

Kiri Industries Limited

Future Full of Colours.....

March 15, 2019

To, BSE Limited 1st Floor, Rotunda Building, B.S. Marg, Fort, Mumbai - 400 001 Scrip Code: 532967	To, National Stock Exchange of India Limited Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051 Scrip ID – KIRIINDUS
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Dear Sir/Madam,

Sub: Updates on Court case in Singapore in Compliance with Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We refer to our announcement dated 8 January 2019 to updates directions issued by the Singapore International Commercial Court (“**SICC**”), vide oral judgement dated 8 January 2019. The SICC on 12 March, 2019 has delivered grounds of decision on following four issues directed on 8 January, 2019.

The extracts of the grounds of decision are given below:

1. The Minority discount issue:

Submission of Senda for minority discount for lack of control and submission of further evidences were rejected because of two factors (a) the majority's oppressive conduct was directed at worsening the position of the minority as shareholders so as to compel them to sell out; (b) the majority's oppressive conduct was entirely responsible for precipitating the breakdown in the parties' relationship.

Further, by delivering grounds of decision on minority discount issue, the SICC has summarised oppressive conducts by majority shareholder and found that:

- (i) The Related Party Loans were “designed by Senda to *extract value* from DyStar for *Longsheng's sole benefit* and to the *detriment of Kiri*”.
- (ii) The Cash-pooling Agreement was “commercially unfair and oppressive to Kiri for the same reasons” that applied to the Related Party Loans.
- (iii) The Special Incentive Payment was “effectively forced through by the Longsheng Directors”. Although it was made pursuant to the Special Incentive Plan,, but was “an afterthought and a means of extracting value out of DyStar for Ruan's benefit” and it was “designed to lend legitimacy” to the payment made to Ruan.

DYES

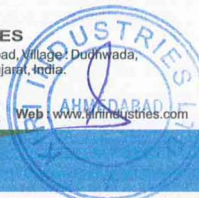
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- (iv) In relation to the Patent, Longsheng's failure to reassign the Patent to DyStar was an oppressive act. Longsheng did not re-assign the Patent because it did not find it "necessary or in its interests do to so". In that regard, the Longsheng Directors "failed to think in terms of DyStar's interests", but instead made their decision "out of regard for Longsheng's interests" and Two facts underscored that the Longsheng was motivated by self-interest. First, that the Longsheng Directors permitted Longsheng to "treat the Patent as its own by using Orange 288 without accounting to DyStar for such exploitation". Second, that there was "continued exploitation of the Patent by Longsheng through the collection of licence fees" which were not accounted for to DyStar.
- (v) The payment of the Longsheng Fees for 2015 was commercially unfair, and was raised as an "afterthought and as a means for Senda to extract value from DyStar unilaterally" and the provision in the accounts for the payment of the Longsheng Fees for 2016 was "made with a view to extracting value from DyStar".
- (vi) The Longsheng Directors' refusal to declare a dividend was "neither made in good faith nor reached on purely commercial grounds". Instead, there was an "improper motivation in denying Kiri the benefits of its shareholding in DyStar, while simultaneously permitting Senda to unilaterally extract benefits from DyStar".

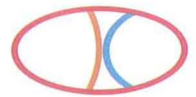
The above stated oppressive acts were commercially unfair and designed to extract benefit or value out of DyStar, solely for benefit of Senda, Longsheng or Ruan and at the expenses of Kiri, worsening position of the minority shareholder. Senda's oppressive conduct was entirely responsible for the breakdown in the parties' relationship and "no residual goodwill or trust left between the parties".

In view of foregoing there were sufficient basis for concluding that a minority discount for lack of control ought not to be applied.

2. The Counterclaims Issue

Senda submitted that a discount of 20% should be applied to the assessed fair value of Kiri's shareholding, pursuant to the termination provisions of clause 16 of the SSSA. The Court found that the 20% discount provided for under cl 16.4 of the SSSA, was that the party issuing the "Call Option" was the innocent party. Senda, based on findings in the Main Judgment, could hardly be described as such. The court found that to exercise its discretion, as Senda had urged, to factor in a 20% discount would not achieve a "fair" value as between the shareholders.





3. The Loss Assessment Issue:

Senda contended that the assessment of the valuation of Kiri's shareholding should be taken in two stages. The first stage would be limited to assessing value that should be attributed to each category of oppressive conduct that court had directed ought to be taken into account in valuing Kiri's shareholding. The second stage would follow and would be on the value of Kiri's shareholding based, inter alia, on the assessment arrived at in the first stage. In this issue court found that here was no useful purpose served in splitting the valuation exercise as suggested by Senda. Indeed, to do so would only serve to delay the performance of the buyout order that court had made

4. The Cost issue:

Senda submitted that court should make no order as to costs in respect of Kiri's claim in Suit 4 because Kiri had abandoned or failed on various allegations of oppression. Court did not accept this submission. Kiri's pleaded claims against Senda in Suit 4 were all claims of oppression. Although it is true that Kiri did not succeed in proving each and every aspect of its pleaded case, it did succeed on the fundamental issue in the suit – ie, that it was being oppressed by Senda. Moreover, whether Kiri's claims were analysed in respect of the various categories of oppressive conduct alleged, or in respect of the individual allegations within those categories, it must be said that Kiri had more than substantially succeeded in establishing the allegations of oppression. Accordingly, Kiri was entitled to the full costs of the claim in Suit 4.

Please further note that Senda has filed appeal with court of appeal for above issues and directions given by SICC on 8 January, 2019.

The detailed grounds of decision issued by SICC on 12 March, 2019 can be viewed at <https://www.sicc.gov.sg/docs/default-source/modules-document/judgments/kiri-industries-ltd-v-senda-international-capital-ltd-and-anor-330ab478-377a-4d60-9a5c-07d8136a7a4b-fccf6359-3015-493e-abc7-7ce0f90eed45.pdf>

You are requested to kindly note the above.

For Kiri Industries Limited

Suresh Gondalia
Company Secretary

