of harassment when they are working in the Company.

2.2 The Company shall circulate the existence and contents of this Policy to all the Employees.

3. Scope

This policy applies to all categories of employees of the Company, including permanent management and workmen, temporaries, trainees and employees on contract at their workplace or at customer's sites if any. The Company will not tolerate sexual harassment, if engaged in by customers or by suppliers or any other business associates.

The workplace includes:

1. All offices or other premises where the Company's business is conducted;
2. All company-related activities performed at any other site away from the Company's premises;
3. Any social, business or other functions where the conduct or comments may have an adverse impact on the workplace or workplace relations.

4. Definition Sexual Harassment

As per section 2 (n) of Sexual Harassment of Women at Work Place (Prevention, Prohibition and redressal) Act, 2013 - "Sexual harassment may be one or a series of incidents involving unsolicited and unwelcome sexual advances, requests for sexual favours, or any other verbal or physical conduct of sexual nature.

Sexual Harassment at the workplace includes:

a) unwelcome sexual advances (verbal, written or physical);

b) demand or request for sexual favours;

Directors' Report (Contd...)

c) any other type of sexually-oriented conduct;

d) verbal abuse or 'joking' that is sex-oriented;

e) making sexually coloured remarks;

f) Showing pornography;

g) any conduct that has the purpose or the effect of interfering with an individual's work performance or creating an intimidating, hostile or offensive work environment and/or submission to such conduct is either an explicit or implicit term or condition of employment and /or submission or rejection of the conduct is used as a basis for making employment decisions.

5. Responsibilities Regarding Sexual Harassment

All employees of the Company have a personal responsibility to ensure that their behavior is not contrary to this policy.

All employees are encouraged to reinforce the maintenance of a work environment free from sexual harassment.

6. Complaints Mechanism

An appropriate complaint mechanism in the form of **"Complaints Committee"** has been created in the Company for time-bound redressal of the complaint made by the victim.

7. Complaints Committee

The Company has instituted a Complaints Committee for redressal of sexual harassment complaint (made by the victim) and for ensuring time bound treatment of such complaints.

Initially, and till further notice, the Complaints Committee will comprise of the following four members out of which at least two members will be of the same gender as that of the complainant:

1. Mrs. Neelima Rajput - **Presiding Officer**

   Email: neelima@kiriindustries.com

2. Mr. Yagnesh Mankad- **Member**

3. Mr. Pareshkumar Vyas- **Member**

4. Mrs. Jignasha Upadhyay **– Member**

The Complaints Committee is responsible for:

a) Investigating every formal written complaint of sexual harassment;

b) Taking appropriate remedial measures to respond to any substantiated allegations of sexual harassment;

c) Discouraging and preventing employment-related sexual harassment.

8. Procedures for Resolution, Settlement or Prosecution of Acts of Sexual Harassment

The Company is committed to providing a supportive environment to resolve concerns of sexual harassment as under:

A. Informal Resolution Options

When an incident of sexual harassment occurs, the victim of such conduct can communicate their disapproval and objections immediately to the harasser and request the harasser to behave decently.

If the harassment does not stop or if victim is not comfortable with addressing the harasser directly, the victim can bring their concern to the attention of the Complaints Committee for redressal of their grievances. The Complaints Committee will thereafter provide advice or extend support as requested and will undertake prompt investigation to resolve the matter.

B. Complaints:

1. An employee with a harassment concern, who is not comfortable with the informal resolution options or has exhausted such options, may make a formal complaint to the Presiding Officer of the Complaints Committee constituted by the Management. The complaint shall have to be in writing and can be in form of a letter, preferably within 15 days from the date of occurrence of the alleged incident, sent in a sealed envelope. Alternately, the employee can send complaint through an email. The employee is required to disclose their name, department, division and location they are working in, to enable the Presiding Officer to contact them and take the matter forward.

Directors' Report (Contd...)

2. The Presiding Officer of the Complaints Committee will proceed to determine whether the allegations (assuming them to be true only for the purpose of this determination) made in the complaint fall under the purview of Sexual Harassment, preferably within 30 days from receipt of the complaint.

   In the event, the allegation does not fall under the purview of Sexual Harassment or the allegation does not constitute an offence of Sexual Harassment, the Presiding Officer will record this finding with reasons and communicate the same to the complainant.
3. If the Presiding Officer of the Complaints Committee determines that the allegations constitute an act of sexual harassment, she will proceed to investigate the allegation with the assistance of the Complaints Committee.
4. Where such conduct, on the part of the accused, amounts to a specific offence under the law, the Company shall initiate appropriate action in accordance with law by making a complaint with the appropriate authority.
5. The Complaints Committee shall conduct such investigations in a timely manner and shall submit a written report containing the findings and recommendations to the Executive Director & Head of Department as soon as practically possible and in any case, not later than 90 days from the date of receipt of the complaint. The Executive Director & Head of Department will ensure corrective action on the recommendations of the Complaints Committee and keep the complainant informed of the same.

   Corrective action may include any of the following:

   a. Formal apology
   b. Counseling
   c. Written warning to the perpetrator and a copy of it maintained in the employee's file.
   d. Change of work assignment / transfer for either the perpetrator or the victim.
   e. Suspension or termination of services of the employee found guilty of the offence
6. In case the complaint is found to be false, the Complainant shall, if deemed fit, be liable for appropriate disciplinary action by the Management.

8. Confidentiality

The Company understands that it is difficult for the victim to come forward with a complaint of sexual harassment and recognizes the victim's interest in keeping the matter confidential.

To protect the interests of the victim, the accused person and others who may report incidents of sexual harassment, confidentiality will be maintained throughout the investigatory process to the extent practicable and appropriate under the circumstances.

9. Access to Reports and Documents

All records of complaints, including contents of meetings, results of investigations and other relevant material will be kept confidential by the Company except where disclosure is required under disciplinary or other remedial processes.

10. Protection to Complainant / Victim

The Company is committed to ensuring that no employee who brings forward a harassment concern is subject to any form of reprisal. Any reprisal will be subject to disciplinary action.

The Company will ensure that the victim or witnesses are not victimized or discriminated against while dealing with complaints of sexual harassment.

However, anyone who abuses the procedure (for example, by maliciously putting an allegation knowing it to be untrue) will be subject to disciplinary action.

11. Conclusion

In conclusion, the Company reiterates its commitment to providing its employees, a workplace free from harassment/ discrimination and where every employee is treated with dignity and respect.

12. General

The Board of Directors of the Company shall have the right to amend the policy from time to time without assigning any reason whatsoever.

For Kiri Industries Limited

Place : Ahmedabad
Date : 29th May, 2015

Pravin Kiri
Chairman

Directors' Report (Contd...)

Annexure G to the Directors Report

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

As on financial year ended on 31st March, 2015

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

I. REGISTRATION & OTHER DETAILS:

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sr. No.	Name of Description of main products / services	NIC Code of Product / Service	% of total turnover of the Company
1	Dyes	20114	28.89
2	Intermediaries	2011	69.07
3	Basic Chemicals	2011	2.04

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name of the Company	CIN/GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
1	Chemhub Trading DMMCC	NA	Subsidiary	100.00	2(87)
2	SMS Chemicals Co. Ltd. - Non Operating	NA	Subsidiary	100.00	2(87)
3	Synthesis International Limited -Under Process to wind up	NA	Subsidiary	100.00	2(87)
4	Kiri Investment & Trading Singapore Pvt. Ltd - Under Process to wind up	NA	Subsidiary	100.00	2(87)
5	Kiri Infrastructure Limited	U45201GJ2008PTC053728	Associate Company	47.61	2(6)
6	DyStar Global Holdings (Singapore) Pte. Ltd.	NA	Associate Company	37.57	2(6)
7	Lonsen Kiri Chemical Industries Limited	U24114GJ2008PLC053537	Joint Venture	40.00	2(6)
8	Indochin Development Pvt. Ltd.	U45200GJ2015PTC081849	Step down Subsidiary	-	2(87)(ii)

Directors' Report (Contd...)

IV. SHARE HOLDING PATTERN

(Equity share capital breakup as percentage of total equity)

(i) Category-wise Share Holding

Category of Shareholders		No. of Shares held at the beginning of the year [As on 01-April-2014]				No. of Shares held at the end of the year [As on 31-March-2015]				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A.	**Promoters**									
	(1) Indian									
	a) Individual/ HUF	4893432	0	4893432	25.75	6740878	0	6740878	29.66	3.91
	b) Central Govt	0	0	0	0.00	0	0	0	0.00	0
	c) State Govt(s)	0	0	0	0.00	0	0	0	0.00	0
	d) Bodies Corp.	0	0	0	0.00	0	0	0	0.00	0
	e) Banks / FI	0	0	0	0.00	0	0	0	0.00	0
	f) Any other	0	0	0	0.00	0	0	0	0.00	0
	Sub Total (A) (1)	**4893432**	**0**	**4893432**	**25.75**	**6740878**	**0**	**6740878**	**29.66**	**3.91**
	(2) Foreign									
	a) NRI Individuals	0	0	0	0.00	0	0	0	0.00	0
	b) Other Individuals	0	0	0	0.00	0	0	0	0.00	0
	c) Bodies Corp.	0	0	0	0.00	0	0	0	0.00	0
	d) Any other	0	0	0	0.00	0	0	0	0.00	0
	Sub Total (A) (2)	**0**	**0**	**0**	0.00	**0**	**0**	**0**	**0.00**	**0**
	TOTAL (A)	**4893432**	**0**	**4893432**	**25.75**	**6740878**	**0**	**6740878**	**29.66**	**3.91**
B.	***(1) Institutions***									
	a) Mutual Funds	0	0	0	0.00	0	0	0	0.00	0
	b) Banks / FI	1572766	0	1572766	8.28	764051	0	764051	3.36	-4.92
	c) Central Govt	0	0	0	0.00	0	0	0	0.00	0
	d) State Govt(s)	0	0	0	0.00	0	0	0	0.00	0
	e) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0
	f) Insurance Companies	0	0	0	0.00	0	0	0	0.00	0
	g) FIIs	1663647	0	1663647	8.76	4127600	0	4127600	18.16	9.41
	h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0
	i) Others (specify)									
	(Stressed Assets Stabilisation Fund)	0	0	0	0.00	394246	0	394246	1.73	1.73
	Sub-total (B)(1):-	**3236413**	**0**	**3236413**	**17.03**	**5285897**	**0**	**5285897**	**23.26**	**6.23**

Directors' Report (Contd...)

Category of Shareholders		No. of Shares held at the beginning of the year [As on 01-April-2014]				No. of Shares held at the end of the year [As on 31-March-2015]				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
	(2) Non-Institutions									
	a) Bodies Corp.	3100047	0	3100047	16.32	2495828	0	2495828	10.98	-5.33
	b) Individuals									
	i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	2443977	153	2444130	12.86	2624112	153	2624265	11.55	-1.32
	ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	4127402	0	4127402	21.72	4249628	0	4249628	18.70	-3.02
	c) Others (specify)									
	Clearing Members	378587	0	378587	1.99	274954	0	274954	1.21	-0.78
	Foreign Nationals	28510	102630	131140	0.69	28510	102630	131140	0.58	-0.11
	Hindu Undivided Families	393511	0	393511	2.07	392800	0	392800	1.73	-0.34
	Non Resident Indians	295391	0	295391	1.55	529736	0	529736	2.33	0.78
	Sub-total (B)(2):-	10767425	102783	10870208	57.21	10595568	102783	10698351	47.08	-10.13
	Total Public (B)	**14003838**	**102783**	**14106621**	**74.25**	**15881465**	**102783**	**15984248**	**70.34**	**-10.60**
C.	**Shares held by Custodian for GDRs & ADRs**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0.00**	**0**
	Grand Total (A+B+C)	**18897270**	**102783**	**19000053**	**100.00**	**22622343**	**102783**	**22725126**	**100.00**	**-**

Note: The Percentage of share holding as on 31st March, 2015 has calculated on the basis of total Paid up share capital of the Company i.e. Rs. 227251260 divided into 22725126 Equity Shares of Rs. 10 each.

(ii) Shareholding of Promoter

Sr. No.	Shareholders Name	Shareholding at the beginning of the year [As on 01.04.2014]			Shareholding at the end of the year [As on 31.03.2015]			% Change in Shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total Shares	No. of Shares	% of total Shares of of the Company	% of Shares Pledged / encumbered to total Shares	
1	Mr. Pravin Kiri	2,501,680	13.17	34.15	2,501,680	11.01	34.15	-2.16
2	Mr. Manish Kiri	1,859,391	9.79	48.82	1,822,728	8.02	41.81	-1.77
3	Mrs. Arunaben Kiri	526,409	2.77	85.80	461,550	2.03	83.80	-0.74
4	Mrs. Anupama Kiri	2,270	0.01	0.00	1,951,238	8.59	0.00	8.57
5	Pravin Kiri HUF	3,682	0.02	100.00	3,682	0.02	100.00	0.00

Directors' Report (Contd...)

Note: The Percentage of Shareholding at the beginning of the year is calculated on the basis of total paid up share capital of the Company Rs. 190000530 divided into 19000053 Equity Shares of Rs. 10 each. As on 10th October, 2014, the Board of Directors of the Company has allotted 1948968 Equity Shares and 37,50,000 warrants to Promoter Group and 300979 Equity Shares allotted to person other than Promoter Group by way of Preferential Issue as per SEBI (ICDR) Regulations, 2009 and 1475126 Equity Shares allotted to the FCCBs holder upon conversion of Series A Unsecured Foreign Currency Convertible Bonds into Equity Shares and therefore, the post paid up share capital of the Company is Rs. 227251260 divided into 22725126 Equity Shares of Rs. 10 each.

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

Sr. No.	Name of Promoters and Promoter Group	Shareholding at the beginning of the year		Date	Reason	Increase/Decrease in Shareholding		Cumulative Shareholding during the year	
		No. of shares	% of total shares			No. of shares	% of shareholding	No. of shares	% of total shares
1	Mr. Pravin Kiri	2501680	13.17	01.04.2014	No Change	0.00	0.00	2,501,680	13.17
				31.03.2015	At the end of the year	0.00	0.00	2,501,680	11.01
2	Mr. Manish Kiri	1859391	9.79	24.09.2014	Decrease	36663	0.19	1,822,728	8.02
				31.03.2015	At the end of the year	0	0.00	1,822,728	8.02
3	Mrs. Aruna Kiri	526409	2.77	24.09.2014	Decrease	64859	0.34	461,550	2.03
				31.03.2015	At the end of the year	0	0.00	461,550	2.03
4	Mrs. Anupama Kiri	2270	0.01	10.10.2014	Increase	1948968	8.58	1,951,238	8.59
				31.03.2015	At the end of the year	0	0.00	1,951,238	8.59
5	Pravin Kiri - HUF	3682	0.02	01.04.2014	No Change	0.00	0.000	3,682	0.02
				31.03.2015	At the end of the year	0.00	0.00	3,682	0.02

The Percentage of Post shareholding changes of promoters and promoters group calculated on basis of increased capital of the Company i.e.Rs. 227251260

(iv) Shareholding Pattern of top ten Shareholders

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

Sr. No.	Name of shareholders	Date	Reason	(+/-) Change Shareholding	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
					No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	**GMO EMERGING MARKETS FUND**	**01.04.2014**		**At the beginning of the year**	**1016942**	**5.35**	**1016942**	**5.35**
		18.04.2014	Purchase	Increase	19930	0.10	1036872	5.46
		16.05.2014	Purchase	Increase	9697	0.05	1046569	5.51
		23.05.2014	Purchase	Increase	11709	0.06	1058278	5.57
		20.06.2014	Purchase	Increase	18192	0.10	1076470	5.67
		30.06.2014	Purchase	Increase	35334	0.19	1111804	5.85
		19.09.2014	Purchase	Increase	13922	0.07	1125726	5.92
		19.12.2014	Purchase	Increase	31769	0.14	1157495	5.09

Directors' Report (Contd...)

Sr. No.	Name of shareholders	Date	Reason	(+/-) Change Shareholding	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
					No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
		31.12.2014	Purchase	Increase	87769	0.39	1245264	5.48
		02.01.2015	Purchase	Increase	22650	0.10	1267914	5.58
		23.01.2015	Purchase	Increase	14000	0.06	1281914	5.64
		06.02.2015	Purchase	Increase	2261	0.01	1284175	5.65
		13.02.2015	Purchase	Increase	16700	0.07	1300875	5.72
		20.02.2015	Purchase	Increase	1370	0.01	1302245	5.73
		27.02.2015	Purchase	Increase	117651	0.52	1419896	6.25
		06.03.2015	Purchase	Increase	11900	0.05	1431796	6.30
		13.03.2015	Purchase	Increase	7864	0.03	1439660	6.34
		20.03.2015	Purchase	Increase	12700	0.06	1452360	6.39
		31.03.2015		**At the end of the year**			**1452360**	**6.39**
2	**IFCI Ltd.**	**01.04.2014**		**At the beginning of the year**	**836750**	**4.40**	**836750**	**4.40**
		06.02.2015	Sale	Decrease	65797	0.29	770953	3.39
		13.02.2015	Sale	Decrease	46933	0.21	724020	3.19
		20.02.2015	Sale	Decrease	306043	1.35	417977	1.84
		27.02.2015	Sale	Decrease	58552	0.26	359425	1.58
		06.03.2015	Sale	Decrease	181380	0.80	178045	0.78
		13.03.2015	Sale	Decrease	114500	0.50	63545	0.28
		20.03.2015	Sale	Decrease	63545	0.28	0	0
		31.03.2015		**At the end of the year**			**0**	**0**
3	**KALPESH KINARIWALA JT1 : JENIS KINARIWALA**	01.04.2014		**At the beginning of the year**	**756999**	**3.98**	**756999**	**3.98**
		25.04.2014	Sale	Decrease	131999	0.69	625000	3.29
		02.05.2014	Sale	Decrease	10000	0.05	615000	3.24
		01.08.2014	Purchase	Increase	10000	0.05	625000	3.29
		20.03.2015	Sale	Decrease	25000	0.11	600000	2.64
		27.03.2015	Sale	Decrease	60000	0.26	540000	2.38
		31.03.2015	Sale	Decrease	99856	0.44	440144	1.94
		31.03.2015		**At the end of the year**			**440144**	**1.94**

Directors' Report (Contd...)

Sr. No.	Name of shareholders	Date	Reason	(+/-) Change Shareholding	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
					No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
4	**UNO METALS LTD**	01.04.2014		**At the beginning of the year**	**665000**	**3.50**	**665000**	**3.50**
			No Change	No Change	-	-	-	-
		31.03.2015		**At the end of the year**			**665000**	**2.93**
5	**AKG FINVEST LTD**	01.04.2014		**At the beginning of the year**	**665000**	**3.50**	**665000**	**3.50**
			No Change	No Change	-	-	-	-
		31.03.2015		**At the end of the year**			**665000**	**2.93**
6	**JIGNESH HIRALAL SHAH**	01.04.2014		**At the beginning of the year**	**427425**	**2.25**	**427425**	**2.25**
		28.11.2014	Sale	Decrease	2425	0.01	425000	1.87
		05.12.2014	Sale	Decrease	135000	0.59	290000	1.28
		27.03.2015	Sale	Decrease	89569	0.39	200431	0.88
		31.03.2015		**At the end of the year**			**200431**	**0.88**
7	**AJAYKUMAR MAHENDRAKUMAR SHAH**	01.04.2014		**At the beginning of the year**	392689	2.07	392689	2.07
		16.05.2014	Purchase	Increase	50000	0.26	442689	2.33
		21.11.2014	Sale	Decrease	442689	1.95	0	0
		31.03.2015		**At the end of the year**			**0**	**0**
8	**GENERAL INSURANCE CORPORATION OF INDIA**	01.04.2014		**At the beginning of the year**	**273000**	**1.44**	**273000**	**1.44**
			No Change	No Change	-	-	-	-
		31.03.2015		**At the end of the year**			**273000**	**1.20**
9	**LTS INVESTMENT FUND LTD**	01.04.2014		**At the beginning of the year**	0	0.00	0	0
		19.12.2014	Purchase	Increase	1475126	6.49	1475126	6.49
				At the end of the year			**1475126**	**6.49**
10	**ARES DIVERSIFIED**	01.04.2014		**At the beginning of the year**	0	0.00	0	0
		06.03.2015	Purchase	Increase	164527	0.72	164527	0.72
		13.03.2015	Purchase	Increase	120550	0.53	285077	1.25
		20.03.2015	Purchase	Increase	152634	0.67	437711	1.93
		27.03.2015	Purchase	Increase	398477	1.75	836188	3.68
		31.03.2015	Purchase	Increase	73126	0.32	909314	4.00
				At the end of the year			**909314**	**4.00**

Directors' Report (Contd...)

(v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	Particulars		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the company	No. of shares	% of total shares of the Company
1	Name: Mr. Pravin Kiri					
	At the beginning of the year 01.04.2014		**2501680**	**13.17**	**2501680**	**13.17**
	Date of Change	NA				
	Reason	NA				
	No. of shares	NA				
	At the End of the year 31.03.2015				**2501680**	**11.01**
2	Name: Mr. Manish Kiri					
	At the beginning of the year 01.04.2014		**1859391**	**9.79**	**1859391**	**9.79**
	Date of Change	24.09.2014				
	Reason	Decrease				
	No. of shares	36663				
	At the End of the year 31.03.2015				**1822728**	**8.02**
3	Name: Mr. Suresh Gondalia					
	At the beginning of the year 01.04.2014		**271**	**0.00**	**271**	**0.00**
	Date of Change	NA				
	Reason	NA				
	No. of shares	NA				
	At the End of the year 31.03.2015				**271**	**0.00**
4	Name: Mr. Jayesh Vyas					
	At the beginning of the year 01.04.2014		**0.00**	**0.00**	**0.00**	**0.00**
	Date of Change	NA				
	Reason	NA				
	No. of shares	NA				
	At the End of the year 31.03.2015				**0.00**	**0.00**

Directors' Report (Contd...)

V. INDEBTEDNESS

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

	Secured Loans excluding deposits	Unsecured Loans (Including Deposit)	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	67,524.87	2,564.26	-	70,089.13
ii) Interest due but not paid	13,393.23	-	-	13,393.23
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	80,918.10	2,564.26	-	83,482.36
Change in Indebtedness during the financial year				
* Addition	3,931.85	-	-	3,931.85
* Reduction	-	2,097.95	-	2,097.95
Net Change	3,931.85	2,097.95	-	1,833.90
Indebtedness at the end of the financial year				
i) Principal Amount	72,349.79	466.31	-	72,816.10
ii) Interest due but not paid	12,500.16	-	-	12,500.16
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	84,849.95	466.31	-	85,316.26

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sr. No.	Particulars of Remuneration	Name of MD and WTD		Total Amount
	Name	Mr. Pravin Kiri	Mr. Manish Kiri	
	Designation	Chairman - Whole Time Director	Managing Director	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	12.00	12.00	**24.00**
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0	0	0
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	0	0	0
2	Stock Option	0	0	0
3	Sweat Equity	0	0	0
4	Commission - as % of profit - others, specify	0 0 0	 0 0	 0 0
5	Others, please specify	0	0	0
	Total (A)	**12.00**	**12.00**	**24.00**
	Ceiling as per the Act	Within ceiling limit prescribed under Companies Act, 2013		

Directors' Report (Contd...)

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

Sr. No.	Particulars of Remuneration	Name of Directors			Total Amount
1	**Independent Directors**	**Mr. Keyoor Bakshi**	**Mr. Mukesh Desai**	**Mrs. Veenaben Padia**	
	Fee for attending board committee meetings	75,500	88,000	34,000	197,500
	Commission	0	0	0	0
	Others, please specify	0	0	0	0
	Total (1)	**75,500**	**88,000**	**34,000**	**197,500**
2	**Other Non-Executive Directors**	**Mrs. Harsha Bangari***	**Mr. Jayant Kumar Sinha***		
	Fee for attending board committee meetings	28,000	10,000		
	Commission	-	-		
	Others, please specify	-	-		
	Total (2)	**28,000**	**10,000**		**38,000**
	Total (B)=(1+2)	**103,500**	**132,000**		**235,500**
	Total Managerial Remuneration				**235,500**
	Overall Ceiling as per the Act	Within ceiling limit prescribed under Companies Act, 2013			

* **These Directors have ceased as a Director in the Company during the Previous Year.**

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

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

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

There are no cases for imposing any penalties / punishment / compounding of offences against the Company, Directors and any officers for the period ending 31st March, 2015.

Directors' Report (Contd...)

Annexure H to the Directors Report

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

1. Foreign Exchange Earnings & outgo:

(Rs. In Lakhs)

Particulars	2014-15	2013-14
Total Foreign Exchange outgo	149.12	276.14
Total Foreign Exchange earnings	23420.43	17679.50

2. Energy Absorption:

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. The Company has also started using steam generated through basic chemical plant for manufacturing of intermediates which leads to reduce usage of electricity and coal resulting in reduction of cost and pollution free operations
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	Total energy consumption: Rs. 2102.59 Lakhs Energy consumption per unit of Production (Rs./KG):Rs. 11.80

3. 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.

Management Discussion and Analysis Report

Industry Structure and Development:

The chemical industry is an integral constituent of the growing Indian Industry. It includes basic chemicals and its products, petrochemicals, fertilizers, paints, varnishes, gases, soaps, perfumes and toiletry and pharmaceuticals. It is one of the most diversified of all industrial sectors covering thousands of commercial products. This Industry occupies a pivotal position in meeting basic needs and improving quality of life. The industry is the main stay of industrial and agricultural development of the country and provides building blocks for several downstream industries, such as textiles, papers, paints, soaps, detergents, pharmaceuticals, varnish etc.

The chemical industries plays an important role in the overall development of the Indian economy. Chemical industry is one of the oldest industries in India. Over the last decade, the Indian Chemical industry has evolved from being a basic chemical producer to becoming an innovative industry.

This industry is going through a tremendous period of change that will help define opportunities and challenges in both the short and the long term. Among these disruptions the nature and role of chemicals innovation has continued to move away from the blockbuster breakthroughs that characterized the late 20th century, and toward more incremental advances targeted at new solutions for particular problems.

Kiri Industries Limited ("KIL") operations are vertically integrated across the dyes synthesis value chain to provide dyes, intermediates and basic chemicals. The Company's facilities are also versatile enough to allow it the flexibility to produce various types of Dyes, this in turn has enabled the Company to meet the time, quantity and quality requirement of its customers. By virtue of the large scale facilities and fully integrated operations from manufacturing of basic chemicals, manufacturing of dye intermediaries and dyes, the Company derives benefits of economies of scales and quality control.

Future Outlook and Opportunities:

India, with its skilled manpower and flourishing end-user industries, has the right ingredients to emerge as the global hub for chemical manufacturers; if government undertakes tax & labour reforms and adequate infrastructure and pollution treatment facilities to the industry.

At present, India is the net importer of chemicals as the availability to feedstock is a major challenge. India is highly import dependant for most of its chemical needs. However, it is placed at a point of inflection for rapid growth.

'Make in India' Concept

'Make in India' will play a pivotal role in driving some of the key initiatives to stimulate growth in the chemical industry. With GST planned to be rolled out in April 2016, the chemical industry will gain immensely. **'Make in India'** initiative and chemical industry can play a major role in this campaign by making India a manufacturing hub for chemical Industry. This industry to adopt eco-friendly technologies for sustainable development and to increase its spend on research and development.

The chemicals industry is a key constituent of the Indian economy, accounting for about 2.11% of the nation's GDP. India is currently the world's third largest consumer of polymers and third largest producer of agro-chemicals.

GROWTH DRIVERS

- A large population, dependence on agriculture, and strong export demand are key growth drivers for the industry.
- A global shift towards Asia as the world's chemicals manufacturing hub.
- Per capita consumption of chemicals in India is lower as compared to western countries.
- Rise in GDP and purchasing power generates huge growth potential for the domestic market.
- A focus on new segments such as specialty and knowledge chemicals.
- Low-cost manufacturing, Skilled science professionals, World-class engineering and strong R&D capabilities.

SECTOR POLICY

Industrial licensing has been abolished for most sub-sectors except for certain hazardous chemicals.

The government is continuously reducing the list of reserved chemical items for production in the small-scale sector, thereby facilitating greater investment in technology upgradation and modernisation.

Some of the strategies proposed between 2012-2017 include:

1. Implementation of strategy for sourcing and allocation of feedstock.
2. Development of an innovation roadmap for chemicals sector and setting up of R&D fund.

Management Discussion and Analysis Report (Contd...)

3. Focus on green and sustainable technologies and reducing the environmental impact of the sector.
4. Establishing specialized vocational training centers in clusters for the chemicals industry.

The Company along with its JV Company is one of the largest manufacturers of Reactive Dyes in India. In addition to that our Company also has two stage backward integration to manufacture Dyes Intermediates and basic chemicals. The basic chemical is 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 which give edge against its competitors.

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, economic, regulatory and social environment of such countries.

(c) The Company is a leading exporter therefore; the volatility in foreign exchange rates may affect our 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.

Internal Control System

The Company has well designed and adequate Internal Control system commensurate with its size and the nature of its operations. The Audit Committee of the Company, comprising of majority of Independent Directors, also reviews the systems at regular intervals.

Moreover, the Company has appointed Internal Auditors and they periodically test the efficacy of the prevailing Internal Control System.

Financial Performance of the Company

A. Standalone financial Performance:

The performance of the Company has been quite positive by way of reducing the losses on standalone basis and made huge profit on consolidated basis as compared to the preceding financial year 2013-14.

i) Net Sales and Other Income:

During the financial year 2014-15, net sales and other income of the Company has increased by 34.25% from Rs. 58385.23 Lakhs to Rs. 78386.84 Lakhs as compared to the previous financial year 2013-14.

ii) Expenditure:

The total expenditure increased by 29.22% from Rs. 63271.55 Lakhs to Rs. 81757.82 Lakhs as compared to the previous financial year 2013-14.

iii) Employee benefits expenses:

The Employee benefits expenses increased by 27.80% from Rs. 1999.77 Lakhs to Rs. 2555.62 Lakhs as compared to the previous financial year 2013-14.

iv) Finance Cost:

The finance cost increased by 9.29% from Rs. 7726.23 Lakhs to Rs. 8444.07 Lakhs as compared to the previous financial year 2013-14.

v) Manufacturing Expenses:

The manufacturing expenses increased by 28.18% from Rs. 5253.93 Lakhs to Rs. 6734.61 Lakhs as compared to the previous financial year 2013-14.

vi) Net Loss:

In the current year the Company has reported Net Loss of Rs. 3686.37 Lakhs as compared to Rs. 7738.53 Lakhs of the preceding financial year 2013-14 which shows reduction of losses by more than 50%.

Management Discussion and Analysis Report (Contd...)

vii) Non-Current Liabilities:

The non-current liabilities have increased from Rs. 51649.89 Lakhs to Rs. 75881.95 Lakhs as compared to the previous financial year 2013-14.

viii) Current Liabilities:

The current liabilities have decreased from Rs. 41518.48 Lakhs to Rs. 25359.98 Lakhs as compared to the previous financial year 2013-14.

ix) Non Current Assets:

The non-current assets have increased from Rs. 56412.89 Lakhs to Rs. 59222.76 Lakhs as compared to the previous financial year 2013-14.

x) Current Assets:

The current assets have increased from Rs. 48108.41 Lakhs to Rs. 58624.65 Lakhs as compared to the previous financial year 2013-14.

B. Consolidated Financial Performance:

i) Total Revenue:

The total revenue for F.Y. 2014-15 has increased by 34.76% from Rs. 69211.30 Lakhs to Rs. 93275.99 Lakhs as compared to the previous financial year 2013-14.

ii) Total Expense:

The total expenses for F.Y. 2014-15 have increased by 28.63% from Rs. 73539.00 Lakhs to Rs. 94595.11 Lakhs as compared to the previous financial year 2013-14.

iii) Net profit:

In the Current year the Company has achieved net profit amount of Rs. 18152.46 Lakhs as compared to Rs. 991.27 Lakhs of the preceding financial year 2013-14.

iv) Non Current Liabilities:

The non-current liabilities for F.Y. 2014-15 have increased from Rs. 52324.29 Lakhs to Rs. 76492.68 Lakhs as compared to the preceding financial year 2013-14.

v) Current Liabilities:

The current liabilities for F.Y. 2014-15 have decreased from Rs. 50946.13 Lakhs to Rs. 34331.03 Lakhs as compared to the preceding financial year 2013-14.

vi) Non Current Assets:

The non-current assets for F.Y. 2014-15 have increased from Rs. 65432.75 Lakhs to Rs. 87570.94 Lakhs as compared to the preceding financial year 2013-14.

vii) Current Assets:

The current assets for F.Y. 2014-15 have increased from Rs. 55809.89 Lakhs to Rs. 67996.57 Lakhs as compared to the preceding financial year 2013-14.

Material Development in Human Resources

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

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

Cautionary statement:

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

Report on Corporate Governance

Corporate Governance is globally recognised as a key component for superior long term Growth and performance of every corporate entity. Adaptation to changing times is the key to corporate growth and long term survival. Continuous improvement is necessary in the governance practices as well. Better governance practices enable companies to introduce more effective internal controls suitable to the changing nature of business operations, improve performance and also provide an opportunity to increase stakeholders' understanding of the key activities and policies of the organisation.

Corporate Governance Practices are prerequisites for building successful enterprises. The Company's visionary founder had laid the foundation for good governance and made it an integral part of the business. These practices are value based framework to accomplish high standards of accountability, transparency, social responsiveness, operational efficiencies, best ethical practices and result in maximizing the shareholders' value, protect the interest of all stakeholders besides complying with the regulatory requirements.

Company's Philosophy on Code of Governance:

The corporate governance philosophy of the Company has been further strengthened with the adoption of the Code of Conduct. The Company endeavors to deliver the highest governing standards for the benefit of its stakeholders. It should maximize long-term shareholder value, while preserving the interests of multiple stakeholders including the society at large.

Corporate Governance rests upon full disclosure and fairness to all stakeholders. The Company has always strived to promote good governance practices which ensure growth of all individuals associated with the enterprise on sustainable basis. Good Corporate Governance practices create the environment where Boards cannot ignore their accountability to these stakeholders. We believe that an active, well-informed and independent Board is necessary to ensure the highest standards of Corporate Governance. A report on the matters and the practices followed by the Company is detailed herein below:

1. Board Of Directors:

The primary role of the Board is to protect and enhance shareholder value through strategic supervision. It is the apex body constituted by the shareholders for overseeing the Company's overall functioning.

(a) As on 31st March, 2015, the Board of Directors of the Company ("the Board") consists of optimum combination of Executive and Non-Executive Directors. The Board has five members comprising of two Executive Directors and three Independent Directors including one woman Director. The majority of Board members are Non-Executive Independent Directors as per the requirement of Clause 49 of the Listing Agreement.

(b) None of the Directors on the Board is a Member in more than 10 Committees or Chairman of more than 5 Committees across all the companies in which he/she is a Director. As on 31st March 2015 all directors has given necessary disclosures regarding their Directorship/Membership in other companies.

(c) The names and categories of the Directors on the Board, their attendance at Board Meetings held during the year 2014-15, 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.

Report on Corporate Governance (Contd...)

Name of Director	Category	No. of Board Meetings held and attended during the year		Attendance at Last AGM held on 26.09.2014	No. of Directorships in other Public Companies	No. of Committee positions held in other Public Companies	
		Held	Attended			Chairman	Member
Mr. Pravin Kiri	Chairman	6	6	Yes	1	-	1
Mr. Manish Kiri	Managing Director	6	6	Yes	2	2	-
Mr. Keyoor Bakshi	Independent Director	6	5	Yes	3	3	2
@Mr. Jayanta Kumar Sinha	Nominee Director – State Bank of India	6	1	No	3	-	-
$Mrs. Harsha Bangari	Nominee Director – EXIM Bank	6	2	No	1	-	-
*Mr. Mukesh Desai	Independent Director	6	5	Yes	1	-	-
#Mrs. Veenaben Padia	Additional Independent Director	6	3	No	0	-	-

Notes:

(@) State Bank of India has withdraw their Nominee Director Mr. Jayanta Kumar Sinha w.e.f. 25th August, 2014.

($) Export Import Bank of India has withdraw their Nominee Director Mrs. Harsha Bangari w.e.f. 1st December, 2014.

(*) Mr. Mukesh Desai was appointed on the Board as an Additional Independent Director w.e.f. 11th August, 2014.

(#) Mrs. Veenaben Padia was appointed on the Board as an Additional Independent Director w.e.f. 10th October, 2014.

Other Directorships do not include Alternate Directorships, Directorships of private limited companies, Companies formed under section 8 of the Companies Act, 2013 and foreign companies. Chairmanship/ Membership of Board Committees include only Audit Committee and Stakeholders Grievances Committee as per Clause 49 of the Listing Agreement.

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

(d) Board Procedure

The Board of Directors meets once in a quarter to review the performance and financial results of the Company. A detailed agenda is sent to all the Directors of the Company well in advance for every meeting. 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.

Number of Board Meetings during the year:

The Board of Directors duly met 6 (Six) times during F.Y. 2014-15 i.e. on 29th May 2014, 11th August 2014, 10th October 2014, 13th November 2014, 11th February 2015 and 30th March 2015.

2. Audit Committee:

The Audit Committee of the Company meets as per criteria laid down under Section 177 of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

Composition of Audit Committee as on 31st March, 2015:

Name of the Member	Designation	Category
Mr. Keyoor Bakshi	Chairman	Independent Director
Mr. Manish Kiri	Member	Executive Director
Mr. Mukesh Desai	Member	Independent Director
Mrs. Veenaben Padia	Member	Additional Independent Director

Report on Corporate Governance (Contd...)

During the financial year 2014-15, the Company has reconstituted the Committee four times and the reason for the same is mentioned herein below:

1. Due to State Bank of India has withdraw their Nominee Director, Mr. Jayanta Kumar Sinha, w.e.f. 25th August, 2014;
2. Mr. Mukesh Desai has been appointed as a Member of the Committee w.e.f. 11th August, 2014;
3. Mrs. Veenaben Padia has been appointed as member of the committee w.e.f. 10th October, 2014;
4. Due to Export Import Bank of India has withdraw their Nominee Director, Mrs. Harsha Bangari w.e.f. 1st December, 2014

The terms of reference to the Audit Committee inter alia includes:

(i) Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

(ii) Approval or any subsequent modification of transactions of the company with related parties except the transactions with a wholly owned subsidiary whose accounts are consolidated with the company and placed before the shareholders at the General Meeting for approval;

(iii) Evaluation of internal financial controls and risk management systems;

(iv) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;

(v) To review the functioning of the Whistle Blower mechanism.

(vi) To create an evaluation framework for Independent Directors and Board.

During the Financial Year 2014-15 audit committee met 5 times on 29th May 2014, 11th August 2014, 10th October 2014, 13th November 2014, and 11th February 2015.

Attendance of each member at the Audit Committee meetings is given below:

Name of Member	Designation	No. of Meetings During the year 2014-15	
		Held	Attended
Mr. Keyoor Bakshi	Chairman	5	4
Mr. Manish Kiri	Member	5	4
Mr. Mukesh Desai	Member	5	3
Mrs. Veenaben Padia	Member	5	1

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

3. Nomination and Remuneration Committee:

(a) Terms of Reference:

The Company has complied with the requirement of Clause 49 of the Listing Agreement by forming a Nomination and Remuneration Committee. The 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 :

Name of the Member	Designation	Category
Mr. Mukesh Desai	Chairman	Independent Director
Mr. Keyoor Bakshi	Member	Independent Director
Mrs. Veenaben Padia	Member	Additional Independent Director

During the year under review the Company has reconstituted the Committee three times and the reason for the same is mentioned herein below:

1. Mr. Mukesh Desai appointed as Member of the Committee w.e.f. 11th August, 2014;
2. Mrs. Veenaben Padia appointed as member of the committee w.e.f. 10th October, 2014;

Report on Corporate Governance (Contd...)

3. Due to Export Import Bank of India has withdraw their Nominee Director, Mrs. Harsha Bangari w.e.f. 1st December, 2014;

During the year, two Nomination and Remuneration Committee Meetings held on 11th August, 2014 and 10th October, 2014.

(c) Attendance of each member of Nomination and Remuneration Committee during the year:

Name of Member	Designation	No. of Meetings During the year 2014-15	
		Held	Attended
Mr. Mukesh Desai	Chairman	2	2
Mr. Keyoor Bakshi	Member	2	2
Mrs. Veenaben Padia	Member	2	1

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

(d) Remuneration policy:

The Nomination and Remuneration Committee has been constituted to review remuneration payable to Executive Directors. While deciding on the remuneration for Directors, the Board and Nomination and Remuneration Committee consider the performance of the Company, the current trends in the industry, the director's participation in Board and Committee meetings during the year and other relevant factors. The Company has adopted the Nomination and Remuneration Policy and the same is attached with the Directors Report.

(e) Details of Remuneration to all the Directors:

Executive Directors:

The aggregate value of salary and perquisites paid for the year ended 31st March, 2015 to the Executive Directors are as follows:

(Rs. In Lakhs)

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

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

Non-Executive Directors:

Sitting fee paid to Non–Executive Independent Directors during the financial year 2014-2015 are as under:

Name	Sitting Fees (in Rs.)
Mr. Keyoor Bakshi	75,500
Mr. Mukesh Desai	88,000
Mrs. Veenaben Padia	34,000
Mrs. Harsha Bangari	28,000
Mr. Jayanta Kumar Sinha	10,000

4. Stakeholders' Grievance Committee:

(a) Name of the Non-Executive Director heading the committee:

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

(b) Composition of the Committee as on 31st March, 2015:

Name of the Member	Designation	Category
Mrs. Veenaben Padia	Chairman	Additional Independent Director
Mr. Manish Kiri	Member	Executive Director
Mr. Keyoor Bakshi	Member	Independent Director

Report on Corporate Governance (Contd...)

Mr. Suresh S. Gondalia, Company Secretary acts as a Secretary to the Committee. The Committee met from time to time to review and redress the Shareholders'/Investors' Grievances. The Committee specifically looks into the redressal of complaints of inventors such as non-receipt of Dividend, Notice and Annual Report, etc.

(c) Details of investor complaints received and redressed during the year 2014-15 are as follow:

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

5. Corporate Social Responsibility Committee:

Pursuant to the provisions of section 135 of the Companies Act, 2013 ("**the Act**") other applicable provisions of the Act and rules framed there under subject to modification(s) or re-enactment(s) thereof from time to time, every company having net worth of Rs. 500.00 Crores or more; or turnover of Rs. 1000.00 Crore or more or a net profit of Rs. 5.00 Crore or more during any financial year shall have to constitute a Corporate Social Responsibility (CSR) Committee of the Company.

The Company has constituted CSR Committee on 10th October, 2014 consisting of following composition:

Name of the Member	Designation	Category
Mrs. Veenaben Padia	Chairman	Additional Independent Director
Mr. Pravin Kiri	Member	Executive Director
Mr. Manish Kiri	Member	Executive Director
Mr. Mukesh Desai	Member	Independent Director

Meetings of CSR Committee held during the year:

Name of Member	Designation	Category	No. of Meetings During the year 2014-15	
			Held	Attended
Mrs. Veenaben Padia	Chairman	Additional Independent Director	2	1
Mr. Pravin Kiri	Member	Executive Director	2	2
Mr. Manish Kiri	Member	Executive Director	2	2
Mr. Mukesh Desai	Member	Independent Director	2	2

6. GENERAL BODY MEETINGS:

(i) Details of Annual General Meetings held during the last three financial years:

Financial Year	Date	Time	Location
2013-14	26th September, 2014	10.30 a.m.	Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad - 380 015
2012-13	23rd September, 2013	10.30 a.m.	Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad - 380 015
2011-12	29th September, 2012	11.30 a.m.	Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad - 380 015

(ii) Details of Special Resolutions passed in the previous three AGM:

- **The members of the Company has passed following 4 (four) Special Resolutions in 16th AGM held on 26th September, 2014:**
  - Power to borrow money in excess of limits prescribed under Section 180(1)(c).
  - Power to create mortgage or charge on the properties of the Company under Section 180(1)(a).
  - Approval for issue and allotment of issue of 10,00,000 (Ten Lakhs) Equity Shares of the Company of face value of Rs. 10/- each through Kiri - Employee Stock Option Scheme, 2014.

Report on Corporate Governance (Contd...)

- Approval for issue and allotment of 19,48,968 equity shares and 37,50,000 warrants of Rs. 10.00 each at an issue price of Rs.136 per equity share/warrant to the Promoter Group of the Company and 3,00,979 equity shares to the person other than the Promoters and Promoter Group.

➢ **No Special Resolutions was passed in 15th and 14th AGM held in the F.Y. 2012-13 and 2011-12 respectively.**

During the year under review, one Extra Ordinary General Meeting was held on Saturday, 21st March, 2015 at 10.30 a.m. at Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad- 380 015 for approval of members by way of passing special resolutions for issue and allotment in one or more tranches up to 1,00,00,000/- (One Crore) Cumulative Non-Convertible Redeemable Preference Shares of face value of Rs. 10 (Rupees Ten) each ("Preference Shares") on private placement basis and to take the approval of related party transactions entered or to be entered by the Company. The members of the Company have approved both the resolutions.

7. DISCLOSURES:

Related Party Transactions:

Transactions with the related parties during the year were placed before the Audit Committee for review and the same were approved by the Board and by the members at their extra ordinary general meeting held on 21st March, 2015. Adequate care was taken to ensure that potential conflict of interest did not harm the interests of the Company at large.

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.

8. Whistle Blower Policy:

The Company has established Whistle Blower mechanism in compliance of Section 177 of the Companies Act, 2013 and Clause 49 of the Listing Agreement and no personnel had been denied access to the audit committee under Whistle Blower Policy.

9. Means of Communications

The website of the Company www.kiriindustries.com is the primary source of communication of information regarding the company to the public. The quarterly, half-yearly and annual results of the Company are published as per requirements of Clause 41 of the Listing Agreement. The results are available on the website of the Company.

10. GENERAL SHAREHOLDERS INFORMATION:

i. Annual General Meeting:	Day : Saturday Date : 26th September, 2015 Time : 10.30 a.m.
ii. Financial Year:	The Financial Year of the Company is 1st April to 31st March.
iii. Date of Book Closure:	Saturday, 19thSeptember, 2015 to Saturday, 26th September, 2015 (both days inclusive)
iv. Listing on Stock Exchanges:	- The BSE Limited 1st Floor, Rotunda Building, B.S. Marg, Fort, Mumbai -400 001 - The National Stock Exchange of India Limited Exchange Plaza, Bandra Kurla Complex, Bandra(E), Mumbai-400 051.
v. Stock Code:	- The Bombay Stock Exchange Ltd. : **532967** - The National Stock Exchange of India Ltd.: **KIRIINDUS**
vi. CIN of the Company:	L24231GJ1998PLC034094
vii. ISIN:	INE415I01015

Report on Corporate Governance (Contd...)

viii. Monthly high, low prices and number of shares traded from April, 2014 to March, 2015 on the BSE Limited and the National Stock Exchange of India Limited are as follows:

	BSE Limited			The National Stock Exchange of India Limited		
Months	**High (Rs.)**	**Low (Rs.)**	**Total No. of Shares Traded**	**High (Rs.)**	**Low (Rs.)**	**Total No. of Shares Traded**
April-14	178.70	83.00	440961	180.20	79.95	963779
May-14	160.95	127.45	576162	162.30	127.00	902413
June-14	132.90	102.00	334308	132.00	102.65	638202
July-14	151.05	120.10	414575	150.90	117.55	837845
August-14	152.00	126.30	314731	152.00	130.00	515797
September-14	152.00	91.10	702490	151.35	91.00	1457335
October-14	137.50	104.80	586237	137.20	104.05	1336529
November-14	132.95	99.10	400550	132.05	98.40	1063682
December-14	105.50	57.25	688567	104.40	56.70	2102994
January-15	81.05	56.15	673199	82.00	56.00	1599333
February-15	84.65	67.00	636558	86.80	65.90	1321663
March-15	144.40	69.55	2448227	144.50	68.20	6928848

ix. Registrar and Transfer Agent

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

x. 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.

xi. Address for Correspondence:

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

xii. Plant Locations:

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

- **Dyestuff Division**:
  Plot No. 299/1/A&B & 10/8 Near Water Tank, Phase-II, GIDC, Vatva, Ahmedabad 382 445, Gujarat, India
- **Intermediates Division:**
  Block No. 396 & 390A Village: Dudhwada, Karakhadi, Tal: Padra, Dist: Vadodara, Gujarat, India
- **Basic Chemicals Division:**
  Block No. 552/A, Village: Dudhwada, Karakhadi, Tal: Padra, Dist: Vadodara, Gujarat, India

Report on Corporate Governance (Contd...)

xiii. Dematerialization of Shares:

Equity shares of the Company can be traded only in electronic mode 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).

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

The Company has not issued any GDRs/ADR as on date. However, on 10th October, 2014 the Board of Directors allotted 37,50,000 warrants to Mrs. Anupama Kiri, Promoter Group on Preferential basis as per SEBI (ICDR) Guideline, 2009. If warrant holder convert its warrants into equity shares than the paid up capital will increase to that extent.

xv. Shareholding Pattern as on 31st March, 2015:

Sr. No.	Categories	No. of Shares	% of Total Capital
1	Promoters and Promoter Group	6740878	29.66
2	Financial Institutions / Banks	764051	3.36
3	Bodies Corporate	2495828	10.98
4	Individuals	6873893	30.25
5	Clearing Members	274954	1.21
6	Foreign Nationals	131140	0.58
7	Hindu Undivided Family	392800	1.73
8	Non Resident Indians	529736	2.33
9	Foreign Institutional Investor (FIIs)	4127600	18.16
10.	Stressed Assets Stabilization Fund	394246	1.73
	Total	**22725126**	**100.00**

Distribution Schedule as on 31st March, 2015:

Sr. No.	Holding (No. of Shares)	Number	% of Total	Shares	% of Total
1.	Between 1 and 1000	4315	58.30	1825050	0.80
2.	Between 1001 and 5000	1696	22.91	4661370	2.05
3.	Between 5001 and 10000	504	6.81	4111190	1.81
4.	Between 10001 and 20000	336	4.54	5148390	2.27
5.	Between 20001 and 30000	138	1.86	3542520	1.56
6.	Between 30001 and 40000	67	0.97	2415930	1.06
7.	Between 40001 and 50000	57	0.77	2679580	1.18
8.	Between 50001 and 100000	116	1.57	8589830	3.78
9.	More than 100000	173	2.34	194277400	85.49
	Total	**7402**	**100.00**	**227251260**	**100.00**

Position of Shares as on 31st March, 2015:

The Percentage of Shares held in NSDL (82.5489%), CDSL (16.9988%) and in Physical Form (0.4523%).

For and on behalf of Board of Directors

Date : August 7, 2015
Place : Ahmedabad

Pravin Kiri
Chairman

Report on Corporate Governance (Contd...)

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 Board of Directors and senior management of the Company. It is further confirmed that all the Directors and senior management of the company have affirmed compliance with the Code of Conduct of the Company as at 31st March, 2015, as envisaged in Clause 49 of the Listing Agreement.

For and on behalf of Board of Directors

Date : August 7, 2015 — **Manish Kiri**
Place : Ahmedabad — **Managing Director**

CEO/CFO Certification
TO WHOM SO EVER IT MAY CONCERN

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

We have reviewed financial statements and the cash flow statement for the year ended on March 31, 2015 and that to the best of our knowledge and belief:

1. The statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
2. The statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
3. To the best of our knowledge and belief, no transactions entered into by the company during the year which is fraudulent, illegal or violative of the company's code of conduct.

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

We have indicated to the auditors and the Audit committee:

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

For Kiri Industries Limited

Place : Ahmedabad — **Manish Kiri** — **Jayesh Vyas**
Date : August 7, 2015 — **Managing Director** — **Chief Financial Officer**

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of the Kiri Industries limited

We have examined the compliance of condition of Corporate Governance of Kiri Industries Limited ("**the Company**"), for the year ended 31st March, 2015 as stipulated under Clause 49 of the Listing Agreement with Stock Exchanges.

The compliance of the condition 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 the Corporate Governance. 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 the representations made by the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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

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

Vimal D. Shukla
Proprietor
Membership No. 036416

Place : Ahmedabad
Date : August 7, 2015

Independent Auditors' Report

To
The Members of
Kiri Industries Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Kiri Industries Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss and Cash Flow Statement for the year ended on that date, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

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

Auditor's Responsibility

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the 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 financial control relevant to the Company's preparation of the 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 whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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

(a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2015;

(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.

Independent Auditors' Report (Contd...)

Report on other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

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

   b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   c. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;

   d. In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

   e. There is nothing to disclose which is having adverse effect on the functioning of the company;

   f. On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.

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

      a. The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 30 to the financial statements;

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

      c. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company;

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

Vimal D. Shukla
Proprietor
Membership No. 036416

Place : Ahmedabad
Date : 7th August, 2015

Annexure to the Auditors' Report

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT:

The Annexure referred to in paragraph 1 of the our Report of even date to the members of Kiri Industries Limited on the standalone financial statements of the company for the year ended 31st March, 2015.

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. The Company has maintained proper records of fixed assets showing full particulars including quantitative details and location. The company has a regular programme of physical verification of its fixed assets which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. In accordance with this programme, fixed assets were physically verified by Management during the year and no material discrepancies were noticed on such verification.

2. (a) As explained to us, the inventories have been physically verified by the management at reasonable intervals during the year. In our opinion, the frequency of such verification is reasonable having regard to the nature and location of the inventory.

   (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) The company has maintained proper records of inventory. As explained to us, there were no material discrepancies noticed on physical verification of the having regard to the size of the operations of the Company.

3. According to the information and explanations given to us and on the basis of our examination of the books of account, the company has not granted unsecured loan to body corporates covered in the register maintained under Section 189 of the Companies Act, 2013.

4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system and there is no instance of continuing failure to correct any weaknesses in the internal controls.

5. Based on the audit procedures applied by us and according to the information and explanations provided by the management, the company has not accepted any deposit during the year to which provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules made thereunder are applicable.

6. We have broadly reviewed the books of accounts maintained by the company pursuant to the notification by the central government for maintenance of cost records under sub-section 1 of section 148 of the Companies Act 2013 and on the basis of information received, we are of the opinion that prima-facie the prescribed accounts and records have been made and maintained as per the requirement. We have, however, not carried out a detailed examination or audit of the cost records with a view to determine whether they are accurate or complete.

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

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

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

Sr. No	Name of the Statute	Name of the Dues	Section under which dispute is pending	Period to which amount relates (FY)	Amount (Rs. In Lakhs)	Forum where the dispute is pending
1	The Income Tax Act, 1961	Income Tax	143(3)	2002-03	187.63	Income Tax Appellate Tribunal
			143(3)	2005-06	58.59	Income Tax Appellate Tribunal
			143(3)	2007-08	109.33	Income Tax Appellate Tribunal
			143(3)	2008-09	21.18	Income Tax Appellate Tribunal
			143(3)	2009-10	19.89	Commissioner of Income Tax (Appeals)
			143(3)	2010-11	316.06	Commissioner of Income Tax (Appeals)
2	The Central Excise Act, 1944	CENVAT Refund		2009-10	341.08	High court
				2009-10	83.74	Central Excise and Service Tax Appellate Tribunal
				2010-11	255.23	Central Excise Commissioner Appeal
				2010-11	153.73	High Court
		Similar Goods		2010-11	344.00	Central Excise Commissioner Appeal
				2011-12	4.09	Central Excise Commissioner Appeal
		Differential Duties		2011-12	21.40	Central Excise Commissioner Appeal

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

8. The Company has accumulated loss and has incurred loss during the financial year covered by our audit and also in the immediately preceding financial year.

9. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that, during the current year the Company has defaulted in repayment of its dues towards principal and interest to various banks and financial institution as given in note No. 4.

10. According to the information and explanations given to us, the company has not given guarantees for any loan taken by others from banks or financial institutions.

11. 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.

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

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

Vimal D. Shukla
Proprietor
Membership No. 036416

Place : Ahmedabad
Date : 7th August, 2015

Balance Sheet as at 31st March, 2015

(Rs. in Lakhs)

Particulars	Notes	As At 31st March, 2015		As At 31st March, 2014	
EQUITY AND LIABILITIES					
SHAREHOLDERS' FUNDS					
Share Capital	2	2,705.86		1,900.01	
Reserves and Surplus	3	8,799.62		9,452.92	
Money Received Against Share Warrants		5,100.00		-	
			16,605.48		11,352.93
NON-CURRENT LIABILITIES					
Long-term borrowings	4	73,461.48		49,544.81	
Deferred tax liabilities (Net)	5	2,420.47		2,105.08	
			75,881.95		51,649.89
CURRENT LIABILITIES					
Short-term borrowings	6	3,652.25		15,287.75	
Trade payables	7	10,028.45		5,637.52	
Other current liabilities	8	11,515.49		20,455.08	
Short-term provisions	9	163.79		138.13	
			25,359.98		41,518.48
Total			**117,847.41**		**104,521.30**
ASSETS					
NON-CURRENT ASSETS					
Fixed assets					
Tangible assets	10	30,664.78		26,319.98	
Capital work-in-progress	10	8,854.03		10,907.55	
			39,518.81		37,227.53
Non-current investments	11	17,240.88		16,977.48	
Long-term loans and advances	12	2,330.35		2,142.75	
Other non-current assets	13	132.72		65.13	
			19,703.95		19,185.36
CURRENT ASSETS					
Inventories	14	5,388.32		9,098.75	
Trade receivables	15	44,807.07		31,966.60	
Cash and cash equivalents	16	143.81		616.39	
Short-term loans and advances	17	8,066.89		6,351.97	
Other current assets	18	218.56		74.70	
			58,624.65		48,108.41
Total			**117,847.41**		**104,521.30**
Significant Accounting Policies	1				

The Note numbers 2 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 : 7th August, 2015

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

Pravin Kiri
Chairman
(DIN No 00198275)

Manish Kiri
Managing Director
(DIN No 00198284)

Suresh Gondalia
Company Secretary

Jayesh Vyas
Chief Financial Officer

Place : Ahmedabad
Date : 7th August, 2015

Statement of Profit & Loss for the Year ended on 31st March, 2015

(Rs. in Lakhs)

Particulars	Notes	2014 - 2015	2013 - 2014
Revenue from Operations	19	83,854.70	63,415.28
Less : Excise duty		5,697.76	5,087.52
Net Revenue from Operations		78,156.94	58,327.76
Other Income	20	229.90	57.47
Total Revenue		**78,386.84**	**58,385.23**
Expenses:			
Cost of Materials Consumed	21	53,094.74	35,449.84
Purchase of Stock-in-Trade		2,143.46	727.75
Changes in Inventories of Finished goods, Work-in-Progress & Stock-in-Trade	22	2,763.45	7,312.80
Employee Benefits Expense	23	2,555.62	1,999.77
Finance Costs	24	8,444.07	7,726.23
Depreciation	10	2,021.79	3,349.64
Other Expenses			
Administrative Expenses	25	2,698.32	716.64
Manufacturing Expenses	26	6,734.61	5,253.93
Selling & Distribution Expenses	27	1,105.25	712.41
Prior Period Adjustments	28	196.51	22.54
Total Expenses		**81,757.82**	**63,271.55**
Loss before extraordinary items and tax		(3,370.98)	(4,886.32)
Less : Extraordinary Items		-	2,876.61
Loss Before Tax		**(3,370.98)**	**(7,762.93)**
Tax Expense			
Deferred Tax		315.39	(24.40)
Loss for the year		**(3,686.37)**	**(7,738.53)**
Earning per equity Share			
Basic		(17.75)	(40.73)
Diluted		(12.92)	(28.92)

Significant Accounting Policies 1

The Note numbers 2 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 : 7th August, 2015

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

Pravin Kiri
Chairman
(DIN No 00198275)

Manish Kiri
Managing Director
(DIN No 00198284)

Suresh Gondalia
Company Secretary

Jayesh Vyas
Chief Financial Officer

Place : Ahmedabad
Date : 7th August, 2015

Cash Flow Statement for the Year ended on 31st March, 2015

(Rs. in Lakhs)

PARTICULARS	2014-2015		2013-2014	
A. Cash Flow from Operating Activities :				
Net Profit before Tax and Extraordinary items	(3,370.98)		(4,886.32)	
Adjustment for				
- Depreciation	2,021.79		3,349.64	
- Interest & Dividend Income	(228.07)		(57.47)	
- Interest charged to P & L	8,444.08		7,726.23	
- Profit on Sale of Fixed Assets	(1.83)		-	
Operating Profit before working capital changes:		6,864.99		6,132.08
Adjustment for :				
- Trade Receivables	(12,840.47)		(2,456.24)	
- Inventories	3,710.44		5,828.31	
- Long Term Advances & Other Non Current Assets	(255.20)		1,103.21	
- Short Term Advances & Other Current Assets	(1,858.78)		(1,760.33)	
- Trade Payables	4,390.94		(3,232.73)	
- Other Current Liabilities & Short Term Provisions	(8,913.93)		10,087.17	
- Deferred Tax Liability	315.39	(15,451.61)	(24.40)	9,544.99
Cash Generated from Operations		(8,586.62)		15,677.07
- Taxes paid/ provision & Deferred tax		(315.39)		24.40
Net Cash Flow from Operations		**(8,902.01)**		**15,701.47**
B. Cash Flow from Investment Activities :				
- Purchase of Fixed Assets		(4,364.46)		(3,214.28)
- Sale of Fixed Assets		5.00		-
- Interest and Dividend Income		228.07		57.47
- Investment		(263.40)		(312.60)
Net cash flow from Investing Activities		**(4,394.79)**		**(3,469.41)**
C. Cash Flow from Financing Activities :				
- Share Application Money		5,100.00		(1,300.00)
- Proceeds from Equity Share Capital		372.51		420.88
- Security Premium		2,864.62		-
- Proceeds from Long term Borrowings		15,319.76		-
- Proceeds from Short term Borrowings		-		718.40
- Interest charged		(8,444.07)		(7,726.23)
Extraordinary Items		-		(2,876.61)
Repayment of Long Term Borrowings		(214.28)		(393.96)
Repayment of Short Term Borrowings		(2,174.32)		(743.83)
Net Cash Flow from Financing Activities		**12,824.22**		**(11,901.35)**
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)		(472.58)		330.71
Cash and Cash Equivalents as at (Opening)		616.39		285.68
Cash and Cash Equivalents as at (Closing)		143.81		616.39

Note : 1. In view of absence in flow of funds for mere assignment of debts from some of the banks to Asset Restructuring Company, its impact on cash flow statement has not been given.

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 : 7th August, 2015

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

Pravin Kiri
Chairman
(DIN No 00198275)

Manish Kiri
Managing Director
(DIN No 00198284)

Suresh Gondalia
Company Secretary

Jayesh Vyas
Chief Financial Officer

Place : Ahmedabad
Date : 7th August, 2015

Notes to the Financial Statements

1) SIGNIFICANT ACCOUNTING POLICIES

1.1 Accounting Convention:

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

1.2 Use of Estimates:

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

1.3 Accounting for Fixed Assets:

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

1.4 Depreciation Accounting:

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

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

In accordance with the provisions of the Companies Act 2013, effective from 1st April 2014, the company has reassessed the remaining useful life of its Fixed Assets as prescribed by Schedule II to the Act or actual useful life of assets, whichever is lower. In case of the asset, whose life has expired, the carrying value, net of residual value of Rs. 48.20 Lakhs as at 1st April 2014 has been adjusted to the General Reserve and in other cases, the carrying value has been depreciated over the remaining of the revised life of the assets and recognized in the statement of Profit & Loss.

1.5 Impairment of Assets:

An assets is treated as impaired when the carrying cost of assets exceeds its recoverable value 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:

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

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

Notes to the Financial Statements (Contd...)

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

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

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

1.10 Revenue Recognition:

Sales

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

Interest

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

Dividends

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

Export Incentives

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

1.11 Accounting for effects of changes in foreign exchange rates:

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

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 Lakhs)**

Particulars	As At 31.03.2015	As At 31.03.2014
Authorised Share Capital		
15,00,00,000 Equity Shares (Previous year 15,00,00,000) of Rs 10/-each	15,000.00	15,000.00
5,00,00,000 Preference Shares (Previous year 5,00,00,000) of Rs 10/-each	5,000.00	5,000.00
	20,000.00	20,000.00
Issued, Subscribed & Paid-up Capital		
22,725,126 Equity Shares (Previous year 19,000,053) of Rs 10/- each fully paid up	2,272.51	1,900.01
43,33,500 Cummulative Non Convertible Redeemable Preference Shares (Previous year NIL) of Rs. 10/- each Fully paid up	433.35	-
Total	**2,705.86**	**1,900.01**

The reconciliation of the number of Equity Shares outstanding as at 31.03.2015 and 31.03.2014 is set out below:

Particulars	As At 31.03.2015	As At 31.03.2014
Number of shares at the beginning	19000053	19000053
Add: Shares issued during the year	3725073	-
Number of shares at the end	22725126	19000053

The reconciliation of the number of Preference Shares outstanding as at 31.03.2015 and 31.03.2014 is set out below:

Particulars	As At 31.03.2015	As At 31.03.2014
Number of shares at the beginning	-	-
Add: Shares issued during the year	4333500	-
Number of shares at the end	4333500	-

The details of shareholder holding more than 5% Equity Shares as at 31.03.2015 and 31.03.2014 are set out below :

Name of the shareholders	No. of shares	% held as at 31.03.2015	No. of shares	% held as at 31.03.2014
Mr. Pravin Kiri	2501680	11.01	2501680	13.17
Mr. Manish Kiri	1822728	8.02	1859391	9.79
Mrs. Anupama Kiri	1951238	8.59	2270	0.01
LTS Investment Funds Limited	1475126	6.49	0.00	0.00
GMO Emerging Markets Fund	1452360	6.39	1016942	5.35

Notes to the Financial Statements (Contd...)

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

Particulars	As At 31.03.2015	As At 31.03.2014
- **Debenture Redemption Reserve**		
Opening Balance	800.00	800.00
Add : Transfer from Statement of Profit & Loss	-	-
Closing Balance	800.00	800.00
- **Security Premium**		
Opening Balance	27,964.24	28,180.20
Addition during the year	3,097.22	-
Less : Share/FCCB Conversion Exps.	15.95	215.94
Closing Balance	31,045.51	27,964.24
- **General Reserve**		
Opening Balance	465.80	465.80
Less : Fixed Asset on account of change in method of Depreciation.	48.20	-
Closing Balance	417.60	465.80
- **Surplus**		
Opening Balance	(19,777.12)	(12,038.59)
Add : Net profit after tax transferred from Statement of Profit and Loss account	(3,686.37)	(7,738.53)
Amount available for appropriation	(23,463.49)	(19,777.12)
Appropriation		
Debenture Redemption Reserve	-	-
Closing Balance	(23,463.49)	(19,777.12)
Total	**8,799.62**	**9,452.92**

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 Lakhs)**

Particulars	As At 31.03.2015	As At 31.03.2014
Secured :		
Non Convertible Debentures	3,350.00	4,000.00
Term Loans from Banks & Others	69,881.41	43,973.87
Hire Purchase Loans	-	22.95
Unsecured :		
Zero Coupon Foreign Currency Convertible Bonds	230.07	421.39
Term Loans from Banks	-	1,126.60
Total	**73,461.48**	**49,544.81**

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

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 Invent Assets Securitisation and reconstruction private Limited for securing their term loan. Second pari passu charge for securing term loan of Invent Assets Securitisation and Reconstruction Private Limited and Punjab National Bank and working capital facilities, Working Capital Term Loan, Funded Interest Term Loan from Invent Assets Securitisation and reconstruction private Limited, Punjab National Bank and Indian Bank.
9	All that pieces and parcels of lands, comprised in and forming part of lands admeasuring 1,69,463 Sq. Mtrs., together with all buildings, structures, erections, etc. constructed and/or to be constructed thereon, both present and future, and being, lying and situated at Village: Kadodara, Tehsil: Wagra & Distt. Bharuch and uninstalled plant and machinery of Hydrogen Peroxide Plant of the Company.	First charge for securing corporate loan from Assets Care and Reconstruction Enterprise Limited.
10	Pledge of 26,23,353 equity shares of Dystar Global Holdings (Singapore) Pte. Ltd.	PIdege of 13,11,677 equity shares to Invent Assets Securitisation and Reconstruction Private Limited, Punjab National Bank and Indian Bank and 13,11,676 Equity Shares to Invent Assets Securitisation and Reconstruction Private Limited.

Note: Out of Consortium Banks, State Bank of India, Bank of India, Oriental Bank of Commerce, Standard Chartered Bank & Export Import Bank of India has assigned its debt to Invent Assets Securisation and Reconstruction Private Limited.

The details of Loans guaranteed by Directors are set out below : **(Rs. in Lakhs)**

Particulars	Guaranteed by	Amount of Loan
Secured Loans		
Non Convertible Debentures	Personal Guarantees of some of the directors	3,350.00
Term Loans from Invent Assets Securitisation and Reconstruction Private Limited and Punjab National Bank	Personal Guarantees of some of the directors	17,422.30
Working Capital Term Loans and Funded Interest Term Loans from Invent Assets Securitisation and Reconstruction Private Limited, Punjab National Bank and Indian Bank.	Personal Guarantees of some of the directors	36,215.22
Corporate Loan from Assets Care and Reconstruction Enterprise Limited.	Personal Guarantees of some of the directors	3,201.52

Notes to the Financial Statements (Contd...)

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

Nature of Loans	Terms of Loans
Non Convertible Debentures	Series A (Rs. 2070 Lakhs): Repayment in 16 quarterly installments with 2% Redemtion 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. 1,280 Lakhs): 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

In respect of debts due to Punjab National Bank and Indian Bank, the Company has defaulted in repayment of principal since June 2013 and in repayment of Interest since April 2013. In respect of debts due to Invent Assets Securitisation and Reconstruction Private Limited, the Company has not made any repayment towards principal and Interest since the date of assignment.

5 DEFERRED TAX

The Company estimates deferred tax assets and liabilities using the applicable rate of taxation based on the impact of timing difference between financial statements and estimated taxable income for the current year. The net deferred tax assets /liabilities as at March 31, 2015 is given as below:

(Rs. in Lakhs)

Particulars	As At 31.03.2015		As At 31.03.2014	
	Deferred Tax Assets	Deferred Tax Liabilities	Deferred Tax Assets	Deferred Tax Liabilities
Opening Balance of Deferred Tax Liabilities (Net)	-	2,105.08	-	2,129.48
Add : Addition during the year	-	315.39	-	(24.40)
Total	**-**	**2,420.47**	**-**	**2,105.08**

6 SHORT-TERM BORROWINGS **(Rs. in Lakhs)**

Particulars	As At 31.03.2015	As At 31.03.2014
Secured :		
Working Capital Loan from Banks	3,416.00	12,181.74
Unsecured :		
Working Capital Facility	-	963.13
Loans from Directors / Promoters	105.53	1,669.68
Intercorporate Deposits	130.72	473.20
Total	**3,652.24**	**15,287.75**

Notes to the Financial Statements (Contd...)

The details of security of the short term borrowings are set out below : **(Rs. in Lakhs)**

Nature of Loans	Amount	Secured by
Secured Loans :		
Working Capital Loan repayable on demand from Invent, Assets Securitisation and Reconsturction Pvt. Ltd., Indian Bank, Punjab National Bank,	12,181.74	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 Lakhs)**

Particulars	Guaranteed by	Amount of Loan
Unsecured Loans :		
Inter Corporate Deposits	Personal Guarantee of some of the Directors	130.72

7 TRADE PAYABLES **(Rs. in Lakhs)**

Particulars	As At 31.03.2015	As At 31.03.2014
Trade payables	10,028.45	5,637.52
Total	**10,028.45**	**5,637.52**

8 OTHER CURRENT LIABILITIES **(Rs. in Lakhs)**

Particulars	As At 31.03.2015	As At 31.03.2014
Current Maturity of Long-term secured debt	-	10,428.00
Current Maturity of Long-term unsecured debt	-	1,605.38
Credit Balances in Bank Accounts	145.41	-
Interest accrued and due on borrowings	8,202.53	6,616.42
Advance received from Customers	2,092.52	73.32
Statutory Dues	86.94	82.76
Unpaid / Unclaimed Dividend	1.06	1.13
Employee Benefit Payables	226.81	158.40
Other Liabilities	760.22	1,489.67
Total	**11,515.49**	**20,455.08**

9 SHORT-TERM PROVISIONS **(Rs. in Lakhs)**

Particulars	As At 31.03.2015	As At 31.03.2014
Provision for Employee Benefit - current	117.56	91.90
Provision for Tax on Dividend	46.23	46.23
Total	**163.79**	**138.13**

Notes to the Financial Statements (Contd...)

10 FIXED ASSETS **(Rs. in Lakhs)**

Assets	Gross Block as on 01.04.2014	Addition during the year	Deletion during the year	Closing Block as on 31.03.2015	Opening Depreciation Block as on 01.04.2014	Depreciation during the year	Deletion during the year	Transfer to retained Earnings	Closing Block as on 31.03.2015	Wdv As On 31.03.2015	Wdv As On 31.03.2014
TANGIBLE ASSETS											
Land	1,202.34	-	-	1,202.34	-	-	-	-	-	1,202.34	1,202.34
Building	6,604.92	1,180.85	-	7,785.77	963.02	216.91	-	-	1,179.93	6,605.83	5,641.89
Plant & Machinery	30,171.47	4,977.74	-	35,149.22	11,856.52	1,569.35	-	30.72	13,456.59	21,692.64	18,314.98
Electrification	1,036.01	98.12	-	1,134.14	344.13	97.67	-	0.05	441.85	692.28	691.88
Office Equipments	93.97	13.49	-	107.45	23.77	33.62	-	13.99	71.38	36.07	70.20
Furniture & Fixtue	133.42	17.75	-	151.18	45.16	15.94	-	1.68	62.78	88.40	88.26
Vehicles	471.70	120.02	13.25	578.46	214.20	73.48	10.08	1.77	279.37	299.10	257.49
Computer	99.20	9.34	-	108.54	54.61	10.17	-	-	64.78	43.76	44.59
INTANGIBLE ASSETS											
Computer Software	10.17	0.66	-	10.83	1.81	4.65	-	-	6.46	4.35	8.35
Capital Work In Progress	10,907.55	-	2,053.41	8,854.04	-	-	-	-	-	8,854.04	10,907.55
TOTAL	**50,730.75**	**6,417.97**	**2,066.76**	**55,081.97**	**13,503.22**	**2,021.79**	**10.08**	**48.21**	**15,563.14**	**39,518.81**	**37,227.53**
PREVIOUS YEAR	**47,516.47**	**3,214.28**	**-**	**50,730.75**	**10,153.60**	**3,349.62**	**-**	**-**	**13,503.22**	**37,227.53**	**37,362.88**

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 Lakhs)

Particulars	As At 31.03.2015	As At 31.03.2014
Trade (Unquoted)		
- **Investments in Mutual Funds**		
100,000 Units (P.Y.100,000) SBI Ultra Short Term Debt Fund (NAV of the units held Rs. 3.58 Lakhs (P.Y. Rs. 7.61 Lakhs)	10.00	10.00
- **Investment in Subsidiary**		
1 Equity Share (P.Y. 1) of US $ 1 each in Kiri International (Mauritius) Private Ltd.	-	-
10,00,000 Equity Shares (P.Y. 10,00,000) of HK $ 1 each in Synthesis International Ltd.	57.56	57.56
13,411 Equity Share (P.Y. 13,411) of SG $ 1 each 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. 200) of AED 1000 each in Chemhub Trading DMCC	28.81	28.81
- **Investment in Associate Company**		
26,23,354 Equity Shares (P.Y. 26,23,354) of SG $ 10 each in DyStar Global Holdings (Singapore) Pte. Ltd.	9,550.23	9,550.23
26,25,000 Equity Shares (P.Y. 26,25,000) of Rs 10 each fully paid up in Kiri Infrastructure Private Limited	1,443.75	1,443.75
- **Investment in Joint Venture Company**		
3,00,00,000 Equity Shares (P.Y.3,00,00,000) of Rs.10 each fully paid up in Lonsen Kiri Chemical Industries Limited.	3,000.00	3,000.00
28000000 5% Non Cumulative Redeemable Preference Shares (P.Y. 2,53,66,000) of Rs 10 each fully paid up in Lonsen Kiri Chemical Industries Limited	2,800.00	2,536.60
Others (Unquoted)		
- **Investments in Equity Instruments**		
20,000 Equity Shares (P.Y. 20,000) of Rs. 25 each in Kalupur Commercial Co-Operative Bank Limited.	5.00	5.00
10,000 Equity Shares (P.Y. 10,000) of Rs. 10 each in Kapsil Aqua Enviro Limited	1.00	1.00
Total Non-current Investment	**17,240.88**	**16,977.48**

12 LONG-TERM LOANS AND ADVANCES

(Rs. in Lakhs)

Particulars	As At 31.03.2015	As At 31.03.2014
Capital Advances		
Secured, considered good	-	-
Unsecured, considered good	1,508.78	982.39
Doubtful	-	-
	1,508.78	982.39
Less : Allowance for Bad & Doubtful	-	-
	1,508.78	982.39
Security Deposits		
Secured, considered good	-	-
Unsecured, considered good	402.06	322.58
Doubtful	-	-
	402.06	322.58
Less : Allowance for Bad & Doubtful	-	-
	402.06	322.58
Other Loans & Advances		
Unsecured, considered good		
Loans & Advance to Employees	78.22	58.12
Other Loans & Advances	341.29	779.66
	419.51	837.78
Less : Allowance for Bad & Doubtful	-	-
	419.51	837.78
Total	**2,330.35**	**2,142.75**

Notes to the Financial Statements (Contd...)

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

Particulars	As At 31.03.2015	As At 31.03.2014
Deposits with Banks	132.27	64.45
Unamortised Expenses	0.45	0.68
Total	**132.72**	**65.13**

14 INVENTORIES (Rs. in Lakhs)

Particulars	As At 31.03.2015	As At 31.03.2014
Raw Material	1,524.66	2,458.99
Less : Provision for Obsolate Stock	-	-
	1,524.66	2,458.99
Finished Goods	524.75	2,028.49
Less : Provision for Obsolate Stock	-	-
	524.75	2,028.49
Stock in Process & Semi Finished Goods	3,000.83	4,260.54
Stores & Spares in transit	-	-
	3,000.83	4,260.54
Less : Provision for Obsolate Stores	-	-
	3,000.83	4,260.54
Packing Material	338.08	350.73
Total	**5,388.32**	**9,098.75**

15 TRADE RECEIVABLES (Rs. in Lakhs)

Particulars	As At 31.03.2015	As At 31.03.2014
Debt outstanding for a period exceeding six months		
Secured, considered good	-	-
Unsecured considered good	1,107.65	17,469.16
Doubtful	1,194.77	1,349.12
	2,302.42	18,818.28
Less : Allowance for Bad & Doubtful	-	-
	2,302.42	18,818.28
Other debts		
Secured, considered good	-	-
Unsecured considered good	42,504.65	13,148.32
Doubtful	-	-
	42,504.65	13,148.32
Less : Allowance for Bad & Doubtful	-	-
	42,504.65	13,148.32
Total	**44,807.07**	**31,966.60**

Note : The Management has considered some of the debtors as doubtful but not bad and therefore, no provisions has been made in accounts.

Notes to the Financial Statements (Contd...)

16 CASH AND CASH EQUIVALENTS (Rs. in Lakhs)

Particulars	As At 31.03.2015	As At 31.03.2014
Cash on Hand	22.28	38.54
Balances with Scheduled Banks		
In Current Account	120.47	576.79
Others		
Balances in Unpaid Dividend Accounts	1.06	1.06
Total	**143.81**	**616.39**

17 SHORT-TERM LOANS AND ADVANCES (Rs. in Lakhs)

Particulars	As At 31.03.2015	As At 31.03.2014
Others		
Secured, considered good	-	-
Unsecured, considered good	-	-
Advance Tax & Tax Deducted at Source (Net of Provision Rs. 1,589.85 Lakhs Less : - Rs. 176.88 Lakhs)	1,412.97	1,374.49
MAT Credit Entitlement	405.85	405.85
Balance with Government Authorities	4,539.67	3,828.93
Advances to Suppliers	1,679.37	704.46
Prepaid expenses	28.15	30.05
Other Loans & Advances	0.88	8.19
	8,066.89	**6,351.97**
Less : Allowance for Bad & Doubtful	-	-
	8,066.89	6,351.97
Total	**8,066.89**	**6,351.97**

18 OTHER CURRENT ASSETS (Rs. in Lakhs)

Particulars	As At 31.03.2015	As At 31.03.2014
Interest Accrued on Deposits	61.06	74.70
Dividend Receivable	157.50	-
Total	**218.56**	**74.70**

Notes to the Financial Statements (Contd...)

19 REVENUE FROM OPERATIONS (Rs. in Lakhs)

Particulars	2014-2015	2013-2014
Sale of Products	76,181.59	57,066.31
Other Operating Revenue	1,975.35	1,261.45
Total	**78,156.94**	**58,327.76**

20 OTHER INCOME (Rs. in Lakhs)

Particulars	2014-2015	2013-2014
Interest Income		
- FDs with Banks & ICDs	10.95	10.13
- Others	42.12	46.59
	53.07	56.72
Dividend Income	175.00	0.75
Net Profit on sale of Fixed Assets	1.83	-
Total	**229.90**	**57.47**

21 COST OF MATERIALS CONSUMED (Rs. in Lakhs)

Particulars	2014-2015	2013-2014
Raw Material Consumed :		
Opening Inventory	2,458.99	996.11
Add : Net Purchases	51,268.59	36,197.78
Less: Inventory at the end of the year	1,524.66	2,458.99
Cost of Raw Material consumed during the year	**52,202.92**	**34,734.90**
Packing Material Consumed :		
Opening Inventory	350.72	329.12
Add : Net Purchases	879.17	736.55
Less: Inventory at the end of the year	338.07	350.73
Cost of Packing Material consumed during the year	**891.82**	**714.94**
Total	**53,094.74**	**35,449.84**

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

Particulars	2014-2015	2013-2014
(Increase)/decrease in Stocks		
Stock at the beginning of the year :		
Finished Goods	2,028.49	1,227.88
Work in Progress & Semi Finished Goods	4,260.54	12,373.95
	6,289.03	13,601.83
Stock at the end of the year :		
Finished Goods	524.75	2,028.49
Work in Progress & Semi Finished Goods	3,000.83	4,260.54
	3,525.58	6,289.03
Total	**2,763.45**	**7,312.80**

Notes to the Financial Statements (Contd...)

23 EMPLOYEE BENEFITS EXPENSE (Rs. in Lakhs)

Particulars	2014-2015	2013-2014
Salaries, Wages & Bonus	2,286.78	1,832.86
Contribution to Provident fund & other funds	132.78	61.41
Welfare Expenses	136.06	105.50
Total	**2,555.62**	**1,999.77**

24 FINANCE COST (Rs. in Lakhs)

Particulars	2014-2015	2013-2014
Interest & Financial Charges		
- Interest Cost	8,382.39	7,633.86
- Financial Charges	61.68	92.37
Total	**8,444.07**	**7,726.23**

25 ADMINISTRATIVE EXPENSES (Rs. in Lakhs)

Particulars	2014-2015	2013-2014
Insurance Premium	66.72	47.22
Communication Expenses	31.59	30.63
Postage & Conveyance	25.65	21.98
Travelling & Conveyance	58.45	80.04
Repairs & Maintenance - Others	25.71	10.98
Membership & Subscription	2.23	0.46
Security Expenses	62.21	52.90
Legal & Professional Fees	788.35	421.60
Payment to Auditors	10.00	10.00
Rates & Taxes	37.96	27.21
Foreign Exchange Loss	1,542.28	-
Donation	33.89	5.30
Miscellaneous Expenses	9.25	6.75
Preliminary Expenses Written Off	0.23	0.23
Software Expense	3.80	1.34
Total	**2,698.32**	**716.64**

Notes to the Financial Statements (Contd...)

26 MANUFACTURING EXPENSES (Rs. in Lakhs)

Particulars		2014-2015		2013-2014
Operational & Other Expenses				
- Power & Fuel		4,992.93		4,117.37
Pollution Treatment Expenses		102.62		110.98
Repairs & Maintenance				
- Buildings	174.12		26.73	
- Machineries	1,103.39		814.89	
- Other Assets	249.69		125.21	
		1,527.20		966.83
Laboratory Expenses		24.38		13.40
Factory Expenses		87.48		45.35
Total		**6,734.61**		**5,253.93**

27 SELLING & DISTRIBUTION EXPENSES (Rs. in Lakhs)

Particulars	2014-2015	2013-2014
Warehouse Charges	0.73	0.25
Export Expenses	162.34	68.33
Outward Freight & Transportation Charges	849.59	574.47
Travelling Expenses	56.22	51.87
Advertisement & Sales Promotion Expenses	36.37	17.49
Total	**1,105.25**	**712.41**

28 PRIOR PERIOD ADJUSTMENTS (Rs. in Lakhs)

Particulars	2014-2015	2013-2014
Prior Period Expenses	196.51	22.54
Total	**196.51**	**22.54**

29 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.

Notes to the Financial Statements (Contd...)

30 Contingent Liabilities (Rs. In Lakhs)

Particulars	2014-2015	2013-2014
Guarantees given by Banks on behalf of the Company for various purposes.	182.96	188.29
Corporate Guarantees given by the Company on behalf of the Joint Venture Company.	Nil	8,900.00
Disputed Income Tax / Excise matters for various assessment years for which appeals are pending with Appellate authorities.	1915.95	1,798.13

31 Directors' Remuneration (Rs. In Lakhs)

Particulars	2014-2015	2013-2014
Mr. Pravin A. Kiri	12.00	12.00
Mr. Manish P. Kiri	12.00	12.00
Directors Sitting Fees	2.35	0.97

32 Remuneration to Auditors (Rs. In Lakhs)

Particulars	2014-2015	2013-2014
Audit Fees	6.00	6.00
Taxation Matters	2.50	2.50
Certification and other Matters	1.50	1.50

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

Particulars	2014-2015	2013-2014
Raw Material	1169.45	1,971.60

34 Earnings in Foreign Currency (Rs. In Lakhs)

Particulars	2014-2015	2013-2014
F.O.B. Value of Exports	23420.23	17,679.50

35 Expenditure in Foreign Currency (Rs. In Lakhs)

Particulars	2014-2015	2013-2014
Foreign Travel Expense	17.57	15.59
Export sales Commission	121.83	33.89
Professional & Legal Charges	Nil	50.31
Zero Coupon Convertible Bond issue expenses	Nil	176.35
Registration Fees - Stock Exchange Fees	9.72	9.72

Notes to the Financial Statements (Contd...)

36 Calculation of Earning Per Share

Particulars		2014-2015	2013-2014
Basic			
Profit / (Loss) attributable to equity shareholders	Rs	(36,86,36,125)	(77,38,53,472)
Nominal Value of equity share	Rs.	10	10
Weighted average number of ordinary equity shares	Nos.		
- for Basic EPS		2,07,65,636	1,90,00,053
- for Diluted EPS		2,85,27,174	2,67,61,591
Basic EPS	Rs.	(17.76)	(40.73)
Diluted EPS	Rs.	(12.92)	(28.92)

37 Zero Coupon Foreign Currency Convertible Bonds

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

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. 2.03 per share, at a price of Rs. 12.03 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	Exact due date	Amount due per Bond (US$)	No. of bonds failing due	Total Amount dyes (US$)
Series A FCCBs	September 30, 2013	97000	10	970000
Series B FCCBs	September 30, 2014	97000	10	970000
Series C FCCBs	March 30, 2015	97000	25	2425000
Series D FCCBs	September 30, 2015	97000	35	3395000
Series E FCCBs	September 30, 2016	97000	35	3395000
Series F FCCBs	September 30, 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 into fully paid-up Equity Shares of face value of Rs.10 each at a share price premium of Rs. 2.03 per Equity Share, at a price of Rs.12.03 per share.

Notes to the Financial Statements (Contd...)

d. Ninety Seven percent (97%) of the three bonds from Series A paid on November 8, 2013. Remaining seven bonds of the Series A stand cancelled due to default of the payment by the subscriber of the bonds. The Company has allotted 14,75,126 equity shares at an issue price of Rs. 12.03 per share upon conversion of 3 fully paid up bonds and 7 partly paid up of Series A bonds to the FCCBs Holder.

e. FCCBs holder has paid balance 97% subscription money for 8 bonds of Series B bonds in Escrow Account of Lead Manager and defaulted for payment of balance 97% subscription money for 2 bonds.

f. As per the terms of issue of bonds the subscribers has to pay balance 97% subscription money for 25 bonds of Series C bonds, on 30th March, 2015 and has not paid the said amount.

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

38 During the Year, the Company has issued and allotted 22,49,947 Equity Shares and issued 37,50,000 warrants convertible into Equity Shares on preferential basis as per SEBI (ICDR) Regulations, 2009. The Company has also allotted 14,75,126 Equity Shares upon conversion of Foreign currency convertible bonds.

39 Related Party Disclosure –

A) Related Party and their Relationship

Name of the Party	Relationship
Kiri International (Mauritius) Private Limited	Wholly Owned Subsidiary
Synthesis International Limited	Wholly Owned Subsidiary
SMS Chemicals Co. Limited	Wholly Owned Subsidiary
Chemhub Trading DMCC	Wholly Owned Subsidiary
Kiri Investment and Trading Singapore Private Limited	Wholly Owned Subsidiary
Kiri Laboratories Pvt. Ltd.	Directors Relative of Key Managerial Personnel
Indochin Development Pvt. Ltd.	Directors Relative of Key Managerial Personnel
Lonsen Kiri Chemical Industries Ltd.	Joint Venture
Dystar Global Holdings (Singapore) Pte. Ltd	Associate Company
Kiri Infrastructure Pvt. Ltd.	Associate Company
Mr. Pravinbhai Kiri	Key Managerial Personnel
Mr. Manishbhai Kiri	Key Managerial Personnel
Mrs. Arunaben Kiri	Relative of Key Managerial Personnel
Mrs. Anupama Kiri	Relative of Key Managerial Personnel
Pravinbhai Kiri – HUF	HUF of Key Managerial Personnel

Notes to the Financial Statements (Contd...)

B) Transaction with Related Parties

(Figures in *Italics* represent figures as at 31st March, 2014) **(Rs. In Lakhs)**

Particulars	Subsidiaries & Step Down Subsidiaries	Joint Ventures	Associate Enterprise/ Subsidiaries of Associates Enterprise	Key Management Personnel & their Relatives	Entity Controlled by Key Management Personnel	Total
Purchase of Goods	20.74	271.82				292.56
	-	*281.89*	-	-	-	*281.89*
Sales of Goods / Job Work Income	9.16	16,810.70				16,819.86
	49.59	*6,804.43*	-	-	-	*6,854.02*
Remuneration	-	-	-	24.00	-	24.00
	-	-	-	*24.00*	-	*24.00*
Investment	-	263.40	-	-	-	263.40
	-	*316.60*	-	-	-	*316.60*
Advance given	-	-	-	-	-	-
	11.22	-	*4.82*	-	-	*16.04*
Advance repaid	-	-	349.32	-	-	349.32
	-	-	*111.14*	-	-	*111.14*
Loan Repaid	-	-	-	2,984.39	-	2,984.39
	-	-	-	*132.57*	-	*132.57*
Loan taken	-	-	-	1,420.22	-	1,420.22
	-	-	-	*1,679.44*	-	*1,679.44*
Guarantees given	-	-	-	-	-	-
	-	*8,900.00*	-	-	-	*8,900.00*
Share Application Money given	-	-	-	-	-	-
	19.99	-	-	-	-	*19.99*
Share Application Money received	-	-	-	7,716.65	-	7,716.65
	-	-	-	-	-	-
Share Application Money repaid	-	-	-	3,891.65	-	3,891.65
	-	-	-	*1,040.00*	*260.00*	*1,300.00*
Outstanding Balance (Cr)	-	1,274.73	-	105.52	-	1,380.25
	-	-	-	*1,669.68*	-	*1,669.68*
Outstanding Balance (Dr)	3,550.75	-	-	-	-	3,550.75
	3,178.71	*2,201.80*	-	-	-	*5,380.51*

Notes to the Financial Statements (Contd...)

C) Disclosure in respect of material transactions with related parties

(Rs. in Lakhs)

Nature of Transaction	Name of the Related Party	2014-2015	2013-2014
Purchase of Goods	Lonsen Kiri Chemical Industries Ltd.	271.82	281.89
	SMS Chemicals Co. Ltd.	20.74	-
Sales of Goods /	Lonsen Kiri Chemical Industries Ltd.	16,810.70	6,804.43
Job work Income	Chemhub Trading DMCC	9.16	49.59
Remuneration	Mr. Pravin Kiri	12.00	12.00
	Mr. Manish Kiri	12.00	12.00
Investment	Lonsen Kiri Chemical Industries Ltd – Preference Share	263.40	316.60
Investment	Synthesis International Limited	57.56	57.56
Advance given	Kiri Infrastructure Pvt. Ltd.	-	4.82
	Kiri International Mauritius Pvt. Ltd.	-	11.22
Advance repaid	Kiri Infrastructure Pvt. Ltd.	349.32	111.14
Loan repaid	Mrs. Arunaben Kiri	215.76	63.86
	Mr. Pravin Kiri	980.19	7.00
	Mr. Manish Kiri	1,678.47	61.71
	Pravin Kiri – HUF	73.02	-
	Mrs. Anupama Kiri	36.95	-
Loan taken	Mrs. Arunaben Kiri	67.91	251.00
	Mr. Pravin Kiri	-	968.69
	Mr. Manish Kiri	1,349.31	355.80
	Mrs. Anupama Kiri	3.00	33.95
	Pravin Kiri – HUF	-	70.00
Guarantees given	Lonsen Kiri Chemical Industries Ltd	-	8,900.00
Share Application Money Given	Chemhub Trading DMCC	-	8.76
	Kiri International (Mauritius) Pvt. Ltd.	-	11.22
Money received against Share Warrant	Mrs. Anupama Kiri	5,100.00	-
Share Application Money repaid	Mrs. Anupama Kiri	3,891.65	1,040.00
	Kiri Peroxide Ltd.	-	260.00
Outstanding Balance (Cr)	Mrs. Arunaben Kiri	67.91	215.76
	Mr. Manish Kiri	37.61	366.77
	Mr. Pravin Kiri	-	980.19
	Mrs. Anupama Kiri	-	33.95
	M/s. Pravin Kiri – HUF	-	73.02
	Lonsen Kiri Chemical Industries Ltd.	1,282.73	(2,201.80)
Outstanding Balance (Dr)	Synthesis International Limited	1,081.93	242.46
	SMS Chemicals Co. Ltd.	1,979.24	1,999.98
	Chemhub Trading DMCC	463.22	466.09
	Dystar Global Holdings (Singapore) Pte. Ltd	96.69	93.31
	Kiri Infrastructure Pvt. Ltd.	-	349.32
	Kiri International (Mauritius) Pvt. Ltd.	26.36	27.55
	Lonsen Kiri Chemical Industries Ltd. (Dividend Receivable)	157.50	-

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

Notes to the Financial Statements (Contd...)

40 Segment Reporting

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

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

Particulars	Year ended 31st March 2015	Year ended 31st March 2014
Revenue by Geographical Segment		
India	57,453.83	38,360.21
Outside India	18,728.10	18,807.27
Addition to Fixed Assets and Intangible Assets		
India	6,417.98	3,214.28
Outside India	0.00	0.00
Carrying amount of Fixed Assets (Net)		
India	39,518.81	37,227.53
Outside India	0.00	0.00

41 Employee Benefits:

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

1. Defined Benefit Plans: **(Rs. in Lakhs)**

Particulars	Gratuity	Leave Encashment
I. Expense recognized during the year		
Current Service Cost	13.89	1.81
Interest Cost	5.27	1.41
Expected return on plan assets	-	-
Net actuarial Losses (Gains)	35.98	16.35
II. Reconciliation of opening and closing balances of defined benefit obligation:		
Defined benefit obligation at beginning of the Year	64.41	15.09
Service Cost	13.89	1.81
Interest Cost	5.27	1.41
Actuarial Losses (Gains)	35.98	16.35
Losses (Gains) on curtailments	-	-
Liabilities extinguished on settlements	-	-
Benefits paid	(12.39)	-
Defined benefit obligation at end of the year.	98.85	34.66
III. Reconciliation of opening and closing balances of fair value of plan assets		
Fair value of plan assets at the beginning of year	8.31	-
Expected return on plan assets	0.72	-
Actuarial Gains (Losses)	0.02	-
Contributions by employer	-	-
Benefit paid from fund	-	-
Defined benefit obligation at end of the year.	9.05	-

Notes to the Financial Statements (Contd...)

(Rs. in Lakhs)

Particulars	Gratuity	Leave Encashment
IV. Reconciliation of the present value of defined benefit obligation and fair value of planed assets		
Present value of defined benefit obligations at the end of the year	(107.91)	(34.66)
Fair value of plan assets at the end of the year	9.05	-
Net assets (liability) at the end of year	(98.85)	(34.66)
V. Investment details	**Percentage invested as at 31.03.2015**	
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)	7.96%	7.96%
Expected Return on plan assets (per annum)	7.96%	0.00%
Annual Increase in salary costs	6.00%	6.00%

2. Defined Contribution plans

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

Particulars	2014-2015	2013-2014
Employer's Contribution to Provident Fund	72.10	47.85
Employer's Contribution to Superannuation Fund	—	—

42 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.

43 Social Welfare Expenditure related to Corporate Social Responsibility as per section 135 of the Companies Act, 2013 read with Schedule VII thereof: Rs.33.89 Lakhs, though not mandatory.

44 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 : 7th August, 2015

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

Pravin Kiri
Chairman
(DIN No 00198275)

Manish Kiri
Managing Director
(DIN No 00198284)

Suresh Gondalia
Company Secretary

Jayesh Vyas
Chief Financial Officer

Place : Ahmedabad
Date : 7th August, 2015

Independent Auditors' Report on Consolidated Financial Statements

To
The Members of
Kiri Industries Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Kiri Industries Limited ("the Company"), its subsidiaries and its joint ventures (collectively referred to as "the Group") which comprise the Consolidated Balance Sheet as at 31st March, 2015, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Holding Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

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

(a) in the case of the consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2015;

(b) in the case of the consolidated statement of Profit and Loss, of the consolidated profit for the year ended on that date; and

(c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

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

Other Matters

1. We did not audit the financial statements of certain subsidiaries, whose financial statements reflect total assets of Rs. 549.44 Lakhs as at March 31, 2015, total revenues of Rs.9.39 Lakhs and financial statements of certain subsidiaries in which the share of loss of the Group is Rs. 19.25 Lakhs. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.
2. Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements approved by the Management.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government in terms of sub-section (11) of section 143 of the Act, based on the comments in the auditors' reports of the Holding company and subsidiary companies incorporated in India to whom, the order is applicable, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by section 143(3) of the Act, we report that:
   a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the afore said Consolidated financial statements;
   b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.;
   c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account and working/records maintained for the purpose of preparation of the consolidated financial statements.;
   d. In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
   e. On the basis of the written representations received from directors of the Holding company as on 31st March, 2015 taken on record by the Board of Directors of the Holding company and the reports of the statutory auditors of its subsidiary companies, none of the directors of the Group companies is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164(2) of the Act.
   f. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
      i. The group has disclosed the impact of pending litigations on its financial position in the Consolidated financial statements – Refer Note 34 to the Consolidated financial statements.;
      ii. the group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
      iii. there has been no delay in transferring amounts, where required to be transferred, to the Investor Education and Protection Fund by the Group;

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

Vimal D. Shukla
Proprietor
Membership No. 036416

Place : Ahmedabad
Date : 7th August, 2015

Annexure to the Auditors' Report on Consolidated Financial Statements (Contd...)

(The Annexure referred to in paragraph 1 of the our Report of even date to the members of Kiri Industries Limited on the consolidated financial statements of the company for the year ended 31st March, 2015.)

With respect to the Financial Statements of Kiri Industries Limited ('Holding Company') and its subsidiaries incorporated in India and to whom the provisions of the Order apply ('Covered Entities'), 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:

I. In respect of the fixed assets of the Holding Company, subsidiary companies and jointly controlled company incorporated in India:

(a) The respective entities have maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) These fixed assets were physically verified during the year by the management of the respective entities in accordance with a program of verification which, in our opinion and the opinion of the other auditors, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were notices on such verification.

II. In respect of the inventories of the Holding Company and subsidiary companies incorporated in India:

(a) As explained to us, the inventories were physically verified during the year by the Management of the respective entities 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 of the respective entities were reasonable and adequate in relation to the size of the respective entities and the nature of their business.

(c) In our opinion and according to the information and explanations given to us, the respective entities have maintained proper records of their inventories and no material discrepancies were noticed on physical verification.

III. The Holding Company, subsidiary companies and jointly controlled company incorporated in India have not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013 by the respective entities.

IV. In our opinion and according to the information and explanations given to us, there is an adequate internal control system in the Holding Company, subsidiary companies and jointly controlled company incorporated in India, commensurate with the size of the respective entities and the nature of their business with regard to purchases of inventory and fixed assets and the sale of goods and services. During the course of our audit, no major weakness in such internal control system has been observed.

V. According to the information and explanations given to us, the Holding Company, subsidiary companies and jointly controlled company incorporated in India have not accepted any deposit during the year to which sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and rules made there under.

VI. According to the information and explanations given to us, in our opinion, the Holding Company and subsidiary companies incorporated in India have, prima facie, made and maintained the prescribed cost records pursuant to the Companies (Cost Records and Audit) Rules, 2014 as amended prescribed by the Central Government under sub section (1) of Section 148 of the Companies Act, 2013. However, We have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete. In respect of the jointly controlled company incorporated in India, as informed by its management to its auditor, the Central Government has not prescribed for the maintenance of cost records under section 148(1) of the Companies Act, 2013, therefore, the provisions of clause 3(vi) are not applicable to the jointly controlled company.

VII. According to information and explanations given to us, in respect of statutory dues of the Holding Company, subsidiary companies and jointly controlled company incorporated in India:

(a) The holding company has generally been irregular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, cess to the extent applicable and any other statutory dues with appropriate authorities.

Annexure to the Auditors' Report on Consolidated Financial Statements (Contd...)

The disputed statutory dues that have not been deposited by the holding company on account of disputed matters pending before appropriate authorities are as under.

Sr. No	Name of the Statute	Name of the Dues	Section under which dispute is pending	Period to which amount relates (FY)	Amount (Rs. In Lakhs)	Forum where the dispute is pending
1	The Income Tax Act, 1961	Income Tax	143(3)	2002-03	187.63	Income Tax Appellate Tribunal
			143(3)	2005-06	58.59	Income Tax Appellate Tribunal
			143(3)	2007-08	109.33	Income Tax Appellate Tribunal
			143(3)	2008-09	21.18	Income Tax Appellate Tribunal
			143(3)	2009-10	19.89	Commissioner of Income Tax (Appeals)
			143(3)	2010-11	316.06	Commissioner of Income Tax (Appeals)
2	The Central Excise Act, 1944	CENVAT Refund		2009-10	341.08	High court
				2009-10	83.74	Central Excise and Service Tax Appellate Tribunal
				2010-11	255.23	Central Excise Commissioner Appeal
				2010-11	153.73	High Court
		Similar Goods		2010-11	344.00	Central Excise Commissioner Appeal
				2011-12	4.09	Central Excise Commissioner Appeal
		Differential Duties		2011-12	21.40	Central Excise Commissioner Appeal

Annexure to the Auditors' Report on Consolidated Financial Statements (Contd...)

VIII. The Group, its associates and jointly controlled entities does not have consolidated accumulated losses at the end of the financial year and the Group, its associates and jointly controlled entities have not incurred cash losses on a consolidated basis during the financial year covered by our audit and in the immediately preceding financial year.

IX. In our opinion and according to the information and explanations given to us, the Holding Company has defaulted in repayment of its dues towards principal and interest to various banks and financial institution as given in note No. 5.

X. In our opinion and according to the information and explanations given to us, the Holding Company and subsidiary companies incorporated in India have not given guarantees for any loan taken by others from banks or financial institutions.

XI. In our opinion and according to the information and explanations given to us, the term loans have been applied by the Holding Company, during the year for the purposes for which they were obtained. The jointly controlled company incorporated in India has not taken any term loan from banks, and hence the provisions of clause 3 (XI) are not applicable to the jointly controlled company.

XII. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Holding Company, its subsidiary companies and jointly controlled company incorporated in India has been noticed or reported during the year.

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

Vimal D. Shukla
Proprietor
Membership No. 036416

Place : Ahmedabad
Date : 7th August, 2015

Consolidated Balance Sheet as at 31st March, 2015

(Rs. in Lakhs)

Particulars	Notes	As At 31st March, 2015		As At 31st March, 2014	
EQUITY AND LIABILITIES					
SHAREHOLDERS' FUNDS					
Share Capital	3	2,705.86		1,900.01	
Reserves and Surplus	4	36,963.68		15,778.14	
Share Application Money		5,100.00		288.45	
Translation Reserve		(25.74)		5.62	
			44,743.80		**17,972.22**
NON-CURRENT LIABILITIES					
Long-term borrowings	5	73,461.48		49,555.98	
Deferred tax liabilities (Net)	6	3,031.20		2,768.31	
			76,492.68		**52,324.29**
CURRENT LIABILITIES					
Short-term borrowings	7	5,238.43		16,524.58	
Trade payables	8	15,380.11		11,192.06	
Other current liabilities	9	13,151.06		23,025.37	
Short-term provisions	10	561.43		204.12	
			34,331.03		**50,946.13**
Total			**155,567.51**		**121,242.64**
ASSETS					
NON-CURRENT ASSETS					
Fixed assets					
Tangible assets	11	36,752.27		32,410.36	
Capital work-in-progress	11	8,854.03		11,123.47	
			45,606.30		**43,533.83**
Non-current investments	12	39,436.01		19,614.05	
Long-term loans and advances	13	2,385.50		2,205.39	
Other non-current assets	14	143.13		79.48	
			41,964.64		**21,898.92**
CURRENT ASSETS					
Inventories	15	10,154.43		13,958.06	
Trade receivables	16	46,823.50		33,140.30	
Cash and cash equivalents	17	441.59		1,009.08	
Short-term loans and advances	18	10,450.56		7,573.74	
Other current assets	19	126.49		128.71	
			67,996.57		**55,809.89**
Total			**155,567.51**		**121,242.64**
Significant Accounting Policies	2				

The Note numbers 3 to 41 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 : 7th August, 2015

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

Pravin Kiri
Chairman
(DIN No 00198275)

Manish Kiri
Managing Director
(DIN No 00198284)

Suresh Gondalia
Company Secretary

Jayesh Vyas
Chief Financial Officer

Place : Ahmedabad
Date : 7th August, 2015

Consolidated Statement of Profit & Loss for the Year ended on 31st March, 2015

(Rs. in Lakhs)

Particulars	Notes	2014-2015	2013-2014
Revenue from Operations	20	99,178.24	75,022.19
Less : Excise duty		6,099.57	5,899.89
Net Revenue from Operations		93,078.67	69,122.29
Other Income	21	197.32	89.01
Total Revenue		**93,275.99**	**69,211.30**
Expenses:			
Cost of Materials Consumed	22	60,788.38	43,816.47
Purchase of Stock-in-Trade		2,143.46	727.75
Changes in Inventories of Finished goods, Work-in-Progress & Stock-in-Trade	23	2,883.32	6,383.65
Employee Benefits Expense	24	4,206.79	2,745.61
Finance Costs	25	8,630.65	8,022.18
Depreciation		2,835.78	3,657.28
Other Expenses			
Administrative Expenses	26	2,869.68	837.23
Manufacturing Expenses	27	8,300.24	6,353.34
Selling & Distribution Expenses	28	1,721.78	963.92
Prior Period Adjustments	29	215.03	31.57
Total Expenses		**94,595.11**	**73,539.00**
Loss before extraordinary items and tax		(1,319.12)	(4,327.70)
Less : Extraordinary Items		-	2,876.61
Loss Before Tax		**(1,319.12)**	**(7,204.31)**
Tax Expense			
Current Tax		392.20	-
Short Provision for earlier years		29.69	-
Net Current Tax		421.89	-
Deferred Tax		262.89	63.96
MAT credit entitlement		(392.16)	-
Loss after tax for the year		**(1,611.74)**	**(7,268.27)**
Share of Profit from Associate		19,764.20	8,259.54
Profit for the year		**18,152.46**	**991.27**
Earning per equity Share			
Basic		87.42	5.22
Diluted		63.63	3.70
Significant Accounting Policies	2		

The Note numbers 3 to 41 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 : 7th August, 2015

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

Pravin Kiri
Chairman
(DIN No 00198275)

Manish Kiri
Managing Director
(DIN No 00198284)

Suresh Gondalia
Company Secretary

Jayesh Vyas
Chief Financial Officer

Place : Ahmedabad
Date : 7th August, 2015

Consolidated Cash Flow Statement for the Year ended on 31st March, 2015

(Rs. in Lakhs)

PARTICULARS	2014-2015		2013-2014	
A. Cash Flow from Operating Activities :				
Net Profit before Tax and Extraordinary items		(1,319.12)		(4,327.70)
Adjustment for				
- Depreciation	2,835.78		3,657.28	
- Interest & Dividend Income	(98.03)		(85.14)	
- Interest charged to P & L	8,630.65		8,022.18	
- Profit on Sale of Fixed Assets	(1.82)		-	
Operating Profit before working capital changes:		10,047.46		7,266.63
Adjustment for :				
- Trade Receivables	(13,683.20)		(4,491.59)	
- Inventories	3,803.62		4,658.99	
- Long Term Advances & Other Non Current Assets	(243.76)		1,110.24	
- Short Term Advances & Other Current Assets	(2,874.60)		(2,350.36)	
- Trade Payables	4,188.06		(21.80)	
- Other Current Liabilities & Short Term Provisions	(9,517.00)		10,713.88	
- Foreign Currency Translation Reserve	(31.36)		(3.57)	
- Deferred Tax Liability	262.89	(18,095.35)	63.96	9,679.75
Cash Generated from Operations		(8,047.82)		16,946.38
- Taxes paid/ provision & Deferred tax		(292.62)		(63.96)
Net Cash Flow from Operations		**(8,340.50)**		**16,882.42**
B. Cash Flow from Investment Activities :				
- Purchase of Fixed Assets		(4,961.70)		(3,838.92)
- Sale of Fixed Assets		7.07		-
- Interest and Dividend Income		98.03		85.14
- Investment		(19,821.96)		(8,255.54)
Net cash flow from Investing Activities		**(24,678.56)**		**(12,009.32)**
C. Cash Flow from Financing Activities :				
- Proceeds from Equity Share Capital		372.51		-
- Security Premium		2,864.62		-
- Share Application Money		4,811.55		(1,489.96)
- Proceeds from Long term Borrowings		15,399.76		399.33
- Proceeds from Short term Borrowings		1,586.18		1,509.86
- Interest charged		(8,630.65)		(8,022.19)
Exceptional Items		-		(2,876.61)
Share of Profit from Associates		19,764.20		8,259.54
Repayment of Long Term Borrowings		(305.45)		(696.92)
Repayment of Short Term Borrowings		(3,411.15)		(1,606.31)
Net Cash Flow from Financing Activities		**32,451.57**		**(4,523.26)**
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)		(567.49)		349.84
Cash and Cash Equivalents as at (Opening)		1,009.08		659.24
Cash and Cash Equivalents as at (Closing)		441.59		1,009.08

Note : 1. In view of absence in flow of funds for mere assignment of debts from some of the banks to Asset Restructuring Company, its impact on cash flow statement has not been given.

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 : 7th August, 2015

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

Pravin Kiri
Chairman
(DIN No 00198275)

Manish Kiri
Managing Director
(DIN No 00198284)

Suresh Gondalia
Company Secretary

Jayesh Vyas
Chief Financial Officer

Place : Ahmedabad
Date : 7th August, 2015

Notes to the Consolidated Financial Statements

1. Principles of consolidation:

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

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

Subsidiary

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

ii. The financial statements of the Company and its subsidiary have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra group balances and intra group transactions. The intra group transactions, intra group balances and 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 March 31, 2015.

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.

Associate Company

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

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

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

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

Details of Subsidiaries and Joint Venture with respective holdings thereof

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

Sr. No	Name of Company	Ownership in % either directly or through Subsidiaries		Country of Incorporation
		2014-15	2013-14	
A	**Subsidiaries**			
	i) Chemhub Trading DMCC	100.00	100.00	Dubai
B	**Joint Venture of Kiri Industries Limited**			
	i) Lonsen Kiri Chemical Industries Ltd	40.00	40.00	India

C Details of Associate Company and Ownership interest is as follow: **(Rs in Lakhs)**

Name of the Company	% Share held	Original cost of Investment	Goodwill/ (Capital Reserve)	Carrying amount of Investments as at 31.03.2015
Kiri Infrastructure Private Limited	47.61 %	1,443.75	(174.78)	1,268.97
Dystar Global Holdings (Singapore) Pte. Ltd.	37.57%	9,550.24	51,267.02	60,817.26
Total		10,993.99	51,092.24	62,086.23

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

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of accounting

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

b) Use of estimates

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

c) Fixed Assets

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

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

d) Depreciation

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

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

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

iii) In accordance with the provisions of the Companies Act 2013, effective from 1st April 2014, the company has reassessed the remaining useful life of its Fixed Assets as prescribed by Schedule II to the Act or actual useful life of assets, whichever is lower. In case of the asset, whose life has expired, the carrying value, net of residual value of Rs. 48.20 Lakhs as at 1st April 2014 has been adjusted to the General Reserve and in other cases, the carrying value has been depreciated over the remaining of the revised life of the assets and recognized in the Statement of Profit & Loss.

iv) In case of Joint venture company i.e. Lonsen Kiri Chemical Industries Limited, All tangible fixed assets, except capital work in progress, are depreciated on the basis of useful life of an asset and at the rates and in the manner prescribed in Schedule II of the Companies Act, 2013, except in the case of certain assets which are depreciated at the higher rates based on the technical assessment of their useful lives by the management and certificate obtained from an independent technical valuer.

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

Sale of Goods

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

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

Interest

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

Dividends

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

Export Incentives

Revenue is recognized on an accrual basis.

j) Foreign Currency Translation

i) Initial Recognition

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

ii) Conversion

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

iii) Exchange Differences

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

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

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

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

v) Foreign operations

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

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

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

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

k) Employee Benefits

(i) **Gratuity**

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

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

(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 recognizes such contributions and shortfall, if any, as an expense in the year incurred.

(iii) **Leave Salary**

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

l) Income Taxes

Tax expense comprises current and deferred tax.

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

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

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

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

m) Earnings per share

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

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

n) Provisions, Contingent Liabilities and Contingent Assets

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

Contingent liabilities are not recognized but are disclosed by way of notes to the financial statements 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 Profit & Loss Account over 10 years on straight line basis.

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

3 SHARE CAPITAL (Rs. in Lakhs)

Particulars	As At 31.03.2015	As At 31.03.2014
Authorised Share Capital		
15,00,00,000 Equity Shares (Previous year 15,00,00,000) of Rs 10/-each	15,000.00	15,000.00
5,00,00,000 Preference Shares (Previous year 5,00,00,000) of Rs 10/-each	5,000.00	5,000.00
	20,000.00	20,000.00
Issued, Subscribed & Paid-up Capital		
22,725,126 Equity Shares (Previous year 19,000,053) of Rs 10/- each fully paid up	2,272.51	1,900.01
43,33,500 Cummulative Non Convertible Redeemable Preference Shares (Previous year NIL) of Rs. 10/- each Fully paid up	433.35	-
Total	**2,705.86**	**1,900.01**

The reconciliation of the number of Equity Shares outstanding as at 31.03.2015 and 31.03.2014 is set out below:

Particulars	As At 31.03.2015	As At 31.03.2014
Number of shares at the beginning	19,000,053	19,000,053
Add: Shares issued during the year	3,725,073	-
Number of shares at the end	22,725,126	19,000,053

The reconciliation of the number of Preference Shares outstanding as at 31.03.2015 and 31.03.2014 is set out below:

Particulars	As At 31.03.2015	As At 31.03.2014
Number of shares at the beginning	-	-
Add: Shares issued during the year	4,333,500	-
Number of shares at the end	4,333,500	-

The details of shareholder holding more than 5% Equity Shares as at 31.03.2015 and 31.03.2014 are set out below :

Name of the shareholders	No. of shares	% held as at 31.03.2015	No. of shares	% held as at 31.03.2014
Mr. Pravin Kiri	2501680	11.01	2501680	13.17
Mr. Manish Kiri	1822728	8.02	1859391	9.79
Mrs. Anupama Kiri	1951238	8.59	2270	0.01
LTS Investment Funds Limited	1475126	6.49	0.00	0.00
GMO Emerging Markets Fund	1452360	6.39	1016942	5.35

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

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

Particulars	As At 31.03.2015	As At 31.03.2014
- **Debenture Redemption Reserve**		
Opening Balance	800.00	800.00
Add : Transfer from Statement of Profit and Loss	-	-
Closing Balance	**800.00**	**800.00**
- **Preference Share Redemption Reserve**		
Opening Balance	1,332.00	888.00
Add : Transfer from Statement of Profit and Loss	697.28	444.00
Closing Balance	**2,029.28**	**1,332.00**
- **Security Premium**		
Opening Balance	27,964.24	28,180.20
Addition during the year	3,097.22	-
Less : Zero Coupen Convertible Bonds issue exps.	15.95	215.94
Closing Balance	**31,045.51**	**27,964.24**
- **General Reserve**		
Opening Balance	465.80	465.80
Add : Transfer from Statement of Profit and Loss	(48.20)	-
Closing Balance	**417.60**	**465.80**
- **Surplus**		
Opening Balance	(14,783.90)	(15,331.17)
Add : Net profit after tax transferred from Statement of Profit and Loss	18,152.47	991.27
Amount available for appropriation	3,368.57	(14,339.90)
Appropriation		
Less : Transfer to Preferance Share Redemption Reserve	697.28	444.00
Closing Balance	**2,671.29**	**(14,783.90)**
Total	**36,963.68**	**15,778.14**

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 Lakhs)**

Particulars	As At 31.03.2015	As At 31.03.2014
Secured :		
Non Convertible Debentures	3,350.00	4,000.00
Term Loans from Banks & Others	69,881.42	43,985.04
Hire Purchase Loans	-	22.95
Unsecured :		
Zero Coupon Foreign Currency Convertible Bonds	230.06	421.39
Term Loans from Banks	-	1,126.60
Total	**73,461.48**	**49,555.98**

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

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 Invent Assets Securitisation and reconstruction private Limited for securing their term loan. Second pari passu charge for securing term loan of Invent Assets Securitisation and Reconstruction Private Limited and Punjab National Bank and working capital facilities, Working Capital Term Loan, Funded Interest Term Loan from Invent Assets Securitisation and reconstruction private Limited, Punjab National Bank and Indian Bank.
9	All that pieces and parcels of lands, comprised in and forming part of lands admeasuring 1,69,463 Sq. Mtrs., together with all buildings, structures, erections, etc. constructed and/or to be constructed thereon, both present and future, and being, lying and situated at Village: Kadodara, Tehsil: Wagra & Distt. Bharuch and uninstalled plant and machinery of Hydrogen Peroxide Plant of the Company.	First charge for securing corporate loan from Assets Care and Reconstruction Enterprise Limited.
10	Pledge of 26,23,353 equity shares of Dystar Global Holdings (Singapore) Pte. Ltd.	PIdege of 13,11,677 equity shares to Invent Assets Securitisation and Reconstruction Private Limited, Punjab National Bank and Indian Bank and 13,11,676 Equity Shares to Invent Assets Securitisation and Reconstruction Private Limited.
11	All that piece or parcel of Non-Agricultural land for industrial purpose bearing Block Nos. 577/B, 584/B, 588, 589, 489, 490, 586 and 545 along with construction standing thereon situate lying and being at mouje: Dudhwada, Taluka: Padra, Registration District : Vadodara and Sub District : Padra.	First charge on land & building, for working capital facilities provided by Industrial and Commercial Bank of China.

The details of Loans guaranteed by Directors are set out below : **(Rs. in Lakhs)**

Particulars	Guaranteed by	Amount of Loan
Secured Loans		
Non Convertible Debentures	Personal Guarantees of some of the directors	3,350.00
Term Loans from Invent Assets Securitisation and Reconstruction Private Limited and Punjab National Bank	Personal Guarantees of some of the directors	17,422.30
Working Capital Term Loans and Funded Interest Term Loans from Invent Assets Securitisation and Reconstruction Private Limited, Punjab National Bank and Indian Bank.	Personal Guarantees of some of the directors	36,215.22
Corporate Loan from Assets Care and Reconstruction Enterprise Limited.	Personal Guarantees of some of the directors	3,201.52

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

Nature of Loans	Terms of Loans
Non Convertible Debentures	Series A (Rs. 2070 Lakhs): Repayment in 16 quarterly installments with 2% Redemtion 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. 1,280 Lakhs): 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%

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

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

Nature of Loans

In respect of debts due to Punjab National Bank and Indian Bank, the Company has defaulted in repayment of principal since June 2013 and in repayment of Interest since April 2013. In respect of debts due to Invent Assets Securitisation and Reconstruction Private Limited, the Company has not made any repayment towards principal and Interest since the date of assignment.

6 DEFERRED TAX

The Company estimates deferred tax assets and liabilities using the applicable rate of taxation based on the impact of timing difference between financial statements and estimated taxable income for the current year. The net deferred tax assets /liabilities as at March 31, 2015 is given as below:

(Rs. in Lakhs)

Particulars	Deferred Tax Liabilities	
	As At 31.03.2015	As At 31.03.2014
Opening Balance of Deferred Tax Liabilities (Net)	2,768.31	2,704.35
Add : Deduction/Addition during the year	262.89	63.96
Total	**3,031.20**	**2,768.31**

7 SHORT-TERM BORROWINGS **(Rs. in Lakhs)**

Particulars	As At 31.03.2015	As At 31.03.2014
Secured :		
Working Capital Loan from Banks	5,002.19	13,418.58
Unsecured :		
Working Capital Facility	-	963.13
Loans from Directors / Promoters	105.52	1,669.68
Intercorporate Deposits	130.72	473.19
Total	**5,238.43**	**16,524.58**

The details of security of short term borrowings are set out below : **(Rs. in Lakhs)**

Nature of Loans	Amount	Secured by
Secured Loans :		
Working Capital Loan repayable on demand form Invent Assets Securitisation and Reconstruction Private Limited Indian Bank and Punjab National Bank.	12,181.74	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 Lakhs)**

Particulars	Guaranteed by	Amount of Loan
Unsecured Loans :		
Inter Corporate Deposits	Personal Guarantee of some of the Directors	130.72

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

8 TRADE PAYABLES (Rs. in Lakhs)

Particulars	As At 31.03.2015	As At 31.03.2014
Trade payables	15,380.11	11,192.06
Total	**15,380.11**	**11,192.06**

9 OTHER CURRENT LIABILITIES (Rs. in Lakhs)

Particulars	As At 31.03.2015	As At 31.03.2014
Current Maturity of Long-term secured debt	-	10,508.00
Current Maturity of Long-term unsecured debt	-	1,605.38
Credit Balances in Bank Accounts	216.46	-
Interest accrued and due on borrowings	8,202.53	6,616.42
Advance received from Customers	3,459.48	2,347.36
Statutory Dues	322.93	115.00
Unpaid / Unclaimed Dividend	1.06	1.13
Employee Benefit Payables	226.81	158.40
Other Liabilities	721.79	1,673.68
Total	**13,151.06**	**23,025.37**

10 SHORT-TERM PROVISIONS (Rs. in Lakhs)

Particulars	As At 31.03.2015	As At 31.03.2014
Provision for Employee Benefit - current	192.17	157.88
Provision for Tax on Dividend	369.26	46.24
Total	**561.43**	**204.12**

11 FIXED ASSETS (Rs. in Lakhs)

Assets	Opening Balance As on 01.04.2014	Addition during the year	Adjusted sold during the year	Gross Block As on 31.03.2015	Depreciation Up to 31.03.2014	Depreciation provided during the year	Adjusted during the year	Retained Earnings	Total Dep. Up to 31.03.2015	Net Block As on 31.03.2015	Net Block As on 31.03.2014
TANGIBLE ASSETS											
Land	1,420.92	-	-	1,420.92	-	-	-	-	-	1,420.92	1,420.92
Building	7,804.70	1,302.40	-	9,107.10	1,096.86	267.01	-	-	1,363.87	7,743.23	6,707.83
Plant & Machinery	35,204.14	5,636.50	-	40,840.64	12,557.08	2,249.04	-	30.72	14,836.84	26,003.80	22,647.06
Electrification	1,430.27	112.68	-	1,542.95	388.05	147.81	-	0.05	535.91	1,007.04	1,042.23
Office Equipments	100.39	13.61	-	114.00	24.76	37.49	-	13.99	76.24	37.76	75.63
Furniture & Fixture	176.60	17.86	-	194.46	53.28	21.44	-	1.68	76.40	118.06	123.32
Vehicles	554.34	136.56	26.92	663.98	239.41	86.04	17.02	1.77	310.20	353.78	314.93
Computer	139.87	10.87	-	150.74	69.78	22.29	4.66	-	87.41	63.33	70.10
Computer Software	10.17	0.66	-	10.83	1.82	4.66	-	-	6.48	4.35	8.35
Capital Work In Progress	11,123.47	-	2,269.44	8,854.03	-	-	-	-	-	8,854.03	11,123.47
TOTAL	**57,964.87**	**7,231.14**	**2,296.36**	**62,899.65**	**14,431.04**	**2,835.78**	**21.68**	**48.21**	**17,293.35**	**45,606.30**	**43,533.83**
PREVIOUS YEAR	**54,125.95**	**3,838.92**	**-**	**57,964.87**	**10,773.76**	**3,657.28**	**-**	**-**	**14,431.04**	**43,533.83**	**43,352.20**

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

12 NON CURRENT INVESTMENTS **(Rs. in Lakhs)**

Particulars	As At 31.03.2015	As At 31.03.2014
Trade (Unquoted)		
- **Investments in Mutual Funds**		
100,000 Units (P.Y.100,000) SBI Ultra Short Term Debt Fund (NAV of the units held Rs. 3.58 Lakhs (P.Y. Rs. 7.61 Lakhs)	10.00	10.00
- **Investment in Subsidiary**		
1 Equity Share (P.Y. 1) of US $ 1 In Kiri International (Mauritius) Private Ltd.	-	-
10,00,000 Equity Shares (P.Y. 10,00,000) of HK $ 1 Each In Synthesis International Ltd.	57.56	-
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
- **Investment in Associate Company**		
26,23,354 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
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
Add : Share of Profit	28,023.73	8,259.53
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
12,000 Equity Shares (P. Y. 10,000) of Rs. 10 Each in Kapsil Aqua Enviro Limited	1.20	1.00
Total Non-current Investment	**39,436.01**	**19,614.05**

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

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

Particulars	As At 31.03.2015	As At 31.03.2014
Capital Advances		
Unsecured, considered good	1,508.78	982.39
Doubtful	-	-
	1,508.78	982.39
Less : Allowance for Bad & Doubtful	-	-
	1,508.78	982.39
Security Deposits		
Unsecured, considered good	471.31	392.17
Doubtful	-	-
	471.31	392.17
Less : Allowance for Bad & Doubtful	-	-
	471.31	392.17
Other Loans & Advances		
Loans & Advance to Employees	78.22	64.70
Other Loans & Advances	327.19	766.13
	405.41	830.83
Less : Allowance for Bad & Doubtful	-	-
	405.41	830.83
Total	**2,385.50**	**2,205.39**

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

Particulars	As At 31.03.2015	As At 31.03.2014
Deposits with Banks	132.26	64.44
Unamortised Expenses	10.87	15.04
Total	**143.13**	**79.48**

15 INVENTORIES (Rs. in Lakhs)

Particulars	As At 31.03.2015	As At 31.03.2014
Raw Material	3,693.43	4,596.83
Finished Goods	2,711.10	4,226.36
Stock in Process & Semi Finished Goods	3,389.80	4,757.87
Packing Material	360.10	377.00
Total	**10,154.43**	**13,958.06**

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

16 TRADE RECEIVABLES (Rs. in Lakhs)

Particulars	As At 31.03.2015	As At 31.03.2014
Debt outstanding for a period exceeding six months		
Unsecured considered good	4,065.82	19,247.07
Doubtful	1,194.77	1,349.12
	5,260.59	20,596.19
Less : Allowance for Bad & Doubtful	-	-
	5,260.59	**20,596.19**
Other debts		
Unsecured considered good	41,562.91	12,544.11
Doubtful	-	-
	41,562.91	12,544.11
Less : Allowance for Bad & Doubtful	-	-
	41,562.91	**12,544.11**
Total	**46,823.50**	**33,140.30**

17 CASH AND CASH EQUIVALENTS (Rs. in Lakhs)

Particulars	As At 31.03.2015	As At 31.03.2014
Cash on Hand	34.32	48.81
Balances with Scheduled Banks		
In Current Account	406.21	959.21
Balances with Non-Scheduled Banks		
In Current Account	-	-
Others		
Balances in Unpaid Dividend Accounts	1.06	1.06
Total	**441.59**	**1,009.08**

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

18 SHORT-TERM LOANS AND ADVANCES **(Rs. in Lakhs)**

Particulars	As At 31.03.2015	As At 31.03.2014
Others		
Unsecured, considered good		
Advance Tax & Tax Deducted at Source (Net of Provision Rs. 1,589.85 Lakhs Less : - Rs. 194.38 Lakhs)	1,395.47	1,354.30
MAT Credit Entitlement	893.13	443.09
Balance with Government Authorities	5,428.30	4,437.47
Advances to Suppliers	2,704.26	1,250.67
Prepaid expenses	28.15	30.05
Other Loans & Advances	1.25	58.16
Doubtful	-	-
	10,450.56	7,573.74
Less : Allowance for Bad & Doubtful	-	-
	10,450.56	7,573.74
Total	**10,450.56**	**7,573.74**

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

Particulars	As At 31.03.2015	As At 31.03.2014
Interest Accrued on Deposits	126.49	128.71
Total	**126.49**	**128.71**

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

20 REVENUE FROM OPERATIONS (Rs. in Lakhs)

Particulars	2014-2015	2013-2014
Sale of Products	92,822.10	68,290.77
Other Operating Revenue	256.57	831.52
Total	**93,078.67**	**69,122.29**

21 OTHER INCOME (Rs. in Lakhs)

Particulars	2014-2015	2013-2014
Interest Income		
- Income Tax Refund		
- FDs with Banks & ICDs	44.14	31.42
- Others	53.89	52.97
	98.03	84.39
Dividend Income	-	0.75
Net gain on sale of Fixed Assets	1.82	-
Profit or Loss on Investment	-	0.06
Foreign Exchange loss/(gain)- Net	86.41	-
Excess E.C.G.C. Premium Provision Written Back	-	-
Miscellaneous Income	11.06	3.81
Total	**197.32**	**89.01**

22 COST OF MATERIALS CONSUMED (Rs. in Lakhs)

Particulars	2014-2015	2013-2014
Raw Material Consumed :		
Opening Inventory	4,596.83	2,860.60
Add : Purchases (Net)	58,557.01	44,411.54
Less: Inventory at the end of the year	3,693.43	4,596.83
Cost of Raw Material consumed during the year	**59,460.41**	**42,675.31**
Packing Material Consumed :		
Opening Inventory	377.00	400.21
Add : Purchases (Net)	1,311.06	1,117.95
Less: Inventory at the end of the year	360.09	377.00
Cost of Packing Material consumed during the year	**1,327.97**	**1,141.16**
Total	**60,788.38**	**43,816.47**

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

Particulars	2014-2015	2013-2014
(Increase)/decrease in Stocks		
Stock at the beginning of the year :		
Finished Goods	4,226.36	2,718.39
Work in Progress & Semi Finished Goods	4,757.87	12,649.49
	8,984.23	**15,367.88**
Stock at the end of the year :		
Finished Goods	2,711.11	4,226.36
Work in Progress & Semi Finished Goods	3,389.80	4,757.87
	6,100.91	**8,984.23**
Total	**2,883.32**	**6,383.65**

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

24 EMPLOYEE BENEFIT EXPENSES

(Rs. in Lakhs)

Particulars	2014-2015	2013-2014
Salaries, Wages & Bonus	3,897.23	2,548.60
Contribution to Provident fund & other funds	164.63	75.14
Welfare Expenses	144.93	121.87
Total	**4,206.79**	**2,745.61**

25 FINANCE COST

(Rs. in Lakhs)

Particulars	2014-2015	2013-2014
Interest & Financial Charges		
- Interest Cost	8,486.41	7,846.63
- Financial Charges	144.24	175.55
Total	**8,630.65**	**8,022.18**

26 ADMINISTRATIVE EXPENSES

(Rs. in Lakhs)

Particulars		2014-2015		2013-2014
Insurance Premium		90.50		55.42
Foreign Exchange loss/(gain)- Net		-		-
Communication Expenses		59.20		37.90
Postage & Conveyance		34.54		28.03
Travelling & Conveyance		110.42		120.54
Repairs & Maintenance - Others		25.71		10.98
Membership & Subscription		2.26		0.47
Security Expenses		77.08		63.66
Legal & Professional Fees		821.60		444.92
Payment to Auditors				
- Audit Fees	7.60		7.60	
- For Tax Audit	2.80		2.80	
- Certification and Other Matters	2.00		2.00	
		12.40		**12.40**
Rates & Taxes		47.20		38.24
Foreign Exchange Loss		1,540.83		-
Donation		17.95		7.14
Miscellaneous Expenses		25.81		15.22
Preliminary Expenses		4.18		2.31
Total		**2,869.68**		**837.23**

27 MANUFACTURING EXPENSES

(Rs. in Lakhs)

Particulars		2014-2015		2013-2014
Operational & Other Expenses				
- Power & Fuel		5,930.69		5,026.64
Pollution Treatment Expenses		134.97		117.59
Repairs & Maintenance		-		-
- Buildings	263.68		29.87	
- Machineries	1,411.18		887.64	
- Other Assets	345.17		148.10	
		2,020.03		**1,065.61**
Laboratory Expenses		49.69		33.88
Factory Expenses		164.86		109.62
Jobwork Charges		-		-
Labour Charges		-		-
Rent Expenses		-		-
Total		**8,300.24**		**6,353.34**

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

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

Particulars	2014-2015	2013-2014
Warehouse Charges	0.72	1.84
Export Expenses	288.64	163.51
Outward Freight & Transportation Charges	1,068.48	622.32
Travelling Expenses	62.56	57.40
Advertisement & Sales Promotion Expenses	301.38	118.85
Total	**1,721.78**	**963.92**

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

Particulars	2014-2015	2013-2014
Prior Period Expenses	215.03	31.57
Total	**215.03**	**31.57**

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. Nil. (P.Y. Rs. 2,876.61 Lakhs)

32. Segment Information

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

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

Particulars	Year ended 31st March 2015	Year ended 31st March 2014
Revenue by Geographical Segment		
India	54,160.50	37,045.02
Outside India	38,661.60	31,245.71
Addition to Fixed Assets and Intangible Assets		
India	7,231.14	3,838.92
Outside India	0.00	0.00
Carrying amount of Fixed Assets (Net)		
India	45,606.29	43,533.83
Outside India	0.00	0.00

33 Capital Commitments **(Rs. In Lakhs)**

Particulars	As at 31st March 2015	As at 31st March 2014
Estimated amount of contracts remaining to be executed on capital account and not provided for:		
• Parent Company	Nil	Nil
• Share of Joint venture	50.39	356.34
• Associate Company	Nil	Nil
Total	**50.39**	**356.34**

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

34 Contingent Liabilities not provided for **(Rs. In Lakhs)**

Particulars	As at 31st March 2015	As at 31st March 2014
Outstanding Letter of Credit		
• Parent company Rs. Nil (P.Y. Rs. Nil)	-	-
• Joint Venture company Rs. 30.50 Lakhs (P.Y. Rs. 313.29 Lakhs)	30.50	313.29
Bank Guarantees given by	272.79	248.12
• Parent Company Rs. 182.96 Lakhs (P.Y. Rs. 188.29 Lakhs)		
• Joint Venture Company Rs. 89.83 Lakhs (P.Y. Rs. 59.83 Lakhs)		
Corporate Guarantees given by Parent company on behalf of :		
• Joint Venture Company Rs Nil (P.Y.Rs. 8,900 Lakhs)	Nil	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.]	1915.95	1,798.13
Total	2219.24	11,259.54

35 Earning Per Share (EPS)

Particulars		2014-2015	2013-2014
Profit as per Consolidated Statement of Profit and Loss	Rs	1,81,52,46,878	9,91,26,645
Nominal Value of equity share	Rs.	10	10
Weighted average number of ordinary equity shares	Nos.		
- for Basic EPS		2,07,65,636	1,90,00,053
- for Diluted EPS		2,85,27,174	2,67,61,591
Basic EPS	Rs.	87.42	5.22
Diluted EPS	Rs.	63.63	3.70

36 Zero Coupon Foreign Currency Convertible Bonds

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

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. 2.03 per share, at a price of Rs. 12.03 per share at a fixed exchange rate conversion of Rs. 54.7773 per US Dollar.

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

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	Exact Due Date	Amount due per Bond (US$)	No. of bonds falling due	Total Amount (US$)
Series A FCCBs	September 30, 2013	97000	10	970000
Series B FCCBs	September 30, 2014	97000	10	970000
Series C FCCBs	March 30, 2015	97000	25	2425000
Series D FCCBs	September 30, 2015	97000	35	3395000
Series E FCCBs	September 30, 2016	97000	35	3395000
Series F FCCBs	September 30, 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 into fully paid-up Equity Shares of face value of Rs.10 each at a share price premium of Rs. 2.03 per Equity Share, at a price of Rs.12.03 per share.

d. Ninety Seven percent (97%) of the three bonds from Series A paid on November 8, 2013. Remaining seven bonds of the Series A stand cancelled due to default of the payment by the subscriber of the bonds. The Company has allotted 14,75,126 equity shares at an issue price of Rs. 12.03 per share upon conversion of 3 fully paid up bonds and 7 partly paid up of Series A bonds to the FCCBs Holder.

e. FCCBs holder has paid balance 97% subscription money for 8 bonds of Series B bonds in Escrow Account of Lead Manager and defaulted for payment of balance 97% subscription money for 2 bonds.

f. As per the terms of issue of bonds the subscribers has to pay balance 97% subscription money for 25 bonds of Series C bonds, on 30th March, 2015 and has not paid the said amount.

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

37. Related Parties

Names of related parties with whom transactions have taken place during the year:

Joint Venture (JV)	Lonsen Kiri Chemical Industries Limited
Associate Company (AC)	Kiri Infrastructure Private Limited DyStar Global Holdings (Singapore) Pte. Ltd.
Wholly Owned Subsidiaries	Chemhub Trading DMCC SMS Chemicals Co. Ltd. Kiri Investment & Trading Singapore Pvt. Ltd Synthesis International Limited
Key Management Personnel	Mr. Pravin Kiri – Chairman Mr. Manish Kiri – Managing Director
Director's Relative of Key Management Personnel	Kiri Laboratories Pvt. Ltd. Indochin Development Pvt. Ltd.
Relative of Key Management Personnel	Mrs. Anupama Kiri Mrs. Arunaben Kiri Pravin Kiri - HUF

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

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

Nature of Transaction	Name of the Related Party	2014-2015	2013-2014
Purchase of Goods	Lonsen Kiri Chemical Industries Ltd.	163.09	169.14
Sales of Goods / Job work Income	Lonsen Kiri Chemical Industries Ltd.	10,086.42	4,082.66
Remuneration	Mr. Pravin Kiri	12.00	12.00
	Mr. Manish Kiri	14.08	16.40
Investment	Lonsen Kiri Chemical Industries Ltd – Preference Share	158.04	189.96
	Synthesis International Limited	57.56	57.56
Advance given	Kiri Infrastructure Pvt. Ltd.	-	4.82
	Kiri International Mauritius Pvt. Ltd.	-	11.22
Advance repaid	Kiri Infrastructure Pvt. Ltd.	349.32	111.14
Loan repaid	Mrs. Arunaben Kiri	215.76	63.86
	Mr. Pravin Kiri	980.19	7.00
	Mr. Manish Kiri	1,678.47	61.71
	Pravin Kiri – HUF	73.02	-
	Mrs. Anupama Kiri	36.95	-
Loan taken	Mrs. Arunaben Kiri	67.91	251.00
	Mr. Pravin Kiri	-	968.69
	Mr. Manish Kiri	1,349.31	355.80
	Mrs. Anupama Kiri	3.00	33.95
	Pravin Kiri – HUF	-	70.00
Guarantees given	Lonsen Kiri Chemical Industries Ltd	-	8,900.00
Money received against Share Warrant	Mrs. Anupama Kiri	5,100.00	-
Share Application Money repaid	Mrs. Anupama Kiri	3,891.65	1,040.00
	Kiri Peroxide Ltd.	-	260.00
Outstanding Balance (Cr)	Mrs. Arunaben Kiri	67.91	215.76
	Mr. Manish Kiri	37.61	367.17
	Mr. Pravin Kiri	-	980.19
	Mrs. Anupama Kiri	-	33.95
	M/s. Pravin Kiri – HUF	-	73.02
Outstanding Balance (Dr)	SMS Chemicals Co. Ltd.	1,979.24	1,999.98
	Dystar Global Holdings (Singapore) Pte. Ltd	96.69	93.31
	Kiri Infrastructure Pvt. Ltd.	-	349.32
	Kiri International (Mauritius) Pvt. Ltd.	26.36	27.55
	Lonsen Kiri Chemical Industries Ltd.	(769.64)	1321.08

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

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

38. Details of the Company's share in Joint Venture included in the Consolidated Financial Statements is as follows (Before inter-company eliminations):

The Company has a 40% interest in the assets, liabilities, income and expenses of the Lonsen Kiri Chemical Industries Ltd., incorporated in India, which is engage in business of manufacturing various types of Synthetic Organic Dyes. The Company's share of the assets, liabilities, income and expenses of the joint venture is as follows:

(Rs. In Lakhs)

Balance Sheet	As at March 31, 2015	As at December 31, 2013
EQUITY AND LIABILITIES		
SHAREHOLDERS' FUNDS		
Share Capital	5,800.00	5,536.60
Reserves and Surplus	319.35	-1,774.54
Share Application Money	-	288.46
	6,119.35	**4,050.52**
NON-CURRENT LIABILITIES		
Long-term borrowings	-	11.17
Deferred tax liabilities (Net)	610.72	663.23
	610.72	**674.40**
CURRENT LIABILITIES		
Short-term borrowings	1,586.19	1,236.83
Trade payables	5,746.04	6,436.01
Other current liabilities	1,681.18	2,458.49
Short-term provisions	397.64	86.17
	9,411.05	**10,217.50**
Total	**16,141.12**	**14,942.42**
ASSETS		
NON-CURRENT ASSETS		
Fixed assets		
Tangible assets	6,087.49	6,090.38
Capital work-in-progress	-	215.92
	6,087.49	**6,306.30**
Non-current investments		
Long-term loans and advances	69.24	69.59
Other non-current assets	10.61	14.36
	79.85	**83.95**
CURRENT ASSETS		
Inventories	4,258.39	4,371.77
Trade receivables	2,958.18	2,573.43
Cash and cash equivalents	290.62	360.39
Short-term loans and advances	2,401.16	1,192.57
Other current assets	65.43	54.01
	9,973.78	**8,552.17**
Total	**16,141.12**	**14,942.42**

Statement of Profit and Loss	Year ended March 31, 2015	Year ended December 31, 2013
Net Revenue from Operations	22,363.50	13,970.69
Other Income	142.43	29.66
Total Revenue	**22,505.93**	**14,000.35**
Expenses:		
Cost of Materials Consumed	15,557.24	11,314.47
Changes in Inventories of Finished goods, Work-in-Progress & Stock-in-Trade	140.06	-908.02
Employee Benefits Expense	501.63	379.80
Finance Costs	185.58	292.90
Depreciation	813.97	307.65
Other Expenses		
Administrative Expenses	162.09	408.69
Manufacturing Expenses	2,707.51	1,452.97
Selling & Distribution Expenses	173.19	148.74
Prior Period Adjustments	18.52	9.02
Total Expenses	20,259.79	13,406.22
Profit before extraordinary items and tax	**2,246.14**	**594.13**
Profit before extraordinary items and tax	**2,246.14**	**594.13**
Profit Before Tax	**2,246.14**	**594.13**
Tax Expense	22.78	88.41
Profit for the year	**2,268.89**	**682.55**

Proportionate Contingent Liabilities: Rs. 120.32 Lakhs (P.Y. – Rs. 373.12 Lakhs)

Proportionate Estimated amount of contracts remaining to be executed on capital account and not provided for: Rs. 50.39 Lakhs (P.Y. – Rs. 356.34 Lakhs)

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

39. 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 Co. Ltd. in the form of a qualifying insurance policy.

1. Defined Benefit Plans: **(Rs. in Lakhs)**

Particulars	Gratuity	Leave Encashment
I. Expense recognized during the year		
Current Service Cost	13.89	1.81
Interest Cost	5.27	1.41
Expected return on plan assets	-	-
Net actuarial Losses (Gains)	35.98	16.35
II. Reconciliation of opening and closing balances of defined benefit obligation:		
Defined benefit obligation at beginning of the Year	64.41	15.09
Service Cost	13.89	1.81
Interest Cost	5.27	1.41
Actuarial Losses (Gains)	35.98	16.35
Losses (Gains) on curtailments	-	-
Liabilities extinguished on settlements	-	-
Benefits paid	(12.39)	-
Defined benefit obligation at end of the year.	98.85	34.66
III. Reconciliation of opening and closing balances of fair value of plan assets		
Fair value of plan assets at the beginning of year	8.31	-
Expected return on plan assets	0.72	-
Actuarial Gains (Losses)	0.02	-
Contributions by employer	-	-
Benefit paid from fund	-	-
Defined benefit obligation at end of the year.	9.05	-
IV. Reconciliation of the present value of defined benefit obligation and fair value of Planed assets		
Present value of defined benefit obligations at the end of the year	(107.91)	(34.66)
Fair value of plan assets at the end of the year	9.05	-
Net assets (liability) at the end of year	(98.85)	(34.66)
V. Investment details	**Percentage invested as at 31.03.2015**	
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)	7.96%	7.96%
Expected Return on plan assets (per annum)	7.96%	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:

(Rs. In Lakhs)

Particulars	2014-2015	2013-2014
Employer's Contribution to Provident Fund	72.10	47.85

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

41. 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 : 7th August, 2015

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

Pravin Kiri
Chairman
(DIN No 00198275)

Manish Kiri
Managing Director
(DIN No 00198284)

Suresh Gondalia
Company Secretary

Jayesh Vyas
Chief Financial Officer

Place : Ahmedabad
Date : 7th August, 2015

Attendance Slip / Proxy Form

KIRI INDUSTRIES LIMITED
(CIN - L24231GJ1998PLC034094)
Regd. Office: 7th Floor Hasubhai Chambers, Opp. Town Hall, Ellisbridge, Ahmedabad – 380006.

ATTENDANCE SLIP

PLEASE FILL THE ATTENDANCE SLIP AND HANDED IT OVER AT THE ENTRANCE OF THE MEETING HALL

I /We hereby record my / our presence 17th Annual General Meeting (AGM) of the company to be held on Saturday, 26th September, 2015 at 10.30 a.m. at Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad - 380 015.

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

Name of Member / Proxy in Block

Signature of Member / Proxy

KIRI INDUSTRIES LIMITED
(CIN - L24231GJ1998PLC034094)
Regd. Office: 7th Floor Hasubhai Chambers, Opp. Town Hall, Ellisbridge, Ahmedabad – 380006.

PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3)
of the Companies (Management and Administration) Rules, 2014]

Name of the Member (s) : _____

Registered Address : _____

E-mail Id : _____

Folio No. / DPID/Client ID : _____

I/We being the member(s) of _____ shares of Kiri Industries Limited hereby appoint:

(1) Name : _____
Address : _____
E-mail Id : _____ Signature : _____ or falling him;

(2) Name : _____
Address : _____
E-mail Id : _____ Signature : _____ or falling him;

(3) Name : _____
Address : _____
E-mail Id : _____ Signature : _____ or falling him;

As my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 17th Annual General Meeting of the company to be held on Saturday, 26th September, 2015 at 10.30 a.m. at Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad - 380 015 and at any adjournment thereof in respect of such resolutions as are stated overleaf:

[PTO]

Attendance Slip / Proxy Form

Note:

1. Please complete the Folio No./ DP ID-Client ID, name, no. of shares and sign this Attendance Slip and hand it over at the Attendance Verification Counter at the ENTRANCE OF THE MEETING HALL.
2. The Notice of AGM as well as the Annual Report for the year 2014-15 of the Company along with Attendance Slip and Proxy Form are being sent to all the Members whose email address is registered with the Company / Depository Participant. Members receiving electronic copy and attending the AGM can print copy of this Attendance Slip.
3. Physical copy of the Annual Report for the year 2014-15 and Notice of AGM along with Attendance Slip and Proxy Form is sent in the permitted mode(s) to all Members whose email address is not registered or have requested for a hard copy.

Resolution No.	Particulars of Resolution	Optional (Please mention No. of Shares held)	
		For	Against
	ORDINARY BUSINESS		
1.	To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2015 and the Statement of Profit and Loss for the year ended on that date together with the Report of Directors' and Auditors' thereon.		
2.	To appoint a Director in place of Mr. Manish Kiri, who retires by rotation and being eligible, offers himself for re-appointment.		
3.	To ratify the appointment of Statutory Auditors and fix their remuneration.		
	SPECIAL BUSINESS		
4.	Appointment of Mrs. Veenaben Padia as an Independent Director for the period of five consecutive years. – Ordinary Resolution		
5.	To ratify the remuneration of Cost Auditors of the Company for F.Y.2015-16 - Ordinary Resolution		

Signed this _____ day of _____ 2015.

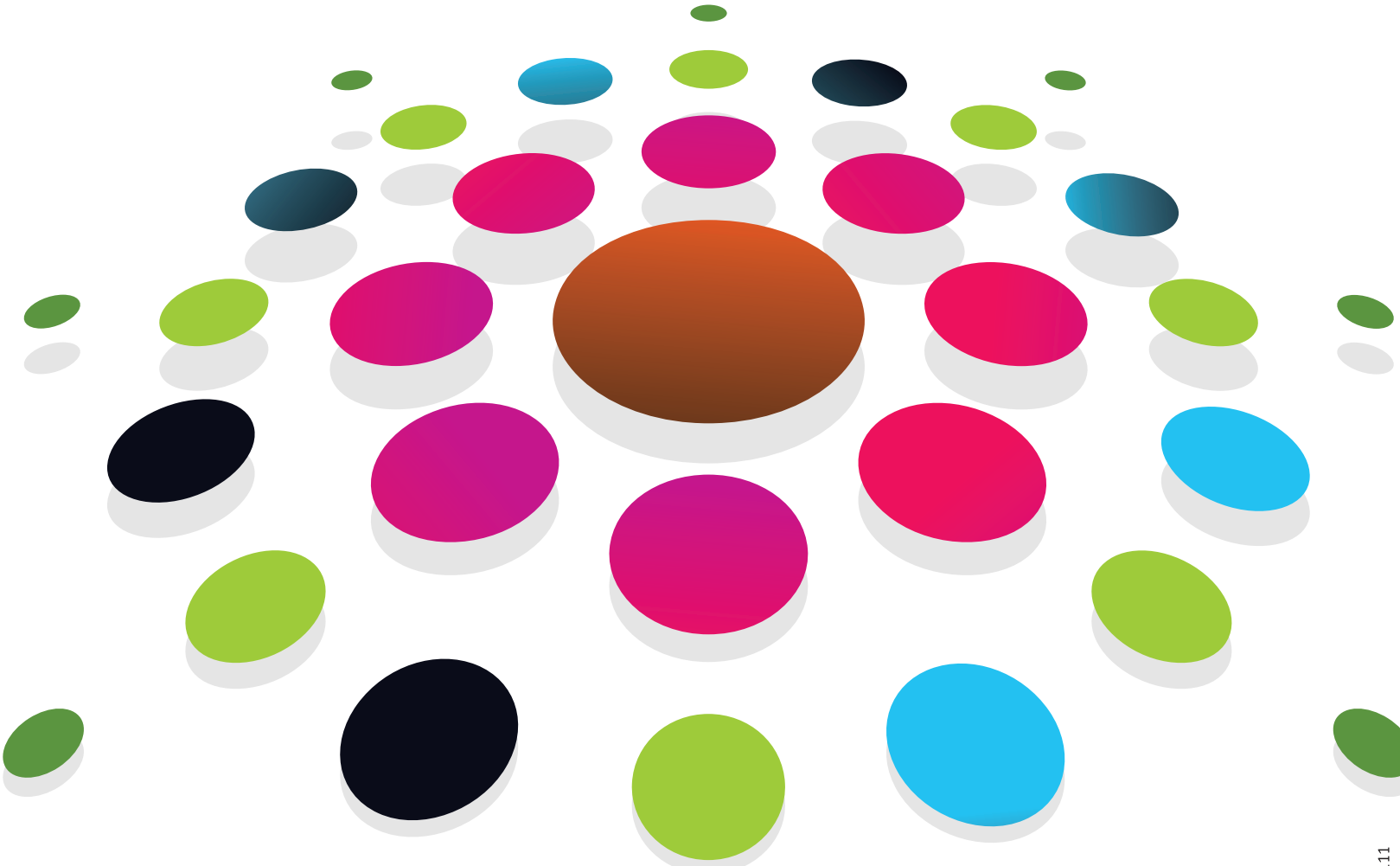
Signature of the Shareholder _____

Signature of first proxy holder(s) _____

Affix Revenue Stamp

Notes:

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. For the Resolutions, Explanatory Statement and Notes, please refer to the Notice of the 17th Annual General Meeting.
3. It is optional to put a 'X' in the appropriate column against the Resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all Resolutions, your proxy will be entitled to vote in the manner as he / she deem appropriate.
4. Please complete all details including details of member (s) in the above box before submission.



If undelivered, please return to:

Kiri Industries Limited

Future Full of Colours.....

(CIN : L24231GJ1998PLC034094)

Registered Office

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

GANAPATI, A'bad (079)26568111