



Kiri Dyes and Chemicals Ltd.

(GOVERNMENT RECOGNISED TRADING HOUSE)



Manufacturers & Exporters of Synthetic Organic Dyestuffs and Intermediates

Phone : 91-79-25894477, 25835297, 40237444

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Works : Plot No. 299/1/A, Nr. Water Tank, Phase-II, GIDC, Vatva, Ahmedabad-382 445. Gujarat, India.

November 2 2010

To,
Mr. Hari K.
Vice President
National Stock Exchange of India Limited
Exchange Plaza, Bandra Kurla Complex,
Bandra (E), Mumbai- 400 051.

Dear Sir,

Sub: Corporate Announcement

Ref: Kiri Dyes and Chemicals Ltd. Scrip ID: KIRIDYES

In continuation of our letter dated November 1, 2010 for announcement of acquisition of DyStar US. We are enclosing herewith detailed press release.

Thanking you

Yours Faithfully

For Kiri Dyes and Chemicals Limited

Pravin Kiri
Chairman

An ISO 9001:2008 Certified Company

Regd. Off. : 7th Floor, Hasubhai Chambers, Opp. Town Hall, Ellisbridge, Ahmedabad-380 006.



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PRESS RELEASE

Kiri Dyes announces major landmark acquisition of profit making DyStar US.

- DyStar US has revenues of over US \$100 mln and EBITDA of US \$10 mln
- An attractive amount paid for the acquisition is US \$ 10mln which is 0.1x sales & 1x EBIDTA
- Acquisition includes a factory, warehouses in North Carolina & California
- Earlier this year Kiri Holding Singapore Pvt. Ltd, had also acquired the Global business along-with all the subsidiaries (Ex- DyStar US) of DyStar

Mumbai, 02 November 2010 – (BSE Code: 532967)

Kiri Holding Singapore Pvt Ltd – a subsidiary owned by Ahmedabad-based Kiri Dyes and Chemicals Ltd. (KDCL), today announced the acquisition of the US based arm of DyStar Group. The company currently employs 126 people. With textile dyes from DyStar and textile auxiliaries as well as leather chemicals produced in Reidsville, DyStar North America has revenue of more than US \$ 100 mln, and is profitable with EBIDTA of US \$10 mln approx. It is market leader in many product segments and has grown significantly in 2010. Earlier this year Kiri Dyes had announced the acquisition of the DyStar along with all its global subsidiaries (Ex-DyStar US). The acquisition would include DyStar's US based production site and warehouse in Reidsville, North Carolina, and a warehouse in Southgate, California.

Commenting on the acquisition Mr. Manish Kiri, Co-Chairman of the DyStar Group said: "Kiri-DyStar is acting as global consolidator of the dyes business, and aggressive cost cuts coupled with offshoring of production, all with huge top-line of over US \$1 bln, will result in high profitability across the group. As has been demonstrated by our two DyStar purchases this year, we are deep value buyers, who look to buy assets with great brands, good distribution, all at rock bottom prices, all of which add significantly to increasing shareholder value through increased Return on Capital, which is our core focus at Kiri. It is our intention to build a sustainable dyes and chemicals global organization. For that, we needed a powerful sales organization in North and Central America and maintain the retailer connection."

An ISO 9001:2008 Certified Company



With this acquisition, the overall DyStar group will have revenues, of well over US \$850 mln approx in FY11, and of nearly US \$ 1 bln in CY 11 (Jan to Dec 2011). This will provide KDCL, consolidated revenue of US\$ 1bn in FY11. In addition to this, as a part of the ongoing restructuring and product transfer program of dyes from Germany to Asia, it is projected that DyStar Group would save greatly on direct as well as indirect costs. In direct costs, DyStar Group could have saving of US \$ 70.58 mln in CY 2012 and US \$ 76.58 mln in CY 2013 as compared to annualized fixed conversion cost of US \$ 183.94 mln in CY 2009, which is mainly due to reduction of human resources cost and by transferring the production to low labour cost region. In case of indirect cost it is projected that DyStar Group can save US \$ 39.04 mln in CY 2012 and US \$ 29.45 mln in CY 2013 due to reduction in Selling & Logistic cost as compared to US \$ 135.62 mln in CY 2009. These factors will contribute to DyStar earning between US \$ 55.86- US \$ 69.83 mln in CY 11.

Ruan Weixiang, Co-Chairman and Co-Owner of DyStar, said: "I appreciate DyStar's management teams' good effort to conclude the acquisition. This certainly will help to enable DyStar's service to the industry across the entire globe. As the global market leader in the industry, I am more confident we can generate more value to our customers in the world with continuous improved quality and solutions."

About DyStar:

DyStar is the global market leader for dyes, dyes solutions, leather, performance chemicals, new technologies and custom manufacturing of special dyes/pigments with about 21% market share globally. It provides high quality products and services across the whole value chain in various sectors like apparel, hosiery, automotive, carpets and home upholstery as well as industrial fabrics. It has sales and technical support presence in all key markets; agencies in 50 countries and 17 production facilities in 14 countries with a total employee strength of around 2450.

About KDCL:

Founded in Ahmedabad in 1998, Kiri Dyes & Chemicals Ltd. today is a global market leader in the manufacture and supply of dyes and intermediates. In the past financial year, the BSE-listed company made significant impact primarily in the Asian and North American markets. The acquisition of the DyStar Group will provide KDCL access to new markets and customer groups, specifically in Europe.

For Kiri Dyes and Chemicals Limited

Pravin Kiri
Chairman

Date: November 2, 2010

Place: Ahmedabad