

Kiri Industries Limited

ENHANCING LIFE WITH THE CHEMISTRY OF COLOURS



LIVE THE GREEN DREAM

13th ANNUAL REPORT
2010-2011



Kiri Industries Limited

Corporate Information

BOARD OF DIRECTORS

Pravin A. Kiri	<i>Chairman</i>
Manish P. Kiri	<i>Managing Director</i>
Shanker R. Patel	<i>Whole Time Director</i>
Ajay J. Patel	<i>Non Executive Independent Director</i>
Keyoor M. Bakshi	<i>Non Executive Independent Director</i>
Yamal A. Vyas	<i>Non Executive Independent Director</i>
Harsha B. Bangari	<i>Nominee Director (Export Import Bank of India)</i>

CHIEF FINANCIAL OFFICER

Kamal K. Karamchandani

COMPANY SECRETARY

Suresh S. Gondalia

AUDITORS

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

REGISTERED OFFICE

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

BANKERS

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

Appeal to Members

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

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Kiri Industries Limited

Notice

NOTICE is hereby given that the **13th Annual General Meeting** of the Members of KIRI INDUSTRIES LIMITED (formerly known as "KIRI DYES AND CHEMICALS LIMITED") will be held on Thursday, the 29th day of September, 2011 at 11.30 a.m. at H.T. Parekh Hall, 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, 2011, and the Profit and Loss Account for the year ended on that date together with the Directors' Report and Auditors' Report thereon.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Mr. Pravin A. Kiri, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. Manish P. Kiri, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

By Order of the Board of Directors
For Kiri Industries Limited

Place : Ahmedabad
Date : 1st September, 2011

Suresh S. Gondalia
Company Secretary

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.** Proxies, in order to be effective, must be received at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
2. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, 24th September, 2011 to Thursday, 29th September, 2011 (both days inclusive) for the purpose of determining the name of members eligible for dividend on equity shares, if declared at Annual General Meeting.
3. (I) If the dividend on equity shares, as recommended by the Board of Directors, is declared at the meeting, will be paid / dispatched on 5th October, 2011:
 1. To all beneficial owners in respect of share held in electronic form as per the data as may be made available by the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) as of the close the business hours on Friday, 23rd September, 2011.
 2. To all Shareholders in respect of shares held in physical form after giving effect to valid transfers in respect of transfer request lodged with the Company on or before the close of business hours on Friday, 23rd September, 2011.(II) For payment of Dividend through National-Electronic Clearing Services (NECS), Members are advised to intimate the duly update particulars of their Bank Account to their respective Depository Participants (DPs).
4. Members are requested to:
 - (i) Intimate immediately any change in their address to the Company's Registrar and Share Transfer Agents Cameo Corporate Services Limited, at Subramanian Building No. 1, Club House Road, Chennai- 600 002.
 - (ii) Quote Folio No. in all correspondence and in case the shares are held in dematerialized form, quote DP ID and Client ID number.



Kiri Industries Limited

Notice (Contd...)

5. Shareholders holding shares in electronic form may note that bank account details as furnished by their depositories to the Company/Registrar will be printed on their Dividend Warrant if any, and Company will not entertain any direct request from such shareholders for deletion/change in the bank details. Shareholders wish to change bank details are requested to advise their Depository Participants about such change with complete details of bank account.
6. Shareholders intending to require information about the accounts to be approved in the meeting are requested to inform the Company in writing atleast 7 days in advance of the Annual General Meeting.
7. Members are requested to bring their attendance slip along with their copy of Annual Report to the Meeting. As measure of economy, copies of Annual Report will not be distributed at the Annual General Meeting. Members/Proxies for members holding shares in dematerialized form may also bring their latest statement of account held with the concerned Depository Participant for attending meeting.
8. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.

INFORMATION ABOUT DIRECTORS SEEKING REAPPOINTMENT

(As required under clause 49 of the Listing Agreement)

Name of the Director	Pravin A. Kiri	Manish P. Kiri
Status	Promoter & Chairman	Promoter & Managing Director
Age	65 years	38 years
Qualification	B.SC (Chemistry)	B.E. (Electronic & Communication), MBA (Michigan University, USA)
Experience	He is veteran technocrat with 42 years leadership experience in Dyestuffs and Chemical Industries. With highly evolved expertise in organic structure synthesise of Dyes and Reactive Dyes, he heads manufacturing activities, operational strategy, quality control and Research and Development of the Company.	With experience of 12 years in the chemical industry, he envisions the Company's future forays and expansions, designs its marketing strategies and commandeers their implementation, oversees overall sales and exports, customer relationship management, expansion & maintenance of sales networks, new projects as well as expansion plans, environment protection efforts along with sustainable growth of the Company. He was the force behind the Company's acquisition of DyStar (which he heads today). He is an active member of the Gujarat Dyestuff Manufacturers' Association since 2002. He served as its Honorary Secretary for two years, and as President, for one year.
Name of the other Public Companies in which he holds directorship	1. Lonsen Kiri Chemical Industries Limited 2. Kiri Peroxide Limited	1. Lonsen Kiri Chemical Industries Limited 2. Kiri Peroxide Limited
Name of the other Public Companies in which he holds membership of committee	1. Lonsen Kiri Chemical Industries Limited	1. Lonsen Kiri Chemical Industries Limited
No. of Shares held	76,20,843	18,65,211



Kiri Industries Limited

Directors' Report

To
The Members,
Kiri Industries Limited,
Ahmedabad.

Your Directors have pleasure in presenting 13th Annual Report together with Audited Accounts of the Company for the year ended on 31st March, 2011.

REVIEW OF STANDALONE RESULTS:

Particulars	(Rs. In Lacs)	
	2010-11	2009-10
Net Sales and Other income	57658.26	34733.95
Profit Before Interest, Depreciation, Tax & Exceptional Item	11396.38	6654.01
Less : Interest	4389.28	2056.62
Depreciation	1861.55	1172.47
(Add)/Less : Exceptional Item	1283.88	(60.57)
Profit Before Taxation	3861.67	3485.49
Less : Provision for Taxation	770.17	538.29
Deferred Tax	539.88	983.76
Add : MAT Credit Entitlement	769.65	538.29
Profit After Tax	3321.27	2501.73
Less : Prior Period Expenses	16.25	11.55
Net Profit	3305.02	2490.18
Add : Surplus Brought Forward	6654.78	4552.86
Profit Available for Appropriation	9959.80	7043.04
Appropriation:		
1. Dividend on equity shares and tax thereon	331.23	263.26
2. Transferred to General Reserve	165.30	125.00
Balance Carried to Balance Sheet	9463.27	6654.78

Your Directors are pleased to report total sales of Rs. 56572.12 Lacs for the year 2010-11 as against Rs. 34084.68 Lacs for the year 2009-10; a stupendous increase of 65.97%; which is on account of penetration to a wider customer base and persistent emphasis on improving product mix and de-bottlenecking its infrastructural limitations which provides better utilization of its Dyes manufacturing unit. The Profit before exceptional items and after tax has increased from Rs. 2441.16 Lacs for the year 2009-10 to Rs. 4605.15 Lacs for the year 2010-11. The Net Profit after tax has increased from Rs. 2490.18 Lacs to Rs. 3305.02 Lacs showing an increase of 32.72% in the current financial year as compared to the preceding financial year of 2009-10.



Kiri Industries Limited

Directors' Report (Contd...)

REVIEW OF CONSOLIDATED RESULTS:

Particulars	(Rs. In Lacs)	
	2010-11	2009-10
Net Sales and Other Income	386885.56	81074.70
Profit Before Interest , Depreciation, Tax & Exceptional Item	33808.73	7247.40
Less : Interest	9691.18	2716.53
Depreciation	10495.33	2683.00
Less : Exceptional Item	38713.82	6390.65
Profit /(Loss) Before Taxation	(25091.60)	(4542.78)
Less : Provision for Taxation	2839.70	521.34
Deferred Tax	592.58	1197.65
Add : MAT Credit Entitlement	769.82	575.47
Profit /(Loss) After Tax	(27754.06)	(5686.30)
Less : Prior Period Expenses	19.51	11.55
Net Profit / (Loss)	(27773.57)	(5697.85)
Add : Share of Profits from Associates	1.15	—
Add : Share of Profits transferred to Minority Interest	—	(7.38)
Add : Surplus Brought Forward	(1516.59)	4576.90
Profit Available for Appropriation	(29289.01)	(1128.33)
Appropriation:		
1. Dividend on equity shares and tax thereon	331.23	263.26
2. Transferred to General Reserve	165.30	125.00
Balance Carried to Balance Sheet	(29785.54)	(1516.59)

During the financial year under review, the consolidated sales amounts to Rs. 380667.52 Lacs for the year 2010-11 as against Rs. 80150.68 Lacs for the year 2009-10(which included DyStar operations for 2 months). The topline of DyStar operations have given a boost to the overall growth to sales. After acquisition of DyStar the first full year of its operations displayed regaining of lost grounds by DyStar. The profit before exceptional items and after tax has increased amounts to Rs. 10959.76 Lacs for the year 2010-11 which, substantiates the effective implementation of the restructuring program. The provision on account of restructuring and certain one time expenses, the consolidated loss is reported to be Rs. 27773.57 Lacs, a significant portion of which is non-cash. The Company does not foresee more of such restructuring expenses for DyStar operations in the coming period.

DIVIDEND:

For the financial year 2010-11, your Directors are pleased to recommend a final dividend of Rs. 1.50/- per equity share of Rs. 10/- each (previous year Rs. 1.50/- per equity share). The aggregate amount of dividend including dividend tax is Rs. 331.23 Lacs on 19000053 equity shares. The said dividend if declared by the members will be paid on 5th October, 2011.

REVIEW OF DYSTAR OPERATIONS AND RESTRUCTURING PROGRAM:

In February, 2010 your Company along with Well Prospering Limited through Kiri Holding Singapore Private Limited (KHSPL), has acquired Assets of DyStar Textilfarben GmbH and DyStar Textilfarben GmbH & Co. Deutschland KG (DyStar) along with its 36 subsidiaries to strengthen its forward integration growth drive. Thereafter, in October 2010, KHSPL acquired DyStar LP USA for USD 10 Million.



Kiri Industries Limited

Directors' Report (Contd...)

During the year under review, DyStar Entities achieved a robust turnover of Rs. 336306.02 Lacs equivalents (Euro 543.31 Mio) and earnings before tax and extraordinary items of Rs. 8513.39 Lacs. The restructuring program is under implementation and the Company has provided for onetime restructuring costs of Rs. 37429.93 Lacs, including provisions of Rs. 6841.93 Lacs towards impairment of assets.

QUALIFIED INSTITUTIONAL PLACEMENT:

During the year under review your Company successfully completed its maiden Qualified Institutional Placement (QIP) of Rs. 23902.00 Lacs by way of issue of 40 Lacs equity shares of Rs.10 each, at a premium of Rs. 587.55 per equity share. The funds raised from QIP are utilized to repay outstanding unsecured loans which were accepted for acquisition of stake in DyStar. Further the funds are being used towards enhancing production capacities of Dyes Intermediates and Specialty Dyes Intermediates and investment in equity/preference shares in Joint Venture and associate companies. Out of proceeds of QIP, one of the plants Dyes Intermediates, namely Vinyl Sulphone, Phase I, started commercial production since 15th March, 2011.

Pursuant to allotment of 40 Lacs Equity Shares by way of QIP, the paid up capital of the Company increased from Rs. 15,00,00,530/- (Rupees Fifteen Crores Five Hundred Thirty only) to Rs. 19,00,00,530/- (Rupees Nineteen Crores Five Hundred Thirty only).

FUTURE PROSPECTS:

Your Company on standalone basis, would commence commercial production of certain Specialty Dyes Intermediates and additional Dyes Intermediates. This shall strengthen the growth plan of your Company and provide consistent track record of organic growth and expansion, which is the epicenter of its core values.

CHANGE OF NAME OF THE COMPANY:

The name of the Company has been changed from Kiri Dyes and Chemicals Limited to Kiri Industries Limited vide Fresh Certificate of Incorporation dated 8th March, 2011 issued by the Registrar of Companies, Gujarat, Dadra and Nagar Haveli.

SUBSIDIARIES AND CONSOLIDATED FINANCIAL STATEMENTS:

The Ministry of Corporate Affairs vide its General Circular No: 2/2011 dated 8th February, 2011 has granted general exemption from attaching the accounts along with the report of the Board of Directors and Auditors to the Balance Sheet of the subsidiary Companies with Annual Report of the holding Company subject to fulfillment of conditions prescribed in that circular.

As per the conditions prescribed by the above mentioned circular, the Board of Directors of the Company has given their consent for not attaching accounts of subsidiary Companies by passing resolution in their meeting held on 1st September, 2011. The Company has prepared Consolidated Financial Statements of the Company and its subsidiaries in accordance with the requirements of Accounting Standard AS-21 issued by the Institute of Chartered Accountants of India. The same has been attached with the Annual Report of the Company. The summary of financial information of each of the subsidiary companies is attached herewith and forming part of the Annual Report of the Company.

The Company will provide the annual accounts of its subsidiary companies and the related detailed information on the specific request made by any shareholders/investors. The said annual accounts are open for the inspection at the Registered Office of the Company during business hours on all working days, except Sunday and public holidays.

LISTING:

The equity shares of your Company are listed and actively traded on the Bombay Stock Exchange Limited (BSE) and the National Stock Exchange of India Limited (NSE). Your Company's shares are tradable compulsorily in electronic form and your Company has got connectivity with both the depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The Company has paid listing fees to both the stock exchanges.

DIRECTORS:

Mr. Pravin A. Kiri and Mr. Manish P. Kiri, Directors of the Company retire by rotation at the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment. Profiles of Mr. Pravin A. Kiri and Mr. Manish P. Kiri as required under clause 49 of the Listing Agreement are given as Annexure to the Notice.

The Board of Directors of the Company at their meeting held on 13th May, 2011 has appointed Ms. Harsha B. Bangari as Nominee Director of Export Import Bank of India.



Directors' Report (Contd...)

AUDITORS AND AUDITORS' REPORT:

M/s. V. D. Shukla & Co., Chartered Accountants, Ahmedabad, Statutory Auditors of the Company, retire at ensuing Annual General Meeting and have confirmed their eligibility and willingness to accept the office, if appointed. They have issued a certificate stating that their appointment, if made, would be within the prescribed limits under section 224(1B) of the Companies Act, 1956. The notes on standalone financial statements and consolidated financial statements referred to in the auditors' report are self-explanatory and therefore do not call for any further comments and explanations.

PUBLIC DEPOSITS:

During the year under review, your Company has not accepted or renewed any deposits within the meaning of the provisions of section 58A of the Companies Act, 1956.

DIRECTORS' RESPONSIBILITY STATEMENT:

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

1. That in the preparation of the annual accounts for the financial year ended 31st March, 2011, all applicable accounting standards have been followed and no material departure have been made from the same;
2. That the Directors have selected appropriate accounting polices and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 2010-11 and of the profit of the Company for the year under review;
3. That the Directors have taken proper and sufficient care to the best of their knowledge and ability, for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. That the Directors have prepared the annual accounts for the financial year ended 31st March, 2011 on a 'going concern' basis.

EMPLOYEE RELATIONS:

The relations with the employees have been cordial throughout the year. Your Directors place on record their sincere appreciation in respect of the services rendered by the employees of the Company at all levels.

PARTICULARS OF EMPLOYEES:

Information pursuant to Section 217 (2A) of the Companies Act, 1956 read together with the Companies (Particulars of Employees) Rules, 1975 has been given as under:

Name	Nature of Duty	Gross Remuneration (Rs. in Lacs)	Qualification	Experience (Years)	Date of Commencement of Employment	Earlier Employment	Age (Years)
Mr. Pravin A. Kiri	Chairman	84.00	B.SC. (Chemistry)	42	14.05.1998	Jay Chemical Industries	65
Mr. Manish P. Kiri	Managing Director	84.00	B. E. (Ele. & Comm.) MBA. (Michigan University, USA)	12	14.05.1998	Parke Devis Pharmaceuticals -USA	38

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

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



Kiri Industries Limited

Directors' Report (Contd...)

CORPORATE GOVERNANCE & MANAGEMENT DISCUSSION AND ANALYSIS:

Your Company is committed to maintain highest standard of corporate governance. A separate report on the Corporate Governance and Management Discussion and Analysis Report as per Clause 49 of the Listing Agreement, along with the Certificate from the Statutory Auditors of the Company in compliance of clause 49 of the Listing Agreement is annexed herewith and forming part of this Annual Report.

GROUP FOR INTERSE TRANSFER OF SHARES:

As required under clause 3(1) (e) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 persons constituting "Group" (within the meaning as defined in the Monopolies and Restrictive Trade Practice Act, 1969) for the purpose of availing exemption from applicability of the provisions of Regulations 10 to 12 of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 is given as under:

1. Mr. Pravin Kiri
2. Mr. Manish Kiri
3. Mrs. Aruna Kiri
4. Mrs. Anupama Kiri
5. Ms. Amisha Kiri
6. Master Hemil Kiri
7. Synthesis International Limited
8. Kiri Infrastructure Private Limited
9. Kiri Holding Singapore Private Limited
10. Kiri International (Mauritius) Private Limited
11. Lonsen Kiri Chemical Industries Limited
12. Kiri Investment and Trading Singapore Private Limited
13. Kiri Peroxide Limited
14. APK Advisory Services Private Limited
15. Chemhub Exim Private Limited
16. Chemhub Tradelink Private Limited.

APPRECIATION:

Your Company maintained health, cordial and harmonious industrial relations at all levels. The Dynamic and unstinting efforts of the Employees have enabled your Company to become leading chemical Company on the globe. Your Directors would like to place on record, their sincere appreciation for significant contributions made by the employees through their dedication and commitment towards the success and growth of the Company.

The Board of Directors also acknowledge the support and assistance extended to us by the suppliers, customers, lenders, business associates, shareholders and the government for their invaluable support and look forward to continued support in the future.

For and on behalf of the Board of Directors

Place : Ahmedabad
Date : 1st September, 2011

Pravin A. Kiri
Chairman

**Annexure to the Directors' Report**

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

A. CONSERVATION OF ENERGY:

Sr. No.	Particulars	Particulars
a.	Energy Conservation measures taken	The Company has started using more and more gas as compared to other sources of energy for cost reduction and pollution free operations. The Company has taken all necessary measures for energy conservation so as to maintain the operating cost to the minimum. The Company has steamed based co-generation 3.5 MW power plant, which has resulted in substantial saving in power cost.
b.	Additional investments and proposals, if any being implemented for reduction of consumption of energy	
c.	Impact of measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods.	
d.	Total Energy Consumption and energy consumption per units of production.	As per Form A Attached.

B. TECHNOLOGY ABSORPTION: As per Form B Attached.**C. FOREIGN EXCHANGE EARNING AND OUTGO:**

Particulars	(Rs. In Lacs)	
	2010-11	2009-10
Total Foreign Exchange outgo	4251.68	2311.10
Total Foreign Exchange Earning	23978.79	15677.50

FORM A
Particulars with respect to Conservation of Energy

Particulars	2010-11	2009-10
A. Power and fuel consumption		
1. Electricity		
Units	15795844	25939654
Total Amount (Rs. in Lacs)	1076.97	1529.83
Rate per Unit (Rs.)	6.82	5.90
2. Diesel		
Units	87000	106000
Total Amount (Rs. in Lacs)	36.18	39.30
Rate per Unit (Rs.)	41.59	37.08
3. Furnace Oil		
Units	601840	194330
Total Amount (Rs. in Lacs)	161.80	45.62
Rate per Unit (Rs.)	26.88	23.48
4. Gas		
Quantity (SCM)	3690391	2347249
Total Amount (Rs. in Lacs)	853.22	767.24
Rate per Unit (Rs./SCM)	23.12	32.69



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

B. Consumption per unit of production :

Particulars	2010-11			2009-10		
	Dyes	Dyes Intermediates	Basic Chemicals	Dyes	Dyes Intermediate	Basic Chemicals
Electricity	0.82	4.94	0.23	1.63	7.89	0.85
Diesel	—	0.27	—	—	0.10	—
Furnace Oil	—	1.20	—	—	0.28	—
Gas	5.65	—	—	7.02	—	—

FORM- B TECHNOLOGY ABSORPTION

1. Specific areas in which R & D 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. Benefit derived as a result of the above (R & D)	
3. Future Plan of Action	

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION: Nil

For and on behalf of the Board of Directors

Place : Ahmedabad
Date : 1st September, 2011

Pravin A. Kiri
Chairman



Management Discussion and Analysis Report

BUSINESS OVERVIEW:

A. Standalone Performance:

Performance of the Company has improved multifold this year for all business aspects, sales, margins, and sectorial growth

(i) Net Sales and Other Income:

Sales of the Company have grown robustly by 65.97% this year, which is significant achievement for the Company.

Net Sales and other income for the year under review increased from Rs. 34733.95 Lacs to Rs. 57658.26 Lacs, which is on account of full year of operations of the project of Acetanilide and Basic chemicals plant at village Dudhwada, Vadodara.

Increase in sales has occurred due to the following factors.

1. Increase in sales and exports of Dyes
2. Increase in sales of Basic Chemicals
3. Marginal increase in the sales prices of finished goods.

(ii) Expenditure:

The total expenditure increased from Rs. 36249.33 Lacs to Rs. 54168.55 Lacs for the year 2010-11. The increase in total expenditure is mainly attributable to the increase in depreciation, manufacturing & administrative expenses and financial cost. The commissioning of new plants has increased depreciation for the current year.

(iii) Interest and Financial Expenses:

Interest and Financial charges increased from Rs. 2056.62 Lacs to Rs. 4389.28 Lacs for the year 2010-11. The interest and finance cost is more on account of loans taken for acquisition of DyStar, which were repaid in third quarter of the year 2010-11.

(iv) Profit Before Tax and Exceptional Items:

The Profit before tax increased from Rs. 3424.92 Lacs to Rs. 5145.55 Lacs for the year 2010-11, which was increased due to higher revenue and reduction in derivative loss as compared to year 2009-10.

(v) Profit after tax:

The profit after tax increased from Rs. 2490.18 Lacs to Rs. 3305.02 Lacs due to reduction in derivative loss as compared to the year 2009-10.

(vi) Net Block:

The net block increased from Rs. 17771.57 Lacs to Rs. 28659.84 Lacs for the year 2010-11, which was on account of commissioning of phase I of Vinyl Sulphone plant and other assets.

B. Consolidated Financial Performance:

(i) Net Sales and other Income:

The net sales for the year 2010-11 amounts to Rs. 380667.52 Lacs which was Rs. 80150.68 Lacs for the year 2009-10 having operations at DyStar for two months only. Other income amounting to Rs. 6218.04 Lacs for the year 2010-11 as against Rs.924.02 Lacs for the year 2009-10.

(ii) Earnings before Exceptional Items and after Tax:

The Earnings before Exceptional Items and after Tax increased from Rs. 704.35 Lacs to Rs. 10959.76 Lacs for the year 2010-11, which was increased due to higher revenue during the year 2010-11.



Management Discussion and Analysis Report (Contd...)

(iii) The net capital reserve on account of acquisition of assets of DyStar amounts to Rs. 94532.04 Lacs which was Rs. 89024.29 Lacs as on 31st March, 2010. The increase in current period is mainly on account of acquisition of business of DyStar USA.

(iv) The net block of assets as on 31st March, 2011 amount to Rs. 76056.16 Lacs which was Rs. 72270.88 Lacs as on 31st March, 2010.

MARKET OUTLOOK:

The management believes the Global dyes industry would grow at around 4%. Developed economies are expected to show slower rate of growth in consumption, especially in Europe and USA. However, the consumption in developing economies like China and India is expected to show a faster growth rate of 6.5% to 7%. In the recent years, there has been a clear shift of manufacturing from Europe, USA, Korea and Taiwan to India and China. As a result exports from India are bound to rise. With increasing income levels of consumers in Asia, markets have shown increasing preference for brands and well known retailers, the upswing in textiles can be expected at-least in the coming few years. Reduction in cotton prices is expected to spur demand of reactive dyes. The resultant growth in consumption of reactive dyes is expected to continue for the next two years.

Growth of the Company is expected in the future years by capturing market share in various countries for replacing the products those are currently not supplied from India. Non-Indian origin supplies are the opportunities for the Company to gain incremental business. Company's sales team is geared up to gain such opportunities in future.

OPPORTUNITIES:

The Company with its expansion projects being implemented is well equipped to face the current industry climate, the Company has already performed a detailed review of its product portfolio in the management review meetings. It has decided to strategically re-jig its product portfolio for Dyes as well as for Dye Intermediates. Strengthening product-mix is expected to provide improvements in margins for the coming year.

a. Dyes:

The Company has introduced various specialty products in its portfolio and has also started production of products transferred from European manufacturing facilities. The inclusion of specialty dyes product ranges and products from DyStar portfolio would help it sustain the margin improvement in the present industry environment and also improve the price realization per unit.

b. Dyes Intermediates:

The expanded capacity of Vinyl Sulphone includes manufacturing of various sulphones of higher values, which would give boost to its margins and price realization. The production of specialty intermediates in expanded facility would also add to the margin improvement of the Company.

The Company's integrated manufacturing facility imparts efficiency to its entire value chain. With the commencement of its Dyes Intermediates expansion, the management expects to realize the advantages of cost and advantage of over its peers.

THREATS, RISKS AND CONCERNS:

- Volatility in raw material prices especially crude oil prices, crude oil and transportation cost can adversely affect the business operation and can thin out profitability of the Company.
- The inflationary pressures would tend to increase interest cost, hence interest servicing could affect the profitability of the Company. However, on account of exports, the Company is better placed to mitigate increase in interest costs, by converting rupee loan to foreign currency loans.
- The Company is exporting its products therefore; the volatility in foreign exchange rates may affect profitability.
- With minimum entry barriers and competitive prices, the business of the Company can be affected by competition in the industry.



Management Discussion and Analysis Report (Contd...)

- Irregular supply of the raw materials can also affect the business of the Company.
- Uncertainties in demand in the western retail markets, especially Europe and USA can affect off take of the products of the Company.

INTERNAL CONTROL SYSTEMS AND ITS ADEQUACY:

The business environment is becoming complex every day, hence to avoid pilferage and slippages in the system, the internal control systems of the Company are regularly reviewed and are being improved and strengthened to safeguard and protect the assets of the Company and remain protected against loss from unauthorized use. With the growth of the Company, the number of employees is also increasing hence the Company has established well defined roles for its entire team. The senior executives are equipped with authority and are responsible for major operational activities of the Company. The Board of Directors are provided timely and requisite information for control and review of the operations of the Company with the support of well designed and established Management Information System (MIS).

The Company has also appointed independent internal auditors to assist the management for the effective discharge of its responsibilities by furnishing it with findings, observations and pertinent comments, adequacy of internal controls, analysis and recommendations concerning the activities covered for audit and reviewed by it during the year. Findings of internal audit reports and effectiveness of internal control measures is reviewed by top management and audit committee of the Company. The Committee also meets the Statutory Auditors of the Company to ascertain, their views on the strengthening of internal control systems in the Company.

HUMAN RESOURCES:

The Company has a talent base of 467 at the end of the year. Harmonious relations continued to prevail in the organization, strengthening the well established traditions of fairness in dealings and commitment to the future growth of employees through sustained growth of the Company. The Company has continued to attract the best talent in all areas of competence.

Company has strengthen its management team during this year by appointing and empowering 4 new Key Management Executives to strengthen management capability of the Company.

Continuous upgrading technical skills, and bringing innovations through continuous career development programs has been the key to develop human resources of the Company. Entrepreneurial spirit has been the hallmark of the Company and group as a whole. The Company is continuously further focusing this year to further strengthen its decision making ability of its Key Management Team.

CAUTIONARY STATEMENT:

Certain statements made in this Management Discussion and Analysis Report relating to the Company's objectives, projections, outlook, estimates, expectations, predictions etc. may constitute "forward looking statements" within the meaning of applicable laws and regulations. Actual results may differ from such expectations, projections etc. whether express or implied. Several factors that could make a difference to Company's operations these 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.



Kiri Industries Limited

Report on Corporate Governance

In accordance with Clause 49 of Listing Agreement entered in to with the Bombay Stock Exchange Limited (BSE) and the National Stock Exchange of India Limited (NSE) and some of best practices followed internationally on Corporate Governance, the report containing the details of corporate governance system and processes at Kiri Industries Limited ("KIL").

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

Corporate Governance is about the spirit in which Companies do business and about credibility and accountability as shareholders want to be assured of a Board's independence and its willingness to act in their best interest. It is about promoting corporate fairness and transparency. The Company strongly believes that the Corporate Governance is built on rich legacy of fair, transparent and effective governance which includes strong emphasis on human values, individual dignity and adherence to honest, ethical and professional conduct. The Company looks at corporate governance as the cornerstone for sustained superior financial performance and for serving all its stakeholders. The demands of Corporate Governance require Professionals to raise their competency and capability levels to meet the expectations in managing the enterprise and its resources effectively with the highest standards of ethics. KIL constantly adopt emerging best practices worldwide. The Company is not only stick to the practices prescribed by Clause 49 but looking forward to adopt new emerging best practices and to provide guidance to management in strategy implementation and fulfillment of goals and objectives so that stakeholders would be benefitted. Corporate Governance is a set of systems and practices to ensure that the affairs of Company are being managed in a way which ensures accountability, fairness, accuracy, skills and intelligence in each and every transaction in the widest sense and meet its stakeholders' aspiration.

The Company will continue to focus its resources, strengths and strategies to achieve its vision of becoming a leading Dyes and Chemical Company globally.

2. BOARD OF DIRECTORS:

- (a) The Board of Directors of the Company consists of optimum combination of Executive and Non Executive Directors. The Board has seven members comprising of three Executive Directors and four Non Executive Independent Directors including one Nominee Director and which is chaired by Executive Director. Hence, majority of the Board are Non Executive Independent Directors i.e. 4 out of 7 as per the requirement of Clause 49 of the listing agreement. The Non Executive Independent Directors are eminent professionals, drawn from amongst persons with experience in business & industry, finance and law.
- (b) None of the Directors on the Board is Member of more than 10 Committees or Chairman of more than 5 Committees across all the companies in which he is a Director. Necessary disclosure regarding their Directorship/Membership in other companies has been made by each and every Director.
- (c) The names and categories of the Directors on the Board, their attendance at Board Meetings held during the year 2010-11 and the number of Directorship and Committee Chairmanships/Memberships held by them in other companies are given herein below. Other directorships do not include alternate directorships, directorships of private limited companies, Section 25 companies and foreign Company. Chairmanship/Membership of Board Committees includes only Audit Committee and Shareholders/Investors Grievance Committee.

**Report on Corporate Governance (Contd...)**

Name of Director	Category	No. of Board Meetings attended (Total 11 meetings held during 2010-2011)	Attendance at Last AGM held on 30.09.2010	No. of Directorships in other Companies	No. of Committee positions held in other Companies	
					Chairman	Member
Mr. Pravin A. Kiri - Chairman	Executive (Promoter)	9	No	2	—	1
Mr. Manish P. Kiri - Managing Director	Executive (Promoter)	9	Yes	2	1	—
Mr. Shanker R. Patel - Whole Time Director	Executive	10	Yes	2	—	—
Mr. Yamal A. Vyas	Non Executive - Independent	11	Yes	—	—	—
Mr. Keyoor M. Bakshi	Non Executive - Independent	4	No	1	—	—
Mr. Ajay J. Patel	Non Executive - Independent	10	Yes	—	—	—
Ms. Harsha B. Bangari - Nominee of EXIM Bank (w.e.f. 13.05.2011)	Non Executive - Independent	N.A.	N.A.	—	—	—

(d) Board Procedure:

The Board of Directors meets once a quarter to review the performance and financial results. A Detailed Agenda file is sent to all the Directors of the Company well in advance. A Chairman/Managing Director briefs the Directors at every Board Meeting overall performance of the Company. All major decisions/approvals are taken at the Board Meeting such as policy formation, business plans, budgets, investment opportunities, statutory compliances etc.

The Board of Directors duly met eleven times during the year on 26th April, 2010, 22nd May, 2010, 13th August, 2010, 1st September, 2010, 9th September, 2010, 16th October, 2010, 27th October, 2010, 1st November, 2010, 15th November, 2010, 17th January, 2011 and 11th February, 2011.

The time gap between any two board meetings was not more than four months.

3. AUDIT COMMITTEE:**(a) Composition of Audit Committee as on 31st March, 2011:**

Name of the member	Designation	Category
Mr. Yamal A. Vyas	Chairman	Non Executive Independent Director
Mr. Manish P. Kiri	Member	Promoter & Executive Director
Mr. Keyoor M. Bakshi	Member	Non Executive Independent Director
Mr. Ajay J. Patel	Member	Non Executive Independent Director

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



Report on Corporate Governance (Contd...)

(b) Terms of reference:

1. 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.
2. Recommending to the Board, the appointment, re-appointment and, if required the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors.
4. Reviewing, with the management the Annual Financial Statements before submission to the Board for approval, with particular reference to:
 - Matters required being included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956.
 - Changes, if any, in accounting policies and practices and reasons for the same.
 - Major accounting entries involving estimates based on the exercise of judgment by management.
 - Significant adjustments made in the Financial Statements arising out of Audit findings.
 - Compliance with listing and other legal requirements relating to Financial Statements.
 - Disclosure of any related party transactions.
 - Qualifications in the draft Audit Report.
 - Reviewing, with the management, the quarterly Financial Statements before submission to the Board for approval.
5. Reviewing, with the management, the statement of uses/application of funds raising through an issue (public issue, rights issue, preferential issue etc.) the statement of funds utilized for purposes other than those stated in the offer document/prospectus/ notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or right issue, and making appropriate recommendations to the Board to take up steps in this matter.
6. Reviewing with the management performance of Statutory and Internal Auditors, adequacy of the internal control systems.
7. Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal Audit.
8. Discussing with internal Auditors any significant findings and follow up thereon.
9. Reviewing the finding of any internal investigations by the internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
10. Discussing with Statutory Auditors before the Audit commences, about the nature and scope of Audit as well as post-audit discussion to ascertain any area of concern.
11. To look into the reasons for substantial defaults in the payment to the depositors. Debenture holders, shareholders (in case of non-payment of declared dividends) and creditors; if any.
12. Carrying out any other function as is mentioned in the term of reference of Audit Committee.

**Report on Corporate Governance (Contd...)****(c) Attendance of each member at the Audit Committee meetings held during the year:**

Name	Designation	Category	No. of Meetings During the year 2010-11	
			Held	Attended
Mr. Yamal A. Vyas	Chairman	Non Executive Independent Director	5	5
Mr. Manish P. Kiri	Member	Promoter & Executive Director	5	4
Mr. Ajay J. Patel	Member	Non Executive Independent Director	5	4
Mr. Keyoor M. Bakshi	Member	Non Executive Independent Director	5	2

(d) During the year 5(Five) Audit committee meetings were held on 26th April, 2010, 13th August, 2010, 1st September, 2010, 15th November, 2010, 11th February, 2011.

4. REMUNERATION COMMITTEE:**(a) Terms of Reference:**

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

(b) Composition of the Committee as on 31st March, 2011:

The Committee comprises of the following members:

Name of the member	Designation	Category
Mr. Ajay J. Patel	Chairman	Non Executive Independent Director
Mr. Yamal A. Vyas	Member	Non Executive Independent Director
Mr. Keyoor M. Bakshi	Member	Non Executive Independent Director

(c) Remuneration Policy:

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

(d) Meeting and Attendance during the year:

During the year one meeting of the Remuneration Committee was held on 26th April, 2010, where all the members were present.

(e) Remuneration paid to Directors:**Executive Directors:**

The aggregate value of salary and perquisites paid for the year ended 31st March, 2011 to the Executive Directors are as follows:

(Rs. In Lacs)

Name	Designation	Salary	Perquisites & allowances	Total
Mr. Pravin A. Kiri	Chairman	84.00	Nil	84.00
Mr. Manish P. Kiri	Managing Director	84.00	Nil	84.00
Mr. Shanker R. Patel	Whole Time Director	11.00	Nil	11.00

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

**Report on Corporate Governance (Contd...)****Non Executive Directors:**

Sitting fees paid to Non Executive Directors during the financial year 2010-11 are as under:

Name	Sitting Fees (in Rs.)
Mr. Yamal A. Vyas	98000
Mr. Keyoor M. Bakshi	27500
Mr. Ajay J. Patel	93500

5. SHAREHOLDERS' / INVESTORS' GRIEVANCES COMMITTEE:

The Shareholders'/Investors' Grievances Committee interalia reviews Shareholders'/Investors' Grievances. The constitution of the Committee consists of Mr. Keyoor M. Bakshi-Chairman, Mr. Manish P. Kiri and Mr. Shanker R. Patel - members of the Committee. Mr. Suresh S. Gondalia, Company Secretary and Compliance Officer acts as secretary to the Committee.

The Committee met from time to time to review redressal of the Shareholders'/Investors' Grievances. The Committee is authorized to approve share transfers, transmission and remat related requests. Committee specifically will look into the redressal of complaints of investors such as non- receipt of dividend, Notices, Annual Report, etc. The Committee is periodically reviewing compliant status.

During the year under review no shareholder/investor complaints were received and no shareholder/investor complaints were pending either at the beginning of the year or at the end of the year.

6. SUBSIDIARY COMPANIES:

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

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

7. GENERAL BODY MEETINGS:**(i) Details of Annual General Meetings held during last three Financial Years:**

Financial Year	Date	Time	Location
2009-10	30th September, 2010	11.30 a.m.	Hall No. S-3, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad - 380 015
2008-09	30th September, 2009	12.30 p.m.	Ahmedabad Textile Mills Association (ATMA) Hall, Ashram Road, Opp. City Gold Cinema, Navrangpura, Ahmedabad- 380 009
2007-08	15th September, 2008	11.30 a.m.	Ahmedabad Textile Mills Association (ATMA) Hall, Ashram Road, Opp. City Gold Cinema, Navrangpura, Ahmedabad- 380 009

Special Resolutions passed at the last three AGMs:

I. At 10th AGM held on 15th September, 2008 - No instance of Special resolution.

II. At 11th AGM held on 30th September, 2009: -

- Create, offer, issue and allot Equity Shares, GDR, ADR, FCCB, FCD, NCD with warrants, OFI and/or any other instruments and/or combination of instruments with or without detachable warrants to an extent of Rs. 250.00 Crores.
- Increase in the ceiling limit on total holdings of FII from 24% to 49% of the paid up equity share capital of the Company pursuant to the provisions of Foreign Exchange Management (Transfer or Issue of Security by a person Resident outside India) Regulations, 2000.



Report on Corporate Governance (Contd...)

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

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

(ii) Resolutions through Postal Ballot:

During the year 2010-11, the Company has passed four resolutions through Postal Ballot vide Notice dated 17th January, 2011 for the following items:

1. Increase in borrowing powers of the Company up to Rs. 1000.00 Crores under section 293 (1) (d) of the Companies Act, 1956.
2. Creation of charge/mortgage on the properties of the Company under section 293 (1) (a) of the Companies Act, 1956.
3. Make investment/give loan/ extend guarantee/ provide security up to Rs. 750.00 Crores under section 372A of the Companies Act, 1956.
4. Change of Name of the Company from Kiri Dyes and Chemicals Limited to Kiri Industries Limited under section 21 of the Companies Act, 1956.

The Company appointed Mr. Kashyap Mehta, Partner of M/s. Mehta Hurkat & Associates, Practicing Company Secretaries, Ahmedabad as scrutinizer to conduct the postal ballot process in fair and transparent manner. The Scrutinizer submitted his report on 26th February, 2011. Result of postal ballot was declared on 28th February, 2011 by the Chairman of the Company. The resolutions with respect to above items were passed by the requisite majority in terms of the provisions of the Companies Act, 1956. The followings are the details of the voting pattern:

Particulars	Resolution u/s 293(1)(d) of the Companies Act, 1956	Resolution u/s 293(1)(a) of the Companies Act, 1956	Resolution u/s 372A of the Companies Act, 1956	Resolution u/s 21 of the Companies Act, 1956
Number of valid postal ballot received	70	71	71	71
Number of invalid postal ballot received	1	0	0	0
Number of votes in favour of the resolution	10613804	10613789	10694779	10694779
Number of votes against the resolution	80990	80990	0	0
% of valid votes in favour of the resolution compared to total valid votes	99.24%	99.24%	100.00%	100.00%

(iii) Extra ordinary General Meeting(s):

During the year under review, one Extra Ordinary General Meeting of the members of the Company was held on 26th June, 2010 at 11.30 a.m. at Ahmedabad Textile Mills Association (ATMA) Hall, Ashram Road, Opp. City Gold Cinema, Navrangpura, Ahmedabad- 380 009 in respect of which proper notice was sent to all the members of the Company.

8. DISCLOSURES:

• Legal Compliances:

There were no instances of material non-compliances during the year under review. No strictures or penalties were imposed on the Company by SEBI, Stock Exchanges or any statutory authority on any matter related to capital markets during the year.

• Code of Business Conduct:

The Company has adopted a Code of Business Conduct based on the business principles of the Company. The Code of Business Conduct has also been posted on the website of the Company. In compliance with the Code, directors and senior management of the Company have affirmed their compliance with the Code for the year under review. A declaration to this effect signed by the Managing Director is attached herewith and forms part of this annual report.



Report on Corporate Governance (Contd...)

- **Related Party Transactions:**

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

- **Compliance with Corporate Governance Code:**

The Company has complied with all the mandatory requirements laid down by the Corporate Governance Code. The Company has also complied with non mandatory requirement for setting up remuneration committee of the Company.

9. MEANS OF COMMUNICATION:

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

10. GENERAL SHAREHOLDER INFORMATION:

- | | |
|----------------------------------|---|
| 1. AGM Date, time and Venue | Date : Thursday, the 29th September, 2011
Time : 11.30 a.m.
Venue : H.T. Parekh Hall, Ahmedabad Management Association ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad- 380 015 |
| 2. Financial Calendar(Tentative) | Financial year : April 1 to March 31
1st quarter Results : On or before 14th August, 2011
2nd quarter Results : On or before 14th November, 2011
3rd quarter Results : On or before 14th February, 2012
4th quarter Results : On or before 15th May, 2012. |
| 3. Book Closure Date | Saturday, the 24th September, 2011 to Thursday, the 29th September, 2011 (both days inclusive) |
| 4. Dividend Payment date | The final dividend, if declared, shall be paid/dispatched on 5th October, 2011. |
| 5. Listing on Stock Exchange | 1) The Bombay Stock Exchange Limited
P. J. Tower Floors, Dalal Street, Mumbai-400 001.
2) The National Stock Exchange of India Limited
Exchange Plaza, Bandra Kurla Complex, Bandra (E),
Mumbai 400 051. |
| 6. Stock Codes/Symbol | 1. The Bombay Stock Exchange Ltd : 532967
2. The National Stock Exchange of India Ltd. : KIRIINDUS |
| 7. ISIN | INE415I01015 |
| 8. Plant Locations | Presently Company is engaged in business of Manufacturing of Dyes, Dyes Intermediates and Basic Chemicals at its following plants:
Dyestuff Division:
Plot No. 299/1/A&B & 10/8 Near Water Tank, Phase-II, GIDC, Vatva, Ahmedabad 382 445, Gujarat, India
Intermediates Division:
Block No. 396 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. |



Kiri Industries Limited

Report on Corporate Governance (Contd...)

9. Address for Correspondence
Company Secretary & Compliance Officer
Kiri Industries Limited
7th Floor, Hasubhai Chambers, Opp. Town Hall, Ellisbridge,
Ahmedabad – 380 006
Tel: +91-79-2657 4371-73; **Fax:** +91-79-2657 4374;
Email id: info@kiriindustries.com and investor@kiriindustries.com
Website: www.kiriindustries.com
10. Registrar and Transfer Agent
Cameo Corporate Services Limited,
at Subramanian Building No. 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
11. Share Transfer System
Share Transfer requests, which are received in physical form are processed and the share certificates returned within a period of 15 days from date of receipt, subject to the documents being in order and complete in all respects.
12. Dematerialization of Shares
The Company has entered in to an agreement with NSDL & CDSL for Dematerialization of Shares.

11. OUTSTANDING FINANCIAL INSTRUMENTS WHICH HAVE AN IMPACT ON EQUITY:

There are no outstanding GDRs/ADRs/Warrants or any convertible instruments which have a likely impact on equity.

12. MARKET PRICE DATA:

High, Low and number of shares traded during month of April, 2010 to March, 2011 on the Bombay Stock Exchange Limited and the National Stock Exchange of India Ltd:

Month	The Bombay Stock Exchange Ltd.			The National Stock Exchange of India Ltd.		
	High (Rs.)	Low (Rs.)	Total No. of Shares Traded	High (Rs.)	Low (Rs.)	Total No. of Shares Traded
April-10	739.70	670.10	2,25,507	800.00	675.00	2,50,912
May-10	699.90	616.20	2,10,085	698.80	616.00	2,09,719
June-10	636.00	496.35	11,77,502	632.20	495.50	11,39,004
July-10	582.00	458.00	13,93,865	583.00	505.00	17,46,863
August-10	565.00	431.00	5,20,247	564.00	506.00	6,49,820
September-10	681.00	539.05	21,07,544	680.90	538.10	29,23,051
October-10	655.00	566.60	11,94,823	655.00	568.10	13,52,945
November-10	615.80	405.00	6,01,798	615.80	383.85	9,24,301
December-10	549.10	317.95	13,46,312	549.20	315.00	24,17,371
January-11	520.00	316.00	31,15,441	520.00	314.00	47,33,745
February-11	382.20	302.05	9,82,531	382.95	301.40	21,55,588
March-11	341.40	276.10	20,80,526	340.00	275.35	31,81,508



Report on Corporate Governance (Contd...)

13. SHAREHOLDING PATTERN AND DISTRIBUTION SCHEDULE:

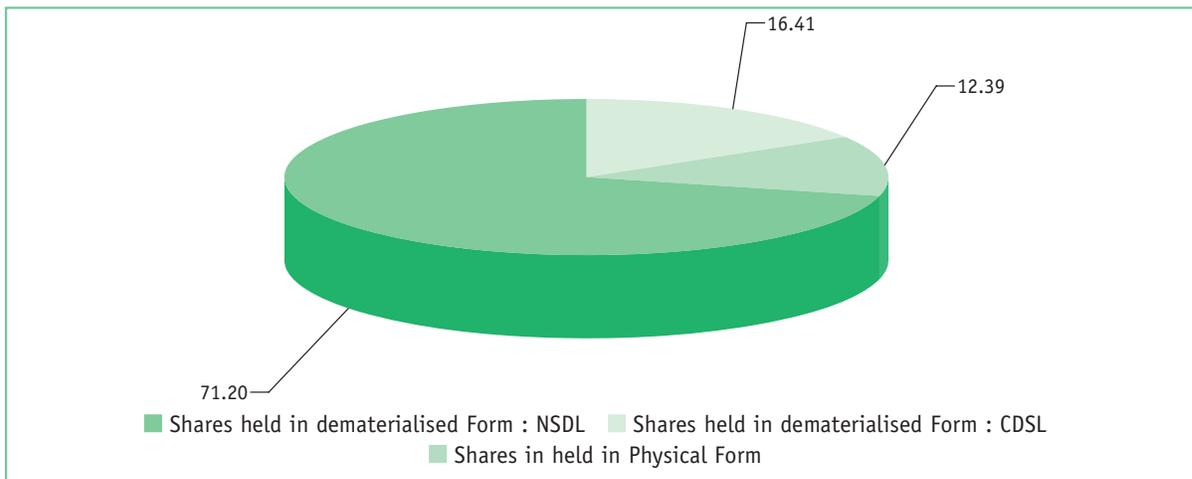
A. Shareholding Pattern as on 31st March, 2011:

Category	No. of Shares	% of Total Capital
Promoter and Promoter Group	11055609	58.19
Bodies Corporate	1739973	9.16
FIIIs	2212996	11.65
NRIs	18974	0.10
Foreign Nationals	131140	0.69
Indian Public	1250173	6.58
Mutual Funds/UTI/Financial Institution/ Banks	2334137	12.28
Clearing Members	223221	1.17
HUF	33830	0.18
Total	19000053	100.00

B. Distribution Schedule as on 31st March, 2011:

No. of Shares	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Total Shares
1 - 100	5301	79.77	194190	1.02
101 - 500	957	14.40	234741	1.24
501 - 1000	157	2.36	122255	0.64
1001 - 2000	93	1.40	135896	0.72
2001 - 3000	17	0.26	46168	0.24
3001 - 4000	10	0.15	35392	0.19
4001 - 5000	7	0.11	33182	0.17
5001 - 10000	26	0.39	187295	0.99
10001-and Above	77	1.16	18010934	94.79
Total	6645	100.00	19000053	100.00

14. POSITION OF SHARES AS ON 31ST MARCH, 2011:



For and on behalf of Board of Directors

Date : 1st September, 2011
Place : Ahmedabad

Pravin A. Kiri
Chairman



Kiri Industries Limited

Report on Corporate Governance (Contd...)

CONFIRMATION ON CODE OF CONDUCT

To,
The Members of
Kiri Industries Limited
Ahmedabad.

This is to confirm that the Board has laid down a code of conduct for all Board members and senior management of the Company. It is further confirmed that all directors and senior management personnel of the Company have affirmed compliance with the Code of Conduct of the Company as at 31st March, 2011, as envisaged in clause 49 of the Listing Agreement.

Date : 1st September, 2011
Place : Ahmedabad

Manish P. Kiri
Managing Director

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members
Kiri Industries Limited
Ahmedabad.

We have examined the compliance of conditions of Corporate Governance by Kiri Industries Limited ("the Company"), for the year ended 31st March, 2011 as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

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

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

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

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

Place : Ahmedabad
Date : 1st September, 2011

Vimal D. Shukla
Proprietor
Membership No. 036416



Kiri Industries Limited

Auditors' Report

To
The Members,
KIRI INDUSTRIES LIMITED,

We have audited the attached Balance Sheet of KIRI INDUSTRIES LIMITED, as at 31st March, 2011 and the annexed Profit & Loss Account for the year ended on that date, and also the cash flow statement for the year ended on that date. These Financial Statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our Audit.

- 1 We conducted our audit in accordance with the auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from any material misstatement. An Audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes, assessing the accounting principles used and significant estimates made by management as well as evaluating the over all presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.
- 2 As required by the Companies (Auditors' Report) Order, 2003 as amended by Companies (Auditors' Report) (Amendment) Order, 2004 issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we annex hereto a Statement on the matters specified in paragraphs 4 and 5 of the said Order .
- 3 Further to our comments in the Annexure referred to above, we report that :
 - (i) We have obtained all the information and explanations, which, to the best of our knowledge and belief, were necessary for the purposes of our audit.
 - (ii) In our opinion, proper books of accounts as required by law have been kept by the Company so far as it appears from our examination of the books of the Company.
 - (iii) The Balance Sheet and Profit and Loss Account and cash flow statement dealt with by this report are in agreement with the books of accounts of the Company.
 - (iv) In our opinion, the Balance Sheet and the Profit and Loss Account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub section 3 (C) of Section 211 of the Companies Act , 1956.
 - (v) Based on the representations made by the Directors as on 31st March, 2011 and taken on record by the Board of Directors of the Company and the information and explanations given to us, none of the Directors is, as at 31st March, 2011 prima facie disqualified from being appointed as a Director in terms of clause (g) of sub section (1) of Section 274 of the Companies Act, 1956
 - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements read together with the other notes thereon give the information required by the Companies Act, 1956 in the manner so required and present 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 31st March, 2011 and
 - (b) in the case of the Profit and Loss Account, of the Profit for the year ended on that date.
 - (c) in the case of cash flow statement, of the cash flows for the year ended on that date.

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

Vimal D. Shukla
Proprietor
Membership No. 036416

Place : Ahmedabad
Date : 12th August, 2011



Kiri Industries Limited

Annexure to the Auditors' Report

ANNEXURE REFERRED TO IN PARAGRAPH 2 OF OUR AUDITORS' REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31st MARCH, 2011 OF KIRI INDUSTRIES LIMITED

On the basis of such checks as we considered appropriate and in terms of the information and explanations given to us, we state that: -

- (i) a) The Company has generally maintained proper records showing particulars, including quantitative details and situation of fixed assets;
- b) As explained to us, fixed assets, according to the practice of the Company, are physically verified by the management at reasonable intervals, in a phased verification programme, which in our opinion, is reasonable looking to the size of the Company and the nature of its assets. According to the information and explanations given to us, no major discrepancies were noticed on physical verification.
- c) The Company has not disposed off any substantial part of its fixed assets so as to affect its going concern status.
- (ii) a) As explained to us, inventories have been physically verified during the year by the management.
- b) The procedures explained to us, which are followed by the management for physical verification of inventories, are in our opinion, reasonable and adequate in relation to the size of the Company and the nature of its business;
- c) On the basis of our examination of the inventory records of the Company, we are of the opinion that, the Company is maintaining proper records of its inventory. The discrepancies which were noticed on physical verification of inventory as compared to book records, have been properly dealt with in the books of accounts.
- (iii) a) The Company has granted unsecured loan to a Company covered in the register maintained under Section 301 of the Companies Act, 1956. We are of the opinion that the terms and conditions of loan are not prima facie prejudicial to the interest of the Company. The maximum amount involved during the year and the year-end balance of the loan granted was Rs. 868.03 Lacs. The terms of repayment of principal and interest have not been stipulated and hence, the question of overdue amount does not arise.
- b) The Company has taken unsecured loans from a Company covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.1841.59 Lacs and the year end balance was Rs. Nil.
- c) In our opinion and according to the information and the explanation given to us the interest and other terms and conditions are not prima-facie prejudicial to the interest of the Company and the terms of repayment have not been stipulated.
- d) In our opinion and according to the information and the explanation given to us the Company has been regular in repayment of interest. There is no stipulation with respect to repayment of principal amount.
- (iv) In our opinion and according to the information and explanations given to us, there are generally adequate internal control procedures 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. No major weaknesses in internal control had come to our notice.
- (v) a) On the basis of audit procedure performed by us, and according to the information, explanation and representation given to us, we are of the opinion that, the transaction in which directors were interested, and which were required to be entered in the register under section 301 of the Companies Act, 1956, have been so entered;
- b) In our opinion and according to our information and explanation given to us, the transactions made in pursuance of such contracts or arrangements entered in the register under section 301 of the Companies Act, 1956, in respect of any party during the year have been made at price which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us, the Company has not accepted deposits from the public, and therefore the questions of compliance of the provisions of Section 58A and 58AA of the Companies Act, 1956 and the rules framed thereunder and the directives issued by the Reserve Bank of India does not arise. No order has been passed by Company Law Board, Reserve Bank of India or any Court or any other Tribunal.



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

- (vii) According to the information and explanation given to us and on the basis of such checks as we considered appropriate, the Company has an internal audit system commensurate with its size and nature of its business. The Company has appointed a firm of Chartered Accountants for Internal Audit during the year under review.
- (viii) We have broadly reviewed the books of accounts maintained by the Company pursuant to the notification of the Central Government for maintenance of the cost records u/s 209(1)(d) of the Companies Act, 1956 and on the basis of such review, we are of the opinion, that prima-facie, the prescribed accounts and records have been made and maintained. We have not, however, carried out a detailed examination of the same.
- (ix) a) According to its records, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and any other material statutory dues with the appropriate authorities.
- b) According to the information and explanations given to us, there are no dues in respect of Income Tax, Value Added Tax, Excise Duty, Customs Duty, Wealth Tax, Service Tax, Cess and other statutory dues are outstanding as on 31st March, 2011 which are due for a period of less than six months from the date they became due. There are no disputes with any of the above authorities.
- c) The disputed statutory dues that have not been deposited on account of disputed matters pending before appropriate authorities are as under;

Sr. No	Name of the Statute	Name of the Dues	Section under which dispute is pending	Period to which amount relates (FY)	Amount (Rs. In Lacs)	Forum where the dispute is pending
1	The Income Tax Act, 1961	Income Tax	Regular Assessment u/s 143(3)	2001-02	108.21	High Court
				2003-04	187.63	Income Tax Appellate Tribunal
				2006-07	56.57	Income Tax Appellate Tribunal
				2008-09	109.33	Commissioner of Income Tax (Appeals)
			Penalty u/s 271(1) (c)	2003-04	139.02	Commissioner of Income Tax (Appeals)
				2006-07	53.68	Commissioner of Income Tax (Appeals)
2	The Central Excise Act, 1944	CENVAT Refund		2008-09	137.34	High Court
				2008-09	287.49	Central Excise and Service Tax Appellate Tribunal
		Similar Goods		2009-10	344.00	Central Excise Commissioner
				2010-11	4.09	Assistant Commissioner
		Third Time Cess		2008-09	2.53	Central Excise Commissioner Appeal
				2008-09 / 2009-10	7.37	Joint Commissioner
				2010-11	5.74	Joint Commissioner
				2010-11	0.52	Assistant Commissioner



Kiri Industries Limited

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

- (x) The Company has neither the accumulated losses at the end of the financial year nor it has incurred cash losses in such financial year under report and in the financial year immediately preceding such financial year also.
- (xi) In our opinion and according to the information and the explanations given to us, the Company has generally not defaulted in repayment of dues to financial institutions or banks.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) As informed to us, the provisions of any special statute applicable to chit fund are not applicable to the Company.
- (xiv) The Company is not dealing or trading in shares, securities, debentures and other investments, therefore, the question of maintaining records in respect of transactions and contracts does not arise.
- (xv) In our opinion and according to the information and explanations given to us, the terms and conditions on which the Company has given guarantees for the loans taken by others from banks are not prejudicial to the interest of the Company.
- (xvi) 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 applied the term loans for the purposes for which they were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the Financial Statements of the Company and after placing reliance on the reasonable assumptions made by the Company for classification of long term and short term usages of funds, we are of the opinion that, prima-facie, as at the close of year, short term funds with negligible exceptions have not been utilised for long term purposes, and vice – versa.
- (xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (xix) The Company has not issued any debentures during the year.
- (xx) The Company has not raised any money by way of public issue during the year.
- (xxi) According to the information and explanations given to us and to the best of our knowledge and belief, no fraud on or by the Company, has been noticed or reported by the Company during the year .

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

Vimal D. Shukla
Proprietor
Membership No. 036416

Place : Ahmedabad
Date : 12th August, 2011



Kiri Industries Limited

Balance Sheet as at 31st March, 2011

Particulars	Annexure	(Rs. in Lacs)	
		As At 31.03.2011	As At 31.03.2010
SOURCES OF FUNDS :			
Capital & Liabilities :			
Share Capital	A	1,900.01	1,500.01
Reserves & Surplus	B	38,360.99	13,022.59
Secured Loans	C	32,325.65	15,574.55
Unsecured Loans	D	5,337.71	17,384.58
Deferred Tax Liability		1,908.38	1,368.50
Total		79,832.74	48,850.23
Properties & Assets :			
Fixed Assets	E		
- Gross Block		32,645.18	19,898.14
- Less : Depreciation		3,985.34	2,126.57
- Net Block		28,659.84	17,771.57
Investments	F	14,330.49	11,826.73
Current Assets, Loans & Advances	G	51,641.65	31,993.50
Less : Current Liabilities & Provisions	H	14,800.60	12,743.16
		36,841.05	19,250.34
Miscellaneous Expenditure	I	1.36	1.59
Notes On Accounts	R		
Total		79,832.74	48,850.23

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 : 12th August, 2011

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

Pravin A. Kiri
Chairman

Manish P. Kiri
Managing Director

Suresh S. Gondalia
Company Secretary

Place : Ahmedabad
 Date : 12th August, 2011



Kiri Industries Limited

Profit And Loss Account for the Year Ended on 31st March, 2011

		(Rs. in Lacs)	
Particulars	Annexure	2010-2011	2009-2010
Income			
Gross Sales	J	59,143.80	35,417.24
Less : Excise Duty		2,571.68	1,332.56
Net Sales :-		56,572.12	34,084.68
Other Income	K	1,086.14	649.27
Difference In Inventories	L	1,655.84	4,940.30
Total Income		59,314.10	39,674.25
Expenditure			
Cost Of Goods Sold	M	40,014.65	26,680.62
Payments To & Provisions For Employees		636.12	373.48
Directors' Remuneration		181.27	169.04
Manufacturing Expenses	N	5,398.25	4,428.57
Administrative Expenses	O	484.70	451.63
Selling & Distribution Expenses	P	1,202.50	916.67
Financial Expenses	Q	4,389.28	2,056.62
Preliminary Expenses W/Off		0.23	0.23
Depreciation		1,861.55	1,172.47
Total Expenditure		54,168.55	36,249.33
Profit Before Tax And Exceptional Items		5,145.55	3,424.92
Exceptional Items		(1,283.88)	60.57
Profit Before Taxation		3,861.67	3,485.49
Provision For Taxation - Current		769.65	538.29
Mat Credit		(769.65)	(538.29)
Provision For Deferred Tax		539.88	983.76
Provision For Wealth Tax		0.52	—
Total Provision For Taxation		540.40	983.76
Profit After Tax		3,321.27	2,501.73
Less : Prior Period Expenses		16.25	11.55
Balance		3,305.02	2,490.18
Balance Brought Forward		6,654.78	4,552.86
Amount Available For Appropriations		9,959.80	7,043.04
Appropriations			
Transfer To General Reserve		165.30	125.00
Proposed Dividend		285.00	225.00
Provision For Dividend Tax		46.23	38.26
Balance Carried To Balance Sheet		9,463.27	6,654.78
Earning per Share of the face value of Rs. 10 each			
Basic & Diluted (Rs.)		19.86	16.60
Significant Accounting Policies and Notes to Financial Statements	R		

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 : 12th August, 2011

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

Pravin A. Kiri
Chairman

Manish P. Kiri
Managing Director

Suresh S. Gondalia
Company Secretary

Place : Ahmedabad
 Date : 12th August, 2011



Kiri Industries Limited

Schedule Forming Part of the Balance Sheet

Particulars	(Rs. in Lacs)	
	As At 31.03.2011	As At 31.03.2010
ANNEXURE - A : SHARE CAPITAL		
Authorised Share Capital :		
5,00,00,000 (Previous Year - 5,00,00,000) Equity Shares Of Rs.10/- Each	5,000.00	5,000.00
15,00,00,000 (Previous Year - Nil) Preference Shares of Rs.10/- Each	15,000.00	—
	20,000.00	5,000.00
Issued, Subscribed & Paid Up		
1,90,00,053 (P.Y. - 1,50,00,053) Equity Shares Of Rs.10/- Each Fully Paid Up (Out Of The Above 5175000 Equity Shares Of Rs.10/- Each Fully Paid-Up Issued As Bonus Shares By Way Of Capitalisation Of Reserves)	1,900.01	1,500.01
Total	1,900.01	1,500.01
ANNEXURE - B : RESERVES & SURPLUS		
General Reserve		
Opening Balance	300.50	175.50
Transferred From Profit & Loss Account	165.30	125.00
	465.80	300.50
Securities Premium		
Opening Balance	6,067.31	6,067.31
Addition During The Year	23,502.00	—
	29,569.31	6,067.31
Less : Share Issue Expenses	1,137.39	—
	28,431.92	6,067.31
Profit And Loss Account		
Opening Balance	6,654.78	4,552.86
Addition During The Year	2,808.49	2,101.92
	9,463.27	6,654.78
Total	38,360.99	13,022.59
ANNEXURE - C : SECURED LOANS		
From Banks :		
Term Loan		
- In Indian Rupees	8,743.92	3,876.80
- In Foreign Currency	5,698.39	14,442.31
		424.00
		4,300.80
Working Capital Loan		
- In Indian Rupees	13,056.60	10,448.60
- In Foreign Currency	4,499.45	17,556.04
		175.91
		10,624.51
Hire Purchase Loans	96.31	181.94
Bills Factoring	230.99	467.30
Total	32,325.65	15,574.55



Kiri Industries Limited

Schedule Forming Part of the Balance Sheet (Contd...)

Particulars	(Rs. in Lacs)	
	As At 31.03.2011	As At 31.03.2010
ANNEXURE - D : UNSECURED LOANS		
Long Term		
From Banks And Financial Institutions	4,900.00	8,009.86
(Out Of The Above, Amount Due Within One Year Rs. 2000 Lacs (P.Y- Rs. 1200 Lacs))		
Short Term		
From Banks And Financial Institutions	—	1,464.14
From Directors And Share Holders	437.71	2,664.88
From Others	—	5,245.70
Total	5,337.71	17,384.58

Annexure - E : Fixed Asset

(Rs. In Lacs)

Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on 01.04.10	Addition during the year	Adjusted / sold during the year	As on 31.03.11	Up to 31.03.10	Depreciation provided during the year	Adjusted during the year	Up to 31.03.11	As on 31.03.11	As on 31.03.10
Fixed Assets										
Land	893.39	308.95	—	1,202.34	—	—	—	—	1,202.34	893.39
Building	3,390.99	1,534.13	—	4,925.12	233.64	125.02	—	358.66	4,566.46	3,157.35
Plant & Machinery	14,761.12	8,945.68	—	23,706.80	1,740.94	1,647.58	—	3,388.52	20,318.28	13,020.18
Electrification	371.35	77.28	—	448.63	58.25	41.97	—	100.22	348.41	313.10
Office Equipments	20.06	18.92	—	38.98	2.63	1.09	—	3.72	35.26	17.43
Furniture & Fixture	89.95	33.57	—	123.52	14.18	6.76	—	20.94	102.58	75.77
Vehicles	371.28	146.27	3.94	513.61	76.93	39.13	2.78	113.28	400.33	294.35
Capital Work In Progress	—	1,686.18	—	1,686.18	—	—	—	—	1,686.18	—
Sub Total - A	19,898.14	12,750.98	3.94	32,645.18	2,126.57	1,861.55	2.78	3,985.34	28,659.84	17,771.57

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.



Kiri Industries Limited

Schedule Forming Part of the Balance Sheet (Contd...)

Particulars	(Rs. in Lacs)	
	As At 31.03.2011	As At 31.03.2010
ANNEXURE - F : INVESTMENTS		
Long Term (Atcost,Unquoted)		
Investment In Mutual Funds		
Nil Units (P.Y.8,90,560.638) Of SBI Magnum Fund	—	200.00
100,000 Units (P.Y.100000) SBI Infrastructure Fund (Nav Of The Units Held Rs. 9.37 Lacs)	10.00	10.00
Investment In Subsidiaries		
26,23,353 Equity Shares (P.Y. 2425193) Each Of SGD 10 Each of Kiri Holding Singapore Pvt.Ltd.	9,550.24	8,415.23
1 Equity Share (P.Y. 1) Of USD 1 In Kiri International (Mauritius) Private Ltd.	0.00	0.00
25000 Equity Shares (P.Y. 25000) Of HKD 1 Each In Synthesis International Limited	1.50	1.50
Investment In Associate		
26,25,000 Equity Shares (P.Y. Nil) Of Rs 10/- Each Fully Paid Up In Kiri Infrstructure Private Limited	1,443.75	—
Investment In Joint Venture		
3,00,00,000 Equity Shares (P.Y.2,20,00,000) Of Rs.10/- Each Fully Paid Up In Lonsen Kiri Chemical Industries Limited.	3,000.00	2,200.00
32,00,000 5% Non Cumulative Redeemable Preference Shares Of Rs 10/- Each Fully Paid Up In Lonsen Kiri Chemical Industries Ltd.	320.00	—
Other Investment		
20,000 Equity Shares (P.Y. Nil) Of Rs. 25 Each In Kalupur Commercial Co-Operative Bank Limited.	5.00	—
Short Term (At Lower Of Cost And Fair Value)		
Nil Units (P.Y.4908794.596 Units) DSP Black Rock Short Term Fund	—	500.00
Nil Units (P.Y.5001549 Units) LIC Mutual Fund Saving Plus Fund Unit	—	500.00
Total	14,330.49	11,826.73
ANNEXURE - G : CURRENT ASSETS, LOANS & ADVANCES		
(A) Current Assets		
Cash On Hand	23.83	6.92
Balances With Scheduled Banks		
In Current Accounts	1,023.90	649.66
In Margin Accounts	1,114.54	532.24
In Dividend Accounts	1.06	0.07
In Fixed Deposit Accounts	0.50	0.50
	2,139.99	1,182.47
Balances With Non Scheduled - Co Op. Bank In Current Accounts {Maximum Balance During The Year Rs. 43.85 Lacs (P.Y. Rs. 20.22 Lacs)}	4.66	4.66
Sundry Debtors (Unsecured, Considered Good Unless Stated Otherwise)		
- Outstanding For Over Six Months	1,477.12	621.28
- Others	17,702.84	5,965.26
	19,179.96	6,586.53
Closing Stock (As Taken,Valued & Certified By The Management)	15,758.92	14,546.34
Export Incentives Receivable	805.01	139.64
Total (A)	37,912.37	22,466.56

**Schedule Forming Part of the Balance Sheet (Contd...)**

Particulars	(Rs. in Lacs)	
	As At 31.03.2011	As At 31.03.2010
ANNEXURE - G : CURRENT ASSETS, LOANS & ADVANCES (Contd...)		
(B) Loans & Advances		
(Unsecured, Considered Good, Unless Stated Otherwise)		
Advances recoverable in cash or in kind or for value to be received	10,895.84	6,033.01
Share Application Money Pending Allotment	570.44	1,699.89
Balances With Government Authorities	2,263.01	1,794.03
Total (B)	13,729.28	9,526.94
Total (A+B)	51,641.65	31,993.50
ANNEXURE - H : CURRENT LIABILITIES & PROVISIONS		
Current Liabilities		
Sundry Creditors		
Creditors	12,488.93	7,807.60
Other Current Liabilities	254.58	3,705.24
Provisions		
Provision For Employee Benefits	71.31	82.67
Provision For Wealth Tax	0.51	—
Provision For Income Tax	1,654.04	884.39
Proposed Dividend	285.00	225.00
Tax On Proposed Dividend	46.23	38.25
Total	14,800.60	12,743.16
ANNEXURE - I : MISCELLANEOUS EXPENDITURE		
(To the extent not written off or adjusted)		
Preliminary & Pre-Operative Expenses		
Opening Balance	1.59	1.82
Less : Written Off During The Year	0.23	0.23
	1.36	1.59
Closing Balance	1.36	1.59



Kiri Industries Limited

Schedule Forming Part of the Profit And Loss Account

Particulars	(Rs. in Lacs)	
	2010-2011	2009-2010
ANNEXURE - J : SALES		
Export Sales	27,725.87	16,006.07
Domestic Sales	29,802.22	19,674.41
Gross Sales	57,528.09	35,680.48
Less : Inter - Divisional	955.97	1,595.80
Total	56,572.12	34,084.68
ANNEXURE - K : OTHER INCOME		
Export Incentives & Other Income	949.43	502.90
Interest Income	136.71	111.14
Dividend Income	—	35.23
Total	1,086.14	649.27
ANNEXURE - L : DIFFERENCE IN INVENTORIES		
Opening Stock		
- W.I.P.,Semi Finished & Finished Goods (A)	11,633.58	6,693.28
Less : Closing Stock		
- W.I.P.,Semi Finished & Finished Goods (B)	13,289.42	11,633.58
Difference In Inventories (B-A)	1,655.84	4,940.30
ANNEXURE - M : COST OF GOODS SOLD		
Opening Stock	2,718.63	1,119.09
Gross Purchases	40,443.30	29,875.96
Less : Inter - Divisional	955.97	1,595.80
Less : Closing Stock	2,191.31	2,718.63
Total	40,014.65	26,680.62
ANNEXURE - N : MANUFACTURING EXPENSES		
Labour Charges	528.71	339.08
Repairs & Maintenance	116.20	61.58
Power & Fuel	3,034.08	2,643.75
Freight Expense	476.51	321.66
Water Charges	7.31	4.37
Laboratory Expnese	46.52	31.58
Pollution Treatment Expense	65.02	64.36
Consumption Of Packing Materials	916.93	746.27
Import Expense	162.92	193.28
Factory Expense	44.05	22.64
Total	5,398.25	4,428.57



Schedule Forming Part of the Profit And Loss Account (Contd...)

Particulars	(Rs. in Lacs)	
	2010-2011	2009-2010
ANNEXURE - O : ADMINISTRATIVE EXPENSES		
Postage, Telephone, Stationery	79.18	71.76
Travelling & Conveyance	134.60	66.59
Insurance Premium	32.81	26.62
Repairs & Maintainance	20.88	9.53
Membership & Subscriptions	4.93	1.69
Legal & Professional Charges	134.17	204.16
Audit Fees	10.00	10.00
Rent, Rates & Taxes	10.72	9.37
Security Expense	28.18	21.78
Donation	15.82	9.08
Loss On Sale Of Assets	0.71	0.69
Misc. Expense	12.70	20.36
Total	484.70	451.63
ANNEXURE - P : SELLING & DISTRIBUTION EXPENSES		
Warehouse Charges	1.50	0.06
Export Expenses	769.43	621.19
Local Freight & Transport	345.30	234.71
Foreign Travelling	34.70	44.35
Advertisement / Sales Promotion	51.57	16.36
Total	1,202.50	916.67
ANNEXURE - Q : FINANCIAL EXPENSES		
Bank and other Interest	3,949.38	1,628.15
Bank Charges	439.90	428.47
Total	4,389.28	2,056.62



Notes To And Forming Part of Financial Statements

ANNEXURE – R : SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS

A) SIGNIFICANT ACCOUNTING POLICIES:

1) Accounting Convention:

The financial statements are prepared under the historical cost convention on the "Accrual Concept" of accountancy in accordance with the accounting principles generally accepted in India and comply with the accounting standards issued by the Institute of Chartered Accountants of India to the extent applicable and with the relevant provisions of the Companies Act, 1956.

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.

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.

4) Depreciation Accounting:

Depreciation has been provided on straight line method and at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956. Depreciation is not recorded on capital work-in-progress until construction and installation are complete and asset is ready for its intended use. Capital work - in - progress includes capital advances.

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.

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.

7) Preliminary and Pre-operative Expenses:

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

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.

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.
- 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.



Notes To And Forming Part of Financial Statements (Contd...)

10) Revenue Recognition:

Sales

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

Interest

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

Dividends

Revenue is recognised when the shareholders'/unit holders' right to receive payment is established by the balance sheet date. Dividend from subsidiaries is recognized even if same are declared after the balance sheet date but pertains to period on or before the date of balance sheet as per the requirement of Schedule VI of the Companies Act, 1956.

Export Incentives

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

11) Accounting for effects of changes in foreign exchange rates:

Outstanding balances of foreign currency monetary items at the year end are restated at the exchange rate prevailing at the year end. The exchange rate difference arising there from has been recognised as income or expense in the current year's Profit and Loss account. Foreign currency translations of revenue nature are translated into Indian Rupees at the exchange rate prevailing on the date of financial transactions. In case of forward contracts, the difference between the forward rate and the exchange rate, being as premium or discount, at the inception of a forward exchange contract is recognized as income or expense over the life of the contract. Exchange differences on such contracts are recognized in the profit and loss account in the reporting period in which the rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or as expense for the period.

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 cash 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.

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 income 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.

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.

15) Lease Rentals: Operating lease is charged to profit and loss account on accrual basis.

B. NOTES TO FINANCIAL STATEMENTS

1. Figures have been rounded off to the nearest rupee and figures of previous year have been regrouped, reclassified and readjusted wherever found necessary.
2. The Debit and Credit balances of debtors, creditors, loans and advances are subject to confirmation and reconciliation, if any and they are stated in the Balance Sheet if realized in the ordinary course of business. The provision for all known liabilities is adequate and not in excess of the amount reasonably necessary.
3. Exceptional items include derivative losses of Rs. 388.45 Lacs, one time appraisal fees Rs. 400.00 Lacs, legal expenses on dispute settlement on Acquisition of Rs. 307.01 Lacs and reversal of provision of income on settlement Rs. 188.42 Lacs.

**Notes To And Forming Part of Financial Statements (Contd...)**

Particulars	(Rs. In Lacs)	
	2010-11	2009-10
4 Estimated amount of contracts remaining to be executed on capital account and not provided for	5794.19	444.14
5 Contingent Liabilities		
Outstanding Letter of Credits issued by Banks	3391.67	2,196.58
Guarantees given by Banks on behalf of the Company for various purposes	33,865.38	33,667.73
Corporate Guarantees given by the Company on behalf of the Joint Venture Company.	8,900.00	8,900.00
Corporate Guarantees given by the Company on behalf of wholly owned Subsidiary Company.	10,000.00	10,000.00
Disputed Income Tax / Excise matters for various assessment years for which appeals are pending with Appellate authorities.	1,443.52	1,386.00

6 Secured Loans

Term loans/Corporate Loan from State Bank of India, Bank of India and Oriental Bank of Commerce are secured by (1) first pari passu charge on specified Fixed Assets of the Company located at Vatva and Padra factory premises (2) second pari passu charge on Fixed Assets of intermediates expansion project of the Company and entire movable plant and machinery & current assets of the Company and (3) the personal guarantee of the promoters/directors of the Company. Term loan from Bank of India for Sulphuric Acid Project is secured by (1) first and exclusive charge on specified Plant & Machinery (2) first pari passu charge on specified Fixed Assets of the Company located at Vatva and Padra factory premises (3) second pari passu charge on Fixed Assets of intermediates expansion project of the Company and entire movable plant and machinery & current assets of the Company and (4) the personal guarantee of the promoters/directors of the Company. Working Capital loans from State Bank of India, Bank of India, Oriental Bank of Commerce, Export Import Bank of India, Punjab National Bank and Standard Chartered Bank are secured by (1) hypothecation of Raw Materials, Stock in Process, Finished Goods, Stores, Spares, Consumables, Receivables and all others present and future chargeable current assets by way of first charge ranking pari passu (2) second pari passu charge by way of extension of charge over entire Fixed Assets of the Company situated at Vatva and Padra factory premises, including Fixed Assets of intermediates expansion project of the Company and (2) the personal guarantee of the promoters/directors of the Company. Term Loans from State Bank of India and Punjab National Bank for Intermediate expansion project are secured by (1) First pari passu charge on Fixed Assets of intermediates expansion project of the Company located at padra, Vadodara (2) second charge on entire Fixed Assets of the on specified Fixed Assets of the Company and located at Vatva and Padra factory premises and entire movable plant and machinery & current assets of the Company and (3) the personal guarantee of the promoters/directors of the Company. Corporate Loan of State Bank of India further secured by Pledge of Shares of the Company held by Promoter of the Company and pledge of Key man insurance policy of Managing Director of the Company. Term Loan of Bank of India for sulfuric acid project further secured by Pledge of shares of the Company held by promoter of the Company. Factoring facilities from SBI Global Factors Limited are secured by hypothecation of stock, book debts and receivables of specific customers/suppliers of the Company. Both term loans and working capital facilities are collaterally secured on pari passu basis by equitable mortgage of immovable properties belonging to the promoters of the Company and assignment of key man insurance policy of the Managing Director of the Company.

	(Rs. in Lacs)	
	2010-11	2009-10
7 Directors' Remuneration		
Mr. Pravin A. Kiri	84.00	84.00
Mr. Manish P. Kiri	84.00	84.00
Mr. Shanker R. Patel	11.00	0.00
Directors Sitting Fees	2.27	1.04



Notes To And Forming Part of Financial Statements (Contd...)

		(Rs. in Lacs)	
		2010-11	2009-10
8	Remuneration to Auditors		
	Audit Fees	6.00	6.00
	Taxation Matters	2.50	2.50
	Certification and other Matters	1.50	1.50
9	C.I.F. Value of imported goods		
	Raw Material	5086.64	2,433.64
	Machinery & Spares	519.45	22.95
10	Earnings in Foreign Currency		
	F.O.B. Value of Exports	23978.79	15,677.56
11	Expenditure in Foreign Currency		
	Foreign Travel Expense	37.58	19.58
	Export sales Commission	19.00	17.36
	Professional & Legal Charges	196.17	0.00
	Others	0.90	78.20

12. Particulars of Non Resident Shareholders to whom dividend is remitted

		(Rs. in Lacs)	
		2010-11	2009-10
	Amount of final dividend remitted	1.97	18.75
	No. of Shareholders	8	9
	No. of shares held	131140	1250000
	Year/ Period to which dividend relates	2009-10	2008-09

13. In view of the exemption granted vide notification number S.O. 301(E) dated 8th February, 2011 issued by the Ministry of Corporate Affairs, Government of India, the information required vide para 3(i)(a), 3(ii)(a), 3(ii)(b), 3(ii)(d) of part II of Schedule VI of the Companies Act, 1956 has not been given.

14. Disclosure as per Clause 32 of the Listing Agreements with the Stock Exchanges:

(a) Loans and advances in the nature of Loans given to subsidiaries and associates in which directors are interested.

(Rs. In Lacs)

Name of the Company	Relationship	During the Year	As at 31st March, 2011	Maximum Balance outstanding during the year
Kiri Infrastructure Pvt Ltd.	Associates	1,345.46	868.03	868.03

15. Lease:

(Rs. In Lacs)

Particulars	As at 31st March, 2011
Operating Lease	
i. Expenses under cancellable operating lease and rental contracts during the year	—
ii. Expenses under non-cancellable operating lease and a rental contract during the year	6.00
iii. Maximum financial obligation from long term non-cancellable operating lease and rental contracts as per the respective agreement as follows :	
Not later than one year	36.00
Later than one year not later than five years	66.00

**Notes To And Forming Part of Financial Statements (Contd...)**

16. Details of loan taken from companies under the same management:

(Rs. in Lacs)

Name of the Company	2010-11		2009-10	
	Balance as at 31st March, 2011	Maximum balance during the year	Balance as at 31st March, 2010	Maximum balance during the year
Kiri Infrastructure Pvt. Ltd.	0.00	1,841.59	1,799.58	1,799.58

17. Calculation of Earning Per Share

Earning Per Share		2010-11	2009-10
Basic			
Profit attributable to equity shareholders	Rs. in Lacs	3305.02	2490.18
Nominal Value of equity share	Rs.	10	10
Weighted average number of ordinary equity shares - for Basic EPS	Nos.	16643889	15000053
Basic EPS	Rs.	19.86	16.60
Diluted EPS	Rs.	19.86	16.60

18. Related Party Disclosure

A) Related Party And Their Relationship

Name of the Party	Relationship
Kiri International (Mauritius) Private Limited	Wholly Owned Subsidiary
Kiri Holding Singapore Private Limited	Wholly Owned Subsidiary
Synthesis International Limited	Wholly Owned Subsidiary
Kiri Investment and Trading Singapore Private Limited	Step down subsidiary
DyStar Colours Deutschland GmbH	Step down subsidiary
DyStar Colours Distribution GmbH	Step down subsidiary
DyStar Nanjing Colours Co., Ltd.	Step down subsidiary
DyStar Pakistan (Pvt) Ltd.	Step down subsidiary
DyStar (Singapore) Pte. Ltd.	Step down subsidiary
DyStar South Africa (PTY) Ltd.	Step down subsidiary
DyStar Taiwan Ltd.	Step down subsidiary
DyStar Tekstil Boya ve Teknol Sanayi Ticaret Limited Sirketi	Step down subsidiary
DyStar Textile Services (Shanghai) Co Ltd.	Step down subsidiary
DyStar Thai Ltd.	Step down subsidiary
DyStar UK Ltd.	Step down subsidiary
DyStar Wuxi Colours Co. Ltd.	Step down subsidiary
PT DyStar Colours Indonesia	Step down subsidiary
Boehme Asia Limited	Step down subsidiary
Dr. TH. Boehme Chem. Fabrik GmbH	Step down subsidiary

**Notes To And Forming Part of Financial Statements (Contd...)**

Name of the Party	Relationship
DyStar Anilinas Texteis Lda.	Step down subsidiary
DyStar (Shanghai) Trading Co. Ltd	Step down subsidiary
DyStar Auxiliaries Qingdao Co. Ltd.	Step down subsidiary
DyStar Benelux S.P.R.L.	Step down subsidiary
DyStar Chemicals Israel Ltd.	Step down subsidiary
DyStar China Ltd.	Step down subsidiary
DyStar de Mexico, S. de R.L. de C.V.	Step down subsidiary
DyStar France S.A.R.L.	Step down subsidiary
DyStar Hispania, S.L.	Step down subsidiary
DyStar India Private Limited	Step down subsidiary
DyStar Industria e Comercio de Produtos Quimicos Ltda.	Step down subsidiary
DyStar Italia S.r.l	Step down subsidiary
DyStar Japan Ltd.	Step down subsidiary
DyStar Kimya Sanayi ve Ticaret Ltd.	Step down subsidiary
DyStar Korea Ltd.	Step down subsidiary
DyStar Boehme Africa (Pty) Ltd.	Step down subsidiary
Boehme South America Industrial Ltda.	Step down subsidiary
Texanlab Laboratories Private Limited	Step down subsidiary
Boehme (Hangzhou) Chemical Auxiliary Co. Ltd.	Step down subsidiary
DyStar Denim GmbH	Step down subsidiary
Boehme Argentina S.R.L.	Step down subsidiary
Amichem Chemicals Ltd.	Step down subsidiary
DyStar Acquisition Corporation	Step down subsidiary
DyStar Americas Holding Corp.	Step down subsidiary
DyStar LP	Step down subsidiary
Boehme Filatex Canada Inc.	Step down subsidiary
DyStar Auxiliaries GmbH	Step down subsidiary
Lonsen Kiri Chemical Industries Ltd.	Joint Venture
Mr. Pravin A. Kiri	Key Managerial Personnel
Mr. Manish P. Kiri	Key Managerial Personnel
Mrs. Aruna P. Kiri	Key Managerial Personnel
Mr. Shanker R. Patel	Key Managerial Personnel
Kiri Infrastructure Pvt. Ltd.	Associate Company
Unique Dyechem	Entity Controlled by Key Managerial Personnel



Kiri Industries Limited

Notes To And Forming Part of Financial Statements (Contd...)

B) Transactions with Related Parties

Figures in Italics represent Previous Year's amount

(Rs. In Lacs)

	Subsidiaries & Step Down Subsidiaries	Joint Ventures	Associates Enterprise	Key Management Personnel & their Relatives	Entity Controlled by Key Management Personnel	Total
Purchase of Goods	10.19	334.95	—	—	660.26	1,005.40
	—	<i>1,314.49</i>	—	—	<i>78.31</i>	<i>1,392.80</i>
Sale of goods	15,022.99	231.55	—	—	337.09	15,591.63
	<i>1,304.40</i>	<i>795.03</i>	—	—	<i>68.28</i>	<i>2,167.71</i>
Jobwork Income	—	—	—	—	395.76	395.76
	—	—	—	—	—	—
Jobwork Expense	—	—	—	—	279.88	279.88
	—	—	—	—	—	—
Investment	9,551.74	3,320.00	1,443.75	—	—	14,315.49
	<i>8,416.73</i>	<i>2,200.00</i>	—	—	—	<i>10,616.73</i>
Advance from Customer	—	261.05	—	—	—	261.05
	—	<i>2,049.02</i>	—	—	—	<i>2,049.02</i>
Advance Given	7.49	—	1,345.46	—	—	1,352.95
	<i>200.00</i>	—	—	—	—	<i>200.00</i>
Advance Repaid	—	—	506.50	—	—	506.50
	—	—	—	—	—	—
Loans Taken	—	—	392.00	2,013.80	—	2,405.80
	—	—	<i>1,894.07</i>	<i>3,700.54</i>	—	<i>5,594.61</i>
Interest Paid	—	—	145.18	337.37	—	482.55
	—	—	<i>65.75</i>	<i>162.89</i>	—	<i>228.64</i>
Interest Received	—	—	32.29	—	—	32.29
	—	—	—	—	—	—
Remuneration	—	—	—	179.00	—	179.00
	—	—	—	<i>168.00</i>	—	<i>168.00</i>
Dividend	—	—	—	151.10	—	151.10
	—	—	—	<i>134.87</i>	—	<i>134.87</i>
Loans repaid during the year	—	—	2,335.10	4,255.49	—	6,590.59
	—	—	<i>231.96</i>	<i>1,213.18</i>	—	<i>1,445.14</i>
Guarantees Given	10,000.00	8,900.00	—	—	—	18,900.00
	<i>10,000.00</i>	<i>8,900.00</i>	—	—	—	<i>18,900.00</i>
Share Application Money	101.30	480.00	—	—	—	581.30
	<i>1,633.22</i>	—	—	—	—	<i>1,633.22</i>
Rent Paid	—	—	—	—	6.00	6.00
	—	—	—	—	—	—
Outstanding Balance (Cr.)	96.90	105.17	—	423.18	—	625.25
	<i>905.74</i>	<i>934.58</i>	<i>1,799.59</i>	<i>2,664.87</i>	—	<i>6,304.78</i>
Outstanding Balance (Dr.)	5,139.29	—	868.03	—	339.47	6,346.79
	<i>1,875.32</i>	<i>5.20</i>	—	—	<i>81.65</i>	<i>1,962.17</i>



Kiri Industries Limited

Notes To And Forming Part of Financial Statements (Contd...)

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

Nature of Transaction	Name of the Related Party	2010-11	2009-10
Purchase of goods	Lonsen Kiri Chemical Industries Ltd.	334.95	1,314.49
	DyStar India Private Limited	10.19	0.00
	Unique Dyechem	660.26	78.31
Sale of goods	Lonsen Kiri Chemical Industries Ltd.	231.55	795.03
	Synthesis International Limited	105.57	0.00
	DyStar India Private Limited	1,867.14	248.47
	DyStar Anilinas Texteis Lda.	55.44	63.10
	DyStar Boehme Africa (Pty) Ltd	64.25	15.75
	DyStar China Ltd	591.19	74.89
	PT DyStar Colours Indonesia	2,467.51	52.37
	DyStar De Mexico, S. de R.L. de C.V.	804.47	408.12
	DyStar Colours Distribution GbmH	3,964.77	61.24
	DyStar Hispania, S.L.	0.00	24.50
	DyStar Ind. E Com. De Prods. Quím. Ltda	533.37	146.74
	DyStar Pakistan (Pvt) Ltd	113.06	13.44
	DyStar (Singapore) Pte. Ltd	1,297.90	143.13
	DyStar Tekstil Boya Ve Teknol Sanayi Ticaret Ltd. Sirketi	868.37	52.65
	DyStar India Private Limited - Export	14.19	0.00
	DyStar South Africa (PTY.) Ltd.	0.09	0.00
	DyStar Textilfarben Gmbh & Co Deutschkand Kg	13.20	0.00
	DyStar LP USA	487.80	0.00
	DyStar Germany	699.28	0.00
	DyStar Japan Ltd.	7.23	0.00
	DyStar Kimya Sanayi ve Ticart Ltd	1,068.16	0.00
	Unique Dyechem	337.09	68.28
	Jobwork Income	Unique Dyechem	395.76
Jobwork Expense	Unique Dyechem	279.88	0.00
Investment	Lonsen Kiri Chemical Industries Ltd. - Equity Shares	3,000.00	2,200.00
	Lonsen Kiri Chemical Industries Ltd. - Preference Share	320.00	0.00
	Kiri Infrastructure Pvt. Ltd.	1,443.75	0.00
	Kiri Holding Singapore Pvt. Ltd.	9,550.24	8,415.23
	Synthesis International Limited	1.50	1.50
Advance from Customer	Lonsen Kiri Chemical Industries Ltd.	261.05	2,049.02
Advance Given	DyStar India Private Limited	7.49	200.00
	Kiri Infrastructure Pvt. Ltd.	1,345.46	0.00
Advance Repaid	Kiri Infrastructure Pvt. Ltd.	506.50	0.00
Loans Taken	Mr. Pravin A. Kiri	578.38	2,594.56
	Mr. Manish P. Kiri	1,435.42	1,105.98
	Kiri Infrastructure Pvt. Ltd.	392.00	1,894.07
Interest Paid	Kiri Infrastructure Pvt. Ltd.	145.18	65.75
	Mr. Pravin A. Kiri	200.91	81.62
	Mr. Manish P. Kiri	136.46	81.27



Kiri Industries Limited

Notes To And Forming Part of Financial Statements (Contd...)

		(Rs. in Lacs)	
Nature of Transaction	Name of the Related Party	2010-11	2009-10
Interest Received	Kiri Infrastructure Pvt. Ltd.	32.29	0.00
Remuneration	Mr. Pravin A. Kiri	84.00	84.00
	Mr. Shanker R. Patel	11.00	0.00
	Mr. Manish P. Kiri	84.00	84.00
Dividend	Mr. Manish P. Kiri	27.83	24.03
	Mr. Pravin A. Kiri	113.86	109.43
	Mrs. Aruna P. Kiri	9.41	1.41
Loans repaid during the year	Mr. Pravin A. Kiri	3,037.55	141.28
	Mr. Manish P. Kiri	1,217.94	1,071.90
Guarantees Given	Kiri Infrastructure Pvt. Ltd.	2,335.10	231.96
	Kiri Holding Singapore Pvt. Ltd.	10,000.00	10,000.00
	Lonsen Kiri Chemical Industries Ltd.	8,900.00	8,900.00
Share Application Money Given	Lonsen Kiri Chemical Industries Ltd.	480.00	0.00
	Kiri Holding Singapore Pvt. Ltd.	71.28	1,627.76
	Kiri International (Mauritius) Pvt. Ltd.	16.32	5.46
	Synthesis International Limited	13.70	0.00
Rent Paid	Unique Dyechem	6.00	0.00
Outstanding Balance (Cr.)	Lonsen Kiri Chemical Industries Ltd.	105.17	934.58
	Mr. Manish P. Kiri	409.32	191.84
	Mr. Pravin A. Kiri	13.86	2,473.03
	Kiri Infrastructure Pvt. Ltd.	0.00	1,799.59
	DyStar (Singapore) Pte. Ltd	0.00	239.35
Outstanding Balance (Dr.)	DyStar China Ltd.	96.90	666.39
	Lonsen Kiri Chemical Industries Ltd.	0.00	5.20
	Synthesis International Limited	105.57	0.00
	Kiri Holding Singapore Pvt. Ltd.	90.29	235.86
	Kiri Investment and Trading Singapore Pvt. Ltd.	6.74	0.00
	DyStar India Private Limited	642.03	688.46
	DyStar (Shanghai) Trading Co. Ltd	180.74	182.73
	DyStar Anilinas Texteis Unipessoal,	0.00	62.32
	DyStar Boehme Africa (Pty) Ltd	49.20	2.42
	PT DyStar Colours Indonesia	999.63	52.28
	DyStar De Mexico, S de R.L. de C.V.	184.11	296.85
	DyStar Colours Distribution GmbH	97.56	60.49
	DyStar Hispania, S.L.	0.00	24.20
	DyStar Honduras	27.46	27.57
	DyStar Ind. E Com. De Prods. Quím. Ltda	276.91	96.60
	DyStar Pakistan (Pvt) Ltd	56.18	13.28
	DyStar Tekstil Boya Ve Teknol Sanayi Ticaret Ltd. Sirketi	3.70	132.26
	DyStar (Singapore) Pte Ltd	462.17	0.00
	DyStar South Africa (PTY) Ltd.	0.00	0.00
	DyStar De Mexico, S de R.L. de C.V.	307.57	0.00
DyStar Colours Deutschland GmbH	852.80	0.00	
DyStar Kimya Sanayi ve Ticaret Ltd	886.92	0.00	
Kiri Infrastructure Pvt. Ltd.	868.03	0.00	
Unique Dyechem	339.47	81.65	

Note: The figures of DyStar USA subsidiaries have been compiled from 29th October, 2010 to 31st March, 2011, as the entities become related party from 29th October 2010.

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

**Notes To And Forming Part of Financial Statements (Contd...)****19. Segment Reporting**

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

Information about Secondary Geographical Segments: (Rs. in Lacs)

Particulars	Year ended 31st March,	
	2011	2010
Revenue by Geographical Segment		
India	28846.25	18078.61
Outside India	27725.87	16006.07
Addition to Fixed Assets and Intangible Assets		
India	12750.98	12188.73
Outside India	0.00	0.00
Carrying amount of Fixed Assets (Net)		
India	28659.84	17771.57
Outside India	0.00	0.00

20. Employees Benefits:

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

1. Defined Benefit Plans (Rs. in Lacs)

Particulars	Gratuity	Leave Encashment
I. Expense recognized during the year		
Current Service Cost	22.05	10.19
Interest Cost	1.93	0.81
Expected return on plan assets	(2.00)	—
Net actuarial Losses (Gains)	66.07	9.22
II. Reconciliation of opening and closing balances of defined benefit obligation:		
Defined benefit obligation at beginning of the Year	23.18	9.73
Service Cost	22.05	10.19
Interest Cost	1.93	0.81
Actuarial Losses (Gains)	66.14	9.22
Losses (Gains) on curtailments	—	—
Liabilities extinguished on settlements	—	—
Benefits paid	(1.36)	(1.96)
Defined benefit obligation at end of the year.	111.93	27.99

**Notes To And Forming Part of Financial Statements (Contd...)**

(Rs. in Lacs)		
Particulars	Gratuity	Leave Encashment
III. Reconciliation of opening and closing balances of fair value of plan assets		
Fair value of plan assets at the beginning of year	17.45	—
Expected return on plan assets	2.00	—
Actuarial Gains (Losses)	0.07	—
Contributions by employer	8.91	—
Benefit paid	(1.36)	—
Defined benefit obligation at end of the year.	27.07	—
IV. Reconciliation of the present value of defined benefit obligation and fair value of plan assets		
Present value of defined benefit obligations at the end of the year	27.07	—
Fair value of plan assets at the end of the year	27.07	—
Net assets (liability) at the end of year	(84.86)	(27.99)
V. Investment details		
	Percentage invested as at 31st March, 2011	
Life Insurance Corporation of India (LIC) / SBI Life Insurance Company Ltd. (SBI)	100%	
VI. Actuarial Assumptions		
	Gratuity	Leave Encashment
Mortality Table (LIC)/(SBI)	1994-96 (Ultimate)	1994-96 (Ultimate)
Discount Rate (per annum)	8.31%	8.31%
Expected Return on plan assets (per annum)	9.00%	0.00%
Annual Increase in salary costs	6.00%	6.00%

2. Defined Contribution plans

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

(Rs. In Lacs)		
Particulars	2010-11	2009-10
Employer's Contribution to Provident Fund	43.25	23.02
Employer's Contribution to Superannuation Fund	—	—

21 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.

22. Derivative Instruments:

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



Kiri Industries Limited

Notes To And Forming Part of Financial Statements (Contd...)

Consequent to the announcement issued by the Institute of Chartered Accountants of India on Accounting of Derivatives, details of derivatives contracts outstanding as on 31st March, 2011 are as under:

Figures in Italics represent Previous Year's figures

Currency	Exposure to Buy / Sell	No. of Contracts	For the year end	
			(Rs. In Lacs)	Foreign Currency (in Lacs).
US Dollar / INR	Sell	5	1128.39	25.31
		4	<i>26858.30</i>	<i>595.00</i>
Euro / USD	Sell	7	7765.27	122.50
		0	<i>0.00</i>	<i>0.00</i>
US Dollar / INR	Buy	7	2230	50.00
		0	<i>0.00</i>	<i>0.00</i>
GBP / US Dollar	Sell	1	179.18	2.50
		0	<i>0.00</i>	<i>0.00</i>
Derivative Structure				
US Dollar / INR	Sell	2	17167.15	385.00
		0	<i>0.00</i>	<i>0.00</i>

The notional marked-to-market loss has not been considered in the Financial Statements. The actual Gain/Loss could vary and be determined only on settlement of the contracts on their respective due dates.

23. The Company estimates deferred tax assets and liabilities using the applicable rate of taxation based on the impact of timing difference between financial statements and estimated taxable income for the current year. The net deferred tax assets /liabilities as at 31st March, 2011 is given as below:

(Rs. in Lacs)

Year	2010-11		2009-10	
	Deferred Tax Assets	Deferred Tax Liabilities	Deferred Tax Assets	Deferred Tax Liabilities
Depreciation	0.00	1638.66	0.00	2903.83
Disallowance under the Income Tax	0.00	0.00	0.00	9.56
Total	0.00	1638.66	0.00	2894.28
Net Deferred Tax Liability/ Assets	0.00	544.32	0.00	983.76

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 : 12th August, 2011

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

Pravin A. Kiri
 Chairman

Manish P. Kiri
 Managing Director

Suresh S. Gondalia
 Company Secretary

Place : Ahmedabad
 Date : 12th August, 2011



Kiri Industries Limited

Balance Sheet Abstract

BALANCE SHEET ABSTRACT AND COMPANY'S BUSINESS PROFILE AS PER PART IV OF THE SCHEDULE VI TO THE COMPANIES' ACT, 1956.

	2010-11
REGISTRATION DETAILS	
Registration No.	34094
State Code	4
Balance sheet	31st March, 2011
CAPITAL RAISED DURING THE YEAR (Rs. In Thousand)	
Public Issue	NIL
Right Issue	N.A
Bonus Issue	N.A
Private Placement / Qualified Institutional Placement	40000.00
POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Rs. In thousands)	
Total Liabilities	7983274.18
Total Assets	7983274.18
SOURCES OF FUNDS	
Paid Up Capital	190000.53
Reserve and Surplus	3836099.26
Secured Loans	3232565.50
Unsecured Loans	533770.99
Deferred Tax Liability	190837.90
APPLICATION OF FUNDS	
Net Fixed Assets	2865984.30
Investment	1433048.85
Net Current Assets	3684104.59
Miscellaneous Expenditure	136.44
PERFORMANCE OF COMPANY (Rs. In thousand)	
Gross Receipt	5931410.37
Total Expenditure	5600908.75
Profit/(Loss)	330501.62
Earning per Share (Rs.)	19.86
Dividend rate (%)	15
GENERIC NAMES OF THREE PRINCIPAL PRODUCTS OF THE COMPANY	
Product Description	Item Code No. (ITC Code)
Reactive Dyes	32041600
Oleum	38070020
Vinyl Sulphone	29041040
Sulphuric Acid	28070010
H. Acid	29222160
Acetanilide	29242910

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

Pravin A. Kiri
Chairman

Manish P. Kiri
Managing Director

Suresh S. Gondalia
Company Secretary

Place : Ahmedabad
Date : 12th August, 2011



Kiri Industries Limited

Cash Flow Statement for the Year Ended on 31st March, 2011

Particulars	(Rs. in Lacs)	
	2010-2011	2009-2010
A. Cash Flow from Operating Activities :		
Net Profit before Tax and Extraordinary items	5,145.55	3,424.93
Adjustment for		
- Depreciation	1,861.55	1,172.47
- Interest & Dividend Income	(136.71)	(146.37)
- Interest charged to P & L	4,389.28	2,056.62
- Miscellaneous Expenditure (Amortized)	0.23	0.23
- Loss on Sales of Fixed Assets	0.71	0.32
- Profit on Sale of investments	(8.75)	(1.51)
- Previous Year Income (Expenses)	(16.25)	(11.55)
Operating Profit before Working Capital Changes:	11,235.61	6,495.14
Adjustment for :		
- Trade Receivables	(12,593.43)	(1,257.09)
- Inventories	(1,212.58)	(6,515.51)
- Loans & Advances / Deposits	(4,867.71)	(4,110.40)
- Trade Payable & Others	1,989.46	6,132.74
- Deferred Tax Liability	539.88	983.76
	(16,144.38)	(4,766.50)
Cash Generated from Operations	(4,908.77)	1,728.63
- Taxes paid/ provision & Deferred tax	(540.40)	(983.76)
Net Cash Flow from Operations (A)	(5,449.17)	744.86
B. Cash Flow from Investment Activities :		
- Purchase of Fixed Assets	(12,751.00)	(5,011.50)
- Sale of Fixed Assets	0.45	2.80
- Sale of Investment	—	252.66
- Interest and Dividend Income	136.71	146.37
- Investment	(2,495.01)	(10,417.46)
Misc. Expenditure incurred during year	—	—
Net Cash Flow from Investing Activities (B)	(15,108.84)	(15,027.13)



Kiri Industries Limited

Cash Flow Statement for the Year Ended on 31st March, 2011 (Contd...)

Particulars	(Rs. in Lacs)	
	2010-2011	2009-2010
C. Cash Flow from Financing Activities :		
- Issue of Equity Share Capital	22,764.61	—
- Proceeds from Long term Borrowings	13,159.02	2,271.89
- Proceeds from unsecured Loans	2,914.44	18,036.33
- Proceeds from vehicle Loans	25.00	109.52
- Interest paid	(4,389.28)	(2,056.62)
Increase in working capital loans	6,695.22	(184.20)
Exceptional Items	(1,283.88)	60.57
Repayment of term loans	(3,017.51)	(905.85)
Repayment of unsecured loan	(14,961.30)	(2,210.20)
Repayment of vehicle loans	(110.63)	(148.62)
Dividend and Corporate Dividend Tax Paid	(263.25)	(263.25)
Net Cash Flow from Financing Activities (C)	21,532.44	14,709.57
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	974.43	427.30
Cash and Cash Equivalents as at (Opening)	1,194.05	766.75
Cash and Cash Equivalents as at (Closing)	2,168.48	1,194.05

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 : 12th August, 2011

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

Pravin A. Kiri
Chairman

Manish P. Kiri
Managing Director

Suresh S. Gondalia
Company Secretary

Place : Ahmedabad
 Date : 12th August, 2011



Kiri Industries Limited

Auditors' Report on Consolidated Financial Statements

To

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

1. We have examined the attached Consolidated Balance Sheet of **Kiri Industries Limited** ('the Company'), its subsidiaries and jointly controlled entities (the Company, its subsidiaries and jointly controlled entities constitute 'the Group') as at 31st March, 2011, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement of the Group for the year ended on that date, both annexed thereto. The Consolidated Financial Statements include the jointly controlled entities accounted in accordance with the Accounting Standard 27 (Financial Reporting of Interests in Joint Ventures) as notified under the Companies (Accounting Standards) Rules, 2006. These financial statements are the responsibility of the Company's Management and have been prepared on the basis of the separate financial statements and other information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3.
 - a) We did not audit the financial statements of subsidiaries, whose financial statements reflect total assets of Rs. 22248.65 Lacs, as at 31st March, 2011, total revenues of Rs. 45058.51 Lacs and net cash flows amounting to Rs. 11969.49 Lacs for the year ended on that date as considered in the Consolidated Financial Statements. These financial statements have been reviewed by other auditors whose reports have been furnished to us and our opinion so far as it relates to the amounts included in respect of these subsidiaries is based solely on the review reports of the other auditors.
 - b) We have relied upon the unaudited financial statements of some subsidiaries, whose financial statements reflect total assets of Rs. 6946.03 Lacs, as at 31st March, 2011, total revenues of Rs. 14069.46 Lacs for the year ended on that date as considered in Consolidated Financial Statements. These unaudited financial statements have been furnished to us and our report in so far as it relates to the amounts included in respect of these subsidiaries is solely based on these financial statements certified by the management of the respective subsidiaries, in respect of which review report has been obtained.

Subject to the matter referred in paragraph in 3(b) above with our comments therein:

4. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 (Consolidated Financial Statements) and Accounting Standard 27 (Financial Reporting of Interest in Joint Ventures) as notified under the Companies (Accounting Standards) Rules, 2006.
5. Based on our audit and on consideration of the separate review reports on the individual financial statements of the company, the aforesaid subsidiaries and the joint ventures only other financial information of the Components and accounts furnished and certified by the management as explained in Para 3(b) above and to the best of our information and according to the explanation given to us, in our opinion, subject to note no. 3 in Schedule, the Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2011;
 - (ii) in the case of the Consolidated Profit and Loss Account, of the loss of the Group for the year ended on that date and
 - (iii) in the case of Consolidated Cash Flow Statement, of the cash flows of the group for the year ended on that date.

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

Vimal D. Shukla
Proprietor
Membership No. 036416

Place : Ahmedabad
Date : 1st September, 2011



Kiri Industries Limited

Consolidated Balance Sheet As At 31st March, 2011

Particulars	Schedules	(Rs. in Lacs)	
		As At 31.03.2011	As At 31.03.2010
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	A	1,900.01	1,500.01
Share Application Money Pending Allotment		5.11	—
Reserves & Surplus	B	95,659.14	97,642.19
		97,564.26	99,142.20
Minority Interest		0.00	687.31
Loan Funds			
Secured Loans	C	80,995.20	67,517.33
Unsecured Loans	D	50,160.46	45,959.74
		131,155.66	113,477.07
Deferred Tax Liabilities [Refer Note 9 of Schedule W]		2,174.98	1,582.40
Total		230,894.90	214,888.98
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	E	236,663.02	201,902.27
Less : Impairment		6,988.09	—
Less : Depreciation		153,618.77	129,631.38
		76,056.16	72,270.88
Investments	F	1,550.96	1,301.15
Deferred Tax Asset [Refer Note 9 of Schedule W]		6,717.42	5,941.48
Current Assets, Loans & Advances			
Inventories	(A) G	152,074.41	80,000.98
Sundry Debtors	H	81,014.40	53,159.31
Cash and Bank Balances	I	25,293.06	30,355.91
Loans and Advances	J	40,665.97	33,643.29
		299,047.84	197,159.49
Less : Current Liabilities & Provisions			
Current Liabilities	(B) K	126,174.44	48,748.05
Provisions	L	26,324.68	13,042.16
		152,499.12	61,790.21
Net Current Assets	(A-B)	146,548.72	135,369.28
Profit and Loss Account			
Miscellaneous Expenditure (to the extent not written off)	M	21.64	6.19
Total		230,894.90	214,888.98

Notes to Consolidated Financial Statements

W

The schedules referred to above form an integral part of the Consolidated Balance Sheet.

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 : 1st September, 2011

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

Pravin A. Kiri
Chairman

Manish P. Kiri
Managing Director

Suresh S. Gondalia
Company Secretary

Place : Ahmedabad

Date : 1st September, 2011



Kiri Industries Limited

Consolidated Profit And Loss Account For the Period Ended 31st March, 2011

Particulars	Schedules	(Rs. in Lacs)	
		Period from 01.04.2010 to 31.03.2011	Period from 04.02.2010 to 31.03.2010
INCOME			
Sales / Income from Operations		383,411.45	81,514.16
Less : Excise Duty		2,743.93	1,363.48
Other Income	N	380,667.52 6,218.04	80,150.68 924.02
		386,885.56	81,074.70
EXPENDITURE			
Consumption of Raw Materials	O	252,899.30	52,659.14
(Increase)/Decrease in Inventories	P	(60,595.10)	(2,371.54)
Personnel Expenses	Q	63,393.70	9,706.64
Manufacturing Expenses	R	38,682.37	6,407.31
Administrative and Other Expenses	S	24,838.46	2,861.55
Selling and Distribution Expenses	T	30,954.22	4,151.72
Product Development Expenditure		2,901.33	411.73
Interest and Financial Expenses	U	9,691.18	2,716.53
Depreciation / Amortisation	E	10,495.33	2,683.00
Amortisation of Preliminary Expenses		2.55	0.75
		373,263.34	79,226.83
Profit Before Exceptional Items And Tax		13,622.22	1,847.87
Less : Exceptional Items [Refer Note 5 of Schedule W]	V	38,713.82	6,390.65
Loss Before Taxation		(25,091.60)	(4,542.78)
Provision For Tax			
Current Tax		2,839.70	521.34
Less : Mat Credit Entitlement		(769.82)	(575.47)
Deferred Tax		592.58	1,197.65
Total Tax Expense		2,662.46	1,143.52
Loss After Tax and Before Prior Period Items		(27,754.06)	(5,686.30)
Less : Prior Period Expenses		19.51	11.55
Net Loss Before Minority Interest's Share		(27,773.57)	(5,697.85)
Less : Share of Profit/(Loss) Transferred to Minority Interest		—	(7.38)
Add : Share of Profits of Associates		1.15	—
Net Loss For The Period		(27,772.43)	(5,705.23)
Balance Brought forward from Previous Year		(1,516.59)	4,576.90
Net Loss		(29,289.01)	(1,128.33)
Appropriations:			
Transfer to General Reserve		165.30	125.00
Proposed Dividend		285.00	225.00
Provision for Dividend Tax		46.23	38.26
Loss Carried to Balance Sheet		(29,785.54)	(1,516.59)
Loss Per Share [Basic and Diluted] [Refer Note 10 of Schedule W]		166.86	38.03

Notes to Consolidated Financial Statements

W

The schedules referred to above and financial statements form an integral part of the Profit & Loss Account

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 : 1st September, 2011

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

Pravin A. Kiri
Chairman

Manish P. Kiri
Managing Director

Suresh S. Gondalia
Company Secretary

Place : Ahmedabad

Date : 1st September, 2011

**Schedules To The Consolidated Financial Statement As At 31st March, 2011**

	(Rs. in Lacs)	
	As At 31.03.2011	As At 31.03.2010
SCHEDULE A : SHARE CAPITAL		
Authorised		
5,00,00,000 (Previous Year - 5,00,00,000) Equity Shares Of Rs.10/- Each	5,000.00	5,000.00
15,00,00,000 (Previous Year - Nil) Preference Shares Of Rs.10/- Each	15,000.00	—
	20,000.00	5,000.00
Issued, Subscribed & Paid Up		
19,000,053 (P.Y : 15,000,053 Shares) Equity Shares of Rs.10/- each fully paid up (Out of the above 5,175,000 (Previous Year: 5,175,000) Equity Shares of Rs.10/- each Fully paid-up issued as Bonus Shares by way of capitalisation of reserves)	1,900.01	1,500.01
	1,900.01	1,500.01
SCHEDULE B : RESERVES & SURPLUS		
General Reserve		
Balance as per last Account	300.50	175.50
Add : Transferred from Profit & Loss Account	165.30	125.00
	465.80	300.50
Securities Premium		
Balance as per last Account	6,067.31	6,067.31
Add : Addition During The Year	23,502.00	—
	29,569.31	6,067.31
Less : Share Issue Expenses	1,137.39	—
	28,431.92	6,067.31
Capital Reserve		
Balance As Per Last Account	89,024.29	—
Balance Arising on Acquisition	2,430.01	91,815.74
Add / (Less) : Movement during the Period	3,077.74	(2,791.45)
Balance Arising on Acquisition	94,532.04	89,024.29
Foreign Currency Translation Reserve (Refer Note (I) Below)		
Balance as per last Account	3,766.68	—
Movement during the period	(1,751.76)	3,766.68
	2,014.92	3,766.68
Profit And Loss Account		
	(29,785.54)	(1,516.59)
	95,659.14	97,642.19

(I) Foreign Currency Translation Reserve Represents Conversion Of Balances In Functional Currency Of Foreign Subsidiaries (Net Of Minority Share) And Joint Venture.

**Schedules To The Consolidated Financial Statement As At 31st March, 2011 (Contd...)**

	(Rs. in Lacs)	
	As At 31.03.2011	As At 31.03.2010
SCHEDULE C : SECURED LOANS		
(A) From Banks :		
(I) Term Loans (Refer Note (1), (2), (3), (7), (8) Below)	55,548.31	37,333.56
(II) Working Capital Loans (Refer Note (4), (5), (9) Below)	25,347.21	29,995.94
(B) Hire Purchase Loans (Refer Note (6) Below)	99.68	187.83
	80,995.20	67,517.33

- (1) Part Of The Term Loan Is Availed By Kiri Holding Singapore Pvt. Ltd From State Bank Of India (Frankfurt) And State Bank Of India (Singapore), Which In Turn Is Secured By Charge On Fixed Assets And Current Assets Of DyStar Entities. The Process Of Securitisation Is Currently In Process.
- (2) Part Of The Term Loan Is Availed By Kiri Holding Singapore Pvt. Ltd From Exim Bank Of India, Which In Turn Is Secured By Charge On Fixed Assets And Current Assets Of DyStar Entities And Corporate Guarantee Of Parent Company And Personal Guarantees Of Directors/Promoters Of Parent Company. The Process Of Securitisation Of DyStar Entities Is In Process.
- (3) Part Of The Term Loan Availed By Parent Company Is Secured By First Pari-Passu Charge On Specified Fixed Assets Of The Parent Company Created / To Be Created Out Of The Said Loan And Located / To Be Located At Vatva And Padra Factory Premises, Extension Of Charge Over Chargeable Current Assets Of The Parent Company And By The Personal Guarantee Of The Promoters / Directors.
- (4) Loan (Special Financing) Of Rs. 5,523.23 Lacs (P.Y. 13,265.99 Lacs) Secured By Charge/Mortgage On Fixed Assets Of Dystar Nanjing Colours Co. Ltd., Nanjing And Working Capital Of Rs. 1,266.17 Lacs (P.Y. 1,643.86 Lacs) Secured By First Charge On Assets Of Dystar Wuxi Ltd. China.
- (5) Working Capital Loans Availed By Parent Company Are Secured By First Pari-Passu Charge Against Hypothecation Of Raw Materials, Stock In Progress, Finished Goods, Stores, Spares, Consumables, Receivables And All Others Present And Future Chargeable Current Assets Of Respective Companies And Second Pari-Passu Charge By Way Of Extension Over Fixed Assets Of The Parent Company Situated At Vatva And Padra Factory Premises And By The Personal Guarantee Of The Promoters / Directors.
- (6) Hire Purchase Loans Are Secured By The Hypothecation Of Respective Vehicles Purchased Against Loans.
- (7) Term Loan From Bank Of India Availed By Parent Company Is Secured By First And Exclusive Charge On Specified Plant & Machinery Forming Part Of Sulphuric Acid Project.
- (8) Term Loan Availed By Parent Company Includes Loan Taken From Punjab National Bank And State Bank Of India For Ongoing Expansion Project Of H. Acid And Vinyl Sulphone.
- (9) Factoring Facilities From Sbi Global Factors Limited Are Secured By Hypothecation Of Stock, Book Debts And Receivables Of Specific Customers/ Suppliers Of The Company.

	(Rs. in Lacs)	
	As At 31.03.2011	As At 31.03.2010
SCHEDULE D : UNSECURED LOANS		
Long-Term		
Loans From - Banks	30,909.95	18,251.96
- Directors	437.71	2,664.88
Convertible Bonds [Refer Note 17 of Schedule W]	13,912.80	13,323.20
Short-Term		
- Banks & Financial Institution	4,900.00	6,474.00
- Others	—	5,245.70
	50,160.46	45,959.74



Kiri Industries Limited

Schedules To The Consolidated Financial Statement As At 31st March, 2011 (Contd...)

SCHEDULE E : FIXED ASSETS

(Rs. in Lacs)

Fixed Assets	Tangible Assets					Intangibles		Total
	Land	Building	Plant & Machinery	Furniture, Fixtures other and Equipments	Vehicles	Goodwill	Trade Marks & Softwares	
GROSS BLOCK								
Gross Block as at 1.04.2010	6,617.81	44,534.47	112,246.63	14,123.00	408.46	5,788.32	17,156.04	200,874.73
	240.50	2,276.98	7,708.94	324.51	283.02	—	—	10,833.95
Assets of New Companies (1)	—	4,004.44	6,096.50	440.56	—	—	920.28	11,461.78
	5,505.87	42,888.85	100,835.56	14,194.64	—	6,113.30	18,119.23	187,657.45
Additions during the year	308.95	1,970.16	11,754.69	829.97	162.11	—	624.38	15,650.26
	871.46	1,946.20	9,063.56	408.14	128.72	—	—	12,418.08
Exchange Movement on translation	—	2,165.22	5,014.23	555.54	—	91.05	1,088.64	8,914.68
	—	(2,577.56)	(5,361.43)	(757.61)	—	(324.97)	(963.19)	(9,984.76)
Deduction during the year	—	106.89	3,177.91	659.03	3.93	—	2.74	3,950.50
	—	—	—	(46.70)	(3.28)	—	—	(49.98)
Gross Block as at 31.03.2011	6,926.76	52,567.40	131,934.14	15,290.04	566.64	5,879.37	19,786.60	232,950.95
	6,617.83	44,534.47	112,246.63	14,122.98	408.46	5,788.33	17,156.04	200,874.74
Capital Work in Progress [Including advances for Capital expenditure Rs 1307.17 Lacs (31.03.2010 : Rs 1027.53 Lacs)]								3,712.07
								1,027.53
								236,663.02
								201,902.27
IMPAIRMENT OF ASSET								
Impaired Assets as at 01.04.2010	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—
Impairment during the Year	—	2,938.10	3,510.44	303.01	—	—	—	6,751.55
	—	—	—	—	—	—	—	—
Impairment reversed during the Year	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—
Impairment on assets Written Off	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—
Exchange Movement on Translation	—	63.60	75.99	6.56	—	—	—	146.15
	—	—	—	—	—	—	—	—
Impaired Assets as at 31.03.2011	—	3,001.70	3,586.43	309.57	—	—	—	6,897.70
	—	—	—	—	—	—	—	—



Kiri Industries Limited

Schedules To The Consolidated Financial Statement As At 31st March, 2011 (Contd...)

SCHEDULE E : FIXED ASSETS (Contd...)

(Rs. in Lacs)

Fixed Assets	Tangible Assets					Intangibles		Total
	Land	Building	Plant & Machinery	Furniture, Fixtures other and Equipments	Vehicles	Goodwill	Trade Marks & Softwares	
ACCUMULATED DEPRECIATION								
Accumulated Depreciation upto 01.04.2010	—	26,396.50	73,084.49	11,353.26	79.23	5,189.39	13,528.53	129,631.40
	—	145.78	718.53	40.76	49.49	—	—	954.56
Depreciation on New Companies (1)	—	2,447.75	5,645.55	425.75	—	—	790.04	9,309.08
	—	27,401.10	74,403.39	11,808.30	—	5,448.75	14,131.99	133,193.53
Depreciation during the year	—	1,783.65	6,840.26	603.15	43.78	195.63	1,028.86	10,495.33
	—	311.94	1,986.84	171.28	29.89	31.13	151.91	2,683.00
Exchange Movement on translations	—	1,679.64	3,929.88	488.06	—	82.85	933.67	7,114.10
	—	(1,462.34)	(4,024.28)	(630.34)	—	(290.50)	(755.38)	(7,162.84)
Depreciation on Assets written off during the period	—	45.98	2,432.76	449.38	2.77	—	0.24	2,931.13
	—	—	—	(36.73)	(0.16)	—	—	(36.89)
Accumulated Depreciation upto 31.03.2011	—	32,261.56	87,067.42	12,420.84	120.24	5,467.87	16,280.86	153,618.77
	—	26,396.50	73,084.48	11,353.27	79.22	5,189.38	13,528.52	129,631.36
Total Accumulated Depreciation & Impairment upto 31.03.2011	—	35,263.26	90,653.84	12,730.41	120.23	5,467.87	16,280.86	160,516.47
	—	26,396.50	73,084.49	11,353.26	79.23	5,189.39	13,528.53	129,631.38
NET BLOCK								
Net Block as at 31.03.2011	6,926.76	17,304.13	41,280.30	2,559.63	446.41	411.50	3,505.73	76,146.55
	6,617.81	18,137.97	39,162.14	2,769.74	329.23	598.94	3,627.51	72,270.88
Impairment on Capital Work in Progress								90.38
Capital Work in Progress [Including advances for Capital expenditure Rs 1307.17 Lacs (31.03.2010 : Rs 1027.53 Lacs)]								—
								3,621.69
								1,027.53
								76,056.16
								72,270.88

(1) Represents assets and accumulated depreciation of DyStar USA which became a subsidiary during the year and of Kiri Infrastructure Private Limited which became associate during the period.

Note : Figures in Italics represent previous years' figure.



Schedules To The Consolidated Financial Statement As At 31st March, 2011 (Contd...)

	(Rs. in Lacs)	
	As At 31.03.2011	As At 31.03.2010
SCHEDULE F : INVESTMENTS		
In Mutual Funds		
Long Term (Quoted - At Lower Of Cost And Fair Value)		
(A) Long Term (Unquoted - At Cost)		
890,561 Units Of SBI Magnum Fund (NAV Of Units Held : C.Y. - Nil (P.Y.- Rs. 149.08 Lacs))	—	200.00
100,000 Units SBI Infrastructure Fund (NAV Of Units Held : C.Y. - Rs. 9.37 Lacs (P.Y. - Rs. 10.34 Lacs))	10.00	10.00
(B) Short Term (Unquoted - At Lower Of Cost And Fair Value)		
DSP Black Rock Short Term Fund (NAV Of Units Held : C.Y. - Nil (P.Y.- Rs. 500.15 Lacs))	—	500.00
LIC Mutual Fund Saving Plus Fund (NAV Of Units Held : C.Y. - Nil (P.Y.-Rs. 500.15 Lacs))	—	500.00
(C) Investment In Associate Company		
Cost Of Investment (Including Rs. 193.69 Lacs (P.Y. - Nil) Of Capital Reserve Arising On Consolidation)	1,443.75	—
Add - Share Of Post Acquisition Profit	0.45	—
In Subsidiary Companies (Unquoted - At Cost) [Refer Note 1(b) Of Schedule W]		
50,000 Equity Shares Of ILS 1 Each In DyStar Chemicals Israel Ltd., Israel	7.88	7.07
50 Equity Shares Of AUD 1 Each In Impala Chemicals (Pty) Ltd., Australia	—	2.10
2,530 Equity Shares Of USD 1 Each In Aprestos Y Resinas Cia. Ltda., Ecuador	—	1.65
1 Equity Shares Of SGD 1 Each In Kiri Investment And Trading Singapore Pvt Ltd*	—	—
Trade Investments (Unquoted - At Cost)		
40,000 Equity Shares Of Yen 80 Each In Sakai Ovex Kk, Japan	16.07	15.39
150,000 Equity Shares Of Yen 90 Each In Tokai Senko Kk, Japan	67.81	64.94
20,000 Equity Shares (P.Y. Nil) Of Rs. 25 Each In Kalupur Comm. Co-Operative Bank Ltd.	5.00	—
* Represents Value Of Rs. 32, Rounded To Nearest Value In Rs. Lacs		
	1,550.96	1,301.15
SCHEDULE G : INVENTORIES (at Lower of cost and net realisable value)		
Raw Materials	27,610.61	16,168.16
Packing Materials	45.47	48.64
Work In Progress, Semi Finished And Finished Goods [Including Goods In Transit Of Rs. - 16879.18 Lacs [P.Y. Rs. 7524.98 Lacs]]	124,418.33	63,784.18
	152,074.41	80,000.98
SCHEDULE H : SUNDRY DEBTORS		
Unsecured, Considered Good		
- Outstanding More Than Six Months	5,193.05	1,951.33
- Others	75,821.35	49,952.01
Secured, Considered Good		
- Others	—	1,255.97
	81,014.40	53,159.31

**Schedules To The Consolidated Financial Statement As At 31st March, 2011 (Contd...)**

	(Rs. in Lacs)	
	As At 31.03.2011	As At 31.03.2010
SCHEDULE I : CASH AND BANK BALANCES		
Cash On Hand	30.04	9.96
Balances With Scheduled Banks		
On Current Accounts	1,388.98	5,635.61
On Deposit Accounts	1,336.92	688.81
On Unpaid Dividend Accounts	1.05	0.07
Balance With Other Banks		
On Current Accounts	10,257.26	15,950.13
On Call Accounts	275.73	456.62
On Deposit Accounts	12,003.08	7,614.71
	25,293.06	30,355.91
SCHEDULE J : LOANS AND ADVANCES		
Advances recoverable in cash or kind or for value to be received	28,899.37	24,997.05
Balances With Government Authorities	3,481.00	2,550.45
Advance To Employees	594.87	595.90
Sundry Deposits	2,467.16	2,471.08
Advance Income Tax, Tax Deducted At Source (Net Of Provision For Tax)	5,223.57	3,028.81
	40,665.97	33,643.29
SCHEDULE K : CURRENT LIABILITIES		
Sundry Creditors		
- Creditors	100,179.42	39,903.42
Advance From Customers	17,283.14	6,653.58
Interest Accrued But Not Due	530.46	436.17
Unpaid Dividend	1.06	0.07
Others	8,180.36	1,754.81
	126,174.44	48,748.05
SCHEDULE L : PROVISIONS		
Proposed Dividend	285.00	225.00
Tax On Proposed Dividend	46.23	38.25
Provision For Employee Benefits	11,396.82	8,414.28
Other Provisions [Refer Note 16 Of Schedule W]	14,596.63	4,364.63
	26,324.68	13,042.16
SCHEDULE M : MISCELLANEOUS EXPENDITURE		
Preliminary And Pre-Operative Expenses		
Opening Balance	6.19	2.63
Add : Additions During The Year	18.00	4.31
	24.19	6.94
Less : Written Off During The Year	2.55	0.75
	21.64	6.19

**Schedules To The Consolidated Financial Statement For The Period 31st March, 2011**

	For the year ended 31.03.2011	For the year ended 31.03.2010
SCHEDULE N : OTHER INCOME		
Export Incentives & Other Operating Income	2,190.21	323.93
Licence Income	0.86	—
Interest Income :		
Bank Deposits	136.71	68.61
Others	236.69	167.07
Leasing & Rent Income	114.51	—
Unspent Liabilities And Provisions Written Back	301.77	—
Profit On Sale Of Fixed Assets	414.23	146.25
Commission Income	363.28	24.63
Miscellaneous Income	2,459.78	193.53
	6,218.04	924.02
SCHEDULE O : CONSUMPTION OF RAW MATERIALS		
Opening Stock	15,934.98	1,119.09
Add: Stock Arising On Acquisition	—	10,579.61
Gross Purchases	264,296.75	56,895.42
	280,231.73	68,594.12
Less : Closing Stock	27,332.43	15,934.98
	252,899.30	52,659.14
SCHEDULE P : (INCREASE)/DECREASE IN INVENTORIES		
Opening Stock		
- W.I.P.,Semi Finished & Finished Goods	63,823.23	6,693.28
Add: Stock Arising On Acquisition	—	54,758.42
Less : Closing Stock		
- W.I.P.,Semi Finished & Finished Goods	124,418.33	63,823.24
	(60,595.10)	(2,371.54)
Schedule Q : Personnel Expenses		
Salaries, Wages And Bonus	49,639.72	7,377.02
Contribution To Social Security And Staff Welfare Expenses	13,572.71	2,160.00
Directors' Remuneration	181.27	169.62
	63,393.70	9,706.64
SCHEDULE R : MANUFACTURING EXPENSES		
Consumption of Packing Materials, Stores, Spares and Supplies	1,110.30	901.30
Contract Labour Charges	565.95	368.36
Repairs & Maintenance	6,366.16	401.21
Power & Fuel	19,576.68	4,036.50
Pollution Treatment Expenses	6,531.87	283.94
Factory Expenses	3,326.43	271.75
Other Manufacturing Expenses	1,204.98	144.25
	38,682.37	6,407.31

**Schedules To The Consolidated Financial Statement For The Period 31st March, 2011**

	For the year ended 31.03.2011	For the year ended 31.03.2010
SCHEDULE S : ADMINISTRATIVE AND OTHER EXPENSES		
Communication Costs	3,684.77	386.17
Travelling & Conveyance	5,585.58	174.39
Insurance Premium	2,070.22	231.49
Repairs & Maintainance	20.88	77.36
Legal & Professional Charges	3,120.54	474.80
Rent, Rates & Taxes	6,073.98	299.67
Bad Debts	807.21	135.47
Miscellaneous Expenses	3,475.28	1,082.20
	24,838.46	2,861.55
SCHEDULE T : SELLING AND DISTRIBUTION EXPENSES		
Rent Expenses	1,135.52	333.65
Export Expenses	794.08	671.76
Freight And Transportations Expenses	20,263.09	963.94
Travelling And Conveyance	40.92	352.63
Sales Commission	8,720.61	1,829.74
	30,954.22	4,151.72
SCHEDULE U : INTEREST AND FINANCIAL EXPENSES		
Bank Interest & Other Charges	9,641.62	2,675.58
Bank Charges	49.56	40.95
	9,691.18	2,716.53
SCHEDULE V : EXCEPTIONAL ITEMS		
Provision For Plant Closing / Site Cleaning Cost	4,372.54	2,213.22
Provision For Legal Suit	1,952.95	1,245.20
Provision For Employee Downsizing Cost	8,145.51	—
Provision For Impairment Of Asset	6,841.93	—
Restructuring And Other Related Charges	2,373.81	3,461.02
Other Transitional Cost, Office Merger Cost & Services to insolvency Admiinistrator	3,526.55	—
Provision For Sales Tax Liability	3,608.40	(99.63)
Process Development And Transitional Cost	6,566.34	—
Foreign Exchange Gain / Loss (Incl. On Derivative Contracts)	1,808.13	(429.16)
Profit on sale of stake in subsidiary	(69.59)	—
Reversal of excess provision	(412.75)	—
	38,713.82	6,390.65



Notes To The Consolidated Financial Statements

SCHEDULE W - NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. PRINCIPLES OF CONSOLIDATION:

The Consolidated Financial Statements comprise the financial statements of Kiri Industries Limited (formerly known as Kiri Dyes and Chemicals Limited), (hereinafter referred to as “the Parent Company” or “the Company”), its subsidiaries and joint venture (together referred to as ‘The Group’).

The Consolidated Financial Statements of the Group are prepared in accordance with Accounting Standard 21 – ‘Consolidated Financial Statements’, and Accounting Standard 27 – ‘Financial Reporting of Interests in Joint Ventures’ as notified by the Companies (Accounting Standard) Rules, 2006, as amended (“the Rules”).

Subsidiaries

- i. Subsidiaries are fully consolidated from the date of acquisition / incorporation, being the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.
- ii. The financial statements of the Company and its subsidiaries 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 subsidiaries 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 subsidiaries at the date of acquisition is determined after realigning the material accounting policies of the subsidiaries to that of the parent and the charge/(reversal) on account of realignment is adjusted to the accumulated reserves and surplus of the subsidiaries 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 subsidiaries 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 loses 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 subsidiaries are prepared for the same reporting year as the Parent Company i.e. for the year ended 31st March, 2011 except for the subsidiaries {as mentioned in sub note (b) of note 1} for which financial statement as on the reporting date are not available.

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.



Notes To The Consolidated Financial Statements (Contd...)

- ii. The Company accounts for its share of post acquisition changes in net assets of associates, after eliminating unrealized profits and losses resulting from transactions between the Company and its associates to the extent of its share, through its reserves for the balance based on available information.
- iii. The difference between the cost of investment in the associates and the Company's share of net assets at the time of acquisition of share in the associates is identified in the financial statements as Goodwill or Capital Reserve as the case may be.

Details of 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
		2010-11	2009-10	
A Subsidiaries				
i)	Synthesis International Limited & (Formerly known as Kiri International Hong Kong Limited)	100.00	100.00	Hong Kong
ii)	Kiri International (Mauritius) Private Limited	100.00	100.00	Mauritius
iii)	Kiri Holding Singapore Private Limited (DyStar Entities) ^{&@}	100.00	100.00	Singapore
a)	DyStar Colours Deutschland GmbH	100.00	100.00	Germany
i)	DyStar Denim GmbH ~	100.00	100.00	Germany
ii)	Boehme South America Industrial Ltda. & ^s	—	100.00	Brazil
iii)	Boehme Argentina S.R.L. #	—	100.00	Argentina
b)	DyStar Colours Distribution GmbH	100.00	100.00	Germany
1.	DyStar Pakistan (Pvt) Ltd.	100.00	100.00	Pakistan
2.	DyStar UK Ltd.	100.00	100.00	Great Britain
3.	Dr. TH. Boehme Chem. Fabrik GmbH	—	100.00	Austria
4.	DyStar Anilinas Texteis Lda.&	100.00	100.00	Portugal
5.	DyStar Benelux S.P.R.L.	99.94*	99.94*	Belgium
6.	DyStar France S.A.R.L.†	99.99*	99.99*	France
7.	DyStar Hispania, S.L.&	99.99*	99.99*	Spain
8.	DyStar Italia S.r.l	100.00	100.00	Italy
9.	DyStar Korea Ltd.	100.00	100.00	Korea
10.	DyStar Auxiliaries GmbH ~	100.00	100.00	Germany
11.	Amichem Chemicals Limited #	—	100.00	Israel
12.	DyStar Auxiliaries Qingdao Co., Ltd. #	—	100.00	China
c)	DyStar Nanjing Colours Co., Ltd.	100.00	100.00	China
d)	DyStar (Singapore) Pte. Ltd.&	100.00	100.00	Singapore
e)	DyStar South Africa (PTY) Ltd.&	100.00	100.00	South Africa
f)	DyStar Taiwan Ltd.	100.00	100.00	Taiwan
g)	DyStar Tekstil Boya ve Teknol Sanayi Ticaret Ltd. Sirketi †	99.95*	99.95*	Turkey
h)	DyStar Textile Services (Shanghai) Co Ltd.	100.00	100.00	China
i)	DyStar Thai Ltd.	99.99*	99.99*	Thailand
j)	DyStar Wuxi Colours Co. Ltd.	100.00	100.00	China
k)	PT DyStar Colours Indonesia	100.00	100.00	Indonesia



Kiri Industries Limited

Notes To The Consolidated Financial Statements (Contd...)

Sr. No	Name of Company	Ownership in % either directly or through Subsidiaries		Country of Incorporation
		2010-11	2009-10	
	l) Boehme Asia Limited	99.80*	99.80*	China
	1. Boehme (Hangzhou) Chemical Auxiliary Co. Ltd.	100.00	100.00	China
	m) DyStar (Shanghai) Trading Co. Ltd	100.00	100.00	China
	n) DyStar China Ltd.	100.00	100.00	China
	o) DyStar India Private Limited	100.00	100.00	India
	1. Texanlab Laboratories Private Limited	100.00	90.00	India
	p) DyStar Industria e Comercio de Produtos Quimicos Ltda.®	100.00	100.00	Brazil
	q) DyStar Japan Ltd.	100.00	100.00	Japan
	r) DyStar Kimya Sanayi ve Ticaret Ltd. †	99.99*	99.99*	Turkey
	1. DyStar Tekstil Boyalari Ticaret Ltd. #	—	100.00	Turkey
	s) DyStar Boehme Africa (Pty) Ltd.®	100.00	100.00	South Africa
	t) DyStar Acquisition Corporation ^	100.00	—	USA
	1. DyStar Americas Holding Corp. ^	100.00	—	USA
	u) DyStar LP ^	100.00	—	USA
	A. Boehme Filatex Canada ^	100.00	—	Canada
	B. DyStar de Mexico, S. de R.L. de C.V. ^	100.00	77.00	Mexico
B	Joint Venture of Kiri Industries Limited			
	1. Lonsen Kiri Chemical Industries Limited	40.00	40.00	India

* Percentage of share holding mentioned above represents registered share holding, since the laws of the respective countries require representation in shareholding by local persons. For the purposes of consolidation such shareholding by local persons are ignored because beneficiary of said shareholding is Group.

@ Out of 2,623,355 Ordinary shares in Kiri Holding Singapore Private Limited, 1 share is held by person other than those comprising the Group, and of the balance shares, C.Y. Nil (P.Y. 198,160) ordinary shares are held by Mr Manish Kumar P. Kiri for beneficial interest of Group. These shares have been transferred in the name of Company on 21st May, 2010.

^ Part of the year

Closed during the period

\$ Company merged into DyStar Industria e Comercio de Produtos Quimicos Ltda.

& The financial statements of these subsidiaries for the year ended on 31st December, 2010 have not been audited/are pending audit.

! In respect of these subsidiaries, the financial statements for the year ended on 31st December, 2010 are not required to be audited as per the Local laws of the country.

~ In respect of these subsidiaries, the financial statements for the year ended on 31st December, 2010 are not audited as they are inactive companies.

b) List of subsidiaries which are not included in the consolidation based on materiality and the Company's effective holdings therein as at 31st March, 2011, are as under:

Sr. No	Name of Company	Ownership in % either directly or through Subsidiaries		Country of Incorporation
		2010-11	2009-10	
1	Apreostos y Resinas Cia. Ltda. ~	—	25.00	Ecuador
2	Impala Chemicals (Pty) Ltd. ~	—	50.00	Australia
3	DyStar Chemicals Israel Ltd.	100.00	100.00	Israel
4	Kiri Investment and Trading Singapore Private Limited	100.00	100.00	Singapore

~ Sold during the year.

**Notes To The Consolidated Financial Statements (Contd...)****c) Details of Associate Company and Ownership interest is as follow:**

(Rs. in Lacs)

Name of Company	% Share held	Original Cost of Investment	Goodwill / (Capital Reserve)	Accumulated Profit / (Loss) as at 31st March, 2011	Carrying amount of Investments as at 31st March, 2011
Kiri Infrastructure Private Limited ^	47.61 %	1443.75	(193.69)	0.45	1444.20
Total		1443.75	(193.69)	0.45	1444.20

^ Part of the year.

2. SIGNIFICANT ACCOUNTING POLICIES:**a) Basis of accounting**

The consolidated financial statements of the Group are prepared under the historical cost convention, on an accrual basis of accounting to comply in all material respects, with the mandatory accounting standards as notified by the Companies (Accounting Standards) Rules, 2006, as amended ('the Rules') and the relevant provisions of the Companies Act, 1956 ('the Act').

b) Use of estimates

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

c) Fixed Assets

- i) Fixed assets are stated at cost of acquisition or construction less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Capital work-in-progress comprises of advances paid to acquire fixed assets and the cost of fixed assets that are not yet ready for their intended use as at the balance sheet date. In the case of new undertakings, pre-operative expenses are capitalized upon the commencement of commercial production.
- ii) Individual assets acquired by DyStar entities (Refer Note 1 above for entities comprising "DyStar entities") whose cost of acquisition does not exceed Euro 1,000 (or equivalent local currency) are charged of fully against income in the year of acquisition. Assets acquired by the Parent Company in India, individually costing Rs. 5000 or less are fully depreciated in the year of purchase.
- iii) Insurance spares / standby equipments are capitalized as part of the other assets.

d) Depreciation

- i) Depreciation on Fixed Assets, except for those stated in para (iv) below, is provided on straight line method (SLM) at the rates prescribed under Schedule XIV of the Companies Act, 1956 or the rates determined on the basis of useful lives of the respective assets, whichever is higher.
- ii) In respect of assets whose useful life has been revised, the unamortised depreciable amount has been charged over the revised remaining useful life. In respect of assets purchased during the year, depreciation is provided on a pro-rata basis from the date on which such asset is ready to be put to use.
- iii) Depreciation is not recorded on capital work-in-progress until construction and installation are complete and asset is ready for its intended use. Capital work - in - progress includes capital advances.
- iv) Depreciation on fixed assets held by DyStar Entities are depreciated on straight line method (SLM) over the useful life as shown in table below:

Particulars	Useful life
Land	—
Buildings	20 to 50 years
Plant & Machinery	6 to 20 years
Furniture, Fixtures and Office Equipments	3 to 10 years
Vehicles	4 to 8 years



Notes To The Consolidated Financial Statements (Contd...)

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) Intangible Assets

Intangible assets held by DyStar Entities are amortized on straight line basis over their estimated useful lives as follows:

Intangible Assets	Estimated Useful Life
Acquired Goodwill	10 years
Patents, Licenses and similar rights	1 Month to 20 years

g) Research and Development Costs

Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognised as an intangible asset when the Company can demonstrate:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- its intention to complete the asset and use or sell it;
- its ability to use or sell the asset;
- how the asset will generate probable future economic benefits;
- the availability of adequate resources to complete the development and to use or sell the asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during development.

Any expenditure so capitalized is amortised over the period of expected future sales from the related project i.e. over their estimated useful lives of five years on a straight line basis.

The carrying value of development costs is reviewed for impairment annually when the asset is not yet in use, and otherwise when events or changes in circumstances indicate that the carrying value may not be recoverable.

Other intangible assets are recorded at the consideration paid for their acquisition. Cost of an internally generated asset comprises all expenditure that can be directly attributed, or allocated on a reasonable and consistent basis, to create, produce and make the asset ready for its intended use.

h) 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.

i) Leases

Where the Company is the lessee

Finance Lease:

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income. Lease management fees, legal charges and other initial direct costs are capitalised.

If there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Operating Lease:

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item are classified as operating leases. Operating lease payments are recognised as an expense in the Profit and Loss account on a straight-line basis over the lease term.



Notes To The Consolidated Financial Statements (Contd...)

j) Investments

Investments that are readily realizable and intended to be held for not more than a year are classified as short - term investments. All other investments are classified as long - term investments. Short - term 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.

k) 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 except for DyStar entities which determines costs on Moving Weighted Average 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.

l) Revenue Recognition

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

Sale of Goods

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

Interest

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

Dividends

Revenue is recognized when the shareholders' / unitholders' right to receive payment is established by the balance sheet date. Dividend from subsidiaries is recognized even if same are declared after the balance sheet date but pertains to period on or before the date of balance sheet as per the requirement of schedule VI of the Companies Act, 1956.

Export Incentives

Revenue is recognized on an accrual basis.

m) 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.



Notes To The Consolidated Financial Statements (Contd...)

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

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

v) Foreign operations

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

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

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

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

n) Employee Benefits

(i) Gratuity

The Company and some of its subsidiaries in India have an 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 and some of its subsidiaries account for the liability for gratuity benefits payable in future based on an independent actuarial valuation.

(ii) Post-retirement Medicare Scheme

Under this scheme, employees of the some of its subsidiaries get medical benefits subject to certain limits of amount, periods after retirement and types of benefits, depending on their grade and location at the time of retirement. Employees separated from the Company as part of Early Separation Scheme, on medical grounds or due to permanent disablement are also covered under the scheme. The Company and some of the subsidiaries account for the liability for post-retirement medical scheme based on an independent actuarial valuation.

(iii) Provident fund

The eligible employees of the Company and its subsidiaries 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 and some of its subsidiaries are generally liable for monthly/annual contributions and any shortfall in the fund assets based on the government specified minimum rates of return or pension and recognises such contributions and shortfall, if any, as an expense in the year incurred.

(iv) Leave Salary

The Company and some of its subsidiaries provide 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.

(v) Pensions and Similar Obligations

For most employees of subsidiaries, pension arrangements are made directly by such companies for the period after retirement or through contributions paid to external benefit funds. Benefits vary according to the legal, tax and



Notes To The Consolidated Financial Statements (Contd...)

economic circumstances in the relevant country and are generally based on the length of service and remuneration of the employees. Obligations comprise both those under existing pensions and those from entitlements to pensions payable in the future.

Pension accruals are calculated according to the projected unit credit method. The future obligations are valued using actuarial methods and cautious estimates of the relevant influential factors. The expected pension benefits on occurrence of the insured event, measured on a dynamic basis, are spread evenly over the entire period of service of the employee.

The calculations of the employer's obligations in Japan, Indonesia and Italy are based on an age and gender-based turnover probabilities. Accruals for similar obligations are also valued according to actuarial principles.

o) 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 subsidiaries, Deferred tax asset and liabilities are recognized in accordance with foreign tax laws. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

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

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

Minimum Alternative Tax (MAT) Credit, by whatever name known is recognized as an asset only when and to the extent there is convincing evidence that the Group will pay income tax higher than that computed under MAT, during the period under which MAT is permitted to be set off under the applicable tax laws. In the year, in which the MAT Credit becomes eligible to be recognized as an asset, the said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement. The Group reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that the Group will pay income tax higher than MAT during the specified period.

p) 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.

q) 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.



Notes To The Consolidated Financial Statements (Contd...)

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 Consolidated Financial Statements unless the possibility of an outflow is remote.

Contingent Assets are neither recognized nor disclosed in the Consolidated Financial Statements.

r) 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.

s) 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.

3. The accounts of the subsidiaries which are neither audited by us nor by any other auditor have been compiled, consolidated and certified by the management of respective subsidiaries and in respect thereof the review report issued by other auditor has been obtained by the management on which reliance is placed.

4. The Company through its wholly-owned subsidiary, Kiri Holding Singapore Private Limited (KHSPL), Singapore, has on October 29, 2010, purchased business of DyStar Acquisition Corporation, USA along with their subsidiaries from the Platinum Equity Private Equity Firm, USA. The financial results for the year ended 31st March, 2011, inter alia include the results of the DyStar Acquisition Corporation, USA along with its subsidiaries from 29.10.2010 to 31.03.2011. The financial results for the year ended 31st March, 2011 are not comparable to this extent, with the previous year.

5. Exceptional items:

For the year ended 31st March, 2011, Exceptional items mainly consist of:

- a) Cost of closure of plant, provision for Site cleaning & restoration cost and production stoppage cost at various site amounting to Rs 4372.54 Lacs (P.Y. Rs. 2213.22 Lacs) as a part of ongoing Restructuring Program.
- b) Employee downsizing cost for relieving the employees and provision made for lay off for employees on temporary contracts or otherwise, which are being laid off of on a future date in various DyStar Subsidiaries amounts to Rs. 8145.51 Lacs which are treated as a part of restructuring program and DyStar acquisition strategy.
- c) Provision for Impairment of assets of Rs. 6841.93 Lacs (P.Y. Nil) for two subsidiaries of DyStar in China.
- d) Provision of Rs. 1952.95 Lacs (P.Y. Rs. 1245.20 Lacs) for various ongoing Law suits.
- e) Exceptional items of Rs. 3526.55 Lacs (P.Y. NIL) pertains to Office Merger Cost for various subsidiaries of DyStar, Transition cost in relation to shifting of Headquarter from Germany to Singapore for DyStar Group, related advisory cost and other onetime cost.
- f) Product transfer and Process transfer related expenses of Rs. 6566.34 Lacs (P.Y. Nil). These cost pertains to shifting of manufacturing facility from high cost country to Low cost country like India, China, Indonesia.
- g) On a conservative side, Company has made provision against the Sales Tax Refund claim of Rs. 3608.40 Lacs (P.Y. Nil) for three DyStar subsidiaries.
- h) Exceptional item includes the reversal of excess provision amounting to Rs. 412.75 Lacs (P.Y. Nil) which were booked as extraordinary expenses in previous consolidated financials.
- i) Profit on sale of stake in Aprestos y Resinas Cia Ltda Rs. 29.23 Lacs and sale of stake in Impala Chemicals (Pty) Ltd Rs. 40.36 Lacs aggregating to Rs. 69.59 Lacs (P.Y. Nil).
- j) Restructuring cost includes amount paid towards out of court Settlement and similar expenses incurred with relation to acquisition expenses amounting to Rs. 2373.80 Lacs (P.Y. – Rs. 3461.02 Lacs).
- k) Derivatives Loss Rs. 1808.13 Lacs (P.Y. Gain 429.16 Lacs).

Exceptional items for the prior year comparatives include amounts in respect of items which have been classified as exceptional in current year.

6. Segment Information

The Company has disclosed business segments as primary segments. Segments have been identified taking into account the nature of the products, the differing risks and returns, the organization structure and internal reporting system.

**Notes To The Consolidated Financial Statements (Contd...)**

The group's information predominantly relate to product & services portfolio of dyes and chemicals catering to the wide ranging requirements of cotton and synthetic textiles, woolen and silk textiles, textile printing, automotive paint industry, leather, plastics & paper industries etc.

Primary Segment – Business Segments

The Group's operations predominantly comprise of only one range of product i.e., Dyes and Additives thereto. The relevant information thereof is available from the balance sheet and the statement of profit and loss, itself, and in view of same, separate segmental information is not required to be disclosed as per the requirements of "Accounting Standard 17 – Segment Reporting" for the primary segments.

Secondary Segment – Geographical segments

The analysis of geographical segments is based on the geographical location of its customers. The consolidated segmental information in respect of geographical segments, considered for disclosure as follows:

Consolidated Segment Information (Rs. in Lacs)

	North, Central & South America	China	Asia (Excluding China)	North & Central Europe	Turkey, Africa & NME	Others	Total
Segment revenue	86891.33 (15,350.10)	47320.86 (6,120.83)	122634.15 (38079.17)	43340.19 (6,739.35)	56736.22 (11,115.35)	23744.77 (2745.88)	380667.52 (80150.68)
Carrying amount of Segment assets	58117.38 (22,549.86)	59242.66 (43,503.62)	166307.30 (148,496.28)	73537.91 (47,282.39)	26188.78 (14,877.94)	Nil Nil	383394.02 (2,76,710.09)
Capital Expenditure	809.47 (6.51)	Nil (0.86)	14293.14 (13,887.56)	8.85 (30.42)	538.80 (12.90)	Nil Nil	155650.26 (13938.25)

7. Capital Commitments (Rs. in Lacs)

Particulars	As at 31st March	
	2011	2010
Estimated amount of contracts remaining to be executed on capital account and not provided for:		
• Parent Company	5794.19	444.14
• Share of Joint venture	295.52	13.31
• Associate Company	NIL	NIL
Total	6089.71	457.45

Contingent Liabilities not provided for (Rs. in Lacs)

Particulars	As at 31st March	
	2011	2010
Outstanding Letter of Credit	3,635.38	2,496.09
• Parent Company Rs. 3,391.67 Lacs (P.Y. Rs. 2196.58 Lacs)		
• Joint Venture Company Rs.243.71 Lacs (P.Y. Rs. 299.51 Lacs)		
Bank Guarantees given by	33,920.78	33,723.13
• Parent Company Rs.33,865.38 Lacs (P.Y. Rs. 33,667.73 Lacs)		
• Joint Venture Company Rs. 55.40 Lacs (P.Y. Rs. 55.40 Lacs)		
Corporate Guarantees given by Parent Company on behalf of :	18,900.00	18,900.00
• Joint Venture Company Rs. 8,900.00 Lacs (P.Y. Rs. 8,900.00 Lacs)		
• Subsidiary Company Rs. 10,000.00 Lacs (P.Y. Rs. 10,000.00 Lacs)		
Claims against the Company not acknowledged as debts:	1443.52	1386.00
• Income Tax / Excise [under disputed Income Tax / Excise matters for various assessment years for which appeals are pending with Appellate authorities.]		
Guarantees given by group to bank on behalf of customers as a security for sale made to such customers	719.26	1,350.93
Other Miscellaneous guarantees	NIL	0.55
Total	58,618.94	57,856.70

**Notes To The Consolidated Financial Statements (Contd...)****8. Leases:**

a) Finance Lease

Lease rentals outstanding as at 31st March, 2011 in respect of assets taken on finance lease are as under:

- i. The total of minimum lease payments for a period are as below: (Rs. In Lacs)

Period	Year ended 31st March	
	2011	2010
Not later than one year	57.19	239.66
Later than one year and not later than five years	14.30	138.57
Later than five years	—	—
Total	71.49	378.23
ii. Present value of minimum lease payments for a period are as below:		
Not later than one year	45.30	214.05
Later than one year and not later than five years	11.33	106.69
Later than five years	—	—
Total	56.63	320.74

b) Operating Lease:

- i. Expenses under cancellable operating lease and rental contracts during the year (Subsidiary) is Rs 91.93 Lacs (P.Y. Rs. 21.32 Lacs).
- ii. Expenses under non-cancellable operating lease and a rental contract during the year is Rs. 2357.46 Lacs (P.Y. Rs. 351.67 Lacs).
- attributable to Parent Company Rs. 6.00 Lacs (P.Y. Rs. NIL)
 - attributable to Subsidiaries Rs. 2351.46 Lacs (P.Y. Rs. 351.67 Lacs)
- iii. Maximum financial obligations from long-term non-cancellable operating lease and rental contracts as per the respective agreement is as follows:

Obligation on non-cancellable Leases	Year ended 31st March	
	2011	2010
Not later than one year	1,719.48	1,072.74
• attributable to Parent Company Rs. 36.00 Lacs (P.Y. Rs. NIL)		
• attributable to subsidiaries Rs. 1683.48 Lacs (P.Y. Rs. 1,072.74 Lacs)		
Later than one year and not later than five years	1,810.67	1,481.09
• attributable to Parent Company Rs. 66.00 Lacs (P.Y. Rs. NIL)		
• attributable to subsidiaries Rs. 1744.67 Lacs (P.Y. Rs. 1481.09Lacs)		
Later than five years	—	—

**Notes To The Consolidated Financial Statements (Contd...)****9. Major components of deferred tax arising on account of timing differences are:**

Particulars	As at 31st March,	
	2011	2010
Liabilities		
Related to Investments	(18.80)	(86.27)
Amortization of Intangibles assets	—	(96.12)
Depreciation (other than DyStar entities)	(2,174.98)	(1,582.56)
	(2,193.78)	(1,764.95)
Assets		
Employee benefits recognized as expense but not allowed as deduction	390.16	565.35
Misc. Provisions not deductible for tax purposes	2,139.61	1,212.00
Amortization of Intangibles assets	535.22	—
Expenses allowable on payment basis	—	98.97
Loss carried forward	—	1,428.14
Depreciation on Fixed assets	925.19	912.96
Provision for doubtful receivables	885.25	1,254.13
Write downs on other current assets	1,680.60	535.03
Others	180.19	117.45
	6,736.23	6,124.03
Net Deferred Tax Liability	4,542.45	4,359.08

Classified on a Company basis:

Particulars	As at 31st March,	
	2011	2010
Deferred tax asset	6717.42	5,941.48
Deferred tax liabilities	(2174.98)	(1,582.40)
Net Deferred Tax Asset	4542.45	4,359.08

10. Earnings Per Share (EPS)**(Rs. In Lacs)**

Particulars	2011	2010
Net Profit / (Loss) as per Consolidated Profit & Loss Account	(27772.43)	(5705.23)
Net Profit / (Loss) for calculation of basic / diluted EPS	(27772.43)	(5705.23)
Weighted Average Number of Equity Shares in calculating Basic EPS	16643889	15000053
Weighted Average Number of Equity Shares in calculating Diluted EPS	16643889	15000053
Basic and Diluted Earnings Per Share (Rs.)	(166.86)	(38.03)
Nominal Value of Share	Rs. 10	Rs. 10

11. Related Parties

Names of 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
Key Management Personnel (KMPR)	Mr. Pravin A. Kiri – Chairman Mr. Manish P. Kiri – Managing Director Mr. Shanker R. Patel – Whole time Director
Relative of Key Management Personnel	Mrs. Aruna P. Kiri
Enterprises over which KMP or KMPR is able to exercise significant influence (EHSI)	Unique Dyechem



Kiri Industries Limited

Notes To The Consolidated Financial Statements (Contd...)

12. Transactions with the related parties

(Figures in Italics represent previous years' amount.)

(Rs. in Lacs)

Particulars	JV & AC	KMPR	EHSI	Total
Sale of goods				
- Lonsen Kiri Chemical Industries Limited	138.93	—	—	138.93
	<i>477.02</i>			<i>477.02</i>
- Unique Dyechem	—	—	337.09	337.09
			<i>68.28</i>	<i>68.28</i>
Purchase of goods				
- Lonsen Kiri Chemical Industries Limited	200.97	—	—	200.97
	<i>788.69</i>			<i>788.69</i>
- Unique Dyechem	—	—	660.26	660.26
			<i>78.31</i>	<i>78.31</i>
Job Work Income				
- Unique Dyechem			395.76	395.76
			<i>NIL</i>	<i>NIL</i>
Job Work Charges				
- Unique Dyechem			279.88	279.88
			<i>NIL</i>	<i>NIL</i>
Rent Charges				
- Unique Dyechem			6.00	6.00
			<i>NIL</i>	<i>NIL</i>
Interest Paid				
- Mr. Pravin A. Kiri	—	200.91	—	200.91
		<i>81.62</i>		<i>81.62</i>
- Mr. Manish P. Kiri	—	136.46	—	136.46
		<i>81.27</i>		<i>81.27</i>
Loans Taken				
- Mr. Pravin A. Kiri	—	578.38	—	578.38
		<i>2594.56</i>		<i>2594.56</i>
- Mr. Manish P. Kiri	—	1435.42	—	1435.42
		<i>1105.98</i>		<i>1105.98</i>
- Kiri Infrastructure Private Limited		392.001		392.00
		<i>894.07</i>		<i>1894.07</i>
Loans Repaid during the year				
- Mr. Pravin A. Kiri	—	3037.55	—	3037.55
		<i>141.28</i>		<i>141.28</i>
- Mr. Manish P. Kiri	—	1217.94	—	1217.94
		<i>1071.90</i>		<i>1071.90</i>
- Kiri Infrastructure Private Limited		2335.10		2335.10
		<i>231.96</i>		<i>231.96</i>
Sundry Payables				
- Lonsen Kiri Chemical Industries Limited	63.10	—	—	63.10
	<i>557.63</i>			<i>557.63</i>
- Mr. Pravin A. Kiri	—	13.86	—	13.86
		<i>2473.03</i>		<i>2473.03</i>
- Mr. Manish P. Kiri	—	409.32	—	409.32
		<i>191.84</i>		<i>191.84</i>
Remuneration Paid				
- Mr. Pravin A. Kiri	—	84	—	84
		<i>84</i>		<i>84</i>
- Mr. Manish P. Kiri	—	84	—	84
		<i>84</i>		<i>84</i>
- Mr. Shanker R. Patel		11		11
		<i>0</i>		<i>0</i>

- Demand loans taken from Key Management Personnel and enterprises owned by Key Management Personnel are interest free.

**Notes To The Consolidated Financial Statements (Contd...)****13. Derivative Instruments and Unhedged Foreign Currency Exposure****a) Derivative Instruments**

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

Consequent to the announcement issued by the Institute of Chartered Accountants of India on Accounting of Derivatives, details of derivatives contracts outstanding as on 31st March, 2011 are as under:

(Figures in Italics represent Previous Year's amount)

Currency	Exposure to Buy / Sell	No. of Contracts	As the year end	
			(Rs. in Lacs)	Foreign Currency (in Lacs)
US Dollar / INR	Sell	5	1128.39	25.31
		4	<i>26,858.30</i>	<i>595.00</i>
Euro / USD	Sell	7	7765.27	122.50
		0	<i>0.00</i>	<i>0.00</i>
US Dollar / INR	Buy	7	2230.00	50.00
		0	<i>0.00</i>	<i>0.00</i>
GBP / US Dollar	Sell	1	179.18	2.50
		0	<i>0.00</i>	<i>0.00</i>
Derivative Structure				
US Dollar / INR	Sell	2	17167.15	385.00
		0	<i>0.00</i>	<i>0.00</i>

The notional marked-to-market loss has not been considered in the Financial Statements. The actual Gain / Loss could vary and be determined only on settlement of the contracts on their respective due dates.

b) Un-hedged Foreign Currency Exposure**(Rs. in Lacs)**

Particulars	As at 31st March,	
	2011	2010
Trade receivables	27,717.14	11,007.72
Trade payables	(24,628.61)	(7,609.12)
Loans given	4,001.77	288.90
Loans received	(7,055.99)	(11,885.40)
Bank balance in current accounts	2,961.77	976.24
Other receivables	133.77	1,193.98
Other payables	(1,435.58)	(346.40)

14. Details of the Company's share in Joint Venture included in the Consolidated Financial Statements is as follows (Before Inter-Company eliminations):

The Company has a 40% interest in the assets, liabilities, income and expenses of the Lonsen Kiri Chemical Industries Ltd., incorporated in India, which is engaged in 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:



Notes To The Consolidated Financial Statements (Contd...)

(Rs. In Lacs)					
Balance Sheet	As at 31st March, 2011	As at 31st March, 2010	Profit and Loss Account	Year ended 31st March, 2011	Year ended 31st March, 2010
Share Capital	3320.00	2200.00	Sales	4012.18	3155.70
Share Application Money	485.11	—	Other Income	126.80	87.33
Reserves and Surplus	(70.43)	5.30			
Secured Loans	1006.16	2356.30	Total Income	4138.98	3243.03
Deferred Tax Liabilities (net)	266.60	213.90	Cost of Goods Sold	2900.88	3178.43
Total Sources of Funds	5007.44	4775.50	Employee Costs	91.26	49.09
Fixed Assets	3545.42	2870.05	Manufacturing Expenses	503.93	453.32
Current Assets (A)	2484.32	4777.79	Administrative Expenses	47.88	103.55
Inventories	1263.85	1788.37	Selling and Distribution Expenses	108.58	81.64
Sundry Debtors	484.43	1763.22	Financial Expenses	191.40	100.25
Cash and Bank Balances	296.87	120.66	Preliminary Expenses Written off	1.89	0.09
Loans and Advances	437.53	1096.11	Change in inventories	179.14	(999.90)
Other	1.64	9.43	Depreciation / Amortization	130.05	96.52
Current Liabilities (B)	1039.12	2873.05	Total Expenditure	4155.01	3062.99
Current Liability	988.84	2830.53	Profit Before Tax (PBT)	(16.03)	180.05
Provisions	50.28	42.52	Exceptional item	—	39.05
Net Current Assets (A) - (B)	1445.20	1904.74	Provision for Tax	(56.43)	(213.90)
Miscellaneous Expenditure	16.82	0.71	Prior Period Items	(3.26)	—
Total Application of Funds	5007.44	4775.50	Profit / (Loss) After Tax (PAT)	(75.72)	5.20

Proportionate Contingent Liabilities: Rs. 299.11 Lacs (P.Y. – Rs. 354.91 Lacs)

Proportionate Estimated amount of contracts remaining to be executed on capital account and not provided for: Rs. 295.42 Lacs (P.Y. – Rs. 13.31 Lacs)

15. 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 Company Ltd. in the form of a qualifying insurance policy.

The following tables summarizes the components of net benefit expense recognized in the profit and loss account and the funded status and amounts recognized in the balance sheet for the plan (in respect of Parent Company).

Net Employee benefit expense (recognized in Employee Cost) (Rs. in Lacs)

Particulars	Gratuity	Leave Encashment
Profit & Loss Account		
Current Service Cost	22.05	10.19
Interest Cost	1.93	0.81
Expected return on plan assets	(2.00)	—
Net actuarial Losses/(Gains)	66.07	9.22
Balance Sheet		
Present value of defined benefit obligations at the end of the Year	27.07	—
Fair value of plan assets at the end of the year	27.07	—
Net assets/(liability) at the end of year	(84.86)	(27.99)



Notes To The Consolidated Financial Statements (Contd...)

(Rs. in Lacs)

Particulars	Gratuity	Leave Encashment
Changes in Present Value of the defined benefit obligation are as follows:		
Defined benefit obligation at beginning of the year	23.18	9.73
Service Cost	22.05	10.19
Interest Cost	1.93	0.81
Actuarial Losses/(Gains)	66.14	9.22
Losses/(Gains) on curtailments	—	—
Liabilities extinguished on settlements	—	—
Benefits paid	(1.36)	(1.96)
Defined benefit obligation at end of the year.	111.93	27.99
Reconciliation of opening and closing balances of fair value of plan assets		
Fair value of plan assets at the beginning of year	17.45	—
Expected return on plan assets	2.00	—
Actuarial Losses/(Gains)	0.07	—
Contributions by employer	8.91	—
Benefit paid	(1.36)	—
Defined benefit obligation at end of the year	27.07	—
The principle assumptions used in determining obligations are as follows:		
Mortality Table (LIC)/(SBI)	1994-96 (Ultimate)	1994-96 (Ultimate)
Discount Rate (per annum)	8.31%	8.31%
Expected Return on plan assets (per annum)	9.00%	0.00%
Annual Increase in salary costs	6.00%	6.00%
Investment details		Percentage invested as at 31st March, 2011
Life Insurance Corporation of India (LIC) /		100%
SBI Life Insurance Company Ltd. (SBI)		

16. Other Provisions include:

(Rs. In Lacs)

Restructuring Provision	For the Year ended 31st March,	
	2011	2010
Opening Balance	4,364.63	—
Add : On Acquisition of Subsidiary	118.57	879.14
Add : Provision for the year	11,932.74	3,631.38
Less : Reversal of the Provision	(79.51)	—
Less : Utilized during the year	(2,012.65)	—
Foreign Currency Translation	272.84	(145.89)
Closing Balance	14,596.63	4,364.63



Kiri Industries Limited

Notes To The Consolidated Financial Statements (Contd...)

As part of DyStar restructuring strategy, KHSPL and DyStar are in the process of executing the Restructuring Program. The restructuring program includes closing of high manufacturing production cost sites, shifting of manufacturing to low cost countries, downsizing human resources and merger of the offices to reduce the overall administration cost.

17. The Company has consolidated operations of DyStar Entities on 100% (one hundred percent) basis. The Investment arm of Longsheng Group, China, namely, Well Prospering Limited (WPL), has invested € 22,000,000 in form of zero-coupon convertible bonds. The bondholder, i.e WPL has not converted these bonds during the current financial year. In future, if WPL exercises its option for converting the bonds into equity shares on or before February 7, 2014, they would hold 62.85 %, whereas the Company would hold 37.15% equity shares, in Kiri Holding Singapore Private Limited, the investing arm for DyStar entities,
18. Capital Reserve of Rs. 94532.04 Lacs (P.Y. Rs. 89024.29 Lacs) is net of Goodwill amount. Details are as follows:

Capital Reserve	For the Year ended 31st March,	
	2011	2010
Opening Balance	89,024.29	—
Add : Arising on Acquisition of Subsidiaries	3,327.08	100,373.43
Less : Goodwill arising on Acquisition of Subsidiaries	(952.01)	(8,557.70)
Less : Goodwill arising on Acquisition of Minority Shares	(170.52)	—
Less : Capital Reserve w/off attributable to Subsidiaries closed during the period	(673.13)	—
Foreign Currency Translation Reserve	3,976.33	(2,791.44)
Closing Balance	94,532.04	89,024.29

19. Figures pertaining to subsidiary companies have been reclassified where necessary to bring them in line with the Company's financial statements.
20. Figures of the previous year are not strictly comparable with the figures of the current year as the figures of previous year were consolidated from the date of acquisition to 31st March, 2010.
21. 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 : 1st September, 2011

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

Pravin A. Kiri
Chairman

Manish P. Kiri
Managing Director

Suresh S. Gondalia
Company Secretary

Place : Ahmedabad
 Date : 1st September, 2011

**Consolidated Cash Flow Statement For The Period Ended 31st March, 2011**

Particulars	(Rs. in Lacs)	
	2010-2011	2009-2010
A. Cash Flow from Operating Activities :		
Net Profit before Tax and Extraordinary items	13,622.22	1,847.87
Adjustment for		
- Depreciation	10,495.33	2,683.00
- Interest & Dividend Income	(373.40)	(153.42)
- Interest charged to P & L	9,691.18	2,116.00
- Miscellaneous Expenditure (Amortized)	2.55	0.75
- Unrealised foreign exchange (gain)/loss	1,480.68	2,345.63
- (Profit) / Loss on Sales of Fixed Assets	(414.23)	0.32
- Unspent Liabilities & Provisions Written back	(301.77)	—
- Sundry Balances written off	807.21	—
- Profit on Sale of investments	—	(1.51)
- Deferred tax charge	111.51	989.72
- Previous Year Income (Expenses)	(19.51)	(11.55)
Operating Profit before working capital changes:	35,101.77	9,816.80
Adjustment for :		
- Sundry debtors	(27,855.08)	(350.19)
- Inventories	(72,073.44)	(22,313.23)
- Loans & Advances	(7,022.68)	(4,359.53)
- Current Liabilities & Provision	90,525.56	13,350.97
	(16,425.64)	(13,671.98)
Cash Generated from Operations before exceptional items	18,676.13	(3,855.18)
Exceptional items		
- Provision for Exceptional Items	(32,284.64)	(6,589.90)
- Direct taxes paid	(2,662.46)	(1,837.07)
Net Cash Flow from Operations (A)	(16,270.97)	(12,282.14)
B. Cash Flow from Investment Activities :		
- Purchase of Fixed Assets	(20,117.48)	(6,566.76)
- Sale of Fixed Assets	651.19	22.72
- Share of Profit from Associates	1.15	—
- Sale of Investments	1,269.59	252.66
- Interest and Dividend Income	373.40	267.98
- Investments made	(1,448.75)	217.21
Misc. Expenditure incurred during year	(18.00)	(4.31)
Net Cash Flow from Investing Activities (B)	(19,288.90)	(5,810.50)



Kiri Industries Limited

Consolidated Cash Flow Statement For The Period Ended 31st March, 2011 (Contd...)

Particulars	2010-2011	2009-2010
(Rs. In Lacs)		
C. Cash Flow from Financing Activities :		
Proceeds of Equity Share Capital	400.00	(7,329.74)
Proceeds from issue of Share Application Money	23,502.00	—
Proceeds from minority	(687.31)	56.66
Proceeds from Long term Borrowings	18,126.60	36,982.90
Proceeds from unsecured Loans	3,611.12	(9,033.53)
Proceeds of Convertible Bonds [refer note 17 of Schedule W]	—	13,697.20
Increase in working capital loans	(4,648.73)	2,166.21
QIP Expenses	(1,137.39)	—
Exceptional Items	—	99.63
Repayment of outstanding bonds & warrant	—	(3,574.59)
Interest paid	(9,691.18)	(2,549.95)
Dividend Paid	(263.25)	(263.25)
Net Cash Flow from Financing Activities (C)	29,211.85	30,251.54
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	(6,348.02)	12,158.90
Cash and Cash Equivalents as at 1st April, 2010 (Opening)	30,355.91	798.47
Add/(Less) : Cash & cash equivalents taken over on acquisition of subsidiaries	—	18,375.13
Add/(Less) : Translation adjustment on opening cash & cash equivalents of subsidiaries	1,285.17	(976.59)
Cash and Cash Equivalents as at 31st March, 2011 (Closing)	25,293.06	30,355.91

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 : 1st September, 2011

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

Pravin A. Kiri
Chairman

Manish P. Kiri
Managing Director

Suresh S. Gondalia
Company Secretary

Place : Ahmedabad
Date : 1st September, 2011



Kiri Industries Limited

Details of Subsidiary Companies pursuant under Section 212(8) of the Companies Act, 1956 in terms of General Circular No. 2/2011, dated 8th February, 2011 issued by Ministry of Corporate Affairs.

		(Rs. in Lacs)											
Name of Subsidiaries	Country	Reporting Currency	Exchange Rate	Capital	Reserves	Total assets	Total Liabilities	Investment	Turnover	Profit Before Tax	Provision for Taxation	Profit After Tax	Proposed Dividend
Kiri International (Mauritius) Private Limited	Mauritius	USD	44.59	0.00	(11.30)	11.30	0.00	—	—	(9.55)	—	(9.55)	—
Synthesis International Limited	Hong Kong	HKD	5.73	—	—	—	—	—	251.68	2.51	—	2.51	—
Kiri Holding Singapore Private Limited	Singapore	EUR	63.35	8,372.07	(8,231.61)	57,614.80	57,474.35	—	—	(4,647.19)	—	(4,647.19)	—
Kiri Investment and Trading Singapore Private Limited	Singapore	USD	44.59	0.00	—	—	—	—	—	—	—	—	—
DyStar Colours Distribution GmbH	Germany	EUR	63.35	15.81	16,237.34	63,532.35	47,279.20	—	112,718.45	(535.19)	203.00	(738.19)	—
DyStar Colours Deutschland GmbH	Germany	EUR	63.35	15.81	389.70	19,744.44	19,338.93	—	59,918.40	(2,957.24)	1,303.14	(4,260.38)	—
DyStar Nanjing Colours Co., Ltd.	China	CNY	6.81	22,683.09	(13,597.60)	41,412.62	32,327.14	—	26,501.70	(330.54)	—	(330.54)	—
DyStar Pakistan (Pvt.) Ltd.	Pakistan	PKR	0.52	157.45	429.23	956.52	369.84	—	1,416.83	104.47	37.69	66.78	—
DyStar (Singapore) Pte. Ltd.	Singapore	USD	44.59	3,604.85	(3,287.44)	35,790.84	35,473.43	—	84,337.38	(12,880.71)	179.47	(12,701.24)	—
DyStar South Africa (PTY) Ltd.	South Africa	ZAR	6.56	—	—	—	—	—	—	—	—	—	—
DyStar Taiwan Ltd.	Taiwan	TWD	1.52	461.52	2,750.09	4,619.04	1,407.43	—	9,647.36	322.36	85.51	(236.85)	—
DyStar Tekstil Boya ve Teknol Sanayi Ticaret Ltd. Sirkati	Turkey	EUR	63.35	6.32	(1.26)	5.06	—	—	—	12.02	—	12.02	—
DyStar Textile Services (Shanghai) Co. Ltd.	China	CNY	6.81	1,594.04	(300.29)	1,370.27	76.51	—	1,228.01	(21.99)	—	(21.99)	—

(Rs. in Lacs)

Name of Subsidiaries	Country	Reporting Currency	Exchange Rate	Capital	Reserves	Total assets	Total Liabilities	Investment	Turnover	Profit Before Tax	Provision for Taxation	Profit After Tax	Proposed Dividend
DyStar Thai Ltd.	Thailand	THB	1.47	1,408.80	530.35	2,897.66	958.51	—	5,492.75	(21.97)	4.80	(26.77)	—
DyStar UK Ltd.	Great Britain	GBP	71.68	365.46	(891.56)	34.80	560.90	—	1,346.15	454.32	—	454.32	—
DyStar Wuxi Colours Co. Ltd.	China	CNY	6.81	6,440.86	176.76	22,101.69	15,484.07	—	24,986.78	446.30	(58.12)	504.42	—
PT. DyStar Colours Indonesia	Indonesia	USD	44.59	20,155.99	(4,573.50)	41,823.33	26,240.84	—	38,559.04	226.80	33.02	193.78	—
Boehme Asia Limited	China	HKD	5.73	29.18	35.72	682.27	617.37	—	—	267.22	—	267.22	—
Dr. TH. Boehme Chem. Fabrik GmbH	Austria	EUR	63.35	22.13	(5.46)	34.90	18.23	—	—	(7.54)	1.11	8.64	—
DyStar Amilinas Têxteis Lda.	Portugal	EUR	63.35	1,264.80	558.29	7,580.40	5,757.30	—	13,065.84	(47.04)	(164.73)	117.69	—
DyStar (Shanghai) Trading Co. Ltd.	China	CNY	6.81	2,131.04	2,740.88	20,717.68	15,845.77	—	38,255.96	(464.63)	18.86	(483.49)	—
DyStar Benelux S.P.R.L	Belgium	EUR	63.35	39.21	75.13	262.63	148.29	—	326.83	(33.61)	(12.53)	(21.09)	—
DyStar China Ltd.	China	HKD	5.73	4,143.95	(2,383.41)	3,793.21	2,032.66	—	7,113.26	(1,028.36)	—	(1,028.36)	—
DyStar de México, S.de R. L. de C.V.	Mexico	MXN	3.74	2,360.75	(1,054.05)	9,598.83	8,292.13	—	16,656.36	(1,735.70)	(177.46)	(1,558.24)	—
DyStar France S.A.R.L	France	EUR	63.35	158.10	(497.77)	1,948.12	2,287.79	—	763.26	20.89	6.11	14.78	—
DyStar Hispania S.L.	Spain	EUR	63.35	732.65	991.46	3,498.50	1,774.39	—	7,237.81	(670.57)	(153.89)	(516.68)	—
DyStar India Private Limited	India	INR	1.00	3,334.17	1,657.22	10,843.54	5,852.14	—	12,011.64	806.12	364.37	441.75	—
DyStar Industria e Comercio de Produtos Quimicos Ltda.	Brazil	BRL	27.47	12,739.69	(2,311.53)	25,051.14	14,622.98	—	34,197.11	(1,553.81)	208.02	(1,345.79)	—
DyStar Italia S.r.l.	Italy	EUR	63.35	1,264.80	28.49	5,169.61	3,876.32	—	5,658.66	(624.55)	25.30	(649.84)	—



Kiri Industries Limited

(Rs. in Lacs)

Name of Subsidiaries	Country	Reporting Currency	Exchange Rate	Capital	Reserves	Total assets	Total Liabilities	Investment	Turnover	Profit Before Tax	Provision for Taxation	Profit After Tax	Proposed Dividend
DyStar Japan Ltd.	Japan	JPY	0.54	23,736.33	(12,071.81)	24,781.75	13,117.23	—	30,980.80	2,898.61	1,995.71	902.90	—
DyStar Kimya Sanayi ve Ticaret Ltd.	Turkey	TRY	28.86	435.83	7,159.05	21,385.12	13,790.24	—	25,536.02	2,276.67	248.03	2,028.63	—
DyStar Korea Ltd.	Korea	KRW	0.04	298.58	251.76	665.08	114.73	—	904.79	15.08	(13.71)	28.80	—
DyStar Boehme Africa (Pty) Ltd.	South Africa	ZAR	6.56	10.24	611.83	4,978.90	4,356.83	—	8,766.22	(176.14)	(454.79)	278.65	—
Boehme South America Industrial Ltda.	Brazil	BRL	27.47	3,735.12	3,465.90	7,201.02	—	—	7,549.46	2,104.41	737.79	1,366.62	—
Texanlab Laboratories Private Limited	India	INR	1.00	3.91	283.90	1,614.85	1,327.04	—	734.83	(385.36)	—	(309.00)	—
Boehme (Hangzhou) Chemical Auxiliary Co. Ltd.	China	CNY	6.81	819.65	1,020.31	2,221.73	381.76	—	2,868.84	204.32	12.61	191.71	—
DyStar Denim GmbH	Germany	EUR	63.35	15.81	(1.30)	14.83	0.32	—	—	(0.26)	—	—	—
DyStar Auxiliaries GmbH	Germany	EUR	—	15.81	389.70	—	(405.51)	—	—	(3.93)	0.15	(3.78)	—
DyStar Acquisition Corporation	USA	USD	44.59	—	5,271.04	5,433.68	162.64	—	—	5.84	(754.03)	759.86	—
DyStar LP	USA	USD	44.59	—	8,477.90	22,073.51	13,595.60	—	22,252.75	721.09	—	721.09	—
DyStar Americas Holding Corp	USA	USD	44.59	—	4,517.79	4,517.79	—	—	—	—	—	—	—
Boehme Filatex Canada	USA	USD	44.59	269.42	(241.11)	96.30	67.99	—	—	(5.09)	(25.18)	(30.26)	—

Notes: The Indian rupee equivalents of the figures given in the foreign currencies in the accounts of the subsidiary companies have been given based on the exchange rates as on 31st March, 2011.

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

Place : Ahmedabad
Date : 1st September, 2011

Pravin A. Kiri
Chairman

Manish P. Kiri
Managing Director

Suresh S. Gondalia
Company Secretary



Kiri Industries Limited

Attendance Slip / Proxy Form

Kiri Industries Limited

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

ATTENDANCE SLIP

13TH ANNUAL GENERAL MEETING -Thursday, 29th September, 2011 at 11.30 A.M.

Folio No./DP ID : _____

Client ID : _____

No. of Shares held : _____

I certify that I am a registered equity shareholder/Proxy for the registered equity shareholder of the Company. I hereby record my presence at the 13th Annual General Meeting of the Company, held at H.T. Parekh Hall, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad- 380 015 on Thursday, 29th September, 2011 at 11.30 A.M.

Member's/Proxy's name in BLOCK letters

Member's/Proxy's Signature

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

Kiri Industries Limited

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

PROXY FORM

13TH ANNUAL GENERAL MEETING -Thursday, 29th September, 2011 at 11.30 A.M.

I/ We _____ of _____ of being

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

of _____ or failing him/her _____

of _____ in my/ our absence to attend and vote for me/us and on my/ our behalf at the 13th Annual General Meeting of the Company to be held on Thursday, the 29th September, 2011 at 11.30 A.M. and any adjournment thereof.

Signature (s) _____

Affix 1
Rupee
Revenue
Stamp

Date : _____

LF No. / DP ID : _____

Client ID : _____

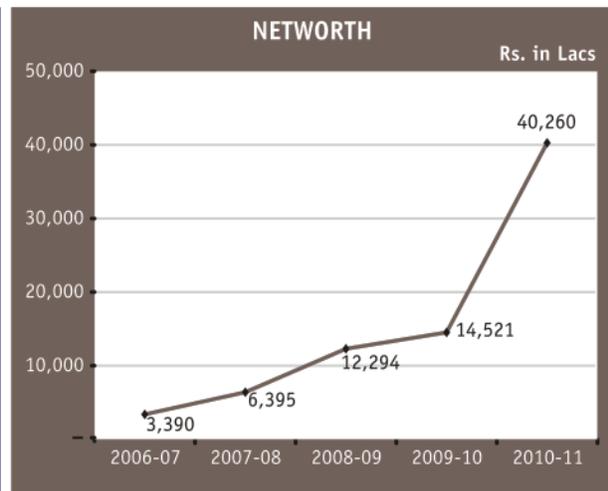
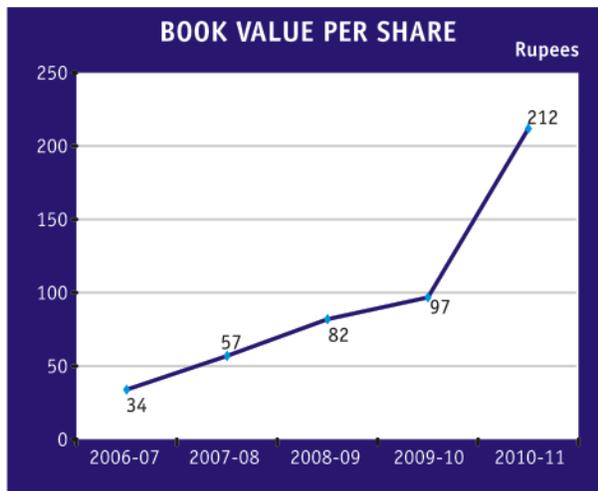
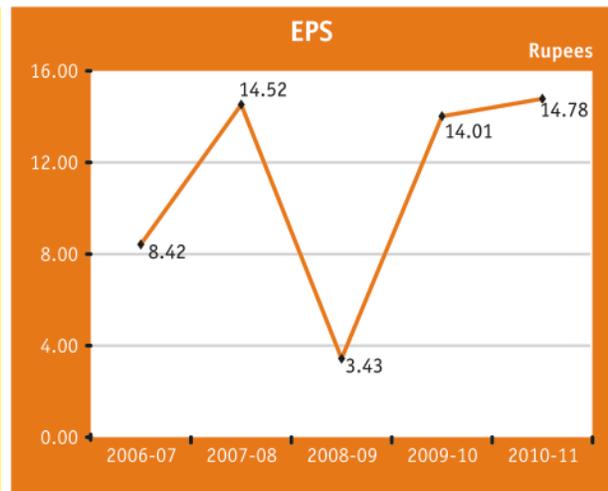
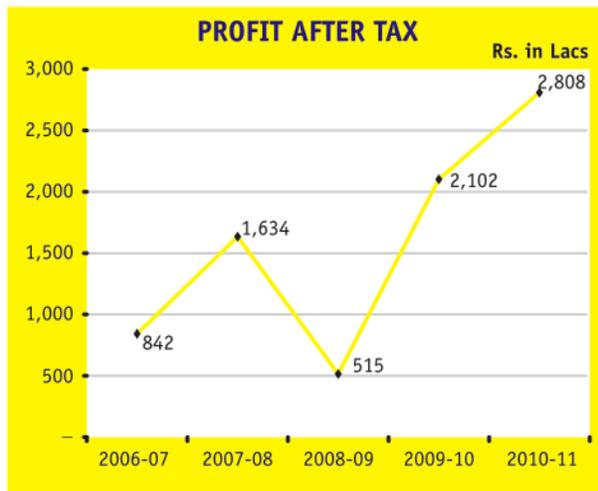
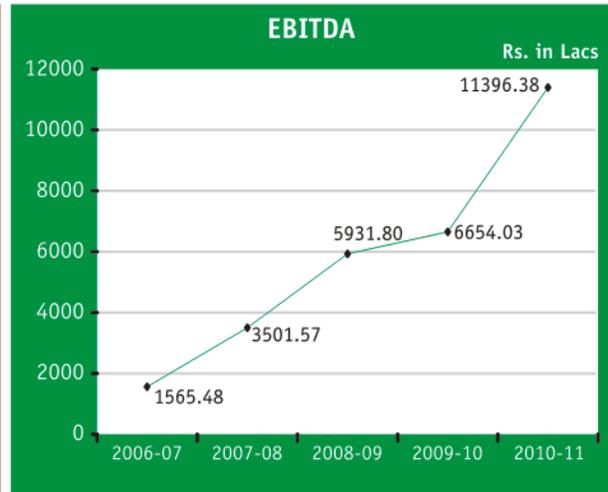
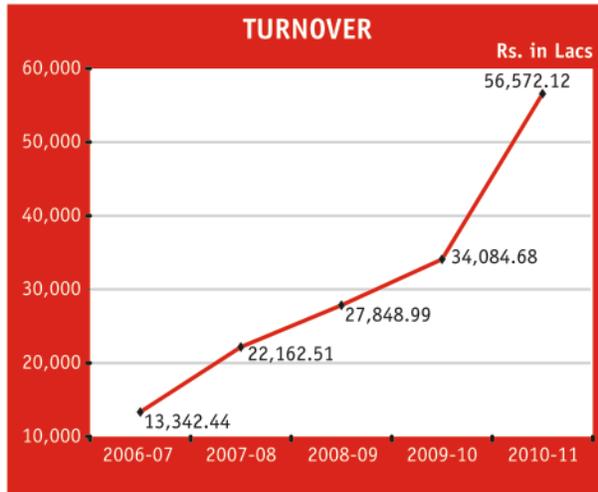
No of Shares held _____

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



Kiri Industries Limited

Financial Highlights





Kiri Industries Limited

Registered Office

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