

CHEMISTRY OF COLOURS



Kiri Industries Limited

Future Full of Colours.....

ANNUAL REPORT 2019-20



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Corporate Information

Board of Directors

Mr. Pravin Kiri - Chairman
Mr. Manish Kiri - Managing Director
Mr. Keyoor Bakshi - Independent Director
Mr. Mukesh Desai - Independent Director
Ms. Veena Padia - Independent Director
Mr. Ulrich Hambrecht - Independent Director

Senior Management

Mr. Jayesh Vyas – Chief Financial Officer
Mr. Suresh Gondalia – Company Secretary

Registered Office

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

Works

Plot No 299/1/A & B & 10/8, Nr. Water Tank, Phase-II, GIDC, Vatva,
Ahmedabad – 382 445, Gujarat, India (Dye division)

Plot No: 396/399/403/404 EPC Canal Road, Village: Dudhwada , Ta: Padra,
Dist: Vadodara :- 391 450 (Dye Intermediate division)

Plot No: 552, 566, 567, 569-71 Village: Dudhwada, Tal. Padra,
Dist.: Vadodara- 391 450 Gujarat , India. (Chemical division)

Auditors

Statutory

M/s. Pramod Kumar Dad & Associates, Chartered Accountants, Ahmedabad

Cost

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

Secretarial

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

Registrar and Shares Transfer Agent

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

CIN

L24231GJ1998PLC034094

Company Overview

Kiri Industries Limited ("KIL") is one of its kind, a fully integrated Dyes and Chemicals company operating in India. With a plethora of opportunities offered by both domestic and foreign markets, the company has significantly ramped up its operations, which makes it the largest player domestically. Driving on the global growth of dyes and the chemicals industry, KIL is one of the fastest growing company in that space.

By virtue of large scale facilities and fully integrated operations from manufacturing of basic chemicals, dye intermediates and dyestuff, the Company derives benefits from economies of scale and quality control. The Company's facilities are versatile enough which allows the flexibility to produce reactive dyes, acid/metal complex dyes and wool reactive dyes. This, in turn, has enabled the Company to meet the time, quantity and quality requirements of its customers.

KIL has re-engineered its existing manufacturing facilities and enhanced dyes production capacities to 36,000 MTPA by virtue of systematic debottlenecking. Currently, our 'Basic Chemical' Plant's capacity is 2,36,500 MTPA and 'Dye Intermediate' plant's capacity is around 47,200 MTPA and disperse dyes capacity is 8,000 MTPA. Further, to expand the dye business, KIL had formed a Joint Venture with Longsheng (China) and also acquired Dystar Group.

The company has significantly invested in manufacturing a zero discharge facility and with this achievement, KIL is able to produce new products and manage waste generated through manufacturing of intermediates. Also because of strong entry barriers, there are limited new entrants expected in the times to come. The overall stringent guidelines of the pollution control board on the units in the entire state of Gujarat would help KIL in terms of achieving balanced and reasonable prices from the market in the future.

KIL's R&D activities broadly comprise of various processes for developing new products and standardizing new analytical methods. Its R&D center especially focuses on products and technologies that improve the ecological profile and provide cost advantages for customers. KIL continuously interacts with its consumers to obtain feedback on its existing as well as new products, so as to complement its new product development activities.

KIL has been embarking upon its expansion strategy mainly through internal accruals and being mindful of its responsibility towards an environment-friendly growth. The company has consistently been investing in the latest technologies which enables it to set up benchmarks for sustainable growth within the industry.

Year Gone By....

To gain a foothold in the domestic market, the company has increased the sale of dyes and dyes intermediates by way of concentrated approach. The focus was on volume growth across the product portfolio and it gives us pleasure to inform you that we have achieved year-to-year volume growth of 2%. This means that the company has expanded its market share in the current financial year.

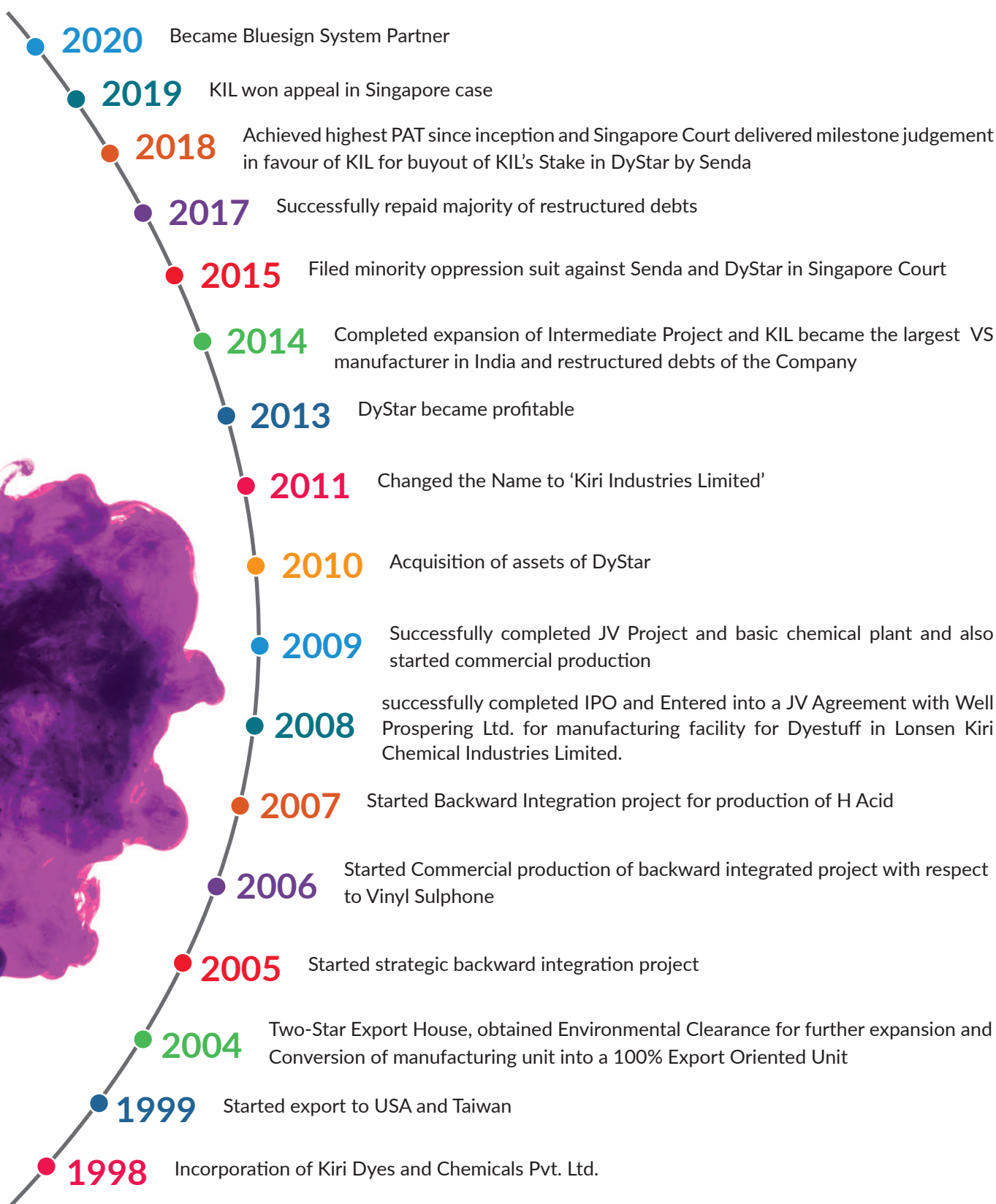
KIL has been concentrating on consolidating its product portfolio by expanding and optimizing its manufacturing facilities to manufacture a diversified range of products and is focused on continuous innovations to achieve sustainable growth. The expansions of multi-purpose specialty intermediates facility and basic chemicals facility will enable the company to increase production capacity of Speciality Intermediates by 17% and basic chemicals by 115%. After completion of the expansion of said facilities, the company becomes self-reliant on the majority raw material requirements for dyes and dyes intermediates.

KIL has added products in specialty intermediates segment from the new facilities which enhanced the overall product portfolio and helped to improve the product basket and ultimately resulting in higher EBITDA margins. During the year, KIL capitalized on the drop in raw material prices and also expanded and strengthened its product portfolio which has helped to improve gross profit margins to 37.60%, an increase of 262 bps on Y-o-Y basis.

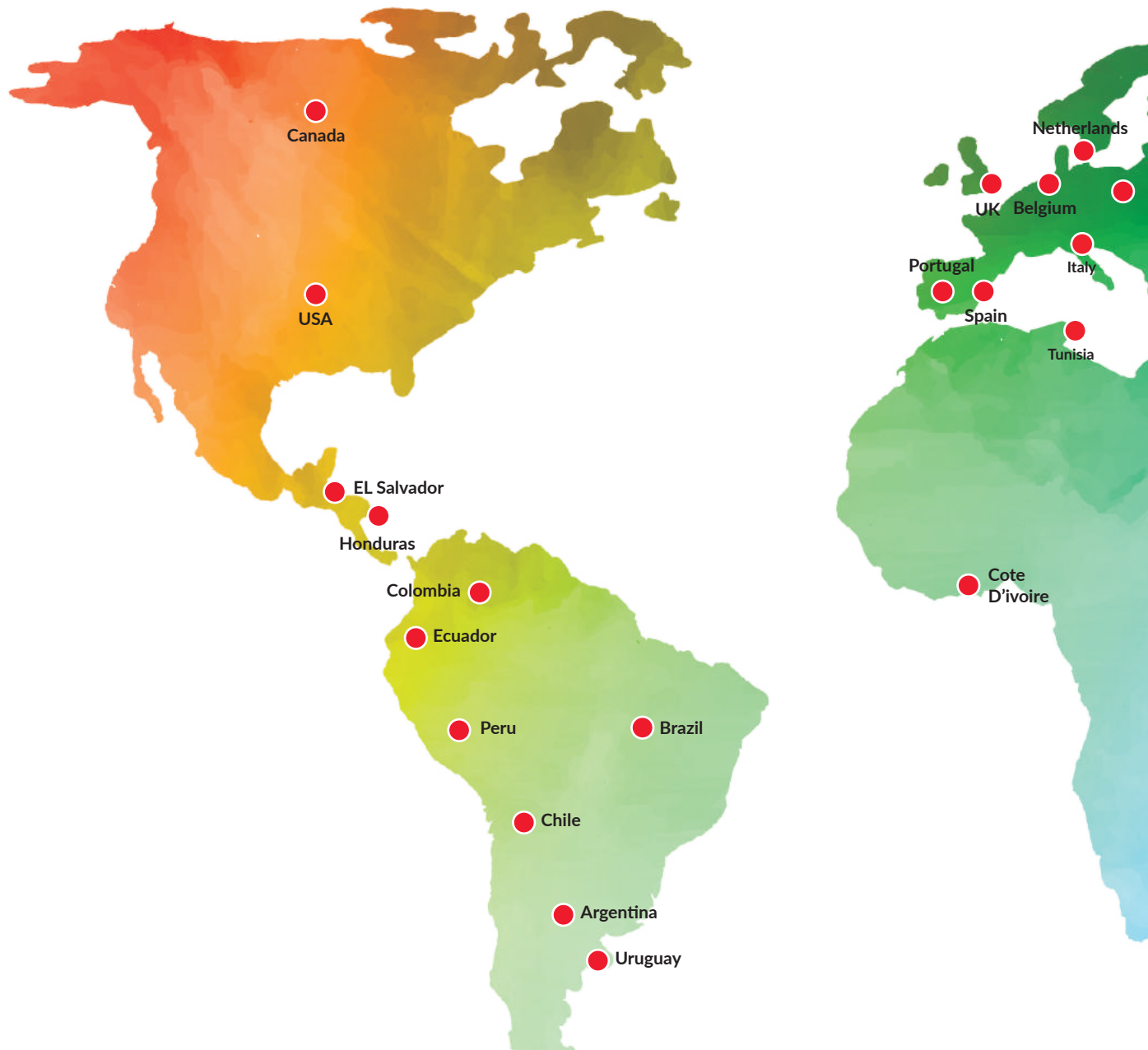
With regards to the ongoing legal battle with Senda (Longsheng Group) in the matter of DyStar, KIL had acquired 37.57% stake in DyStar in the year 2010. KIL had a vision to attain global footprint and reach out to the end customer by supplying dyes at competitive prices as DyStar is the global market leader in dyes, dye solutions, performance chemicals, new technologies and custom-manufacturer of special dyes and pigments. Unfortunately, KIL faced minority oppressions over the years from their partner Senda and due to which KIL had to file a legal suit against them in the Singapore International Commercial Court ("SICC"). The final hearing on valuation was completed on July 01, 2020 and SICC has reserved matter for judgement.



Key Milestones



Geographical Presence





Dyes Intermediates and Basic Chemicals

KIL dyes intermediates business consists of Commodity Intermediates, Specialty Intermediates, Acetanilide and major dyes intermediates - Vinyl Sulfone and H Acid. Dyes intermediates are petroleum downstream products, which are further processed for any application. On the processing, they are transformed into finished dyes. Dyes Intermediates also serve as an important raw material for Acid, Reactive, Disperse, and Direct Dyes.

In order to guarantee a continuous supply line of key raw materials valued, KIL has set up completely integrated manufacturing units. Roughly 60% of intermediates required for dyes are made at the Company's manufacturing plants.

H-Acid

H-Acid (1-amino 8-hydroxynaphthalene-3, 6-disulphonic acid) is one of the leading dyes intermediates in the world, used in the manufacturing of black dyes which is produced from Naphthalene.

Vinyl Sulphone

Vinyl Sulphone is an industrial chemical used as a key raw material for manufacturing reactive dyes, having application mainly in textiles which is manufactured from aniline.

Basic Chemicals

As part of strategic backward integration, the company has setup Basic Chemical facility to manufacture Sulphuric Acid, Oleum, Chloro Sulphonic Acid and Thionyl Chloride. All these products are made in one integrated plant and uses Sulphur as the basic raw material. Along with the facility, KIL has put in a 3.5MW captive power plant which can run from the steam generated by the facility itself.



Dyestuff

Dyestuff is an organic and inorganic substance, which can absorb light as well as reflect some light to show colour. The dyestuff is a water-soluble substance that is economical, non-toxic, compatible with other dyes and chemicals, high colour strength, better brightness, better fastness and good levelness on the materials. A dye is a coloured compound, normally used in soluble form, which is capable of being fixed to a fabric application substrates. The dye must be 'fast', chemically stable so that the colour does not wash out with soap and water or fade due to exposure to sunlight, etc.

The textile sector is a major consumer of Dyestuffs. Reactive Dyes, Vat Dyes and Azo Dyes are mainly required for dyeing and printing of various fibers. Disperse Dyes are mainly consumed for dyeing synthetic fibers. Acid Dyes are consumed in leather, silk, nylon and woolen products. KIL caters to mainly Disperse dyes, Reactive dyes, Acid dyes and direct dyes.

Reactive Dyes

Reactive Dyes are the most versatile and popular class of Organic Dyes for importing colour on cellulosic fibers. These are water-soluble dyes that react to fiber, forming a direct chemical linkage with the application materials, which is not easily broken and offers good wash fastness. It is available in Red, Yellow, Black, Orange, Blue, Green, Violet etc. The popularity of Reactive dyes with textile processors is due to its versatility in the application by various dyeing methods such as exhaust dyeing, semi-continuous and continuous dyeing as well as various printing methods by direct printing, resist printing, discharge printing and the newly-introduced inkjet printing.

These dyes have a very stable electron arrangement and can protect the degrading effect of ultra-violet rays. Textile materials dyed with reactive dyes have very good wash fastness with a superior rating. Reactive dyes give brighter shades and have moderate rubbing fastness. It requires less time and low temperature for dyeing and is comparably economical.

Disperse dyes

Disperse dyes are synthetic organic dyes and is a kind of organic substance that is free from the ionizing group. They are less soluble in water and are used for dyeing synthetic textile materials. Disperse dyes are mainly used for dyeing polyester yarn or fabric. For dyeing polyester fibers, in practical terms, only disperse dyes are suitable, which makes these kinds of dyes the highest consuming product range globally.

Through their hydrophobic properties, these dyes are capable of penetrating into similar hydrophobic polyester fibers. This class of dyes have extremely poor solubility in water, for this reason, a dispersing agent is added to the dyebath to maintain dispersion stability, especially in the case of high-temperature dyeing.

In terms of providing satisfactory wash fastness on polyester, dye selection has become far more critical than it had ever been, because of the more demanding wash fastness tests employed currently as well as the widespread use of after treatments. Nearly all disperse dyes give very good to excellent results. Sublimation or dry heat, fastness is an important property of disperse-dyed polyester because of the use of heat treatments in the finishing of the fabric, disperse dyes must be small, non-ionic molecules of low molecular weight. Dispersed dyes do not fade away when left exposed to sunlight for prolonged periods. Disperse dyes can be applied to a whole range of chemically diverse, hydrophobic man made fibers, which include acetate, acrylic, modacrylic, nylon, polyester and polyurethane fibers.

Acidic dyes

Acid dyes are the dyes that can be applied directly to the application materials from an aqueous solution (without mordant). The Company has been working on developing Acid dyes for a decade. It has been manufacturing this range of dyes for a long time. It is available in Red, Yellow, Orange, Blue, Green, Violet, Black, Brown etc. It is applied to Nylon, Silk, Wool, Leather, Blended Fibre, etc. Acidic Dyes has its advantages like easy in application, complete colour range with very good bright shades, pre-metalized dyes have very good light fastness even in pale shades and properties of acid dyed silk is better than reactive dyed silk.

Direct dyes

Direct dyes, also known as Substantive dye, is a class of coloured, water-soluble compound that has an affinity for fiber and is taken up directly, mostly it is sodium salt of aromatic compounds. Direct dyes are usually economical, very easy to apply and with an easy application that can yield bright colours.

Direct dyes are easy to apply after proper training and can be used in almost any dye house equipment by exhaust or continuous. Direct dyes offer a predictable shade build-up and good repeatability from lot to lot. Direct dyes are less affected by variations in the liquor ratio than reactive dyes.

Managing Director's Message



Dear Fellow Shareholders,

I am pleased to present to you the annual report of your company for the financial year 2019-20. This has come at a time where the world is dealing with pandemic like COVID-19 that has already spread across the globe. As the new COVID-19 is spreading around the world and having a tragic impact on people, communities and businesses around the world, at this point, our number one priority is the health, safety and well-being of our employees, those we do business with around the globe and the communities where we live and work.

The Indian economy started this financial year on a dull note due to the ongoing liquidity crisis. To achieve the government's vision of making India a USD 5 trillion economy by 2025, the finance ministry slashed domestic corporate tax rates to 25.17% in the mid-year to spur the investments in the economy. As a result, the domestic investments contributed intermittently to the India growth story.

The Financial Year 2019-20 witnessed marginal degrowth with your company's consolidated top-line which stands at INR 13,054 Mn and EBITDA was clocked at INR 1,861 Mn in FY20. Earnings After Tax (before share of profit of associates) has been at INR 1,157 Mn during FY20. The Topline of standalone business stands at INR 9,690 Mn and has earned EBITDA of INR 961 Mn in the current fiscal. The standalone Earnings After Tax stood at INR 502 Mn in FY20. Your company aimed at exporting more products gaining increasing global market share and has tried to further improve its market share globally.

In our ongoing case at the Singapore International Commercial Court (SICC), the trial for Valuation of KIL's 37.57% stake in DyStar was completed on April 06, 2020, and the relevant hearings got completed, which were held in two tranches during last quarter of FY2019-20. Further, the final hearing for oral closing and related arguments also got completed on July 01, 2020. The valuation of KIL's stake in DyStar shall be crystalized based on the financial position existing as on the effective date of July 03, 2018 (SICC Judgment date) as per the order of Singapore International Commercial Court (SICC). The financial performance of DyStar post July 03, 2018, shall not be of relevance for the valuation of KIL's stake in DyStar.

India imports merchandise worth around USD 70 billion from China annually. There is a crucial need to reduce the dependence on a single source for raw materials and tap alternative sources either through procurement from varied geographies or being self-reliant for which our H'ble Prime Minister, Shri Narendra Modi has coined a term

'Atmanirbhar Bharat'. To move towards self-reliant India and to bring the economy back on track, a special and comprehensive economic package of INR 20 Lakh crore that accounts for 10% of India's GDP, has been announced. To make the country self-reliant in all spheres- from manufacturing to supplying, will also ensure that the country can sustain and tackle any black swan event that may emerge in the future. We have pledged to do our best to contribute to 'Atmanirbhar Bharat' by selecting future products as import replacements for our expansions in near terms.

India and Global markets have been battling with this pandemic for months now. This has led to stagnation in various economies across the globe. The entire value chain right from the small manufacturers to the larger ones had faced major disruption in their businesses. As a result, many governments across the world have taken drastic steps to infuse stimulus package to fuel up the economy to get it running back on track. With all these capital infusions and taking necessary precautionary measures, the manufacturing and global trade is slowly returning to normalcy.

The domestic chemicals industry in China is witnessing a slowdown because of slower economic growth. The specialty chemicals market has seen a downturn in recent years due to various factors, most prominent being the introduction of stringent environmental norms, which has led to the shutdown of several chemical plants. The Chinese government started implementing stricter environmental protection norms from January 2015. Also, the Chinese government has mandated the construction of adequate effluent treatment plants for higher compliances as a result of which the overall cost of production has been going up with capital expenses incurred towards effluent treatment as well rise in compliance cost. In addition to this, the labour cost in China was lower than that of India until 2007. However, over the last five years, this cost has more than doubled compared with India, rendering Chinese manufacturers' uncompetitive vis-à-vis India in terms of labour cost. With the continuation of US-China trade war and a resultant increase in tariffs could have negative implications for its trade and subsequently the domestic capacity and production in China. All these factors are pushing the Capex and Opex costs upwards, making Chinese chemical companies less competitive in the export market. Such situation in China is expected to favor Indian producers to become competitive

and to export Indian manufactured products to serve increasing global requirements.

The global colorant market is witnessing a CAGR growth of around 9% from 2020 – 2025. The market is driven by the rising inclination of consumers towards innovative and appealing shades of packaged products and items. Moreover, increasing the need for dyestuff in numerous end-use segments such as textile industry, leather industry, plastics industry, food industry, among others is positively impacting the market growth. Also, growing awareness of the advantages of eco-friendly colorants in terms of providing health benefits coupled with favorable government policies is further expected to augment market growth over the next few years.

The global dye market (which is a part of overall colorant market) is expected to witness a growth of USD 8.75 billion by 2023 with a CAGR of 8.13%. The dyes and dyestuff industries play a major role in the growth of the chemical industry. Dyes intermediates are the products that are transformed into finished dyes and pigments. The dye intermediates serve various industries like plastics, paint, textiles, printing inks, leather and paper. I am happy to mention that Indian dyestuff industry meets about 95% of the domestic requirements, out of which about 60% is consumed by the textile industry and the remaining by other industries. The global market for dyes has been witnessing significant growth due to the expansion of various industries. India and China have been taking the lead in manufacturing dyes due to the availability of the raw materials and organic intermediate chemicals. Developing economies like India, Bangladesh, Turkey, Brazil and Indonesia are expected to play a significant role in the growth and development of the dyes industry.

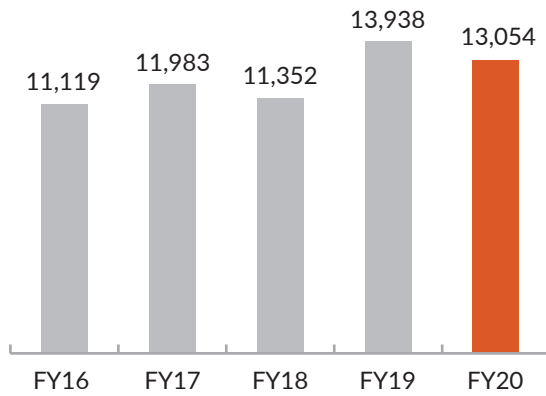
I would like to extend my sincere gratitude to our customers, shareholders, suppliers, employees, lending institutions and the government of India for their continuous trust and support throughout our journey.

Thank you

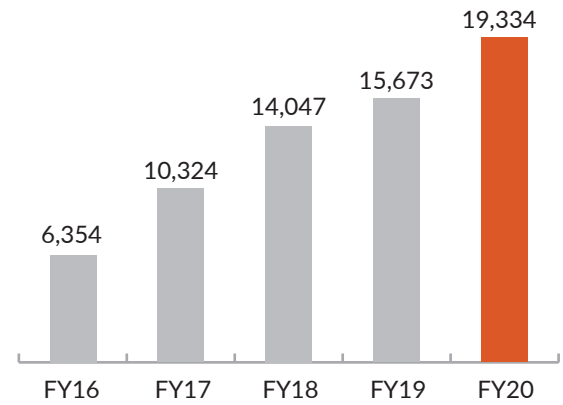
Mr. Manish Kiri
Managing Director

Financial Highlights

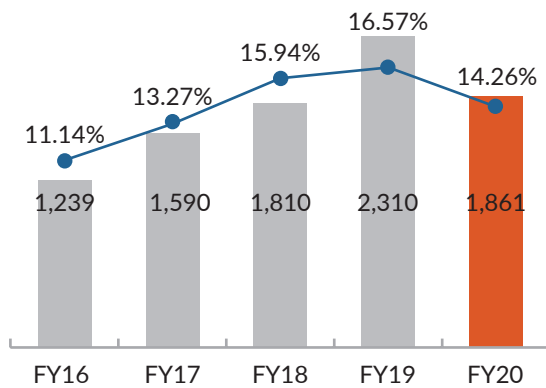
Operational Revenue (INR Mn)



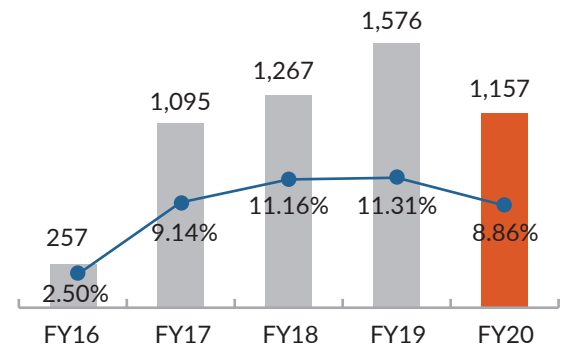
Net Worth (INR Mn)



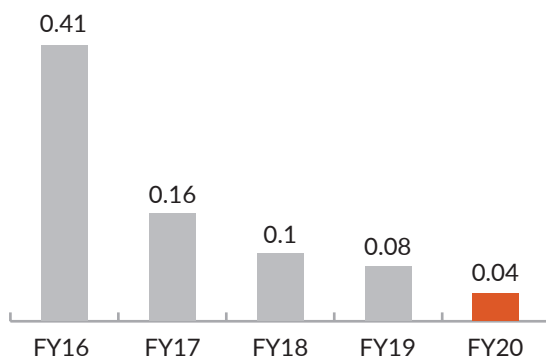
EBITDA (INR Mn) & EBITDA Margins (%)



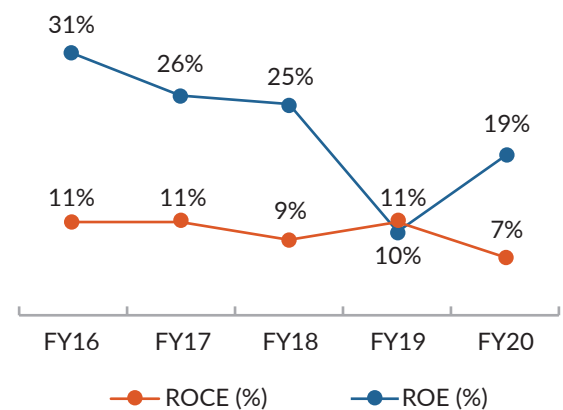
PAT (INR Mn) & PAT Margins (%)



Net Debt : Equity



ROE# and RoCE#



Board of Directors

Mr. Pravin Kiri

Chairman

He is the Chairman and Promoter of the Company and has a vast experience in the field of dyestuff and chemical industry. He looks after the manufacturing activities of the Company and is in charge of operational strategy, quality control and research & development activities of the Company.

Mr. Manish Kiri

Managing Director

He is the Managing Director and Promoter of Kiri Industries Limited and Lonsen Kiri Chemical Industries Limited and director in DyStar Global Holdings (Singapore) Pte. Limited and other group/subsidiary companies of the Company. Presently he is involved in formulating strategies and its implementation. He also looks after overall business operations of the Company.

Mr. Keyoor Baksi

Independent Director

He is an Independent Director of the Company with vast experience in Corporate Laws, Finance and Management. He is actively involved in various assignments relating to amalgamations, mergers/ de-mergers etc.

Mr. Mukesh Desai

Independent Director

He is an Independent Director of the Company with working experience in different types of manufacturing units in India and abroad.

Ms. Veena Padia

Independent Director

She is an Independent Director of the Company with vast leadership experience in providing strategic advisory expertise and directing development and implementation of widespread programmes and organisations.

Mr. Ulrich Hambrecht

Independent Director

He has more than 40 years of experience in the field of Textile Chemicals, Mergers and Acquisitions. He has served as CEO of CHT R. Beitlich GmbH, Germany from 1979 to 2001 and CEO of Rudolf Chemie GmbH, Germany from 2002 to 2010. At present he is serving to Rudolf Chemie GmbH as a Member of Advisory Board. He was a Member of the Board of TEGEWA (an Association of textile auxiliary manufacturers) Germany.

Notice

NOTICE is hereby given that the 22nd Annual General Meeting ("AGM") of the members of **KIRI INDUSTRIES LIMITED** ("the Company") will be held on Friday, 25th day of September, 2020 at 02.30 p.m. through video conference or other audio visual means (VC/OAVM), to transact the following businesses:

ORDINARY BUSINESSES:

1. To receive, consider and adopt the Audited (Standalone and Consolidated) Financial Statements for the year ended on March 31, 2020, together with the Reports of the Directors and Auditors thereon.
2. To re-appoint a Director in place of Mr. Pravin Kiri (DIN: 00198275), who retires by rotation and being eligible, offers himself for re-appointment.
3. To declare Dividend of INR 0.015/- (@0.15%) per share of INR 10/- each on 43,33,500 Cumulative Redeemable Preference shares of the Company for the Financial Year ended March 31, 2020.
4. To declare Dividend of INR 0.50/- (@5%) per equity share of INR 10/- each for the Financial Year ended March 31, 2020.

SPECIAL BUSINESSES:

5. **To ratify the remuneration of Cost Auditors of the Company for F.Y. 2020-21:**

To consider, and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 148 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), consent of the members be and is hereby accorded for payment of remuneration of INR 2,50,000/- (Rupees Two Lakhs Fifty Thousand only) plus applicable tax and out of pocket expenses to M/s. V. H. Savaliya & Associates, Cost Accountants, Ahmedabad, who have been appointed by the Board at their meeting held on August 10, 2020, for audit of cost records of the Company for Financial Year 2020-21 and the same be and is hereby ratified and confirmed by the members of the Company.

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

6. **To approve re-appointment of Ms. Veena Padia as an Independent Director:**

To consider, and if thought fit, to pass the following

resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 149 and 152 read with Schedule IV and other applicable provision(s), if any, of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 17 and other applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") (including any statutory modification(s) or re-enactment thereof for the time being in force), Ms. Veena Padia (DIN: 06992591), who was appointed as an Independent Director at 17th (Seventeenth) Annual General Meeting of the company and being eligible for re- appointment and who meets the criteria of independence as provided under section 149(6) of the Act and Regulation 16(1) (b) of Listing Regulations and Company has received a declaration to that effect and in respect of whom the Company has received a notice in writing from a member under Section 160(1) of the Act proposing her candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a second term of 5 (Five) consecutive years with effect from September 25, 2020 on the Board of the Company.

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

7. **To approve appointment of Mr. Ulrich Hambrecht as an Independent Director:**

To consider, and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 17 and other applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Ulrich Hambrecht (DIN: 01967154), who was appointed as an Independent Additional Director by the Board of Directors on November 12, 2019 pursuant to the provision of Section 161(1) of the Companies Act, 2013 ("the Act") and who hold the office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member under Section 160(1) of the Act, proposing his candidature for the office of Director of the Company, be and is hereby

Notice (Contd.)

appointed as an Independent Director of the Company, not liable to retire by rotation, for the period of 5 (Five) consecutive years with effect from November 12, 2019 to November 11, 2024.

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

By order of the Board,

Place: Ahmedabad
Date: August 10, 2020

Suresh Gondalia
Company Secretary

Registered Office:

7th Floor, Hasubhai Chambers,
Opp. Townhall, Ellisbridge,
Ahmedabad – 380 006
CIN: L24231GJ1998PLC034094

Notes:

- In view of outbreak of the COVID-19 pandemic, Social Distancing shall be followed as per directions of the Government of India and in respect of the same, Ministry of Corporate Affairs (MCA) vide its General Circular No. 20/2020 dated May 05, 2020 read with General Circular No. 14/2020 dated April 08, 2020 and General Circular No. 17/2020 dated April 13, 2020 and Securities and Exchange Board of India (SEBI) Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 has allowed to hold AGM through VC/OAVM, without the physical presence of members at a common venue. In accordance with the said circulars of MCA, SEBI and applicable provisions of the Act and Listing Regulations (Collectively referred to as "Circulars"), the 22nd AGM of the Company shall be conducted through VC/OAVM. Central Depository Services (India) Limited ('CDSL') will be providing facilities for voting through remote e-voting, participation in the AGM through VC/OAVM facility and e-voting during the AGM. The procedure for participating in the meeting through VC/OAVM is explained at Note No. 16 below and is also available on the website of the Company at www.kiriindustries.com.
- Pursuant to the MCA Circular No. 14/2020 dated April 08, 2020 read with Clarification/Guidance on applicability of Secretarial Standards on General Meeting (SS-2) dated April 15, 2020, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, the Body Corporates are entitled to appoint authorised representatives to attend the AGM through VC/OAVM and participate and cast their votes through e-voting and requested to send a true copy of Board resolution or authorization letter to the Company by email on info@kiriindustries.com or upload on VC portal. In case of Joint holders attending the meeting, only such joint holder who is higher in order of names will be entitled to vote.
- Participation of members through VC/OAVM will be reckoned for the purpose of quorum for the AGM as per section 103 of the Companies Act, 2013.
- In line with the aforesaid Ministry of Corporate Affairs (MCA) Circulars, the printed copy of Notice of 22nd AGM alongwith the Annual Report will not be distributed and is being sent only through electronic mode to those Members whose email addresses are registered with the Company/Depositories. Members may note that Notice and Annual Report has been uploaded on the website of the Company at www.kiriindustries.com and also be accessed from the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively and the website of CDSL i.e. www.evotingindia.com.
- The Members can join the AGM through VC/OAVM mode 30 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available for at least 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction.
- The Company has notified closure of Register of members and share transfer books from Saturday, September 19, 2020 to Friday, September 25, 2020 (both days inclusive) for the purpose of Dividend.
- The Company has fixed Friday, September 18, 2020 as 'Record Date' for determining entitlement of member to final Dividend for the financial year ended March 31, 2020. The final dividend once approved by members in this AGM will be paid within 5 (Five) working days from the date of AGM electronically through various online transfer modes to those members who have updated their bank account details. For members who have not updated their bank account details, dividend warrants/demand drafts/cheques will be sent out to their registered addresses once the postal facility is available. To avoid delay in receiving the dividend, members are requested to update their KYC with their Depository Participant (DP) (where shares are held in dematerialized

Notice (Contd.)

mode) and with the Company's Registrar and Transfer Agent (RTA) (where shares are held in physical mode) to receive the dividend directly into their bank account on the payout date.

8. Members may note that the Income Tax Act, 1961, ("the IT Act") as amended by the Finance Act, 2020, mandates that dividends paid or distributed by a company after April 01, 2020 shall be taxable in the hands of shareholders. The Company shall therefore be required to deduct tax at source (TDS) at the time of making the payment of final dividend. In order to enable us to determine the appropriate TDS rate as applicable, members are requested to update their PAN with the Company/RTA (in case of shares held in physical mode) and DP (in case of shares held in demat mode).

For resident shareholders, tax shall be deducted at source under Section 194 of the IT Act as follows:

Members having valid PAN	7.5% or as notified by the Government of India
Members not having PAN / valid PAN	20% or as notified by the Government of India

However, no tax shall be deducted on the dividend payable to a resident individual if the total dividend to be received by shareholder during Financial Year 2020-21 does not exceed INR 5,000 and also in cases where members provide Form 15G/Form 15H (applicable to individuals aged 60 years or more) subject to conditions specified in the IT Act. A Resident individual shareholder with PAN and who is not liable to pay income tax can submit a yearly declaration in Form No. 15G/15H, to avail the benefit of non-deduction of tax at source by uploading the same on web module of our RTA i.e. <https://investors.cameoindia.com/> on or before September 18, 2020 (Record date).

For Non-resident shareholder, taxes are required to be withheld in accordance with the provisions of Section 195 and other applicable sections of the IT Act, at the rates in force. The withholding tax shall be at the rate of 20% (plus applicable surcharge and cess) or as notified by the Government of India on the amount of dividend payable. However, as per Section 90 of the IT Act, non-resident shareholders have the option to take benefit of the provisions of treaty between India and their country of residence, subject to providing necessary documents i.e. self-attested Copy of the PAN card allotted by the Indian Income Tax authorities, No

Permanent Establishment and Beneficial Ownership Declaration, Tax Residency Certificate (TRC) obtained from Government of home country, Form 10F, any other document which may be required to avail the tax treaty benefits by sending an email to agm@cameoindia.com. The aforesaid declarations and documents need to be submitted by the shareholders on or before September 18, 2020 (Record date).

9. Relevant documents referred to in the accompanying Notice and all the statutory registers will be available for inspection without fees by members from the date of circulation of this notice till the date of AGM i.e. September 25, 2020. Members seeking to inspect such documents can send an email to info@kiriindustries.com.
10. Notice of the Meeting is being sent to all the Members, whose names appeared in the Register of Members as on Friday, August 28, 2020.
11. As per provisions of regulations 40 of Listing Regulations, transfer of listed securities shall not be processed unless the securities are held in dematerialized form. Members holding shares in physical form are requested to convert their holding(s) to dematerialized form to eliminate all risks associated with physical shares. Trading in equity shares of the Company is compulsorily in dematerialised mode by all the members. Members are therefore advised to convert their shareholding in dematerialized form in case they wish to trade their equity shares.
12. Members are requested to:
 - a. Intimate any changes in their address, details relating to nomination, e-mail address, telephone or mobile number, bank details such as name of bank and branch details, bank account number, MICR code, IFSC code etc. and dividend related matter to their DPs in case the shares are held by them in electronic form and to the Company's Registrar and Share Transfer Agents i.e. Cameo Corporate Services Limited, Subramanian Building # 1, Club House Road, Chennai- 600 002, in case shares are held in physical form.
 - b. note that dividends that are not claimed within seven (7) years from the date of transfer to the Company's unpaid dividend account will, as per Section 124 of the Act, be transferred to Investor Education and Protection Fund (IEPF). The shares on which dividend remains unclaimed/unpaid for seven (7) consecutive years will be transferred to the IEPF as per Section 124 of the Act and the applicable Rules.

Notice (Contd.)

The following table provides dates on which unclaimed/ unpaid dividend and their corresponding shares would become liable to be transferred to the IEPF:

Financial Year	Type of Dividend	Dividend Rate (%)	Date of Declaration	Due date for transfer to IEPF
2018-19	Final	20%	27.09.2019	27.10.2026

- c. SEBI has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their depository participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to Registrar and Share Transfer Agents i.e. Cameo Corporate Services Limited.
 - d. Quote Folio No. in all correspondence and in case the shares are held in dematerialized form, quote DP ID and Client ID number.
 - e. Register their e-mail address with their respective depository participant to receive the Annual Report and other communications from the Company in electronic form.
13. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of the businesses set out above is annexed hereto. Brief profile of Directors who are proposed to be appointed/re-appointed, nature of their expertise in specific functional areas, disclosure of relationships between directors inter-se, names of companies in which they hold directorships and memberships of Committees of the Board, shareholding as stipulated under regulation 36(3) of the Listing Regulations are annexed to the Notice.
 14. Adhering to the various requirements set out in the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended from time to time, there were no shares required to be transferred to IEPF Authority during Financial Year 2019-20.
 15. Since the AGM will be held through VC/OAVM in accordance with the Circulars, the route map, proxy form and attendance slip are not attached to this Notice.
 16. In compliance with the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended and Regulation 44 of the Listing Regulations and the Circulars, the Company is pleased to offer the facility of voting through electronic means and the businesses set out in the Notice. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting's agency. The facility

of casting votes by a member using remote e-voting as well as venue voting system on the date of the AGM will be provided by CDSL.

The instructions for remote voting are as under:

- (i) The voting period begins on September 22, 2020 at 9.00 A.M. and ends on September 24, 2020 at 5.00 P.M. During this period, shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of September 18, 2020 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting.
- (iii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iv) Click on Shareholders.
- (v) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

OR

Alternatively, if you are registered for CDSL's EASI/EASIEST e-services, you can log in at <https://www.cdslindia.com> from login-my easi using your login credentials. Once you successfully log-in to CDSL's EASI/EASIEST e-services, click on e-voting option and proceed directly to cast your vote electronically.
- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

Notice (Contd.)

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

For Members holding shares in Demat Form and Physical Form

PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders). • Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is mentioned in the email of dispatch of Annual Report indicated in the PAN field.
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. • If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).

- (ix) After entering these details appropriately, click on "SUBMIT" tab.
- (x) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN for the relevant "Kiri Industries Limited" on which you choose to vote.
- (xiii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xviii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xix) Shareholders can also use Mobile app - "m-voting". The m-voting app can be downloaded from respective store. Please follow the instructions as prompted by the mobile app while remote voting on your mobile.

The instructions for voting on the day of the AGM on e-voting system are as under:

1. The procedure for e-voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.
2. Only those Members, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system available in the AGM.
3. If any votes are cast by the members through the e-voting available during the AGM and if such members have not participated in the meeting through VC/OAVM facility, then the votes cast by such members shall be considered invalid as the facility of e-voting during the meeting is available only to the members participating in the meeting.
4. Members who have voted through Remote e-voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

Notice (Contd.)

Instructions for attending the AGM through VC/OAVM are as under:

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the CDSL e-voting system. Members may access the same at <https://www.evotingindia.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVSN of Company will be displayed.
 2. Members are encouraged to join the Meeting through Laptops, Ipads for better experience.
 3. Further, Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
 4. Please note that participants connecting from mobile devices or tablets or through laptop connecting via mobile hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
 5. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance atleast 10 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at company email investor@kiriindustries.com and the same will be replied by the company suitably. The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance atleast 10 days prior to meeting mentioning above details at investor@kiriindustries.com. These queries will be replied to by the company suitably by email.
 6. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.
- (xx) **Note for Non-Individual Shareholders and Custodians**
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
 - The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
 - Alternatively, Non Individual shareholders are required to send the relevant Board Resolution/Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company, at the email address viz. investor@kiriindustries.com if they voted from individual tab & not uploaded the same in the CDSL e-voting system for the scrutinizer to verify the same.
- (xxi) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com or contact Mr. Nitin Kunder (022 - 2305 8738) or Mr. Mehboob Lakhani (022 - 2305 8543) or Mr. Rakesh Dalvi (022 - 2305 8542).
- All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, (CDSL) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call 022 - 2305 8542/43.
- (xxii) The shareholders who have not registered/updated their email addresses with the company/RTA/depositories can update the same on <https://investors.cameoindia.com/>.

Notice (Contd.)

General Instructions:

- a) M/s R.C. Tarpara & Associates, Practicing Company Secretary (Membership No. FCS 6165, COP No. 5785), has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- b) The Scrutinizer shall after the conclusion of voting at the general meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- c) The Results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company at www.kiriindustries.com and on the website of CDSL immediately after the declaration of result by the Chairman or a person authorised by him in writing. The results shall also be communicated to Stock Exchanges where the shares of the Company are listed.

Brief Profile of Directors being Appointed/Re-appointed as required under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

A. Ms. Veena Padia (Independent Director)

Name	Ms. Veena Padia
Director Identification Number (DIN)	06992591
Date of Birth	December 01, 1956
Nationality	Indian
Date of Appointment	September 26, 2015
Qualifications	Master of Arts in Economics from M.S University, Vadodara.
Brief resume and nature of expertise in specific functional areas	Ms. Veena Padia has vast Leadership experience in providing strategic advisory expertise and directing development and implementation of widespread programmes and organisations through insights into livelihood, education, microfinance, gender equality and health relating marginalized and socially excluded communities. She worked with private sector CSR divisions, government agencies and international donors and NGOs such as DFID, USDA, ADB, World Bank, CARE and IFAD and guided sizeable teams consisting of middle/senior level managerial personnel and handling large-scale and multi-dimensional project management, including administration and finances.
Disclosure of relationship between Directors inter-se	Not Applicable
Names of Listed entities in which he/she also holds the directorship and the membership of committees of the board	NIL
No. of shares held	NIL

Notice (Contd.)

B. Mr. Ulrich Hambrecht (Independent Director)

Name	Mr. Ulrich Hambrecht
Director Identification Number (DIN)	01967154
Date of Birth	May 08, 1948
Nationality	German
Date of Appointment	November 12, 2019
Qualifications	Master of Chemistry (Dipl.-Ing.) from University of Applied Science Reutlingen with Specialisation for application field textiles (chemicals and dyes) and Bachelor of Banking Science from the Kreissparkasse Organisation.
Brief resume and nature of expertise in specific functional areas	Mr. Ulrich Hambrecht joined the Board as an Independent Additional Director of the Company from November 12, 2019. He has vast experience in the field of Chemicals and allied Industries. He has been working in the Chemical Sector since more than 46 years. Currently he is working as a member of advisory Board in Rudolf Chemie GmbH and Non-Executive Director in Rudolf Atul Chemicals Limited. He has served as a CEO in Rudolf Chemie GmbH, Germany & as a CEO, General sales manager and head of Finishing Department in CHT R. Beitlich GmbH – Germany & Scientist in CIBA GEIGY AG, Basel, Switzerland.
Disclosure of relationship between Directors inter-se	Not Applicable
Names of Listed entities in which he/she also holds the directorship and the membership of committees of the board	NIL
No. of shares held	NIL

EXPLANATORY STATEMENT

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

Item No. 5

The Board of Directors of the Company at their meeting held on August 10, 2020, has appointed M/s. V. H. Savaliya & Associates, Cost Accountants, as cost auditors at a remuneration of INR 2,50,000/- (Rupees Two Lakhs Fifty Thousand Only) plus applicable taxes and out of pocket expenses for audit of the cost records for the financial year 2020-21 upon recommendation of their appointment by the Audit Committee at its meeting held on the even date.

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

None of the Directors / Key Managerial Personnel of the Company or their relatives are in any way, concerned or interested in the resolution set out at Item No. 5 of the Notice.

Item No. 6

The Board of Directors ("Board") at their meeting held on August 10, 2020 has re-appointed Ms. Veena Padia (DIN: 06992591) as an Independent Director of the Company, for a second term of 5 (Five) years, as recommended by the Nomination and Remuneration Committee ("NRC Committee"). Ms. Veena Padia was appointed as Independent Director of the company at the Seventeenth AGM of the Company held on September 26, 2015 and holds office up to September 25, 2020. The Company, in terms of Section 160(1) of the Act has received a notice in writing from a Member, proposing her candidature for the office of Director.

The Board, based on the performance evaluation and recommendation of NRC and after considering background, experience and contribution, is of the opinion that her continued association of Ms. Veena Padia would be beneficial to the Company and it is desirable to continue to avail her services as an Independent Director.

The Company has received a declaration from her to the

Notice (Contd.)

effect that she meets the criteria of independence as provided in Section 149(6) of the Act and Rules framed thereunder and Regulation 16(1)(b) of the Listing Regulations. In terms of Regulation 25(8) of Listing Regulations, she has confirmed that she is not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact ability to discharge her duties. In the opinion of board, Ms. Veena Padia meets the conditions specified in the Act and the rules made thereunder and that she is independent of the management.

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

Except Ms. Veena Padia, none of the Directors and Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, in the Resolution set out at Item No. 6 of the Notice.

The Board recommends the Resolution at Item No. 6 of this Notice for your approval as a Special resolution.

Item No. 7

The Board of Directors ("Board") of the Company, as per recommendation of Nomination and Remuneration Committee ("NRC Committee"), at their meeting held on November 12, 2019 has appointed Mr. Ulrich Hambrecht (DIN: 01967154) as an Independent Additional Director for a period of 5 (Five) consecutive years with effect from November 12, 2019, pursuant to provision of Section 161 of the Act and who holds office up to the ensuing AGM.

The Company has received statutory disclosures / declarations from him as required under the Companies Act, 2013 and Listing Regulations. In terms of Regulation 25(8) of Listing Regulations, he has confirmed that he is not aware of any circumstance or situation which exists or may be reasonably

anticipated that could impair or impact his ability to discharge his duties.

The Company, in terms of Section 160(1) of the Act has received a notice in writing from a Member, proposing his candidature for the office of Director.

Mr. Ulrich Hambrecht, is a German National, born in 1948. He is Master of Chemistry and Bachelor of Banking Science. He has served as a CEO in Rudolf Chemie GmbH, Germany & as a CEO, General sales manager and head of Finishing Department in CHT R. Beitlich GmbH – Germany & Scientist in CIBA GEIGY AG, Basel, Switzerland. He is currently serving as a Non-Executive Director of Rudolf Atul Chemicals Limited.

The Board, based on recommendation of NRC Committee, is of opinion that his knowledge and experience in Chemical Industry will bring tremendous value to the Company and therefore proposes to regularize his appointment as an Independent Director for the Period of 5 (Five) years with immediate effect and shall hold the office till November 11, 2024.

Except Mr. Ulrich Hambrecht, none of the Directors and Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, in the Resolution set out at Item No. 7 of the Notice.

The Board recommends the Resolution at Item No. 7 of this Notice for your approval as an Ordinary Resolution.

By order of the Board,

Place: Ahmedabad
Date: August 10, 2020

Suresh Gondalia
Company Secretary

Registered Office:
7th Floor, Hasubhai Chambers,
Opp. Townhall, Ellisbridge,
Ahmedabad – 380 006
CIN: L24231GJ1998PLC034094

Director's Report



To,
The Members
Kiri Industries Limited

Your Board of Directors are pleased to present the **22nd Annual Report** together with Audited Financial Statements of the Company for the Financial Year ended on March 31, 2020.

Standalone Performance

(INR in Crore)

Particulars	2019-20	2018-19
Total Revenue	973.18	1064.69
Operational Expenses	872.89	905.45
Earning Before Finance Cost, Depreciation and Tax (EBIDTA)	100.29	159.24
Less: Finance Cost	4.52	4.39
Depreciation	36.63	28.49
Earning Before Taxation	59.14	126.34
Less: Current Tax	10.21	28.00
Deferred Tax	(1.24)	(21.70)
Other Comprehensive Income	(0.36)	(0.21)
Earnings After Tax (EAT)	49.82	119.83

Highlights of Standalone Operations

During the year under review, the Company has reported a total revenue of INR 973.18 Crore as compared to INR 1064.69 Crore in FY 2018-19, down by 8.59%. The revenue has been down on account of closure of plants due to lockdown and decrease in average price realization by 11% of the products as compared to FY 2019-20. EBIDTA reported INR 100.29 crore as against INR 159.24 crore in FY 2018-19. Operational expenses of INR 872.89 Crore include a significant amount of Legal & Professional fees related to the Singapore court cases.

During the year, the finance cost is increased from INR 4.39 Crore to INR 4.52 Crore due to increase in finance charges pertaining to discounting of letter of credits and other bank charges. Similarly depreciation has been increased from

INR 28.49 Crore to INR 36.63 Crore mainly on account of commencement of Thionyl Chloride Plant, Zero liquid discharge facility and disperse dyes plant during the current financial year.

The Company has reported earnings after tax of INR 49.82 Crore as against INR 119.83 crore of FY 2018-19, which is decreased mainly on account of decrease in prices of products, increase in operational expenses and depreciation.

Director's Report (Contd.)

Highlights of Consolidated Performance

(INR in Crore)

Particulars	FY 2019-20	FY 2018-19
Total Revenue	1310.68	1396.50
Operational Expenses	1119.33	1162.80
Earnings before Interest, Depreciation and Tax (EBIDTA)	191.35	233.70
Less: Finance cost	4.84	5.08
Depreciation	44.40	37.56
Earnings Before Tax	142.11	191.06
Taxes	26.41	33.43
Other Comprehensive Income	(0.52)	(0.21)
Earnings After Tax (Before Share of Profit of Associates)	115.18	157.42
Share of Profit of Associates	259.81	6.49
Earnings After Tax (EAT)	374.99	163.91

Highlights of Consolidated Operations

During the year under review, total revenue of the Company has been reduced by 6.15% from INR 1396.50 Crore to INR 1310.68 Crore due to closure of manufacturing units on account of lockdowns in later part of March 2020 and decrease in prices of products and Earnings before Interest, Depreciation and Tax (EBIDTA) has been reduced by 18.12% during FY2019-20 from INR 233.70 Crores to INR 191.35 crore.

During the year, earnings after tax (including share of profit of associates) has been increased from INR 163.91 Crore in FY 2018-19 to INR 374.99 Crore in FY 2019-20, which is sharply increased by 128.78% on account of adding back of wrongful write-down/ exceptional provisions and expenses claimed in DyStar. In consolidated earnings after tax Lonsen Kiri contributed to INR 67.19 crore.

Impact of COVID-19:

The Covid-19 pandemic is spreading very fast across the globe and an unprecedented impact on people and economies worldwide.

The Ministry of Home Affairs, Government of India on March 24, 2020 notified the first ever nationwide lockdown in India to contain the outbreak of Covid-19. The management have assessed the impact of Covid-19 on the business at the balance sheet date and there are no significant impact as of the balance sheet date because manufacturing facilities as well as offices of the Company were closed from March 25, 2020. The manufacturing facilities resumed its operation in phase manner from April 27, 2020 to fulfill export orders on account of relaxations given by the Government. Due

to the worldwide uncertainty caused by Covid-19 and its potential impact, the company has put in place mitigation plans to minimize the adverse impact on both revenue and profitability. However at this juncture it is difficult to assess the overall impact on the economy and business operation of the Company. There are no material changes or commitments affecting the financial position of the Company between the end of the financial year and the date of this report.

The Company has taken various initiatives towards medical and community support to fight against Covid-19 pandemic. Your Company has distributed hand sanitizer, mask, food to the community during the locked down. In COVID -19 Pandemic, the Company has recognised the employees position and has given all necessary support in financial and in other means. Your Company undertook timely and essential measures to ensure the safety and well-being of all its employees at all its plant locations and offices. The Company has observed all the government advisories and guidelines thoroughly.

Dividend

• Dividend on Equity Shares:

Due to impact of Covid-19 on business operations of the Company, the board has recommended a final dividend of INR 0.50/- (@ 5%) per Equity Share of INR 10/- each for the financial year ended on March 31, 2020 subject to approval of shareholders at 22nd Annual General Meeting, which would involve total cash outflow of INR 1.68 Crore including deduction of Tax at source (TDS). The Dividend payout is as per Dividend Distribution Policy, which is available on the website of the Company i.e. www.kiriindustries.com.

Director's Report (Contd.)

• Dividend on Cumulative Redeemable Preference Shares

Your Directors have recommended dividend of INR 0.015/- (@ 0.15%) per share on 43,33,500 Cumulative Redeemable Preference Shares (Preference Shares) of INR 10.00 each for the year ended March 31, 2020.

Accordingly, Your Company shall make the payment of dividend after deduction of Tax at source (TDS). The total cash outflow of dividend would amount to INR 65002.50/- including deduction of Tax at source (TDS).

In view of Changes made in Income Tax Act, 1961, by the Finance Act, 2020, dividend paid or distributed will be taxable in the hand of Shareholders of the Company.

Investor Education and Protection Fund (IEPF)

Pursuant to the provision of Section 124 and 125 of the Companies Act, 2013 ("Act") read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules"), any money transferred to Unpaid Dividend Account and which remains unpaid or unclaimed for seven consecutive years from the date of such transfer shall be transferred by the Company into IEPF account, established by Government of India. Further, the company shall also transfer shares of Members whose dividends remain unpaid/unclaimed for a continuous period of seven years to the demat account of IEPF Authority. During the year, there were no funds/shares, which were required to be transferred to IEPF Authority.

Further, an amount of INR 3,00,696/-, which remained under unpaid and unclaimed Dividend account for FY 2018-19 will be due for transfer to IEPF account on October 27, 2026, if remained unclaimed for seven consecutive years.

The Company has appointed a Nodal Officer as per IEPF Rules, the details of which are available on the website of the Company i.e. www.kiriindustries.com.

Subsidiaries and Consolidated Financial Statements

The Company has prepared Consolidated Financial Statements in accordance with the Indian Accounting Standards (Ind AS) and as per Schedule III to the Companies Act, 2013. Except where otherwise stated, the accounting policies are consistently applied.

The Board has reviewed the affairs of the Company's subsidiaries during the year at regular intervals. In accordance with section 129(3) of the Companies Act, 2013, the Company has prepared Consolidated Financial Statements of the Company and its subsidiary/Associates and Joint

Venture, which forms part of this Annual Report. A statement containing salient features of the financial statements of the subsidiary companies/Joint Ventures/Associates in Form AOC-1 is provided as "Annexure A" to this report. During the year under review, there were no Companies which have become or ceased to become subsidiary, associate or joint venture of your Company.

In accordance with third proviso to Section 136 of the Act, the Annual Report of your Company, contains inter alia the audited Standalone and Consolidated Financial Statements.

Your Company has also implemented Policy for determining Material Subsidiary as per the requirements under regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). The said policy is available on the website of the Company i.e. www.kiriindustries.com.

Directors and Key managerial Personnel

During the year under review, based on recommendation of Nomination and Remuneration Committee, the board of directors have appointed Mr. Ulrich Hambrecht (DIN: 01967154) as an Independent Additional Director on board with effect from November 12, 2019 who holds the office upto the date of upcoming 22nd AGM. The Board is of opinion that Mr. Ulrich Hambrecht possesses requisite qualification, experience and expertise and hold high standards of integrity and being eligible, offered himself to be appointed as an Independent Director of the Company for a term of 5 (Five) consecutive years.

Ms. Veena Padia (DIN: 06992591) who was appointed as Independent Director at the 17th Annual General Meeting of the Company held on September 26, 2015 and she holds office upto September 25, 2020. She is eligible and offered herself to be reappointed as an Independent Director for second term of 5 (Five) consecutive years. Based on recommendation of Nomination and Remuneration Committee and on performance evaluation, it is proposed to reappoint Ms. Veena Padia as an Independent Director on board for a second term of 5 consecutive years.

As per provision of the Section 152(6) of the Act, Mr. Pravin Kiri (DIN: 00198275), Chairman, Whole-Time Director (DIN-00198275), retires by rotation at the ensuing AGM and, being eligible, offers himself for re-appointment.

Director's Report (Contd.)

Auditors

• Statutory Auditors

M/s. Pramodkumar Dad & Associates, Chartered Accountants, were appointed as Statutory Auditors of the Company at the 19th Annual General Meeting of the Company for a term of 5 (Five) consecutive years and they shall hold the office upto 24th Annual General Meeting of the Company to be held in year 2022. They have confirmed that they are not disqualified for continuing as Auditors of the Company.

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

• Cost Auditors

M/s. V. H. Savaliya & Associates, Cost Accountants, Ahmedabad were appointed as Cost Auditors of the Company by the Board of Directors at their meeting held on August 12, 2019 for the Financial Year 2019-20.

Your Company has maintained the cost records as prescribed under Section 148 of the Companies Act, 2013 and rules made thereunder.

The Cost Audit Report for the financial year 2019-20, issued by M/s. V. H. Savaliya & Associates, Cost Accountants does not contain any qualification, reservation, adverse remark or disclaimer.

• Secretarial Auditors

M/s Kashyap R. Mehta & Associates, Practicing Company Secretaries, Ahmedabad, were appointed as Secretarial Auditors of the Company by the Board, at their meeting held on August 12, 2019 for financial year 2019-20. The secretarial audit report in the prescribed form MR-3 is attached herewith as "Annexure B".

Certain remarks in the Secretarial Audit Report do not have material impact on financial performance of the Company. The views of the Management on each such remark are given hereunder:

1. Ownership of an agricultural land intended for industrial purpose will be transferred in the name of the company upon receiving necessary approval for conversion into non agriculture land.

The land is acquired for future expansion of the Company. Since a Company cannot hold agriculture land, it is initially acquired in the name of Chairman of the Company, and the same would be transferred in the name of the Company after its conversion into non-agriculture land.

2. As per Reg.17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, number of Board of Directors is less than 6 for the quarter ended on 30th June, 2019 & 30th September, 2019 and for part of the quarter ended 31st December, 2019. However, the Company has appointed Independent Director on the Board of the Company w.e.f. 12th November, 2019. The Board of the Company is now duly constituted.

The Company has already appointed Mr. Ulrich Hambrecht as an Independent Additional Director on the board of the company w.e.f. November 12, 2019. During the period of delay in compliance of regulation 17 of Listing Regulations, the board was in process of identifying a suitable candidate on the board, who have required capability, expertise and experience in the chemical Sector to gain advantage of his knowledge and expertise to the company and its stakeholders. Further, the company has also paid penalty for delay in compliance of the said regulations to both the exchanges.

Declaration by Independent Directors and statement on compliance of Code of Conduct

During the year under review, all Independent Directors have given their declarations stating that they meet the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) Listing Regulations and have also complied the Code for Independent Directors as prescribed in Schedule IV to the Companies Act, 2013. In opinion of the Board, they fulfill the conditions of independence as specified in the Companies Act, 2013 and Rules made thereunder and Listing Regulations.

In terms of provisions of Listing Regulations, the Board of Directors of the Company have laid down a Code of Conduct ("Code") for all Board Members and Senior Management Personnel of the Company. The Board Members and senior management personnel of the Company have affirmed compliance with the Code. The Managing Director of the Company has given a declaration to the Company that all Board Members and senior management personnel of the Company have affirmed compliance with the Code. Code of Conduct for Directors and senior management personnel is available on the website of the Company at www.kiriindustries.com.

Director's Report (Contd.)

Meetings of the Board, Committees & Compliance to Secretarial Standards

During the year under review, 4 (Four) Meetings of Board of Directors were held as per details given below:

Sr. No.	Date of Board Meeting
1.	May 29, 2019
2.	August 12, 2019
3.	November 12, 2019
4.	February 12, 2020

Pursuant to the requirements of Schedule IV to the Companies Act, 2013 and Listing Regulations, a separate Meeting of the Independent Directors of the Company was held on February 12, 2020.

Details of Composition and meetings of various committees held during the year are provided in Corporate Governance Report, which is forming part of this report.

During the year under the review, the Company has complied with the provisions of Secretarial Standard 1 (relating to meeting of the Board of Directors) and Secretarial Standard 2 (relating to General Meetings).

Listing Fees

The Equity Shares of your Company are listed and actively traded on the BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE). The Company had paid Annual Listing fees to both the stock exchanges for the Financial Year 2020-21 within the stipulated time.

Changes in Capital Structure

During the year under review, the Board of Directors of the Company at their meeting held on August 12, 2019 allotted 22,76,695 Equity Shares of INR 10/- each to LTS Investment Funds Ltd., upon conversion of Foreign Currency Convertible Bonds (FCCBs). Therefore, issued, subscribed and paid up Equity Share Capital of the Company is increased from INR 31.34 Crore to INR 33.62 Crore.

Employee Stock Option Scheme

In order to motivate, incentivize and reward employees, your Company has instituted employee stock options plan. The Board of Directors and Nomination and Remuneration Committee administers this plan. The stock option plan is in compliance with Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ("Employee

Benefits Regulations") and there have been no material changes to this plan during the financial year. Disclosures on ESOP plan, details of options granted, shares transferred to employee through Kiri Employee Stock Option Trust ("ESOP Trust") upon exercise, etc. as required under the Employee Benefits Regulations read with Securities and Exchange Board of India circular no. CIR/CFD/POLICY CELL/2/2015 dated June 16, 2015 are available on the Company's website at www.kiriindustries.com.

During the year under review, eligible employees have exercised their 2,00,000 options granted and vested to them and ESOP trust have transferred equal number of equity shares to respective employees. At the end of financial year, total 2,25,000 options are outstanding. As per terms of scheme, no employee was issued stock option equal to or exceeding 1% of the issued capital of the Company at the time of grant. Kiri Employee Stock Option Trust is an ESOP Trust set up by your Company pursuant to approval by the shareholders at the 16th Annual General Meeting held on 26th September, 2014. The ESOP Trust is authorized to transfer shares from the Trust account to employees on exercise of vested options.

Board Evaluation

The Nomination and Remuneration Committee and the Board had laid down the process and criteria for annual performance evaluation of the Board, its Committees and individual directors. The Board of Directors have carried out an evaluation of its own performance, its Committees and that of its individual directors in compliance with the provisions of the Act and Listing Regulations.

The evaluation process covered aspects such as Board structure and composition, frequency of Board Meetings, participation in the long term strategic planning, contribution to and monitoring of corporate governance practices and the fulfilment of Directors' obligation and fiduciary responsibilities, including but not limited to active participation at the Board and Committee meetings. The Board has reviewed the performance of the Board as a whole, its Committees and individual directors taking into account feedback of the Nomination and Remuneration Committee and the Independent Directors which includes the evaluation of the Chairman and Non- Independent Directors of the Company.

Remuneration of Directors and Employees:

A Statement pursuant to section 197 of the Companies Act, 2013 read with Rule 5 of Companies (Appointment & remuneration of Managerial Personnel) Rules, 2014 is attached as "Annexure C".

Director's Report (Contd.)

Policy on Directors' Appointment and Remuneration

The Company's policy on directors' appointment and remuneration and other matter as provided in Section 178(3) of the Companies Act, 2013 has been disclosed in the Corporate Governance Report, which is a part of this report and is also available on website of the Company i.e. www.kiriindustries.com.

Familiarisation Programme for Directors

The Company believes that a Board, which is adequately informed/familiarised with the Company and its affairs can contribute significantly to effectively discharge its fiduciary duty as director of the company and that fulfils stakeholders' aspirations and societal expectations. In this regard, the Directors of the Company are updated on changes/developments in the domestic/global industry scenario in the sector which affect the business of the Company, to enable them to take well informed and timely decisions. The details of familiarization programmes have been disclosed on the Company's website i.e. www.kiriindustries.com.

Directors Responsibility Statement

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

- a) in the preparation of the annual accounts for the year ended March 31, 2020, the applicable accounting standards read with requirements set out under Schedule III to the Act, have been followed and there are no material departures from the same;
- b) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the Directors had prepared the annual accounts for the year ended March 31, 2020 on a 'going concern' basis;
- e) they have laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and operating effectively;

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

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, the work performed by the internal, statutory and secretarial auditors and external consultants, including the audit of internal financial controls over financial reporting by the statutory auditors and the reviews performed by management and the relevant board committees, including the audit committee, the Board is of the opinion that the Company's internal financial controls were adequate and effective during FY 2019-20.

Business Responsibility Report (BRR)

Pursuant to regulation 34 of the Listing Regulations, the Annual Report of top 1,000 listed entities based on market capitalization shall have to prepare business responsibility report (BRR). Accordingly, BRR is annexed to this report as "Annexure D".

Internal Control Systems and their Adequacy

The Company has an Internal Control System, commensurate with the size and nature of its business operations. The Company has appointed an external audit firm for internal audit of the Company. The Internal Auditor reviews the adequacy of internal control system in the Company and its compliance with operating systems and policies & procedures. Based on the report of internal auditor, the account department undertakes corrective actions in their respective areas and thereby strengthen the controls. Significant audit observations and corrective actions thereon are presented to the Audit Committee on quarterly basis.

The details in respect of internal financial control and their adequacy are also included in the Management Discussion and Analysis Report, which is a part of this report.

Deposits from public

During the year under review, the Company has not accepted any deposits from public within the meaning of Section 73 to 76 of Companies Act, 2013 read with the Companies (Acceptance of Deposits by Companies) Rules, 2014 or any other applicable provision(s), if any.

Details of Loans, Investments and Guarantees

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are provided in the note no. 3 and 4 to the Standalone Financial Statements of the Company for the year ended March 31, 2020.

Director's Report (Contd.)

Related Party Transactions

During the year under review, all related party transactions are entered on arm's length basis, in the ordinary course of business and are in compliance with the applicable provisions of the Companies Act, 2013 and the Listing Regulations. There are no materially significant related party transactions made by the Company with Promoters, Directors or Key Managerial Personnel etc. which may have potential conflict with the interest of the Company or which requires the approval of the shareholders. Since all related party transactions entered into by the Company were in ordinary course of business and were on arm's length basis, Form AOC-2 is not applicable to the Company. The details of the transactions with Related Party are provided in the note no. 43 to standalone audited financial statements in accordance with the Accounting Standards.

All Related Party Transactions are placed before the Audit Committee and the Board on quarterly basis. Omnibus approval of audit committee and board are obtained for the transactions which are forecasted and are repetitive in nature. An abridged policy on related party transactions is available on the website of the Company i.e. www.kiriindustries.com.

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

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

Risk Management

The Company has a Risk Management framework in place to identify, assess, monitor and mitigate various risks to the business. This framework seeks to minimize adverse impact on the business objectives and enhance the Company's competitive advantage. The framework also defines the risk management approach across the company at various levels. Risk Management Committee reviews the process of risk management. The details of the Committee and meetings held during the financial year 2019-20 and its terms of reference are provided in the Corporate Governance Report. The Risk Management policy of the Company is available on website of the Company www.kiriindustries.com.

Vigil Mechanism process (Whistle Blower Policy)

As per the provisions of Section 177 of the Companies Act, 2013 and Regulation 22 of the Listing Regulations, the

Company has devised a vigil mechanism named Whistle Blower Policy for escalating system of ethical concerns etc. and to deal with instances of fraud and mismanagement, if any. The details of the Whistle Blower Policy are available on the website of the Company at www.kiriindustries.com and also given in the Corporate Governance Report.

Extract of Annual Return

In accordance with Section 134(3)(a) and Section 92(3) of the Companies Act, 2013, an extract of the annual return is annexed to this report as "Annexure F" and also available on the website of the Company i.e. www.kiriindustries.com.

Composition of Committees

The Company have 5 (Five) Committees namely Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee, Stakeholders Relationship Committee and Risk Management Committee. A detailed note on the composition of the board and other committees are provided in the Corporate Governance Report.

Audit Committee

As required under section 177 (8) of the Companies Act, 2013 and Listing Regulations, the composition of the Audit Committee is mentioned herein below:

Name of Member	Designation
Mr. Keyoor Bakshi	Chairman to the Committee
Mr. Manish Kiri	Member
Mr. Mukesh Desai	Member
Ms. Veena Padia	Member

During the year, all the recommendations made by the Audit Committee were accepted by the Board.

Corporate Social Responsibility Committee

Pursuant to Section 135 of Companies Act, 2013, the Company has constituted Corporate Social Responsibility Committee (CSR Committee) comprising of following members:

Name of Member	Designation
Ms. Veena Padia	Chairperson to the Committee
Mr. Pravin Kiri	Member
Mr. Manish Kiri	Member
Mr. Mukesh Desai	Member

Director's Report (Contd.)

The Company has always been committed to the cause of social service and has repeatedly channelized its resources and activities, which positively affects the society socially, ethically and also environmentally. Your Company has taken up various Corporate Social Responsibility ("CSR") initiatives and enhanced value in the society.

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

The brief outline of the Corporate Social Responsibility (CSR) policy and the initiatives undertaken by the Company on CSR activities during the year under review are set out in "Annexure G" of this report in the format prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014. For further details regarding the CSR Committee, please refer to the Corporate Governance Report. The CSR policy is available on the website of the Company i.e. www.kiriindustries.com.

Nomination and Remuneration Policy for Directors, Key Managerial Personnel and Other Employees:

As prescribed under section 178 of the Companies Act, 2013 and regulation 19 of Listing Regulations, the Company has adopted Nomination and Remuneration policy for Directors appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a Director and the same is available on the website of the Company i.e. www.kiriindustries.com. The relevant information as per Regulation 19 of Listing Regulations is available in the Corporate Governance report.

Human Resource Development

Your Company believes that Human Resources play a vital role in achieving its corporate goal. Hence, the Company continues to invest on hiring the best talent from other industries, developing and retaining the available talent to ensure a sustainable talent supply within the organization. The Company provides various opportunities to the employees to develop their skills to take up higher responsibilities in the organization.

Corporate Governance & Management Discussion and Analysis Report

As prescribed under Regulation 34 (3) read with Schedule V of the Listing Regulations, a separate section on corporate governance practices implemented by the Company, along with the Compliance Certificate from the Secretarial Auditors

regarding compliance of conditions of corporate governance as stipulated in Listing Regulations are set out in "Annexure-H" to this Annual report.

The Management Discussion and Analysis Report on the Industry and business operations of the Company, as required under Listing Regulations are set out in "Annexure-I" of this Report.

Disclosure

As per Regulation 43A of the Listing Regulations, the Dividend Distribution Policy is disclosed in the Corporate Governance Report and is also available on the Company's website i.e. www.kiriindustries.com.

The details in respect of compliances with provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules made thereunder are included in Corporate Governance Report and is available on the Company's website i.e. www.kiriindustries.com.

The Company has adopted a Code of Conduct to regulate, monitor and report trading by insiders which prohibits trading in securities of the company by directors and employees while in possession of Unpublished Price Sensitive Information in relation to the Company. The said code is available on the website of the Company at www.kiriindustries.com.

During the Year under review, company has complied with Secretarial Standards as applicable to the company.

Material Changes

There have been no material changes and commitments affecting the financial position of the Company between the end of financial year of the Company to which the financial statements relate and date of this report.

Significant and Material orders passed by the Regulators or Courts

During the financial year under review, no significant or material orders were passed by any Regulatory/ Statutory Authorities or the Courts or tribunals which would impact the going concern status of the Company and its future operations.

Details in respect of frauds reported by Auditors other than those which are reportable to the Central Government

During the year under review, the Statutory Auditors, Cost Auditors or Secretarial Auditors of the Company have not

Director's Report (Contd.)

reported any frauds to the Audit Committee or to the Board of Directors as prescribed under Section 143(12) of the Companies Act, 2013 and rules made thereunder.

Updates on court case in Singapore

Singapore International Commercial Court (SICC) vide its order dated January 08, 2019, had directed the valuation process to value Company's 37.57% stake in DyStar. The trial for valuation of Kiri's stake has been completed in two tranches during nine days hearing between February 26, 2020 and March 02, 2020 and between March 31, 2020 and April 06, 2020. The final hearing for oral closing and related arguments are also completed on July 01, 2020. The SICC has reserved its judgment, which can be delivered any time.

The SICC had delivered their judgment on March 03, 2020, in DyStar Case, against the Company and Manish Kiri for payment of total damages to USD 678,480.50 and cost of SGD 245,877.52 to DyStar in DyStar's claim for violation of non-compete clause of Share Subscription and Shareholders Agreement ("SSSA") with respect to solicitation of DyStar's customer(s) in Morocco and Sri Lanka. The Company has filed an appeal with Court of Appeal against the said order dated March 03, 2020. The appeal is expected to be heard by Court of Appeal sometime in September 2020.

DyStar has initiated a new suit against the Company and Mr. Manish Kiri for alleged violation of SSSA with respect to competition by the Company with DyStar through solicitation of customers of DyStar in Bangladesh, Pakistan, Iran and Brazil. The Company has filed defense and also filed counterclaim on June 08, 2020 against the claim of DyStar. The customers which are alleged by DyStar in their new claim, have been in business with the Company prior to execution of SSSA i.e. January 31, 2010. Hence, the Management does not foresee any payment of damages to DyStar.

Acknowledgement:

The Board takes this opportunity to sincerely thank all its stakeholders namely, shareholders, customers, suppliers/contractors, employees, Government agencies, local authorities, and the immediate society for their un-stinted support and co-operation during the year.

For and on behalf of Board of Directors

Date: August 10, 2020

Place: Ahmedabad

Pravin Kiri

Chairman

Director's Report (Contd.)

ANNEXURE A

Form AOC-I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)
Statement containing salient features of the financial statements of Subsidiaries/Associate Companies/Joint Ventures

Part "A": Subsidiaries

(INR in Lakhs)

Sr. No.	Name of the subsidiary	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	Share capital	Reserves & surplus	Total assets	Total Liabilities	Investments	Turnover	Profit/(Loss) before taxation	Provision for taxation	Profit (Loss) after taxation	Proposed Dividend	% of Shareholding
1	Chemhub Trading DMCC	31 st March, 2020	1USD = INR 75.3859	41.08	(1118.74)	4959.35	4959.35	Nil	17849.22	(183.68)	Nil	(183.68)	Nil	100

Names of subsidiaries which are yet to commence operations : Not Applicable

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

Director's Report (Contd.)

Part "B": Associates and Joint Ventures

(Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures)

(INR in Lakhs)

Name of Associates/Joint Ventures	Kiri Infrastructure Private Limited (Associate Company)	DyStar Global Holdings (Singapore) Pte. Ltd. (Associate Company)	Lonsen Kiri Chemical Industries Limited (Joint Venture)
Latest audited Balance Sheet Date	31 st March, 2020	31 st December, 2019	31 st March, 2020
Shares of Associate/Joint Ventures held by the company on the year end			
- No. of Equity shares	26,25,000	26,23,354	3,00,00,000
Amount of Investment in Associates/Joint Venture	1443.75	9550.23	3000.00
Extend of Holding %	47.61%	37.57%	40.00%
Description of how there is significant influence	Due to Percentage of stake of the Company		
Reason why the associate/joint venture is not consolidated	N.A		
Net worth attributable to Shareholding as per latest audited Balance Sheet	1259.68	158959.31	19762.53
Profit / (Loss) for the year (for the F Y 2019-20)			
i. Considered in Consolidation	(2.04)	25982.77	6734.67
ii. Not Considered in Consolidation	(2.24)	43175.52	10102.00

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

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

For and on behalf of Board of Directors

Date: August 10, 2020
Place: Ahmedabad

Pravin Kiri
Chairman

Director's Report (Contd.)

ANNEXURE B

FORM NO. MR-3

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2020

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

To,
The Members,
Kiri Industries Limited

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives whether electronically or otherwise during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2020 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2020 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of

Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

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

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

The Company has received necessary disclosures under SEBI-SAST pertaining to occurrence of relevant events. The disclosure for acquisition of shares pursuant to allotment made upon conversion of FCCB Bonds into Equity Shares was done by the acquirer under Reg. 29(1) within stipulated time from the date of credit of shares in their demat account.

- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015. The Company has notified the exchanges the particulars of trading within the stipulated time of all disclosures that have been received by the Company under the Regulations.

- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018

The procedure for conversion of a portion of issued FCCB (Bonds) into 22,76,695 Equity Shares was duly complied with during the reporting year.

- (d) Securities and exchange board of india (Share Based Employee Benefits) Regulations, 2014. The ESOP scheme is on going in the Company.
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client.

Director's Report (Contd.)

- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not Applicable during the audit period)
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not Applicable during the audit period); and
- (vi) Various common laws applicable to the manufacturing and other activities of the Company such as Labour Laws, Land Laws etc. and sector specific laws such as The Environment (Protection) Act, 1986, The Water (Prevention and Control of Pollution) Act, 1974, The Water (Prevention and Control of Pollution) Cess Act, 1977, The Air (Prevention and Control of Pollution) Act, 1981, The Public Liability Insurance Act, 1991 and Explosives Act, 1884 for which we have relied on Certificates/ Reports/Declarations/Consents/Confirmations obtained by the Company from the experts of the relevant field such as Advocate, Labour Law Consultants, Engineers, Occupier of the Factories, Registered Valuers, Chartered Engineers, Factory Manager, Chief Technology Officer of the Company, Local Authorities, Effluent Treatment Adviser etc. and have found that the Company is generally regular in complying with the provisions of various applicable Acts.

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

- (i) Secretarial Standards (SS-1 & SS-2) issued by the Institute of Company Secretaries of India
- (ii) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Listing Agreements entered into by the Company with the Stock Exchanges.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:

1. *Ownership of an agricultural land intended for industrial purpose will be transferred in the name of the company upon receiving necessary approval for conversion into non agriculture land.*
2. *As per Reg.17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, number of Board of Directors is less than 6 for the quarter ended on 30th June, 2019 & 30th September, 2019 and for part of the quarter ended 31st December, 2019. However, the Company has appointed Independent Director on the Board of the Company w.e.f. 12th November, 2019. The Board of the Company is now duly constituted.*

We further report that:

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

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

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

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

We further report that during the audit period the Board of Directors at their Board Meeting held on 12th November, 2019 has appointed Mr. Ulrich Hambrecht (DIN: 01967154) as an Independent Additional Director of the Company for a term of five consecutive years subject to approval of member/ shareholders of the Company.

We further report that during the audit period there was late reporting of form FC-GPR in respect of allotment of 22,76,695 Equity Shares on conversion from Foreign Currency Convertible Bonds (FCCB) during the year under review.

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

1. Duly passed Board Resolution for allotment of 22,76,695 Equity Shares to LTS Investment Funds Ltd upon conversion of Series E Foreign Currency Convertible Bonds (FCCB) after compliance of necessary laws and guidelines.
2. Duly passed Special Resolution under Sections 149, 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 for re-appointment of Mr. Mukesh Desai (DIN: 00089598), as an Independent Director of the Company for second term of 5 consecutive years.

Director's Report (Contd.)

3. Duly passed Special Resolution under Sections 149, 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 re-appointment of

Mr. Keyoor Bakshi (DIN: 00133588), as an Independent Director of the Company for second term of 5 consecutive years.

For Kashyap R. Mehta & Associates
Company Secretaries

Kashyap R. Mehta
Proprietor

FRN: S2011GJ166500
FCS-1821 COP-2052 PR-583/2019
UDIN : F001821B000565340

Place: Ahmedabad
Date: August 10, 2020

Disclaimer: Due to restricted movement amid COVID-19 pandemic, we have conducted the assignment by examining the Secretarial Records including Minutes, Documents, Registers and other records etc., and some of them received by way of electronic mode from the Company and could not be verified from the original records. The management has confirmed that the records submitted to us are true and correct. This Report is limited to the Statutory Compliances on laws / regulations / guidelines listed in our report which have been complied by the Company pertaining to Financial Year 2019-20. We are not commenting on the Statutory Compliances whose due dates are extended by Regulators from time to time due to COVID-19 or still there is time line to comply with such compliances.

Note: This report is to be read with our letter of even date which is annexed as “**Annexure 1**” and forms an integral part of this report.

Director's Report (Contd.)

ANNEXURE - 1

To,
The Members,
Kiri Industries Limited

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Kashyap R. Mehta & Associates
Company Secretaries

Kashyap R. Mehta
Proprietor

FRN: S2011GJ166500
FCS-1821 COP-2052 PR-583/2019
UDIN : F001821B000565340

Place: Ahmedabad
Date: August 10, 2020

Director's Report (Contd.)

ANNEXURE C

Disclosure in Board's report pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Persons) Rules, 2014

- (i) Ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year:

Sr. No.	Name of Director	Ratio of remuneration
1.	Mr. Pravin Kiri, Chairman (Whole Time Director)	60.38 : 1
2.	Mr. Manish Kiri, Managing Director	60.38 : 1

- (ii) Percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year:

Sr. No.	Name of Directors/ Chief Financial Officer/ Company Secretary	Percentage increase in remuneration
1.	Mr. Pravin Kiri, Chairman (Whole Time Director)	10.00%
2.	Mr. Manish Kiri, Managing Director	10.00%
3.	Mr. Jayesh Vyas, Chief Financial Officer	8.34%
4.	Mr. Suresh Gondalia, Company Secretary	2.90%

- (iii) Percentage increase in the median remuneration of employees in the financial year: 9.61%

- (iv) Number of permanent employees on the rolls of company:

As on March 31, 2020, there are total 973 permanent employees on the rolls of Company.

- (v) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

The Average percentile increase in the salaries of employees other than the managerial personnel in the F.Y. 2019-20 is 10.83%. The average percentile increase in remuneration of managerial personnel during the F.Y. 2019-20 is 7.81%. The said increase the Managerial remuneration is due to revision of remuneration of Mr. Manish Kiri, Managing Director and Mr. Pravin Kiri, Chairman of the Company, which was approved by the members of the Company at the 20th Annual General Meeting of the Company held on September 27, 2018.

- (vi) Affirmation that the remuneration is as per the Nomination and Remuneration Policy of the Company:

The Company affirms that the remuneration is as per the Nomination and Remuneration Policy of the Company.

Director's Report (Contd.)

(vii) Details of remuneration:

The details of employees of the company who have drawn remuneration of more than the amount prescribed under the Section 197(12) of the Companies Act, 2013 and rules made thereunder are provided herein below:

Name of Employee	Mr. Manish Kiri	Mr. Pravin Kiri
Designation	Managing Director	Chairman & Whole Time Director
Remuneration received	INR 132.00 Lakhs	INR 132.00 Lakhs
Nature of Employment	Contractual	Contractual
Qualification and experience of Employee	B.E. (Electronic & Communication) and having experience of more than 20 years	Bachelor of Science (Chemistry) and having experience of more than 50 years
Date of commencement of employment	May 14, 1998	May 14, 1998
Age of Employee	48 Years	75 Years
Last Employment held by employee	N.A	N.A
Percentage of Equity Shares held in the Company	5.42%	7.44%
whether any such employee is a relative of any director or manager of the company and if so, name of such director or manager	Mr. Manish Kiri is son of Mr. Pravin Kiri, Chairman and Whole Time Director of the Company	Mr. Pravin Kiri is father of Mr. Manish Kiri, Managing Director of the Company.

For and on behalf of Board of Directors

Date: August 10, 2020
Place: Ahmedabad

Pravin Kiri
Chairman

Director's Report (Contd.)

ANNEXURE -D

BUSINESS RESPONSIBILITY REPORT

Section A: General Information About The Company

1. Corporate Identity Number (CIN) : L24231GJ1998PLC034094
2. Name of the Company : Kiri Industries Limited
3. Registered Office Address : 7th Floor, Hasubhai Chambers,
Opp. Townhall,
Ellisbridge,
Ahmedabad-380006
4. Website : www.kiriindustries.com
5. Email id : info@kiriindustries.com
6. Financial Year reported : 1st April, 2019 to 31st March, 2020
7. Sector(s) that the Company is engaged in (industrial activity code-wise):

Name and Description of main products / services	NIC Code of the Product/service
Dyes	20114
Intermediates	2011
Basic Chemicals	2011

8. List three key products/services that the Company manufactures/provides (as in blank sheet):
 - Vinly Sulphone
 - H-Acid
 - Dyestuff
9. Total number of locations where Business activity is under taken by the Company:
 The Company is based out in the state of Gujarat. Further, 1 Wholly Owned Subsidiary is situated in UAE, 1 Associate Company situated in Singapore and another Joint Venture Company is situated in Gujarat.
 International Locations 2
 National Locations 1
10. Markets served by the Company (Local/State/National/International):
 At National and International level

Section B: Financial Details of the Company

1	Paid-up Capital (INR):	INR 37.95 Crores
2	Total turnover (INR):	INR 969.04 Crores
3	Total Profit /(Loss) After Taxes	INR 49.83 Crores
4	Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax:	During the F.Y. 2019-20, Company had spent 2.03% of average net profits made during the three immediately preceding financial years.
5	List of activities in which expenditure in 4 above has been incurred:	Refer "Annexure G" of Board Report

Director's Report (Contd.)

Section C: Other Details:

- Does the Company have any Subsidiary Company/Companies?
Yes, Company has 1 (one) operating subsidiary i.e. Chemhub Trading DMCC as on March 31, 2020.
- Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)
Business Responsibility is initiative of the parent Company are applicable to the subsidiary company to the extent that they are material in relation to the business activities of the subsidiary.
- Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities?
No other entity(ies) participate in the BR initiatives of the Company.

Section D: BR Information

- Details of Director/Directors responsible for BR
 - Details of the Director responsible for implementation of the BR policy/policies:
Name: Manish Kiri, Designation: Managing Director, DIN: 00198284
 - Details of the BR head

Name: Manish Kiri, Designation: Managing Director, DIN: 00198284
Email Id: info@kiriindustries.com

- Principle wise (as per NVGs) BR Policy/policies:

Details of compliance (as per NVGs) (Reply in Y/N):

Sr. No.	Questions	P1 Business Ethics	P2 Product Responsibility	P3 Well-being of Employees	P4 Stakeholder engagement CSR	P5 Human Rights	P6 Environment	P7 Public Policy	P8 CSR	P9 Customer Relations
1.	Do you have a policy/ policies for....	Y	Y	Y	Y	Y	Y	Y	Y	Y
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3.	Does the policy conform to any national / international standards? If yes, specify?	The Policy on Business Responsibility of the Company is as per NVG Guidelines. In addition to this, Company have International Standards Certificate like ISO 9001:2015, ISO 14001: 2015 and Bluesign System Partner.								
4.	Has the policy being approved by the Board? If yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	Yes, Policy has been approved by the Board and same is signed by the Chairman.								
5.	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y

Director's Report (Contd.)

Sr. No.	Questions	P1 Business Ethics	P2 Product Responsibility	P3 Well-being of Employees	P4 Stakeholder engagement CSR	P5 Human Rights	P6 Environment	P7 Public Policy	P8 CSR	P9 Customer Relations
6.	Indicate the link for the policy to be viewed online?	www.kiriindustries.com								
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	It is available on website of the Company.								
8.	Does the company have in-house structure to implement the policy/policies.	Y	Y	Y	Y	Y	Y	Y	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Yes, all stakeholders may write their concern to the Company via email at info@kiriindustries.com.								
10.	Has the company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	Yes								
Governance related to BR:										
a)	Indicate the frequency with which the Board of Directors, Committee of the Board or CEO assess the BR performance of the Company. The BR head and senior managerial personnel periodically assess the BR performance of the Company and annually by the Board.									
b)	Does the Company publish a BR or a sustainability report? What is the hyperlink for viewing this report? How frequently it is published? The Company's Business Responsibility report for FY 2019-20 is provided in Annual Report and is also available at Company's website www.kiriindustries.com.									

Section E: Principle-wise Performance

Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

- Does the policy relating to ethics, bribery and corruption cover only the Company? Yes/No. Does it extend to the Group/ Joint Ventures/Suppliers/ Contractors/NGOs/Others?
This Policy applies to the directors and employees of the Kiri Industries Limited. It does not extend to other entities. However, the Company expects to follow by business associates.
- How many stakeholders' complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof.
No stakeholder complaints pertaining to the above principle/Codes were received in the financial year 2019-20.

Principle 2: Business should provide goods and services that are safe and contribute to sustainability throughout their life cycle

- List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.
 - Vinly Sulphone
 - H-Acid
 - Dyestuff

Director's Report (Contd.)

2. Does the company have procedures in place for sustainable sourcing (including transportation)?

The Company has standard operating procedures for approving vendors. Materials are procured from approved vendors both local and international. The Company has long standing business relations with regular vendors and the requirements of Business Integrity, Human Rights (labour standards), Health and Safety and Sustainable environmental standards in their business activities, production processes, services provision and their own purchasing procedures apply to all suppliers and their sub-tier suppliers.

3. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?

Yes, Company has established vendor selection process and accordingly during the year, company has given preference to local and small suppliers, traders and service providers for procurement and distribution.

4. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste.

The Company has in-house facilities to recycle its waste generated through manufacturing process. The Company's Intermediates facility has Zero Liquid Discharge (ZLD) facilities and in future company is planning to make all its manufacturing facility to run through zero liquid discharge.

Principle 3: Business should promote the wellbeing of all employees

1. Please indicate the total number of employees: 1669
2. Please indicate the total number of employees hired on temporary/ contractual/ casual basis: 696
3. Please indicate the number of permanent women employees.: 25
4. Please indicate the number of permanent employees with disabilities : NIL
5. Do you have an employee association that is recognized by management: No
6. What percentage of your permanent employees are members of the recognized employee association?: N.A.
7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year. : NIL
8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?
 - (a) Permanent Employees – 80%
 - (b) Permanent Women Employees - 100%
 - (c) Casual/Temporary/Contractual Employees - 100%
 - (d) Employees with Disabilities – N.A

Principle 4: Business should respect the interest of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized

1. Has the company mapped its internal and external stakeholders: Yes
2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders?

The company has mapped its internal and external stakeholders such as local communities, customers, suppliers, employees, educational institutes, government authorities, NGOs' etc.
3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders?

Yes, the Company through its CSR initiatives, is contributing towards education, health care, providing safe drinking waters, Road Construction and so on. Details of all the Activities listed above can be found in Annexure G of Board's Report.

Director's Report (Contd.)

Principle 5: Business should respect and promote human rights

1. Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?

The Company's Policy on Human Rights extended to the company. The Company strictly adheres to all applicable labor laws and other statutory requirements in order to uphold the human rights within the Company.

2. How many stakeholders' complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

The Company has not received any Complaint.

Principle 6: Business should respect, protect, and make effort to restore the environment

1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.

The policy covers the company and its employees.

2. Does the company have strategies/initiatives to address global environmental issues such as climate change, global warming, etc?

The Company has its own strategies/initiatives to address global environmental issues such as climate change, global warming etc. pertaining to the company's business.

3. Does the company identify and assess potential environmental risks?

The Company periodically assesses potential environment risk.

4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof. Also, if Yes, whether any environmental compliance report is filed?

The Company does not have any project relating to clean development mechanism.

5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc. : No

6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported? :Yes

7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

No complaint is pending as on March 31, 2020

Principle 7: Business, when engaged in influencing public and regulatory policy, should do so in a responsible manner

1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:

Yes, Company is member of the following associations.

- (a) Bombay Chamber of Commerce & Industry
- (b) Gujarat Chamber of Commerce & Industry
- (c) Gujarat Dyestuff Manufacturers Association
- (d) Federation of Indian Export Organisations
- (e) Basic Chemicals, Cosmetics & Dyes Export Promotion Council (CHEMEXCIL)

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good?: No

Director's Report (Contd.)

Principle 8: Business should support inclusive growth and equitable development

1. Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.
Yes, please refer the “Annexure G” of Board's Report.
2. Are the programmes/projects undertaken through in-house team/own foundation/ external NGO/government structures/ any other organization?
The Company has contributed to the programmes/projects undertaken through in-house team, external NGO and other organization.
3. Have you done any impact assessment of your initiative?
The Company periodically reviews and monitors through personal visit by Company representative for specific project undertaken by the Company.
4. What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken.
During the year, company has contributed INR 221.77 Lakhs towards CSR and the same are given in “Annexure G” of Board's Report.
5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community?
Yes. CSR Initiatives undertaken by the Company are tracked to determine the outcomes achieved and the benefits to the community.

Principle 9: Business should engage with and provide value to their customers and consumers in a responsible manner.

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year.
There were no customer complaints / consumer cases pending as on end of financial year 2019-20.
2. Does the company display product information on the product label, over and above what is mandated as per local laws?
Not Applicable
3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year.
There is no such case filed by the stakeholder.
4. Did your company carry out any consumer survey/ consumer satisfaction trends?
The Company undertakes customer satisfaction surveys periodically and feedback of customers are reviewed to take corrective actions.

For and on behalf of Board of Directors

Place: Ahmedabad
Date: August 10, 2020

Suresh Gondalia
Company Secretary

Director's Report (Contd.)

ANNEXURE- E

Foreign Exchange Earnings & outgo:

(INR in Crore)

Particulars	2019-20	2018-19
Total Foreign Exchange outgo	124.03	125.34
Total Foreign Exchange earnings	233.97	209.06

Energy Absorption:

Sr. No.	Particulars	Particulars
1.	Steps taken or impact on conservation of energy	The Company is using gas as compared to other sources of energy and also generating in-house power. The Company has also started using steam generated through basic chemical plant for manufacturing of intermediates which leads to reduce usage of electricity and coal resulting in reduction of cost and pollution free operations. Further, company is using LED lights in offices to save power and energy. The Company is using renewal energy through power trading to reduce overall energy cost.
2.	Steps taken by the company for utilising alternate sources of energy	
3.	Capital investment on energy conservation equipments	

Technology Absorption:

Efforts made towards technology absorption;	The Company's R&D department is developing process technology to manufacture various products.
Benefits derived like product improvement, cost reduction, product development or import substitution	The company is able to cater its customers through innovation in technology and through product mix.
In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)	The Company has not imported any technology since last three financial year.
Details of technology imported	N.A.
Year of import	N.A.
Whether the technology been fully absorbed	N.A.
if not fully absorbed, areas where absorption has not taken place, and the reasons thereof	N.A.
Expenditure incurred on Research and Development	INR 0.85 Crore
Specific areas in which R & D was carried out by the Company	The Company is fully equipped with R&D department to develop products as per specifications of the customer. The Company is updating manufacturing process of the existing products leading to reduction in process time and cost of production and also developing new products.
Benefits derived as a result of the above (R & D)	
Future Plan of Action	The Company is continuously trying and will also try to absorb new technology available in the market to improve production processes which leads to reduce cost of production per unit.

For and on behalf of Board of Directors

Date: August 10, 2020
Place: Ahmedabad

Pravin Kiri
Chairman

Form No. MGT 9

ANNEXURE- F

**EXTRACT OF ANNUAL RETURN
AS ON FINANCIAL YEAR ENDED ON MARCH 31, 2020**

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

I. REGISTRATION & OTHER DETAILS:

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sr. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Dyes	20114	45.00%
2	Intermediates	2011	52.00%
3	Basic Chemicals	2011	3.00%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Chemhub Trading DMCC	NA		100.00	
2	SMS Chemicals Co. Ltd.- Non Operating	NA		100.00	
3	Synthesis International Limited -Under Process to wind up	NA	Subsidiary	100.00	2(87)

Form No. MGT 9 (Contd.)

Sr. No.	Name of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
4	Kiri Infrastructure Limited	U45201GJ2008PTC053728	Associate Company	47.61	2(6)
5	DyStar Global Holdings (Singapore) Pte. Ltd.	NA		37.57	
6	Lonsen Kiri Chemical Industries Limited	U24114GJ2008PLC053537	Joint Venture	40.00	

IV. SHARE HOLDING PATTERN

(Equity share capital breakup as percentage of total equity)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	10490878	0	10490878	33.47	10490878	0	10490878	31.20	(2.27)
b) Central Govt	0	0	0	0.00	0	0	0	0.00	-
c) State Govt(s)	0	0	0	0.00	0	0	0	0.00	-
d) Bodies Corp.	3500000	0	3500000	11.17	3500000	0	3500000	10.41	(0.76)
e) Banks / FI	0	0	0	0.00	0	0	0	0.00	-
f) Any other	0	0	0	0.00	0	0	0	0.00	-
Sub Total (A) (1)	13990878	0	13990878	44.64	13990878	0	13990878	41.61	(3.02)
(2) Foreign									
a) NRI Individuals	0	0	0	0.00	0	0	0	0.00	-
b) Other Individuals	0	0	0	0.00	0	0	0	0.00	-
c) Bodies Corp.	0	0	0	0.00	0	0	0	0.00	-
d) Any other	0	0	0	0.00	0	0	0	0.00	-
Sub Total (A) (2)	0	0	0	0.00	0	0	0	0.00	-
TOTAL (A) [A(1) + A(2)]	13990878	0	13990878	44.64	13990878	0	13990878	41.61	(3.02)

B. Public Shareholding

(1) Institutions

a) Mutual Funds	0	0	0	0.00	0	0	0	0.00	-
b) Banks / FI	542094	0	542094	1.73	498489	0	498489	1.48	(0.25)
c) Central Govt	0	0	0	0.00	0	0	0	0.00	-

Form No. MGT 9 (Contd.)

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
d) State Govt(s)	0	0	0	0.00	0	0	0	0.00	-
e) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	-
f) Insurance Companies	0	0	0	0.00	0	0	0	0.00	-
g) FIIs	575970	0	575970	1.84	164970	0	164970	0.49	(1.35)
h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	-
i) Others (specify)							0	0.00	-
Stressed Assets Stabilisation Fund	0	0	0	0.00	0	0	0	0.00	-
Foreign Portfolio Investors	5282599	0	5282599	16.85	8057056	0	8057056	23.96	7.11
Sub-total (B) (1):-	6400663	0	6400663	20.42	8720515	0	8720515	25.94	5.52
(2) Non-Institutions									
a) Bodies Corporate	1067766	0	1067766	3.41	801735	0	801735	2.38	(1.02)
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	5102188	153	5102341	16.28	5190622	153	5190775	15.44	(0.84)
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	3091067	0	3091067	9.86	3227585	0	3227585	9.60	(0.26)
c) Others (specify)									
Clearing Members	65554	0	65554	0.21	86856	0	86856	0.26	0.05
Foreign Nationals	74164	36902	111066	0.35	20371	36902	57273	0.17	(0.18)

Form No. MGT 9 (Contd.)

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
Hindu Undivided Families	501075	0	501075	1.60	583839	0	583839	1.74	0.14
Non Resident Indians	585541	0	585541	1.87	593690	0	593690	1.77	(0.10)
Trusts	428000	0	428000	1.37	367500	0	367500	1.09	(0.27)
Sub-total (B) (2):-	10915355	37055	10952410	34.94	10872198	37055	10909253	32.45	(2.49)
Total Public (B) [B(1) + B(2)]	17316018	37055	17353073	55.36	19592713	37055	19629768	58.39	3.02
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0.00	0	0	0	0.00	-
Grand Total (A+B+C)	31306896	37055	31343951	100.00	33583591	37055	33620646	100.00	-

Note: During the year under review, Board of Directors of the Company have allotted 22,76,695 Equity Shares of INR 10/- each to LTS Investment Funds Ltd., upon conversion of Foreign Currency Convertible Bonds (FCCBs). Therefore the post issue paid up share capital of the Company stands increased to INR 33,62,06,460/- divided into 3,36,20,646 Equity Shares of INR 10/- each as on 31.03.2020.

(ii) Shareholding of Promoter

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Mr. Pravin Kiri	2,501,680	7.98	2.23	2,501,680	7.44	2.23	(0.54)
2	Mr. Manish Kiri	1,822,728	5.82	-	1,822,728	5.42	-	(0.39)
3	Ms. Arunaben Kiri	461,550	1.47	-	461,550	1.37	-	(0.10)
4	Ms. Anupama Kiri	5,701,238	18.19	-	5,701,238	16.96	-	(1.23)
5	Pravin Kiri HUF	3,682	0.01	100.00	3,682	0.01	100.00	0
6	Equinaire Chemtech LLP	3,500,000	11.17	-	3,500,000	10.41	-	(0.76)

Form No. MGT 9 (Contd.)

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

Sr. No.	Name of Promoters and Promoter Group	Shareholding at the beginning of the year		Date	Reason	Increase/Decrease in Shareholding		Cumulative Shareholding during the year	
		No. of shares	% of total shares			No. of shares	% of shareholding	No. of shares	% of total shares
1	Mr. Pravin Kiri	2,501,680	7.98	01.04.2019	At the beginning of the year	0.00	0.00	2,501,680	7.98
				31.03.2020	At the end of the year	0.00	0.00	2,501,680	7.44
2	Mr. Manish Kiri	1,822,728	5.82	01.04.2019	At the beginning of the year	0.00	0.00	1,822,728	5.82
				31.03.2020	At the end of the year	0.00	0.00	1,822,728	5.42
3	Ms. Aruna Kiri	461,550	1.47	01.04.2019	At the beginning of the year	0.00	0.00	461,550	1.47
				31.03.2020	At the end of the year	0.00	0.00	461,550	1.37
4	Ms. Anupama Kiri	5,701,238	18.19	01.04.2019	At the beginning of the year	0	0.00	5,701,238	18.19
				31.03.2020	At the end of the year	0.00	0.00	5,701,238	16.96
5	Pravin Kiri - HUF	3,682	0.01	01.04.2019	At the beginning of the year	0.00	0.00	3,682	0.01
				31.03.2020	At the end of the year	0.00	0.00	3,682	0.01
6	Equinaire Chemtech LLP	3,500,000	11.17	01.04.2019	At the beginning of the year	0.00	0.00	3,500,000	11.17
				31.03.2020	At the end of the year	0.00	0.00	3,500,000	10.41

Form No. MGT 9 (Contd.)

(iv) Shareholding Pattern of top ten Shareholders
(Other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No	Name of Shareholders	Date	Reason	(+) / (-) Change in Shareholding	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
					No. of Shares	% of total shares of the company	No. of shares	% of total shares of the company
1	GMO EMERGING MARKETS FUND, A SERIES OF GMO TRUST	01.04.2019		At the beginning of the year	1322083	4.22	1322083	4.22
		31.03.2020		At the end of the Year	1322083	3.93	1322083	3.93
2	INDIA OPPORTUNITIES GROWTH FUND LTD - PINEWOOD STRATEGY	01.04.2019		At the beginning of the year	1158118	3.69	1158118	3.69
		17.05.2019	Purchase	Increase	3389	0.01	1161507	3.71
		24.05.2019	Purchase	Increase	5000	0.02	1166507	3.72
		14.06.2019	Purchase	Increase	1200	0.00	1167707	3.73
		21.06.2019	Purchase	Increase	21200	0.07	1188907	3.79
		28.06.2019	Purchase	Increase	9440	0.03	1198347	3.82
		12.07.2019	Purchase	Increase	41239	0.13	1239586	3.95
		26.07.2019	Purchase	Increase	9760	0.03	1249346	3.99
		02.08.2019	Purchase	Increase	46000	0.15	1295346	4.13
		09.08.2019	Purchase	Increase	32302	0.10	1327648	4.24
		30.08.2019	Purchase	Increase	10000	0.03	1337648	3.98
		06.09.2019	Purchase	Increase	30000	0.09	1367648	4.07
		15.11.2019	Purchase	Increase	3065	0.01	1370713	4.08
		22.11.2019	Purchase	Increase	33774	0.10	1404487	4.18
		29.11.2019	Purchase	Increase	15337	0.05	1419824	4.22
		06.12.2019	Purchase	Increase	36531	0.11	1456355	4.33
		13.12.2019	Purchase	Increase	64487	0.19	1520842	4.52
		20.12.2019	Purchase	Increase	9158	0.03	1530000	4.55
		31.03.2020		At the end of the Year	1530000	4.55	1530000	4.55

Form No. MGT 9 (Contd.)

Sr. No	Name of Shareholders	Date	Reason	(+/-) Change in Shareholding	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
					No. of Shares	% of total shares of the company	No. of shares	% of total shares of the company
3	APMS INVESTMENT FUND LTD	01.04.2019		At the beginning of the year	751703	2.40	751703	2.40
		05.04.2019	Purchase	Increase	3859	0.01	755562	2.41
		17.05.2019	Purchase	Increase	4000	0.01	759562	2.42
		24.05.2019	Purchase	Increase	12647	0.04	772209	2.46
		14.06.2019	Purchase	Increase	20000	0.06	792209	2.53
		21.06.2019	Purchase	Increase	40451	0.13	832660	2.66
		28.06.2019	Purchase	Increase	20336	0.06	852996	2.72
		05.07.2019	Purchase	Increase	912	0.00	853908	2.72
		12.07.2019	Purchase	Increase	17408	0.06	871316	2.78
		26.07.2019	Purchase	Increase	5000	0.02	876316	2.80
		02.08.2019	Purchase	Increase	23536	0.08	899852	2.87
		09.08.2019	Purchase	Increase	21106	0.07	920958	2.94
		30.08.2019	Purchase	Increase	4986	0.01	925944	2.75
		06.09.2019	Purchase	Increase	23582	0.07	949526	2.82
		22.11.2019	Purchase	Increase	309	0.00	949835	2.83
		06.12.2019	Purchase	Increase	28756	0.09	978591	2.91
		13.12.2019	Purchase	Increase	14726	0.04	993317	2.95
		20.12.2019	Purchase	Increase	18581	0.06	1011898	3.01
		13.03.2020	Purchase	Increase	54202	0.16	1066100	3.17
		20.03.2020	Purchase	Increase	13207	0.04	1079307	3.21
		27.03.2020	Sale	Decrease	-1079307	-3.21	0	0.00
		27.03.2020	Purchase	Increase	1079307	3.21	1079307	3.21
		31.03.2020		At the end of the Year	1079307	3.21	1079307	3.21

Form No. MGT 9 (Contd.)

Sr. No	Name of Shareholders	Date	Reason	(+/-) Change in Shareholding	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
					No. of Shares	% of total shares of the company	No. of shares	% of total shares of the company
4	VIKASA INDIA EIF I FUND	01.04.2019		At the beginning of the year	575970	1.84	575970	1.84
		12.04.2019	Sale	Decrease	-35000	-0.11	540970	1.73
		19.04.2019	Sale	Decrease	-10000	-0.03	530970	1.69
		03.05.2019	Sale	Decrease	-5000	-0.02	525970	1.68
		10.05.2019	Sale	Decrease	-10000	-0.03	515970	1.65
		17.05.2019	Sale	Decrease	-5000	-0.02	510970	1.63
		14.06.2019	Sale	Decrease	-10000	-0.03	500970	1.60
		21.06.2019	Sale	Decrease	-38000	-0.12	462970	1.48
		28.06.2019	Sale	Decrease	-36000	-0.11	426970	1.36
		05.07.2019	Sale	Decrease	-22000	-0.07	404970	1.29
		19.07.2019	Sale	Decrease	-5000	-0.02	399970	1.28
		13.09.2019	Sale	Decrease	-5000	-0.01	394970	1.17
		04.10.2019	Sale	Decrease	-15000	-0.04	379970	1.13
		11.10.2019	Sale	Decrease	-25000	-0.07	354970	1.06
		18.10.2019	Sale	Decrease	-5000	-0.01	349970	1.04
		01.11.2019	Sale	Decrease	-25000	-0.07	324970	0.97
		08.11.2019	Sale	Decrease	-10000	-0.03	314970	0.94
		06.12.2019	Sale	Decrease	-10000	-0.03	304970	0.91
		03.01.2020	Sale	Decrease	-5000	-0.01	299970	0.89
		24.01.2020	Sale	Decrease	-20000	-0.06	279970	0.83
		31.01.2020	Sale	Decrease	-40000	-0.12	239970	0.71
		14.02.2020	Sale	Decrease	-20000	-0.06	219970	0.65
		21.02.2020	Sale	Decrease	-45000	-0.13	174970	0.52
		28.02.2020	Sale	Decrease	-10000	-0.03	164970	0.49
		31.03.2020		At the end of the Year	164970	0.49	164970	0.49

Form No. MGT 9 (Contd.)

Sr. No	Name of Shareholders	Date	Reason	(+/-) Change in Shareholding	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
					No. of Shares	% of total shares of the company	No. of shares	% of total shares of the company
5	CLSA GLOBAL MARKETS PTE. LTD.	01.04.2019		At the beginning of the year	570550	1.82	570550	1.82
		09.08.2019	Sale	Decrease	-467	-0.00	570083	1.82
		16.08.2019	Sale	Decrease	-5000	-0.01	565083	1.68
		23.08.2019	Sale	Decrease	-27263	-0.08	537820	1.60
		30.08.2019	Sale	Decrease	-21783	-0.06	516037	1.53
		06.09.2019	Sale	Decrease	-23673	-0.07	492364	1.46
		27.09.2019	Sale	Decrease	-20614	-0.06	471750	1.40
		30.09.2019	Sale	Decrease	-1669	-0.00	470081	1.40
		04.10.2019	Sale	Decrease	-404	-0.00	469677	1.40
		11.10.2019	Sale	Decrease	-9398	-0.03	460279	1.37
		18.10.2019	Sale	Decrease	-13387	-0.04	446892	1.33
		25.10.2019	Sale	Decrease	-14772	-0.04	432120	1.29
		01.11.2019	Sale	Decrease	-10252	-0.03	421868	1.25
		08.11.2019	Sale	Decrease	-2012	-0.01	419856	1.25
		15.11.2019	Sale	Decrease	-13500	-0.04	406356	1.21
		22.11.2019	Sale	Decrease	-65254	-0.19	341102	1.01
		29.11.2019	Sale	Decrease	-33849	-0.10	307253	0.91
		31.03.2020		At the end of the Year	307253	0.91	307253	0.91
6	MOVING LIMITED	01.04.2019		At the beginning of the year	469360	1.50	469360	1.50
		05.04.2019	Purchase	Increase	338	0.00	469698	1.50
		17.05.2019	Purchase	Increase	1550	0.00	471248	1.50
		24.05.2019	Purchase	Increase	2888	0.01	474136	1.51
		14.06.2019	Purchase	Increase	2545	0.01	476681	1.52

Form No. MGT 9 (Contd.)

Sr. No	Name of Shareholders	Date	Reason	(+/-) Change in Shareholding	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
					No. of Shares	% of total shares of the company	No. of shares	% of total shares of the company
		21.06.2019	Purchase	Increase	16688	0.05	493369	1.57
		28.06.2019	Purchase	Increase	16197	0.05	509566	1.63
		05.07.2019	Purchase	Increase	1000	0.00	510566	1.63
		12.07.2019	Purchase	Increase	15498	0.05	526064	1.68
		26.07.2019	Purchase	Increase	17312	0.06	543376	1.73
		02.08.2019	Purchase	Increase	44233	0.14	587609	1.87
		09.08.2019	Purchase	Increase	21894	0.07	609503	1.94
		23.08.2019	Purchase	Increase	4051	0.01	613554	1.82
		30.08.2019	Purchase	Increase	21538	0.06	635092	1.89
		06.09.2019	Purchase	Increase	24716	0.07	659808	1.96
		22.11.2019	Purchase	Increase	38475	0.11	698283	2.08
		13.12.2019	Purchase	Increase	824	0.00	699107	2.08
		13.03.2020	Purchase	Increase	153	0.00	699260	2.08
		20.03.2020	Purchase	Increase	44763	0.13	744023	2.21
		27.03.2020	Purchase	Increase	25193	0.07	769216	2.29
		31.03.2020	Purchase	Increase	75	0.00	769291	2.29
		31.03.2020		At the end of the Year	769291	2.29	769291	2.29
7	KIRI EMPLOYEE STOCK OPTION TRUST	01.04.2019		At the beginning of the year	425000	1.36	425000	1.36
		13.03.2020	Transferred	Transferred	-60000	-0.18	365000	1.09
		31.03.2020		At the end of the Year	365000	1.09	365000	1.09
8	GENERAL INSURANCE CORPORATION OF INDIA	01.04.2019		At the beginning of the year	214057	0.68	214057	0.68
		12.04.2019	Sale	Decrease	-66729	-0.21	147328	0.47
		31.03.2020		At the end of the Year	147328	0.44	147328	0.44
9	LIFE INSURANCE CORPORATION OF INDIA	01.04.2019		At the beginning of the year	196552	0.63	196552	0.63
		31.03.2020		At the end of the Year	196552	0.58	196552	0.58

Form No. MGT 9 (Contd.)

Sr. No	Name of Shareholders	Date	Reason	(+/-) Change in Shareholding	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
					No. of Shares	% of total shares of the company	No. of shares	% of total shares of the company
10	SANDHYASINGH ANUPAMSINGH GAHLOUT	01.04.2019		At the beginning of the year	159000	0.51	159000	0.51
		03.05.2019	Sale	Decrease	-500	-0.00	158500	0.51
		17.05.2019	Sale	Decrease	-500	-0.00	158000	0.50
		31.05.2019	Sale	Decrease	-100	-0.00	157900	0.50
		07.06.2019	Sale	Decrease	-500	-0.00	157400	0.50
		31.03.2020		At the end of the Year	157400	0.47	157400	0.47
11	LTS INVESTMENT FUND LTD	01.04.2019		At the beginning of the year	0	0.00	0	0.00
		18.10.2019	Allotment	Increase	2276695	6.77	2276695	6.77
		08.11.2019	Sale	Decrease	-40000	-0.12	2236695	6.65
		15.11.2019	Sale	Decrease	-60000	-0.18	2176695	6.47
		03.01.2020	Sale	Decrease	-5000	-0.01	2171695	6.46
		31.03.2020		At the end of the Year	2171695	6.46	2171695	6.46

(v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	Particulars	Shareholding		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Name: Mr. Pravin Kiri				
	At the beginning of the year 01.04.2019	2,501,680	7.98	2,501,680	7.98
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease	No Change			
	At the end of the year 31.03.2020	2,501,680	7.44	2,501,680	7.44

Form No. MGT 9 (Contd.)

Sr. No.	Particulars	Shareholding		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
2	Name: Mr. Manish P Kiri				
	At the beginning of the year 01.04.2019	1,822,728	5.82	1,822,728	5.82
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease	No Change			
	At the end of the year 31.03.2020	1,822,728	5.42	1,822,728	5.42
3	Name: Mr. Suresh Gondalia				
	At the beginning of the year 01.04.2019	90880	0.29	90880	0.29
	Sales during the Year 26.09.2019	6	0.00	90874	0.29
	Allotment of shares pursuant to exercise of ESOP on 13.03.2020	40000	0.12	130874	0.39
	At the end of the year 31.03.2020	130874	0.39	130874	0.39
4	Name: Mr. Jayesh Vyas				
	At the beginning of the year 01.04.2019	60000	0.19	60000	0.19
	Allotment of shares pursuant to exercise of ESOP on 13.03.2020	20000	0.06	80000	0.24
	At the end of the year 31.03.2020	80000	0.24	80000	0.24

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment.

(INR in Lakhs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	13,672.70	2,055.00	-	15,727.70
ii) Interest due but not paid	-	29.70	-	29.70
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	13,672.70	2,084.70		15,757.40
Change in Indebtedness during the financial year				
* Addition	10.00	-	-	10.00
* Reduction	1,475.93	29.70	-	1,505.63
Net Change	(1,465.93)	(29.70)	-	(1,495.63)

Form No. MGT 9 (Contd.)

(INR in Lakhs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the end of the financial year				
i) Principal Amount	12,206.77	2,055.00	-	14,261.77
ii) Interest due but not paid	-	69.72	-	69.72
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	12,206.77	2,124.72	-	14,331.49

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Director and/or Manager:

(INR in Lakhs)

Sr. No.	Particulars of Remuneration	Name of MD and WTD		Total Amount
	Name Designation	Mr. Pravin Kiri Chairman - Whole Time Director	Mr. Manish Kiri Managing Director	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	132	132	264.00
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0	0	0
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	0	0	0
2	Stock Option	0	0	0
3	Sweat Equity	0	0	0
4	Commission			
	- as % of profit	0	0	0
	- others, specify	0	0	0
5	Others, please specify	0	0	0
	Total (A)	132	132	264.00
	Ceiling as per the Act	Within the ceiling limit as prescribed under Section 198 of the Companies Act, 2013		

B. Remuneration to other Directors:

(Amount in INR)

Sr. No.	Particulars of Remuneration	Name of Directors			Total Amount
	Independent Directors	Mr. Keyoor Bakshi	Mr. Mukesh Desai	Ms. Veena Padia	
	Sitting Fees for attending Board/Committee/ Shareholders Meetings	95,000	75,000	100,000	270,000
	Commission	0	0	0	0
	Others, please specify	0	0	0	0
1	Total	95,000	75,000	100,000	270,000
	Overall Ceiling as per the Act	Within the limit of 1 % of the Net profits of the Company.			

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD:

(INR in Lakhs)

Sr. No.	Particulars of Remuneration	Name of Key Managerial Personnel		Total Amount
	Name	Mr. Jayesh Vyas	Mr. Suresh Gondalia	
	Designation	Chief Financial Officer	Company Secretary	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	27.18	18.59	45.77
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.00	0.00	0.00
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	0.00	0.00	0.00
2	Stock Option	15.40	30.80	46.20
3	Sweat Equity	0.00	0.00	0.00
4	Commission			0.00
	- as % of profit	0.00	0.00	0.00
	- others, specify	0.00	0.00	0.00
5	Others, please specify	0.00	0.00	0.00
	Total	42.58	49.39	91.97

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/ NCLT/ Court)	Appeal made if any (give details)
A. COMPANY					
Penalty					
Punishment					
Compounding					
B. DIRECTORS					
Penalty					
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment					
Compounding					

NIL

For and on behalf of Board of Directors

Date: August 10, 2020
Place: Ahmedabad

Pravin Kiri
Chairman

Director's Report (Contd.)

ANNEXURE G

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

Sr. No.	Particulars	
1.	Period for which CSR is being reported	From 01/04/2019 to 31/03/2020
2.	(a) Whether information includes information about subsidiary company(s):	No
	(b) If yes, then indicate number of such subsidiary company(s)	Not Applicable
3.	(a) Whether information includes information about any other entity(s) (e.g. supplies, value chain etc.)	No
	(b) If yes, then indicate number of such entity(s)	Not Applicable
4.	(a) Does the company have a written CSR policy If yes, attach a copy	Yes
5.	Brief contents of the CSR policy	The CSR policy is available on the website of the Company i.e. www.kiriindustries.com
6.	The Composition of the CSR Committee	1. Ms. Veena Padia – Chairperson 2. Mr. Pravin Kiri – Member 3. Mr. Manish Kiri – Member 4. Mr. Mukesh Desai – Member
7.	Average net profit of the company for last three financial years:	The Average net profit of the Company for the last three financial years as per Section 198 of the Companies Act, 2013 is INR 11071.33 Lakhs.
8.	Prescribed CSR Expenditure (2% of amount as in item 7 above)	INR 221.43 Lakhs
9.	Details of CSR spent during the financial year	INR 221.77 Lakhs
10.	Total amount to be spent for the financial year	NIL
11.	Amount unspent, if any	NIL

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

(INR in Lakhs)

Sr. No.	CSR project or activity identified	Sector in which the Project is covered	Location of Projects or programs	Amount outlay (budget)	Amount spent on the projects or programs	Cumulative expenditure upto to the reporting period	Amount spent: Direct or agency
1	Animal Welfare, environmental sustainability	Cattle feed	Gujarat	NIL	0.46	2.93	Direct
2	Promoting Education	Education	Gujarat	NIL	145.73	196.03	Direct
3	Promoting Health Care	Medical Aid	Gujarat	NIL	7.15	86.05	Direct
4	Rural development	Maintaining Quality of Soil and Water, Construction of Road	Gujarat	NIL	52.08	73.77	Direct

Director's Report (Contd.)

Sr. No.	CSR project or activity identified	Sector in which the Project is covered	Location of Projects or programs	Amount outlay (budget)	Amount spent on the projects or programs	Cumulative expenditure upto to the reporting period	Amount spent: Direct or agency
5	Women Empowerment, Facilities for senior citizens and measures for reducing inequalities in Society	Women Empowerment	Gujarat	NIL	2.79	14.2	Direct
6	Eradicating hunger, poverty and malnutrition	Eradicating extreme hunger	Gujarat	NIL	9.44	112.07	Direct/ Indirect
7	Cultural Activities	Protection of culture	Gujarat	NIL	0.37	8.19	Direct
8	Disaster management, including relief, rehabilitation and reconstruction activities	To help the people suffered from disaster (due to Cyclon and heavy rainfall).	Gujarat	NIL	3.75	3.75	Direct/ Indirect
TOTAL					221.77	496.99	

Our CSR responsibilities:

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

For Kiri Industries Limited

Place: Ahmedabad
Date: August 10, 2020

Veena Padia
Chairman
CSR Committee

Manish Kiri
Managing Director

Report on Corporate Governance

ANNEXURE- H



Corporate Governance Report for the year ended March 31, 2020, in terms of Regulation 34(3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations")

Corporate Governance has broad scope which include both social and Institutional aspect. It is set of processes, customs, policies, laws and instructions affecting the way a corporates are directed, managed, administered or controlled in the best interest of its stakeholders. The Corporate Governance includes transparency, accountability, ethical behavior, independence and fair corporate disclosures. Effective corporate governance practices are crucial for achievement of long term corporate goals of the Company.

1. Company's Philosophy on Code of Governance:

Kiri is committed to the highest standards of Corporate Governance in all its activities and processes. Our corporate governance practice consist Integrity, transparency, accountability which involves standards of safety, health and environment; legal compliances and communication to the stakeholders; fair disclosures, value creation, ethics and governance; Monitoring, internal controls and risk management. The Board of Directors believes that corporate governance is the foundation for long term sustainable performance, better services to all its stakeholders and achieve long term corporate goal. The entire process begins with the functioning of the Board of Directors, having professionals and experts serving as Independent Directors and represents in various Board Committees. The Company has always believed in and practices the highest standards of Corporate Governance since its inception and considers that sound governance practices are crucial for its smooth and efficient business operations, balancing the interests of all its stakeholders and creating wealth for shareholder.

A report on the matters and the practices followed by the Company is detailed herein below:

2. Board of Directors:

The Board of Directors and its Committees provides leadership and guidance to the Company's management and directs, supervises and controls the performance of the Company. The Board acts with autonomy and independence in exercising its strategic supervision, discharging its fiduciary responsibilities and ensuring that the management observes the highest standards of ethics, transparency and disclosure.

The Board of Directors meets at least once in a quarter to review the performance and financial results of the Company. The Chairman/Managing Director briefs the Directors at every Board Meeting on overall business performance and general industry trend globally. All major decisions/approvals are taken at the Board Meeting. Any Board member may bring up any matter for consideration of the Board, in consultation with the Chairman.

The Board of Directors of the Company ("the Board") consists of optimum combination of Executive and Non-Executive Directors as per regulation 17 of Listing Regulations. The Board has six members comprising of two Executive Directors and four Independent Directors including one Woman Director. The majority of Board members are Non-Executive Independent Directors as per the requirement of Regulation 17 of Listing Regulations.

Report on Corporate Governance (Contd.)

The details of the composition, nature of Directorship, the number of meetings attended by each director and the directorships in other companies as at March 31, 2020 are detailed herein below:

Sr. No.	Name of Directors	Category	No. of Board Meetings held and attended during the year		Attendance at last AGM held in 27.09.2019	No. of Directorship in other Public Companies*	No. of Committee positions held in other public companies		Directorship in other listed entities including Category of Directorship
			Held	Attended			Chairman#	Member#	
1.	Mr. Pravin Kiri	Chairman & Whole Time Director	4	3	Yes	1	-	-	-
2.	Mr. Manish Kiri	Managing Director	4	4	Yes	2	-	2	-
3.	Mr. Keyoor Bakshi	Independent Director	4	4	Yes	7	3	3	1. Infibeam Avenues Limited 2. Gokul Agro Resources Limited 3. TTL Enterprises Limited 4. Saanvi Advisors Limited 5. Innovative Tyres & Tubes Limited
4.	Mr. Mukesh Desai	Independent Director	4	3	Yes	1	0	2	1. Innovative Tyres & Tubes Limited 2. Govind Rubbers Limited
5.	Ms. Veena Padia	Independent Director	4	4	Yes	-	-	-	-
6.	Mr. Ulrich Hambrecht**	Independent Additional Director	4	1	N.A	1	0	0	

Note:

* Other Directorships do not include directorships of private limited companies, Companies formed under section 8 of the Companies Act, 2013 and foreign companies.

** Mr. Ulrich Hambrecht was appointed as Additional Independent Director on November 12, 2019.

#Chairmanship/ Membership of Board Committees include only Audit Committee and Stakeholders Relationship Committee.

• **Disclosure of relationships between directors inter-se:**

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

Report on Corporate Governance (Contd.)

- **Number of Board Meetings held during the year:**
During the year under review, 4 (Four) Meetings of Board of Directors were held as per details given below:

Sr. No.	Date of Board Meeting
1.	May 29, 2019
2.	August 12, 2019
3.	November 12, 2019
4.	February 12, 2020

- **Number of shares and convertible instruments held by Non Executive Directors:**
None of the Non- Executive Directors of the Company holds any shares and convertible instruments in the Company.

- **Web link where details of Familiarisation programmes imparted to independent directors is disclosed:**

All Independent Directors are familiarized from time to time with the company, their roles, rights, responsibilities in the company, nature of the industry in which the company operates, business model of the company etc. The Company makes consistent efforts to periodically acquaint the Board with the overall business performance covering all Business verticals, by way of presenting specific performance of each Plant, Product Category, global competition, diversification plan, major capital expenditure etc. The details regarding Independent Directors' Familiarisation Programmes is available on the website of the Company i.e. www.kiriindustries.com.

- **Skills, Expertise and Competencies :**

The Board of company comprises qualified members who bring in the required skills, expertise, competencies that allow them to make effective contributions to the Board and its committee.

The Board has identified the following skills/expertise/ competencies fundamental for the effective functioning of the Company which are currently available with the Board:

Skill/ Expertise/ Competency	Detail for such Skills / Expertise / Competencies	Mr. Pravin Kiri	Mr. Manish Kiri	Mr. Keyoor Bakshi	Mr. Mukesh Desai	Ms. Veena Padia	Mr. Ulrich Hambrecht
Business	Understanding of global business dynamics, across various geographical markets, industry verticals and regulatory jurisdictions.	✓	✓	✓	✓	✓	✓
Strategy and Planning	Appreciation of long-term trends, strategic choices and experience in guiding and leading management teams to make decisions in uncertain environments.	✓	✓	✓	✓	✓	✓
Governance	Experience in developing governance practices, serving the best interests of all stakeholders, maintaining board and management accountability, building long-term effective stakeholder engagements and driving corporate ethics and values.	✓	✓	✓	✓	✓	✓
Financial Expertise	Qualification and/or experience in accounting and/or finance coupled with ability to analyze key financial statements; critically assess financial viability and performance; contribute to financial planning; assess financial controls and oversee capital management and funding arrangements.	✓	✓	✓	✓	✓	✓

Report on Corporate Governance (Contd.)

The eligibility of a person to be appointed as a Director of the Company is dependent on whether the person possesses the requisite skill sets identified by the Board as above and whether the person is a proven leader in running a business that is relevant to the Company's business or is a proven academician in the field relevant to the Company's business. Board every year take noting of declaration received from all the Independent Directors of the Company as per provision of Regulation 25 of Listing Regulations and Section 149 of the Companies Act, 2013 and confirm that Independent Directors fulfill the conditions as per the said provisions and are Independent of the management. Being Chemical Company, Board gives more preference to candidate having expertise in Chemical Industry.

3. Committees of the Board:

The Company has constituted committees to focus on specific areas and make informed decisions within the authority delegated to each of the Committees. Each Committee of the Board is guided by its Charter, which defines the scope, powers and composition of the Committee. All decisions and recommendations of the Committees are placed before the Board for information or approval. The Board has constituted the following five (5) Committees:

- a) Audit Committee;
- b) Nomination and Remuneration Committee;
- c) Stakeholders' Relationship Committee;
- d) Corporate Social Responsibility (CSR) Committee;
- e) Risk Management Committee

(a) Audit Committee:

- **Brief description of terms of reference:**

In Compliance with Section 177 of the Companies Act, 2013 and Regulation 18 of Listing Regulations, the Company has constituted Audit Committee. The

- **Composition, Meetings and Attendance of Audit Committee:**

During the Financial Year 2019-20, Audit Committee met 4 (Four) times on May 29, 2019, August 12, 2019, November 12, 2019 and February 12, 2020.

role of the Audit Committee is in accordance with the provisions of Section 177 of the Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 18 of the Listing Regulations read with Part C of Schedule II and terms of reference of the Audit Committee *inter-alia* includes:

1. Review and monitor the auditors' independence and performance and effectiveness of audit process;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
3. Examination of the financial statements and auditors' report thereon;
4. Approval or any subsequent modification of transactions of the company with related parties;
5. Scrutiny of inter-corporate loans and investment;
6. Valuation of undertakings or assets of the company, wherever it is necessary;
7. Evaluation of internal financial controls and risk management systems;
8. Monitoring the end use of funds raised through public offers and related matters;
9. Reviewing the functioning of the Whistle Blower mechanism;
10. Reviewing the adequacy and structure of the internal audit function, frequency of internal audit and discussion with internal auditors of any significant findings and follow up there on;
11. Any other matters as prescribed by law from time to time.

The Audit Committee of the Company meets as per criteria laid down under Section 177 of the Companies Act, 2013 and Regulation 18 of the Listing Regulations.

Name of Member	Designation	Category	No. of meetings held during the year 2019-20	
			Held	Attended
Mr. Keyoor Bakshi	Chairman	Independent Director	4	4
Mr. Manish Kiri	Member	Executive Director	4	4
Mr. Mukesh Desai	Member	Independent Director	4	3
Ms. Veena Padia	Member	Independent Director	4	4

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

Report on Corporate Governance (Contd.)

(b) Nomination and Remuneration Committee:

• Brief description of terms of reference:

In compliance with Section 178 of the Companies Act, 2013 and Regulation 19 of the Listing Regulations, the Company has constituted a Nomination & Remuneration Committee. All members of the Committee are Independent Directors. The terms of reference of the Committee inter alia, includes:

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
2. Formulation of criteria for evaluation of performance of Independent Directors and the Board;

3. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board their appointment and removal;
4. Oversee familiarization programmes for directors;
5. Framing, recommending to the Board and implementing, on behalf of the Board and Shareholders, policy on remuneration of Directors, Key Managerial Personnel (KMP) & senior management, including ESOP and any other compensation payment.

• Composition, Meetings and Attendance of Nomination and Remuneration Committee:

During the year, 2 (Two) meetings of Nomination and Remuneration Committee were held i.e. on August 12, 2019 and November 12, 2019.

Name of Member	Designation	Category	No. of meetings held during the year 2019-20	
			Held	Attended
Mr. Mukesh Desai	Chairman	Independent Director	2	1
Mr. Keyoor Bakshi	Member	Independent Director	2	2
Ms. Veena Padia	Member	Independent Director	2	2

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

• Nomination and Remuneration policy:

The remuneration paid to Executive Directors of the Company is approved by the Board of Directors on the recommendation of the Nomination and Remuneration Committee. The Company's remuneration strategy is market-driven and aims at attracting and retaining high caliber talent. The strategy is in consonance with the existing industry practice and is directed towards rewarding performance, based on performance review, on a periodical basis. The Board has approved a Nomination and Remuneration Policy of the Company and available on the website of the Company i.e. www.kiriindustries.com. This Policy is in compliance with Section 178 of the Companies Act, 2013, read with the applicable rules thereto and Regulation 19 and Schedule II, Part D of the Listing Regulations.

• Performance Evaluation Criteria of selection of Independent Directors:

Pursuant to applicable provisions of the Companies Act, 2013 and the Listing Regulations, the Board, in consultation with its Nomination & Remuneration Committee, has formulated a framework containing, inter-alia, the process, format, attributes and criteria for performance evaluation of the entire Board of the Company, its Committees and Individual Directors, including Independent Directors. The framework is monitored, reviewed and updated by the Board, in consultation with the Nomination and Remuneration Committee, based on need and compliance requirements.

During the year, the Board adopted a formal mechanism for evaluating its performance as well as that of its Committees and individual Directors. The exercise was carried out through a structured

Report on Corporate Governance (Contd.)

evaluation process covering various aspects of the Board's functioning such as composition of the Board & Committees, experience & competencies, performance of specific duties & obligations, governance issues etc. Separate exercise was carried out to evaluate the performance of individual Directors including the Chairman who were evaluated on parameters such as attendance, contribution at the meetings, independent

judgement, safeguarding of minority shareholders interest etc.

The evaluation of the Independent Directors was carried out by the entire Board and that of the Chairman and the Executive Director were carried out by the Independent Directors. The Directors were satisfied with the evaluation results.

- Details of Remuneration to all the Directors:**

Executive Directors:

The aggregate value of salary and perquisites paid during the year 2019-20 to the Executive Directors are as follows:
(INR in Lakhs)

Name	Designation	Salary	Perquisites and allowances	Stock Options	Total
Mr. Pravin Kiri	Chairman	132.00	Nil	Nil	132.00
Mr. Manish Kiri	Managing Director	132.00	Nil	Nil	132.00

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

Independent Directors:

There were no pecuniary transactions between Company and Independent Directors of the Company except sitting fees for attending meetings of board and committees.

Sitting fees paid to Independent Directors during the financial year 2019-20 are as under:

Name	Sitting Fees (in INR)
Mr. Keyoor Bakshi	95,000/-
Mr. Mukesh Desai	75,000/-
Ms. Veena Padia	1,00,000/-

(c) Stakeholders' Relationship Committee:

In compliance with Section 178 of the Companies Act, 2013 and Regulation 20 and Part D of Schedule II of the Listing Regulations, a Stakeholders' Relationship Committee of the Board has been constituted. The Stakeholders' Relationship Committee comprises of three members. The main responsibility of the Committee is to ensure cordial investor relations and supervise the mechanism for redressal of investor grievances pertaining to transfer of shares, non-receipt of annual

report, non-receipt of declared dividends etc. It performs the functions of transfer/transmission/ remat/ demat/ split-up/ sub-division and consolidation of shares, issue of duplicate share certificates and allied matter(s).

- Name of the Non-Executive Director heading the committee:**

Stakeholders' Relationship Committee is headed by Ms. Veena Padia, Independent Director of the Company.

Report on Corporate Governance (Contd.)

- Composition, Meetings and Attendance of Stakeholders' Relationship Committee:**

During the Financial year 2019-20, Stakeholders' Relationship Committee met on February 12, 2020.

Name of member	Designation	Category	No. of meetings held during the year 2019-20	
			Held	Attended
Ms. Veena Padia	Chairperson	Independent Director	1	1
Mr. Manish Kiri	Member	Executive Director	1	1
Mr. Mukesh Desai	Member	Independent Director	1	1

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

- Details of investor complaints received and redressed during the year 2019-20 are as follows:**

Number of shareholders complaints received and resolved	Number of complaints not solved to the satisfy action of shareholders	Number of pending complaints
NIL		

(d) Corporate Social Responsibility Committee:

The Corporate Social Responsibility Committee has been constituted in line with the provisions of Section 135 of the Companies Act, 2013:

- The Terms of reference:**

1. To formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII to the Companies Act, 2013;
2. To finalise a list of CSR projects or programs or initiatives proposed to be undertaken

periodically and to review the same from time to time in accordance with requirements of section 135 of the Companies Act, 2013;

3. To recommend the amount of expenditure to be incurred on the CSR activities;
4. To monitor the Corporate Social Responsibility Policy of the company from time to time;
5. To review the CSR report and other disclosures on CSR matters for the approval of the Board for their inclusion in the Board Report.

- Composition, Meeting and Attendance of Corporate Social Responsibility Committee:**

During the Financial year 2019-20, Corporate Social Responsibility Committee met on August 12, 2019.

Name of member	Designation	Category	No. of meetings held during the year 2019-20.	
			Held	Attended
Ms. Veena Padia	Chairperson	Independent Director	1	1
Mr. Pravin Kiri	Member	Executive Director	1	1
Mr. Manish Kiri	Member	Executive Director	1	1
Mr. Mukesh Desai	Member	Independent Director	1	1

Mr. Suresh Gondalia, Company Secretary and Compliance officer acts as Secretary to the Committee.

Report on Corporate Governance (Contd.)

- Corporate Social Responsibility Policy:**

The CSR activities shall be focused not just around the plants and offices of the Company, but also in other geographies, based on the needs of the communities. The key focus areas where special Community Development programmes would be run are:

1. Eradicating hunger, poverty and malnutrition, and sanitation and making available safe drinking water;
2. promoting education;
3. Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
4. ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water;
5. protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting

up public libraries; promotion and development of traditional art and handicrafts;

6. Rural developments;
7. Disaster management, including relief, rehabilitation and reconstruction activities.

The Board has approved a Corporate Social Responsibility Policy of the Company which is available on the website of the Company i.e. www.kiriindustries.com. This Policy is in compliance with Section 135 of the Companies Act, 2013, read with the applicable rules thereto.

(e) Risk Management Committee:

The Risk Management Committee of the Company is constituted as per Regulation 21 of Listing Regulations.

- The Terms of reference:**

The objective of the Risk Management Committee of the Company is to create and protect shareholders' value by minimizing threats or losses and identifying and maximizing opportunities. The committee is responsible for reviewing the risk management plan and ensuring its effectiveness. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis.

- Composition, Meeting and Attendance of the Committee:**

During the Financial year 2019-20, Risk Management Committee met on February 12, 2020.

Name of the member	Designation	Category	No. of meetings held during the year 2019-20.	
			Held	Attended
Mr. Pravin Kiri	Chairman	Executive Director	1	1
Mr. Manish Kiri	Member	Executive Director	1	1
Mr. Mukesh Desai	Member	Independent Director	1	1
Mr. Yagnesh Mankad	Member	Chief Operating Officer	1	1
Mr. Jayesh Vyas	Member	Chief Financial Officer	1	1

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

- Risk Management policy:**

The Company has adopted the Risk Management Policy to protect and safeguard the assets of company and reducing volatility in various areas of the business. Developing and supporting people by providing framework to enable the future activities and the same is available on the website of the Company i.e. www.kiriindustries.com.

(f) Independent Director's Meeting:

During the year under review, the Independent Directors met on February 12, 2020 inter alia to:

1. Evaluate performance of Non-Independent Directors and the Board of Directors as a whole;
2. Evaluate performance of the Chairman of the Company, taking into account the views of the Executive and Non-Executive Directors;

Report on Corporate Governance (Contd.)

3. Evaluation of the quality, content and timeliness of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

All the Independent Directors were present at this Meeting. Further, in the opinion of the board, the independent directors fulfill the conditions specified in the Listing Regulations and are independent of the management.

4. General Body Meetings:

- Details of Annual General Meetings held during the last three financial years:

Financial Year	Date	Time	Location
2018-19	September 27, 2019	10.30 a.m.	Ground Floor, Centre for Excellence Building, Plot No. 511, Phase IV, GIDC Estate, Vatva, Ahmedabad - 382 445
2017-18	September 27, 2018		Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad - 380 015
2016-17	September 29, 2017		

- Details of Special Resolutions passed in the previous three AGMs:

Number and Date of Annual General Meeting	Particulars of Special Resolutions passed at the AGM
21 st AGM held on September 27, 2019	1. To approve re-appointment of Mr. Mukesh Desai as an Independent Director. 2. To approve re-appointment of Mr. Keyoor Bakshi as an Independent Director.
20 th AGM held on September 27, 2018	1. To approve re-appointment of Mr. Pravin Kiri as Chairman and Whole Time Director.
19 th AGM held on September 29, 2017	No Special Resolution was passed

- No Extraordinary General meeting was held during the Financial Year 2019-20.
- There were no special resolutions passed through postal ballot process during FY 2019-20 and no Resolution is proposed to be passed by way of Postal Ballot at the ensuing Annual General Meeting.

5. Disclosures:

- Related Party Transactions:

During the financial year under review, your Company has transactions / contracts / agreements that are classified as "Related Party Transactions" under provisions of the Companies Act, 2013 and the Rules framed thereunder. These contracts/arrangements/ agreements have been in the ordinary course of business, to facilitate the business of the Company and have been approved by the Audit Committee and Board of Directors. Necessary disclosures as required under Indian Accounting Standards ("IND AS") have been made in the Notes to the financial statements. All the transactions are on arm's length basis and have no potential conflict with the interest of the Company at large.

As required under regulation 23 (1) of Listing Regulations, the Company has also formulated a Policy on materiality of Related Party Transactions and dealing with related party transaction which is available on the website of the Company viz. www.kiriindustries.com.

- Legal Compliances

There were no instances of material non-compliances during the year under review. No strictures or penalties were imposed on the Company by SEBI, Stock Exchanges or any statutory authority on any matter related to capital markets during the last three years. However, the company has paid penalty of INR 2,47,800/- (Including GST) to each of the stock exchanges with respect to delay in compliance of Regulation 17 of Listing Regulations.

- Vigil Mechanism / Whistle Blower Policy :

The Company has established a whistle blower mechanism to provide an avenue to raise concerns, if any, in line with the Company's commitment to the high standards of ethical, moral and legal conduct of business. The mechanism also provides for adequate safeguards against victimization of employees who avail the mechanism. The policy also lays down the process to be followed for dealing with complaints and in exceptional cases, also provides for access to the Chairman of the Audit Committee. None of the personnel of the Company have been denied access to the Audit Committee. The Whistle blower policy is available on the Company's website at www.kiriindustries.com.

Report on Corporate Governance (Contd.)

- **Subsidiary Companies:**

Pursuant to Regulation 16 of the Listing Regulations, the Company has adopted a Policy for determining Material Subsidiary and same is available on the website of the Company i.e. www.kiriindustries.com. The Company has no material subsidiary as per threshold limit laid down in Listing Regulations.

- **Commodity price risk or foreign exchange risk and Commodity hedging activities:**

Pursuant to Regulation 34(3) read with clause 9(n) of Part C of Schedule V of Listing Regulations, your Company does not have exposure of any commodity, therefore hedging of such exposures are not required, hence do not require to disclose such information as per SEBI circular no. SEBI/HO/CFD/CMD1/CIR/P/2018/0000000141 dated November 15, 2018.

- Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A): Not Applicable

- A certificate from a Company Secretary in practice that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/ Ministry of Corporate Affairs or any such statutory authority is annexed to this report.

- Where the board had not accepted any recommendation of any committee of the board which is mandatorily required, in the relevant financial year: Not Applicable

- Total fees for all services paid by the company and its subsidiaries, on a consolidated basis, to the statutory auditors and all entities in the network firm/network entity of which the statutory auditor is a part, is given in the notes to the Financials Statement.

- Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013: Your Company has not received any such complaint during the financial year under review. The policy on Prevention of Sexual Harassment is available on the website of the Company at www.kiriindustries.com.

- **Non-mandatory (Discretionary) requirements:**

The status of Non-mandatory (Discretionary) requirements under regulation 27 (1) read with Part E of Schedule II of the Listing Regulations are as below:

- **The Board:**

The requirement relating to maintenance of office and reimbursement of expenses of Non-Executive Chairman is not applicable to the Company since the Chairman of

the Company is an Executive Director.

- **Shareholders Rights:**

The Company has adopted practice of providing management notes with quarterly results through stock exchanges for its shareholders. The quarterly result of financials as well as management notes thereon as approved by the Board are disseminated to the Stock Exchanges and website of the company viz. www.kiriindustries.com as per the Listing Regulations. Quarterly financial results are published in the newspapers.

- **Modified opinion(s) in audit report:**

There are no such modified opinions in audit report.

- **Reporting of Internal Auditor:**

As per Section 138 of the Company Act, 2013 read with rules made thereunder, the Company has appointed an Internal Auditor who reports to the Audit Committee. Internal Auditor submits their report to the Audit Committee on quarterly basis for their reviews and suggestion for necessary action.

- **Compliance with mandatory requirements:**

Your Company has complied with all mandatory Corporate Governance requirements as specified in regulation 17 to 27 and Regulation 46(2) of Listing Regulations during the Financial Year 2019-20. During the Year under review, there was delay in compliance of Regulation 17(1)(c) of Listing Regulations. The Company has appointed Mr. Ulrich Hambrecht as an Independent Additional Director on November 12, 2019. As the Company was in process to find knowledgeable, qualified and experience person in the field of Chemical Industry and whose presence in the board helps to decide business strategies.

6. Means of Communications

The website of the Company i.e. www.kiriindustries.com is the primary source of information about the company to the public. The Company maintains a functional website containing the basic details of the Company in terms of Regulation 46 of Listing Regulations. All information, which could have a material bearing on the share price is released at the earliest to the stock exchanges in accordance with the requirements of Listing Regulations through their respective portal. The results are available on the website of the Company. The Company normally publishes financial results and other communications of the Company in English Language newspaper and Gujarati Language newspaper. During the year, the Company has uploaded Presentations made to institutional investors or to the analysts, Updates on Court Case etc. on the website of the Company.

Report on Corporate Governance (Contd.)

7. General Shareholders Information:

- A. Annual General Meeting:** Day : Friday
Date : September 25, 2020
Time: 2.30 p.m.
- B. Financial Year:** The Financial Year of the Company is 1st April to 31st March.
- C. Date of Book Closure:** From Saturday, September 19, 2020,
To Friday, September 25, 2020
(both days inclusive)
- D. Listing on Stock Exchanges:** **The BSE Limited**
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai- 400001
- The National Stock Exchange of India Limited**
Exchange Plaza, Bandra Kurla Complex,
Bandra (E), Mumbai-400 051.
- E. Listing Fees:** The Company has paid annual listing fees to both Stock Exchanges for the year 2020-21
- F. Stock Code:** **The BSE Limited :** 532967
The National Stock Exchange of India Limited: KIRIINDUS
- G. CIN of the Company:** L24231GJ1998PLC034094
- H. ISIN:** INE415I01015
- I. Dividend History of last 3 years:**

Financial Year	Kind of Shares	Rate (%)	Per Share(INR)
2018-19	Equity Shares	20%	INR 2.00
	Preference Shares	0.15%	INR 0.015
2017-18	Preference Shares	0.15%	INR 0.015
2016-17	Preference Shares	0.15%	INR 0.015

The Board of Directors at their Meeting held on June 29, 2020, has recommended dividend of INR 0.015 (@0.15%) per share on preference shares and INR 0.50 /- (@5%) per share on equity shares for the year ended on March 31, 2020, subject to approval of the shareholders at the ensuing Annual General Meeting.

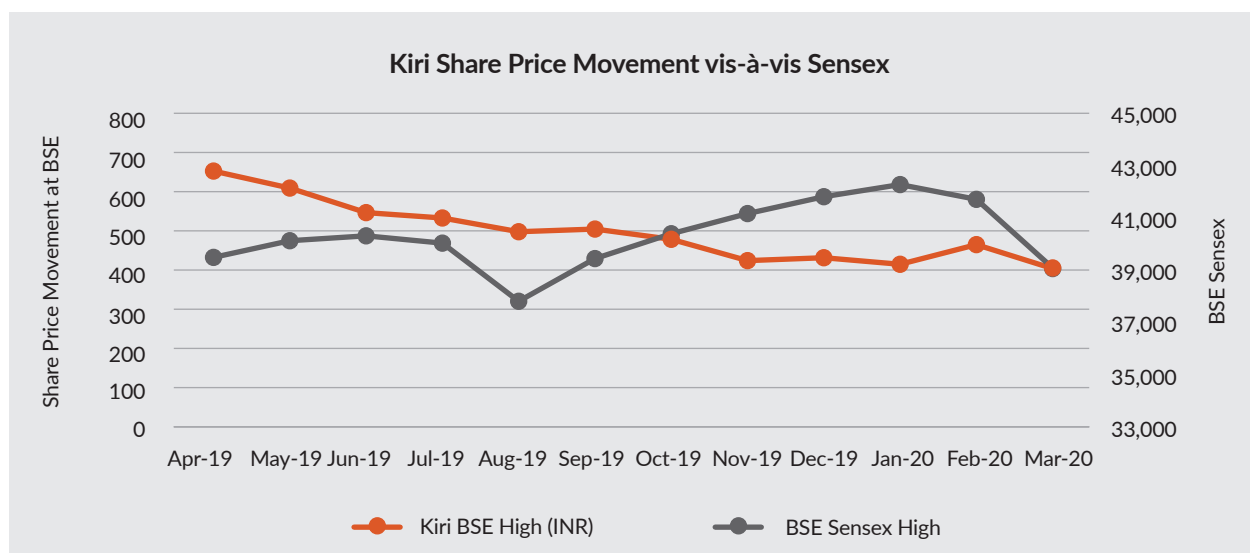
The Dividend shall be paid to the members whose names appear on Company's Register of Members on September 18, 2020 as furnished by NSDL, CDSL and RTA for this purpose. The dividend, if declared, at the Annual General Meeting shall be paid on or after September 26, 2020.

Report on Corporate Governance (Contd.)

J. Monthly high, low prices and number of shares traded from April, 2019 to March, 2020 at BSE and NSE are as follows:

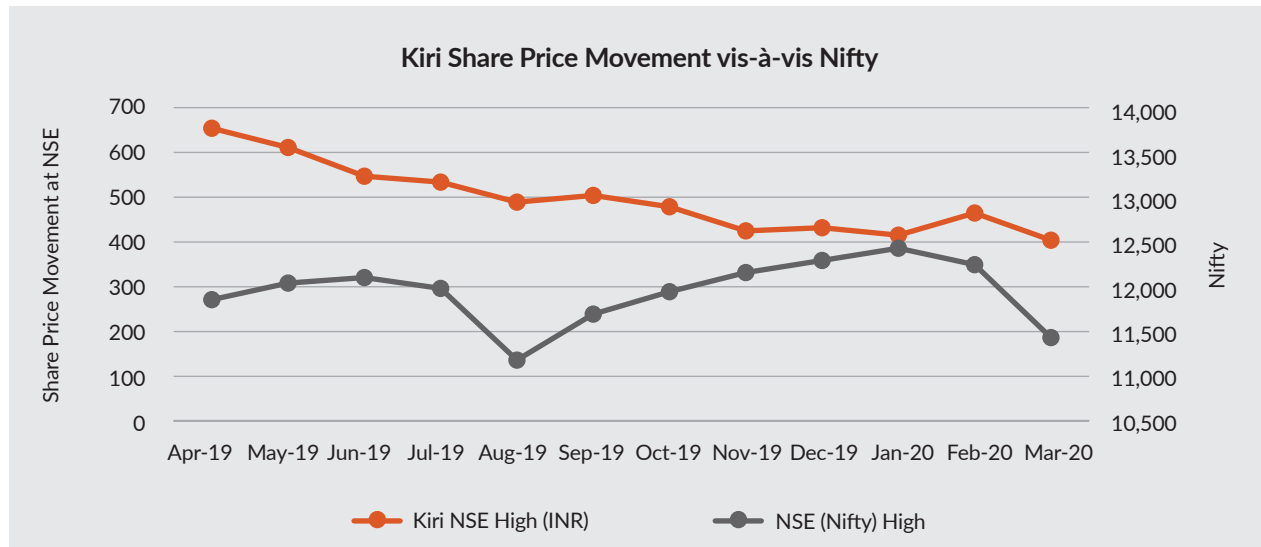
Months	BSE Limited		BSE Sensex			NSE		NSE (NIFTY)		
	High (INR)	Low (INR)	High	Low	Volumes	High (INR)	Low (INR)	High	Low	Volumes
April-19	652.75	507.00	39,487.45	38,460.25	10,49,234	654.00	500.65	11856.15	11549.10	66,82,214
May-19	609.35	505.00	40,124.96	36,956.10	5,35,064	611.00	505.00	12041.15	11108.30	29,68,618
June-19	546.70	505.00	40,312.07	38,870.96	1,81,717	546.90	505.00	12103.05	11625.10	13,67,199
July-19	533.00	485.00	40,032.41	37,128.26	2,18,918	533.70	485.00	11981.75	10999.40	12,37,491
August-19	497.95	384.00	37,807.55	36,102.35	2,18,425	489.00	383.20	11181.45	10637.15	12,36,135
September-19	504.75	380.00	39,441.12	35,987.80	4,54,588	504.00	380.00	11694.85	10670.25	24,53,521
October-19	478.65	397.35	40,392.22	37,415.83	3,52,614	478.65	397.80	11945.00	11090.15	17,97,111
November-19	424.20	365.00	41,163.79	40,014.23	4,36,425	424.80	365.00	12158.80	11802.65	21,94,832
December-19	431.60	350.00	41,809.96	40,135.37	6,48,908	431.90	350.00	12293.90	11832.30	39,54,957
January-20	414.90	355.60	42,273.87	40,476.55	4,57,044	415.20	356.80	12430.50	11929.60	33,34,296
February-20	465.00	350.75	41,709.30	38,219.97	4,94,070	464.70	365.25	12246.70	11175.05	49,63,198
March-20	403.90	188.10	39,083.17	25,638.90	3,93,649	404.00	190.00	11433.00	7511.10	28,25,484

Performance in comparison to broad-based indices viz. BSE Sensex



Report on Corporate Governance (Contd.)

Performance in comparison to broad-based indices viz. NSE Nifty



K. Registrar and Transfer Agents:

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

L. Share Transfer System:

Share transfers are processed and duly endorsed share certificates are dispatched within a period of fifteen days from the date of receipt, subject to documents being valid and complete in all respects. The Company obtains a half-yearly certificate from Practicing Company Secretaries as per the requirement of Regulation 40 (9) of Listing Regulations and the same is filed with the Stock Exchanges and available on the website of the Company. In terms of requirements to amendments to Regulation 40 of Listing Regulations w.e.f. 1st April, 2019, transfer of securities in physical form, except in case of request received for transmission or transposition of securities, shall not be processed unless the securities are held in the dematerialised form with a depository.

M. Address for Correspondence:

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

Report on Corporate Governance (Contd.)

- N. Plant Locations:** Presently Company is engaged in the 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 & 390A, EPC Canal road, Village: Dudhwada, Karakhadi, Tal: Padra, Dist: Vadodara, Gujarat, India
 - **Basic Chemicals Division:**
Block No. 552/A, EPC Canal road, Village: Dudhwada, Karakhadi, Tal: Padra, Dist: Vadodara, Gujarat, India.
- O. Dematerialization of Shares:** 99.89% paid-up Equity capital of the Company is in dematerialised form as on March 31, 2020.
- P. Outstanding GDRs/ ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity** The Company has not issued any GDRs/ADR as on date. There are 40 Foreign Currency Convertible Bonds to be converted into equity shares on or before January, 2022 and consequent to the conversion, further 1,82,13,567 Equity Shares to be issued to bond holders.
- Q. Categories of equity shareholding as on March 31, 2020:**

Sr. No.	Categories	No. of Shares	% of Total Capital
1	Promoters and Promoter Group	1,39,90,878	41.61
2	Financial Institutions / Banks	4,98,489	1.48
3	Bodies Corporate	8,01,735	2.38
4	Individuals	84,18,360	25.05
5	Clearing Members	86,856	0.26
6	Foreign Nationals	57,273	0.17
7	Hindu Undivided Family	5,83,839	1.74
8	Non Resident Indians	5,93,690	1.77
9	Foreign Institutional Investor (FII)s	1,64,970	0.49
10	Trusts	3,67,500	1.09
11	Foreign Portfolio Investments	80,57,056	23.96
Total		3,36,20,646	100.00

Report on Corporate Governance (Contd.)

R. Distribution Schedule as on March 31, 2020:

Sr. No.	Holding	Number	% of Total	Shares	% of Total
1	Between 1 and 1000	13,085	65.33	5,291,130	1.57
2	Between 1001 and 5000	4,376	21.85	11,235,110	3.34
3	Between 5001 and 10000	1,084	5.41	8,644,130	2.57
4	Between 10001 and 20000	646	3.23	9,621,580	2.86
5	Between 20001 and 30000	247	1.23	6,304,870	1.88
6	Between 30001 and 40000	139	0.69	4,943,450	1.47
7	Between 40001 and 50000	89	0.44	4,154,270	1.24
8	Between 50001 and 100000	173	0.86	12,417,750	3.69
9	>100000	191	0.95	273,594,170	81.38
Total		20,030	100.00	336,206,460	100.00

S. Position of Shares as on 31st March, 2020:

The Percentage of Shares held in NSDL (85.75%), CDSL (14.14%) and in Physical Form (0.11%).

T. Disclosures with respect to demat suspense account / unclaimed suspense account:

Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year	NIL
Number of shareholders who approached the Company for transfer of shares from suspense account during the year	NIL
Number of shareholders to whom shares were transferred from the suspense account during the year	NIL
Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year	NIL

Green Initiative

As a responsible corporate citizen, your Company welcomes and supports the 'Green Initiative' undertaken by the Ministry of Corporate Affairs, Government of India, enabling electronic delivery of documents including the Annual Report etc. to shareholders at their e-mail address registered with their Depository Participants (DPs)/ Company/Registrars & Transfer Agents.

Shareholders who have not registered their e-mail addresses so far are requested to register their e-mail addresses. Those holding shares in demat form can register their e-mail address with their concerned DPs. Shareholders who hold shares in physical form are requested to register their e-mail addresses with our Registrar and Transfer Agent i.e. M/s Cameo Corporate Service Limited.

For and on behalf of Board of Directors

Date: August 10, 2020
Place: Ahmedabad

Pravin Kiri
Chairman

Report on Corporate Governance (Contd.)

Confirmation on Code of Conduct

[Regulation 34(3) read with Schedule V (Part D) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,
The Members
Kiri Industries Limited

This is to confirm that the board has laid down a code of conduct for Board of Directors and senior management of the Company. It is further confirmed that all Directors and senior management of the company have affirmed compliance with the Code of Conduct of the Company as at March 31, 2020, as envisaged in Regulation 34(3) read with Schedule V (Part D) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

For and on behalf of Board of Directors

Date: August 10, 2020
 Place: Ahmedabad

Manish Kiri
 Managing Director
 (DIN: 00198284)

COMPLIANCE CERTIFICATE

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

- A. We have reviewed financial statements and the cash flow statement for the year ended on March 31, 2020 and that to the best of our knowledge and belief :
 1. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 2. these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting. We have not come across any reportable deficiencies in the design or operation of such internal controls.
- D. We have indicated to the auditors and the Audit committee:
 - a. there are no significant changes in internal control over financial reporting during the year;
 - b. there are no significant changes in accounting policies during the year; and
 - c. there are no instances of significant fraud of which we have become aware.

For Kiri Industries Limited

Place : Ahmedabad
 Date : August 10, 2020

Manish Kiri **Jayesh Vyas**
 (Managing Director) (Chief Financial Officer)

Report on Corporate Governance (Contd.)

CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members,
Kiri Industries Limited.

We have examined the compliance of conditions of Corporate Governance by **Kiri Industries Limited**, for the year ended on 31st March, 2020 as stipulated in Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

The compliance of conditions of corporate governance is the responsibility of the management. Our examination has been limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of conditions of Corporate Governance as stipulated in Listing Regulations. 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 Regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of regulation 46, para C, D and E of Schedule V and Part E of Schedule II of Listing Regulations except that as per Reg.17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, number of Board of Directors was less than 6 for the quarter ended on 30th June, 2019 & 30th September, 2019 and for part of the quarter ended 31st December, 2019. However, the Company has appointed Independent Director on the Board of the Company w.e.f. 12th November, 2019. The Board of the Company as on the date of report is duly constituted.

We further 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 **Kashyap R. Mehta & Associates**,
Company Secretaries,
FRN: S2011GJ166500

Date: August 10, 2020
Place: Ahmedabad

Kashyap R. Mehta
Proprietor
FCS-1821 : COP-2052 : PR-583/2019

Report on Corporate Governance (Contd.)

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

[Pursuant to Regulation 34(3) and Schedule V Para C clause (10) (i) of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015]

To,
The Members of
Kiri Industries Limited
 7th Floor, Hasubhai Chambers,
 Town Hall, Ellisbridge,
 Ahmedabad – 380 006

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **Kiri Industries Limited** having CIN: L24231GJ1998PLC034094 and having registered office at 7th Floor, Hasubhai Chambers, Town Hall, Ellisbridge, Ahmedabad – 380006 (hereinafter referred to as 'the Company'), produced before us by the Company, whether electronically or otherwise, for the purpose of issuing this Certificate in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2020 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority:

Sr. No.	Name of the Director	DIN	Date of original appointment	Date of appointment as Independent Director
1	Mukesh Gunvantrai Desai ^{\$}	00089598	11-08-2014	27-09-2019
2	Keyoor Madhusudan Bakshi ^{\$}	00133588	27-06-2007	27-09-2019
3	Pravinbhai Amratlal Kiri	00198275	14-05-1998	N.A.
4	Manishkumar Pravinchandra Kiri	00198284	14-05-1998	N.A.
5	Veena Jayantilal Padia	06992591	10-10-2014	26-09-2015
6	Ulrich Hambrecht	01967154	12-11-2019	12-11-2019

^{\$}Appointed for a second term of 5 (Five) consecutive years w.e.f. 27th September, 2019

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Kashyap R. Mehta & Associates,
 Company Secretaries,
 FRN: S2011GJ166500

Date: August 10, 2020
 Place: Ahmedabad

Kashyap R. Mehta
 Proprietor
 FCS-1821 COP-2052 PR-583/2019
 UDIN: F001821B000565329

Management Discussion and Analysis Report

ANNEXURE- I



Global Economy Overview

The calendar year 2019 started off with rising tensions between the world's two largest economies – US and China. US and China together account for 40% of the global GDP and the trade disputes between them had an adverse effect on the global economy and sentiment overall. This impact was not only seen in the commodities and financial markets (equities, bonds, currencies), but also impacted the output and profitability of firms leading to deterred investment decisions of businesses. However, as the year progressed, market sentiments were boosted by tentative signs on intermittent favourable news on US-China trade negotiations.

Brexit was the other major event that finally took place on January 2020, after the public referendum in 2016 and years of negotiations. The impact of Brexit is expected to hurt the UK economy primarily in 2020 by having the weakest export growth since 2009, Business investments to contract by 0.7%, and Household spending growth predicted to be at its slowest since 2011, due to historically low unemployment.

If the pain felt across global economies was not enough in 2019, the year ended off on a worse footing with the Corona Virus being first detected in December and quickly spreading across the world's second-largest economy from the capital of Hubei province before infecting more than 110,000 people in at least 110 countries in less than three months. According to the WHO, the death toll reached more than 4,000 by March 2020. From an economic perspective, the key issue was not just the number of cases of this virus, but the level of disruption to economies. In a March report, the Organisation for Economic Co-operation and Development, or OECD, announced it had downgraded its 2020 predictions for almost all countries, the UN Conference on Trade and Development went even further and predicted that global GDP could take a USD 2 trillion hit. The global economic activity from the Purchasing Manager Index for the manufacturing and the

services sector showed that Both manufacturing and services activity plunged in February 2020. The composite index was at 46.1 indicating that the global economy was potentially in a recession for the month.

As a silver lining, Governments of all countries have taken strong and bold measures to brace their economies from the expected impact of the Corona Virus. USA started off by rate cuts and infusing more than USD 1.5 Trillion into the financial system in an effort to calm the market turmoil after Wall Street suffered its worst day since the 1987 market crash.

Indian Economy Overview

The Indian economy started this financial year on a dull note due to the ongoing liquidity crisis. In order to achieve the government's vision of making India a USD 5 trillion economy by 2025, the finance ministry slashed domestic corporate tax rates to 25.17% in the mid-year to spur the investments in the economy. As a result the domestic investments contributed intermittently to the India growth story, but this proved to be a bit too little, too late.

The Consumer Price Index (CPI) showed retail inflation rising to 7.59% in January 2020 and IIP growth stood at a mere 2% YoY in January 2020, which was mainly driven by intermediate goods output whereas, Capital goods, infrastructure and construction goods output declined.

The liquidity crunch stressed NBFC funding; interest rates hiked up, which resulted in a degrowth of household consumption. The Current Account Deficit narrowed primarily on account of lower non-oil, non-gold imports and robust services exports supported by software, travel and financial services. The balance of payments surplus stood at USD 21.6 bn which was supported by FPI and FDI flows.

Although, according to the Indian Budget 2020 the real

Management Discussion and Analysis Report (Contd.)

GDP growth was estimated at 5% in the financial year 2019-20, growing to 5.6% in financial year 2020-21, with recent development with regards to Covid-19 cases in India, these growth estimates are expected to take a major hit. The financial year 2021, regardless to say, is going to be a challenging one for the world and India.

Indian Chemical Industry

India is sixth largest producer of chemicals in the world. Indian also ranks 14th in export and 8th in import of chemicals (Excluding Pharmaceuticals products) globally. The domestic demand of chemical products is expected to grow at approximately 9% per annum over the next 5 years. Indian chemical industry employs more than 2 million people.

Between 2006 and 2019, the CAGR in TRS for Indian chemical companies was 15% a figure much higher than global chemical industry returns (CAGR of 8%) and the overall global equity market (CAGR of 6 percent). Even between 2016 and 2019, when the Indian economy faced headwinds, the chemical industry maintained returns CAGR of 17 %.

Basic chemicals and their related products (petrochemicals, fertilisers, paints, varnishes, glass, perfumes, toiletries, pharmaceuticals, etc.) constitute a significant part of the Indian economy. Among the most diversified industrial sectors, chemicals cover an array of more than 70,000 commercial products. Total exports of dyes and dye intermediates, organic and inorganic chemicals, including agro chemicals, cosmetics and toiletries, essential oils and castor oil, stood at USD 19.09 billion during the year 2018-19 and stood at USD 15.67 billion during April 2019-January 2020 (provisional). The US, the UAE, the UK, Bangladesh and Saudi Arabia are the leading importers of cosmetics, toiletries and essential oils. During April 2019-January 2020, exports of dyes increased 9.12 per cent year-on-year to USD 2.27 billion.

The promotion of product groups such as dyes and dye intermediates, basic inorganic and organic chemicals, including agro-chemicals, cosmetics, toiletries, essential oils, incense sticks, castor oil and its derivatives, is handled by the Basic Chemicals, Cosmetics & Dyes Export Promotion Council, which is popularly known as CHEMEXCIL. The Council organises promotional events and fairs to help exporters identify potential markets abroad and providing publicity and marketing back-up.

The demand for speciality chemicals is expected to grow at 12% CAGR from FY19-22. The main reasons for the current growth of this segment are; rising disposable income, median age of population, urbanisation and growing penetration and demand from rural markets. In the terms of geographical demand shift in production and consumption towards Asian and Southeast Asian countries in all sectors leading to increasing demand for Chemicals and Petrochemicals. Moreover shift in consumer preferences towards a healthier lifestyle and environment-friendly products also boost the

demand of chemicals and open the opportunity to produce USD 111 Bn worth of chemical products by 2023 for domestic requirements.

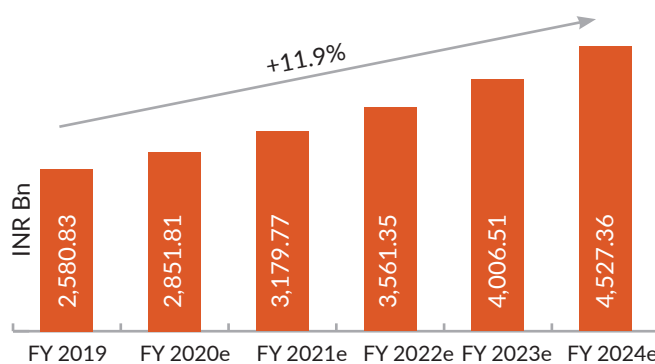
The chemical sector is expected to double to USD 300 billion by 2025, clocking an annual growth rate of 15-20 per cent. To achieve this, government is working on a draft chemical policy that will focus on meeting the rising demand for chemicals and reduce imports. In India, chemical industry is expected to follow an accelerated growth path and is expected to double up its global share in the next decade.

Indian Specialty chemical

The Specialty chemicals market in India was valued at INR 2,356.92 Bn in FY18, and it's expected to reach a value of INR 4,527.36 Bn by FY 24. Chemical industry is one of the oldest industries in India. Over the last decade, the Indian Chemical industry has evolved from being a basic chemical producer to becoming an innovative industry. With investments in R&D, the industry is registering significant growth in the knowledge sector comprising of specialty chemicals, fine chemicals and pharmaceuticals.

Specialty chemicals market share is majorly driven by increasing population along with rapid industrialization resulting in decreased arable land. Significant increase in yield is possible through agrochemicals use such as fungicides. The Indian government is promoting agrochemicals use to secure food supply to meet the increasing food demand owing to drive industry growth. Robust growth in end user industries including construction and automotive will boost the Indian specialty chemicals market size by 2025. These compounds are used in adhesives and paints & coatings, which are widely used in automotive as well as construction industry. Furthermore, increasing consumer demand for lubricants to reduce frictional forces in the vehicles will enhance growth.

Forecast market size and growth (FY2019-FY2024)



Management Discussion and Analysis Report (Contd.)

Indian Dye Industry

According to a report by Federation of Indian Chambers of Commerce and Industry (FICCI), the chemical industry in India has a market size of nearly USD 163 Billion and is expected to grow with a CAGR of 9% for the next five years. Chemicals industry in India is highly diversified, covering more than 80,000 commercial products. It is broadly classified into Bulk chemicals, Specialty chemicals, Agrochemicals, Petrochemicals, Polymers and Fertilizers. India's proximity to the Middle East, the world's source of petrochemicals feedstock, makes for economies of scale. India is a strong global dye supplier, accounting for approximately 16% of the world production of dyestuff and dye intermediates.

The Indian Dye and Dyestuffs Industry is an important aspect of the Indian Chemical Industry that significantly contributes to the latter's growth. According to a recent survey, the Indian dyes market is poised to generate revenue of INR 48,000 crores by 2022. There is no reason why one should not be hopeful for a bright future for this sector, which will lead to more jobs, more exports, and overall growth of the Indian Chemical Industry.

While nearly 1000 units in the unorganized sector contributing to nearly 35% of the total dyestuffs manufactured in India, the rest comes from 50 large production facilities belonging to the organized sector. These chemical products find several applications in industries such as textiles, paper, plastics, printing ink, and foodstuff industries, the textile industry accounts for nearly 80% of the dyes and dyestuffs consumption. The growth of the textile and leathers industry directly impacts the growth of the dyes industry. Due to the availability of the necessary raw materials and the regional hegemony of Gujarat and Maharashtra over the textile industry, nearly 90% of dyestuff production occurs there.

Despite the fact that India started out as an importer for dyes, due to persistent growth, India now exports dyes and dyestuffs to mostly all the countries it once imported them from. India exports dyes to various major economies such as USA, Turkey, Bangladesh, China as well as Germany.

Today, India exports dyes and dye intermediates to those countries on which it was once dependent for imports and India offer other countries a wide variety of dyes that include reactive, acid, inkjet, disperse, and leather dyes. With advancement in technology, cheaper production techniques, and government support, India will not only be one of the leading suppliers of dyes but will, in fact, be the leader.

Global Dye Industry

The global dyes and pigments market size was valued at USD 33.2 billion in 2019 and is anticipated to progress at a revenue-based CAGR of 5.0% from 2020 to 2027. Increasing demand from various applications such as textiles, paints and coatings, construction, and plastics are expected to drive

the market growth. Manufacturers of dyes and pigments are actively venturing into enhancing their products by utilizing advanced technologies for efficient removal of environmental and hazardous pollutants during the manufacturing process.

Manufacturers of the products are likely to experience varied production costs due to volatility in the price of raw material such as benzene. Wide distribution channel in the market is achieved through both physical retail stores and online retailing. Availability of the product online has increased the consumer base for the companies and also witnesses higher reach which is anticipated to drive product demand.

The growth in construction industry, globally, has been a significant factor contributing to the demand for dyes and pigments. Countries such as U.S, U.K, China, Indonesia, India, Saudi Arabia, and UAE are the major countries exhibiting significant global growth potential in the construction sector. Growing population coupled with increasing industrialization has encouraged governments to increase their construction spending to expand infrastructural development. As a result, increasing construction expenditure across the world is expected to create massive demand for dyes and pigments in coming years.

Global Textile Industry

The global textile market size was valued at USD 961.5 billion in 2019 and is estimated to exhibit a CAGR of 4.3% from 2020 to 2027 owing to the increased demand for apparels, especially in developing countries such as China, India, Mexico, and Bangladesh, according to Grand View Research.

The U.S. is expected to be the largest market for textiles in the North American region. Textile companies in the region focus on restructuring their businesses, developing effective work processes, and investing in niche products. Natural fibers are anticipated to be the largest product segment in the region on account of the rising demand from the fashion and apparel industry.

Chemicals play an important role in the textile industry. Acetic acid, oxalic acid, sulfuric acid, and soda ash are some of the basic chemicals during textile manufacturing. Chemicals are used as finishing and dyeing agents in order to improve the appearance of textiles. The rising importance of the physical appearance of textiles is expected to drive the segment growth over the forecast period.

Asia Pacific is the largest regional market and is anticipated to register a substantial CAGR of 5.6% in terms of value over the forecast period. This is attributed to the rapidly increasing demand for apparels, particularly through e-commerce portals. Moreover, manufacturers prefer setting up manufacturing units in countries such as China, India, Bangladesh, and Pakistan owing to high cotton production and low labour costs.

Management Discussion and Analysis Report (Contd.)

Indian Textile Industry

India's textiles sector is one of the oldest industries in Indian economy dating back several centuries. India's overall textile exports during FY 2017-18 stood at USD 39.2 billion and is expected to increase to USD 82.00 billion by 2021. India's textile and apparel exports stood at USD 38.70 billion in FY19 and is expected to increase to USD 82.00 billion by 2021 from USD 11.92 billion in FY20 (up to July 2019).

The Indian textiles industry is extremely varied, with the hand-spun and hand-woven textiles sectors at one end of the spectrum, while the capital-intensive sophisticated mills sector at the other end of the spectrum. The decentralised power looms/ hosiery and knitting sector form the largest component of the textiles sector. The close linkage of the textile industry to agriculture (for raw materials such as cotton) and the ancient culture and traditions of the country in terms of textiles make the Indian textiles sector unique in comparison to the industries of other countries. The Indian textile industry has the capacity to produce a wide variety of products suitable to different market segments, both within India and across the world.

The Indian textiles industry, currently estimated at around USD 150 billion, is expected to reach USD 250 billion by 2019. India's textiles industry contributed seven per cent of the industry output (in value terms) of India in 2018-19. It contributed two per cent to the GDP of India and employs more than 45 million people in 2018-19. The sector contributed 15 per cent to the export earnings of India in 2018-19. The future for the Indian textile industry looks promising, buoyed by both strong domestic consumption as well as export demand. With consumerism and disposable income on the rise, the retail sector has experienced a rapid growth in the past decade with the entry of several international players like Marks & Spencer, Guess and Next into the Indian market. High economic growth has resulted in higher disposable income. This has led to rise in demand for products creating a huge domestic market.

COVID-19 Situation

The outbreak of Covid 19 pandemic and consequent lockdown across the country has caused the shutdown of chemical manufacturing units immediately after the lockdown. However, selective chemical companies either continued manufacturing or resumed due their essential nature. Hence, the situation will create a limited impact of Covid 19 on Indian specialty chemical companies in the medium term.

Financial Performance of the Company

A. Standalone Financial Performance :

i) Total Revenue:

During the Financial Year 2019-20, total revenue of the Company is reduced by 8.59% from INR 1064.69 Crore to INR 973.18 Crore as compared to the previous Financial Year 2018-19 on account of closure of plants and decrease in average price realization by 11% of the products as compared to FY 2018-19 due to outbreak of Global Pandemic COIVID '19 in the later part of March 2020.

ii) Expenditure:

During the year, total expenditure of your company has been marginally reduced by 2.59% from INR 938.34 Crore in FY 2018-19 to INR 914.03 Crore in current FY 2019-20. Operational expenses of INR 872.89 Crore include a significant amount of Legal & Professional fees related to the Singapore court cases.

iii) Employee benefits expenses:

During the Year under review, the Employee benefits expenses increased by 20.27% from INR 34.28 Crore to INR 41.23 Crore as compared to the previous Financial Year. The employee benefit expenses have been increased on account of recruitment of new employees in the company.

iv) Finance Cost:

The finance cost is slightly increased from INR 4.39 Crore to INR 4.52 Crore as compared to the previous Financial Year 2018-19, which mainly consist finance charges for letter of credit.

v) Operational & other Expenses:

The Operational & other expenses reduced by 3.60% from INR 905.45 Crore to 872.89 Crore as compared to the previous Financial Year 2018-19.

vi) Net Profit:

Due to COVID-19 pandemic effect and decrease in process of products, the Net Profit is decreased from INR 119.83 Crore to INR 49.83 Crore as compared to the previous Financial Year 2018-19.

vii) Non-Current Liabilities:

The non-current liabilities have decreased by 32.38% from INR 166.18 Crore to INR 112.37 Crore as compared to the previous Financial Year 2018-19.

Management Discussion and Analysis Report (Contd.)

viii) Current Liabilities:

The current liabilities have increased from INR 267.34 Crore to INR 302.14 Crore as compared to the previous Financial Year 2018-19.

ix) Non Current Assets:

The non-current assets have increased by 10.74% from INR 692.19 Crore to INR 766.54 Crore as compared to the previous Financial Year 2018-19.

x) Current Assets:

The current assets have been reduced by 13.73% from INR 372.07 Crore to INR 320.99 Crore as compared to the previous Financial Year 2018-19.

iv) Non Current Liabilities:

The non-current liabilities have decreased by 32.53% from INR 172.51 Crore to INR 116.40 Crore as compared to the preceding Financial Year 2018-19.

v) Current Liabilities:

The current liabilities have increased by 11.12% from INR 318.51 Crore to INR 353.94 Crore as compared to the preceding Financial Year 2018-19.

vi) Non Current Assets:

The non-current assets have increased by 20.71% from INR 1567.32 Crore to INR 1891.90 Crore as compared to the preceding Financial Year 2018-19.

B. Consolidated Financial Performance:

i) Total Revenue:

The total revenue has been reduced by 6.15% from INR 1396.50 Crore to INR 1310.68 Crore as compared to the previous Financial Year 2018-19.

ii) Total Expense:

The total expenses have been reduced by 3.06% from INR 1205.45 Crore to INR 1168.57 Crore as compared to the previous Financial Year 2018-19.

iii) Net profit:

In the Current Financial Year, your Company has recorded net profit (before OCI) of INR 375.50 Crore as compared to INR 164.12 Crore of the preceding financial year 2018-19 which is significantly increased by 128.80%.

vii) Current Assets:

During the year, your Company's total current assets have been increased by 4.24% on Y-O-Y basis, from INR 491.03 Crore to INR 511.87 Crore as compared to the preceding Financial Year 2018-19.

Material Development in Human Resources

Our Employees are fundamental and most valuable assets of the Company. The Company has encouraging working environments that motivate our employee at all level. The company has undertaken various initiatives and implemented policies which are drawn up to engage our employees, especially the younger generation and ensure a healthy balance between business needs and individual aspirations. To motivate, incentivize and reward employees, your Company has instituted employee stock options plan.

Details of Key Financial ratios

In compliance with the requirement of listing regulations, the key financial ratios were examined and the ratios with significant changes of 25% or more as compared to the immediately previous financial year have been provided hereunder along with the explanation for the changes, if any.

Key Financial Ratios	FY 2019-20	FY 2018-19	Reason for Significant Change, if any
Interest Coverage Ratio	14.00	29.74	The finance cost is in line with previous financial year. In FY2020, reduction in profitability on account of decrease in prices of products has resulted into lower Interest coverage ratio. However, reporting year interest coverage ratio is 14 times, which is well above the standard coverage ratio.
Operating Profit Margin	6.11%	12.58%	Operating Profit Margin for FY2020 is reduced mainly on account of 1) Reduction in per unit sales prices of various products, though sales volume has increased. 2) Increase in cost specially legal and professional cost as well as pollution treatment cost. 3) Impact of covid-19 in Q4 of 2020.

Management Discussion and Analysis Report (Contd.)

Key Financial Ratios	FY 2019-20	FY 2018-19	Reason for Significant Change, if any
Net Profit Margin	5.14%	11.30%	Net Profit Margin for FY2020 is reduced mainly on account of 1) Reduction in per unit sales prices of various products, though sales volume has increased. 2) Increase in cost specially legal and professional cost as well as pollution treatment cost. 3) Impact of covid-19 in Q4 of 2020
Details of change in Return on Net Worth	7.40%	19.03%	1) Reduction in per unit sales prices of various products, though sales volume has increased. 2) Increase in cost specially legal and profession cost as well as pollution treatment cost. 3) Impact of covid-19 in Q4 of 2020

Cautionary statement:

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

For and on behalf of Board of Directors

Date: August 10, 2020
Place: Ahmedabad

Pravin Kiri
Chairman

Independent Auditor's Report

To,
The Members of
Kiri Industries Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of Kiri Industries Ltd ("the Company"), which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, the profit including total comprehensive income, changes in equity and the cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SA's) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Emphasis of matter

1. We draw attention to various court cases and judgments in relation to disputes between Kiri Industries Ltd., (KIL) and DyStar Global Holdings (Singapore) Pte. Ltd. (DyStar) & Senda International Capital Ltd. (Senda)

In connection with minority oppression suit filed by Kiri Industries Ltd ("the Company/KIL") in June 2015 against Senda, DyStar and nominated directors on board of DyStar, Judgment was delivered by Singapore International Commercial Court ("SICC") dated July 03, 2018 wherein the court remarked that Senda had committed numerous acts of minority oppression against the company and ordered a buy-out of KIL's 37.57% stake in DyStar.

The SICC vide oral judgment dated January 08, 2019 has directed/ordered that for process of valuation to be followed by parties, assessment of loss on account of oppressive acts and treatment in valuation, not allowed 20% discount to Senda for buyout of KIL's stake in DyStar and allowed full cost of KIL's claim against Senda and 10% cost of DyStar's claim against KIL.

Against order dated July 03, 2018, DyStar and Senda filed appeals before Court of Appeal and judgment was delivered on May 29, 2019 upholding the decision of SICC and dismissed the appeal with orders to costs filed by Senda. On Senda's Second appeal, the Court of Appeal has delivered their judgment on February 12, 2020 disallowing demand of 20% discount of Senda's claim for buyout of Company's Stake in DyStar. The Court of appeal has awarded 50% cost to DyStar as against 10% cost awarded by SICC in their Judgment dated January 08, 2019.

Under DyStar case (SIC3), the SICC has delivered their judgment on March 03, 2020 against the Company and Manish Kiri for payment of total damages of USD 678,480.50 and cost of SGD 245,877.52 to DyStar. The Company has filed an appeal with Court of Appeal against the said order dated March 03, 2020. Further, the valuation exercise for value KIL's 37.57% stake in DyStar is completed and final hearing for closing submission and related arguments are fixed on June 30, 2020 and July 01, 2020.

During the year, DyStar filed a new suit vide statement of claim dated December 29, 2019 against the Company and Mr. Manish Kiri for alleged violation of Share Subscription and Shareholders Agreement ("SSSA" dated January 31, 2010) in Singapore High Court. Against this suit the Company filed defense and counterclaim on June 08, 2020.

Independent Auditor's Report (Contd.)

As per SICC order dated July 03, 2018, KIL has to pay a sum of Euro 1.7 million towards Process Technology Development Fees and SGD 443,813 towards Audit costs to DyStar. In this connection, DyStar has filed winding up application with Singapore High Court on January 22, 2019 vide case no. HC/CWU 15/2019. The Company has paid the said amount to DyStar on July 17, 2019, therefore the DyStar has withdrawn the Winding up application from Singapore High Court.

The Company has filed defamation suit against DyStar, Senda & MLS India & their respective directors/officers and suit against DyStar Global Holdings (Singapore) Pte. Ltd. for recovery loss and damages suffered by the KIL as DyStar stopped purchases from the KIL despite clear commitment in the SSSA to treat the KIL as a preferred supplier. Both the suits are pending with court.

2. We draw your attention to Note No. 47 to the Financial Statements which describes management's assessment of the financial impact due to COVID - 19 lock-down and other restrictions. The assessment is highly dependent upon circumstances as they evolve in subsequent periods.

Our Opinion is not modified in respect of the above matters.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon and we do not provide a separate opinion on these matters. Against Key audit matter, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the standalone Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Standalone Ind AS financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis of our audit opinion on the accompanying Ind AS financial statement.

Sr. No.	Key Audit Matter	Auditor's Response
	Inventory of Raw material and Finished Goods We refer to Significant accounting policies on inventory and Note. No. 8 on inventory.	To address the matter, our audit procedure included amongst others:
1.	Inventories are considered as Key Audit Matter due to nature of business, technical indicators governing inventory valuation, size of Balance sheet and because inventory valuation involves management judgement. According to accounting policy followed by the company, inventories are valued at lower of cost or market value. Cost comprise in addition to other things, overheads related to material, labour and other overheads. The company has specific procedures to identify risk for obsolescence and valuation of inventories.	<ul style="list-style-type: none"> Assessing the compliance of accounting policies over inventory with applicable accounting standards. Assessing the inventory valuation process and practices. Assessing the analysis and assessment made by management with respect to slow moving or obsolete stock. Discussion with those charged with responsibility of overlooking inventory management process. Expert opinion obtained by the company on the technicalities of matter. Justification of management estimates and Judgments. Assessing the effectiveness of perpetual and physical inventory verification process.

We have determined that there are no other Key Audit Matters to communicate in our report.

Information other than the Standalone Financial Statements and Auditor's Report thereon

The Company's Board of Directors is responsible for the

preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the standalone financial statements and our auditor's report thereon.

Independent Auditor's Report (Contd.)

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the management for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind-AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that

an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with Standards on Audit (SAs), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of

Independent Auditor's Report (Contd.)

a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other Legal and Regulatory requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by Central Government of India in terms of sub-Section (11) of section 143 of the Act, we give in "Annexure-1", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c. The Balance Sheet, Statement of Profit and Loss

including Statement of other comprehensive income, Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

- d. In our opinion, the aforesaid Standalone Ind AS financial statements comply with the Indian Accounting Standards specified under section 133 of the Act, read with Companies (Indian Accounting Standards) Rules 2015, as amended;
- e. On the basis of written representations received from the directors as on March 31, 2020, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020, from being appointed as a director in terms of section 164(2) of the Act.
- f. With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these standalone financial statements and the operating effectiveness of such controls, refer to our separate report in "Annexure-2" to this report.
- g. In our opinion, the Managerial remuneration for the year ended March 31, 2020 has been paid/ provided by the company to its directors in accordance with the provisions of Section 197 read with Schedule V to the Act.
- h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its Standalone financial statements.
 - ii. The Company has made provisions, as required under the applicable laws or accounting standards, for material foreseeable losses on long-term contracts including derivative contracts.
 - iii. There has been no delay in transferring amounts, required to be transferred to the Investors Education and Protection Fund by the company.

**For, Pramodkumar Dad & Associates
Chartered Accountants**

CA Pramod Dad (Partner)

MRN: 038261

FRN: 115869W

UDIN: 20038261AAAAAE8232

Place: Ahmedabad
Date: June 29, 2020

Annexure to the Independent Auditor's Report

Annexure - 1 to The Independent Auditors' Report to members of Kiri Industries Limited for the year ended 31st March 2020

(Referred to in Paragraph 1 under "Report on other Legal and Regulatory requirements" section of our report of even date on the Standalone Ind AS financial statements of the company for the year ended 31st March, 2020)

On the basis of such checks as we considered appropriate, according to the information and explanation given to us by the management and on the basis of examination of books of accounts during the course of our audit, we report that:

- i. a) The company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
- b) The company is in the process of conducting physical verification of Fixed Assets for the year.
- c) All the title deeds of freehold land are held in the name of the company except a plot of an 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 agricultural land into non-agricultural land.
- ii. a) Inventories have been physically verified during the year by the management at reasonable intervals. Inventory verification at the year-end cannot be conducted due to COVID - 19 outbreak. However, alternate audit procedures were applied for verifying physical verification of inventories.
- b) No material discrepancy was noticed on physical verification of stocks by the management.
- iii. The company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 189 of the Companies Act, 2013. Consequently, the provisions of clauses iii(a), iii(b) and iii(c) of the order are not applicable to the Company.
- iv. The company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- v. The company has not accepted any deposits under section 73 to 76 or any other relevant provision of the companies act during the concerned financial year.
- vi. We have been informed that maintenance of cost records under sub-section 1 of section 148 of the Companies Act, 2013 is mandatory for the company and such records are maintained by the company. However, we have not made the detailed examination of the cost records with a view to determine whether they are accurate or complete.
- vii. a) According to the records of the company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, cess to the extent applicable and any other statutory dues have generally been regularly deposited with the appropriate authorities. According to the information and explanations given to us, there is no outstanding undisputed statutory dues as on 31st March, 2020 for a period of more than six months from the date they became payable.
- b) There are no disputed statutory dues that have not been deposited on account of disputed matters pending before appropriate authorities. According to the information and explanation given to us, the dues outstanding with respect to, income tax, sales tax, service tax, value added tax, customs duty, excise duty on account of any dispute are as under:

Sr No.	Name of the Statute	Section under which dispute is pending	Period to which amount relates (FY)	Amount (INR in Lakhs)	Forum where the dispute is pending
1	The Income Tax Act, 1961	143 (3)	2002-03	36.99	Income Tax Appellate Tribunal
		143(3) rws 263	2002-03	7.57	Commissioner of Income Tax (Appeal)
		271(1)(c)	2005-06	53.69	Commissioner of Income Tax (Appeal)
		143 (3) rws 147	2007-08	4.78	Income Tax Appellate Tribunal
		143 (3)	2008-09	21.18	Income Tax Appellate Tribunal
		143 (3)	2009-10	19.89	Income Tax Appellate Tribunal
		271(1)(c)	2009-10	0.88	Income Tax Appellate Tribunal
		143 (3)	2010-11	316.06	Income Tax Appellate Tribunal

Annexure to the Independent Auditor's Report (Contd.)

Sr No.	Name of the Statute	Section under which dispute is pending	Period to which amount relates (FY)	Amount (INR in Lakhs)	Forum where the dispute is pending
2	The Central Excise Act, 1944	CENVAT Refund	2009-10	341.08	Gujarat High court
			2009-10	83.74	Central Excise and Service Tax Appellate Tribunal
			2010-11	138.55	Central Excise and Service Tax Appellate Tribunal
			2010-11	116.76	Gujarat High Court
			2010-11	153.73	Gujarat High Court
		Similar Goods	2010-11	344.00	Central Excise Commissioner
			2011-12	4.09	Central Excise Commissioner
		Outward Transportation of Finished Goods	2013-14	2.17	Central Excise Commissioner
3	The Gujarat VAT Act, 2003	VAT Liabilities	2007-08	62.39	Gujarat Value Added Tax Tribunal

- viii. The Company has not defaulted in repayment of dues to any financial institution or bank. The company has not borrowed from any financial institution, government or debenture holder during the year.
- ix. The Company has not raised money through initial public offer nor taken any term loan during the year. Hence, the requirement of application of funds for the purpose for which these were borrowed does not arise.
- x. No material fraud on or by the Company has been noticed or reported during the year, nor have we been informed of such case by the management.
- xi. During the year under review, the company has paid managerial remuneration in accordance with the requisite approvals mandated by the provisions of the section 197 read with schedule V to the companies act.
- xii. The company is not Nidhi Company, therefore provisions of clause 3 (xii) of the order are not applicable.
- xiii. The transactions with related party are in compliance with sections 177 and 188 of the Companies Act, 2013.
- xiv. The Company has not made preferential allotment to a firm of promoter group by way of conversion of share warrants into equity shares. However, during the year the company has issued shares against maturity of Foreign Currency Convertible Bonds (Refer Note No. 41 of Financial Statements).
- xv. The Company has not entered into non-cash transaction with directors or person connected with them during the year.
- xvi. The Company is not required to be registered under section 45-IA of Reserve Bank of India Act, 1934.

For, Pramodkumar Dad & Associates
Chartered Accountants

CA Pramod Dad
Partner
MRN: 038261
FRN: 115869W
UDIN: 20038261AAAAAE8232

Place: Ahmedabad
Date: June 29, 2020

Annexure to the Independent Auditor's Report (Contd.)

Annexure - 2 to the Independent Auditors' Report to members of Kiri Industries Limited for the year ended 31st March 2020

(Referred to in Paragraph 2(f) under "Report on other Legal and Regulatory requirements" section of our report of even date on the Standalone Ind AS financial statements of the company for the year ended 31st March 2020)

Report on The Internal Financial Controls under Clause (I) of Sub-Section 3 of Section 143 of the Companies Act, 2013 ("The Act")

We have audited the internal financial controls over financial reporting of **Kiri Industries Limited** ("the Company") as of March 31, 2020 in conjunction with our audit of the Standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

During the year, the company has appointed an Independent IFC Auditor to review its Internal Financial Control.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that;

- 1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- 2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS financial statements in accordance with generally accepted accounting principles and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

Annexure to the Independent Auditor's Report (Contd.)

- 3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of

changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

For, Pramodkumar Dad & Associates
Chartered Accountants

Place: Ahmedabad
Date: June 29, 2020

CA Pramod Dad
Partner
MRN: 038261
FRN: 115869W
UDIN: 20038261AAAAAE8232

Balance Sheet as at 31st March, 2020

(INR in Lakhs)

Particulars	Note No.	As at 31 st March, 2020	As at 31 st March, 2019
I. ASSETS			
(1) Non-current assets			
(a) Property, Plant and Equipment	2.1	46,354.16	42,899.03
(b) Other Intangible assets	2.2	5.16	10.57
(c) Capital work-in-progress	2.3	7,666.11	3,772.85
(d) Investment in Subsidiary/Associate/Joint Venture	3	14,022.79	14,022.79
(e) Financial Assets			
(i) Investments	4	6.00	6.00
(ii) Trade receivables	5	200.72	356.47
(iii) Other Financial Assets	6	1,081.64	897.12
(f) Other Non-Current Assets	7	7,317.86	7,254.34
Total Non - Current Assets		76,654.45	69,219.17
(2) Current assets			
(a) Inventories	8	9,696.17	10,826.36
(b) Financial Assets			
(i) Investments		-	-
(ii) Trade receivables	9	18,871.64	20,849.90
(iii) Cash and cash equivalents	10	555.17	941.65
(iv) Bank balances other than (iii) above	11	128.02	115.66
(v) Loans	12	1,458.28	1,812.26
(vi) Others Financial Assets	13	309.29	513.31
(c) Current Tax Assets (Net)	14	-	111.47
(d) Other current assets	15	1,080.00	2,036.57
Total Current Assets		32,098.56	37,207.18
Total Assets		108,753.01	106,426.35
II. EQUITY AND LIABILITIES			
(1) Equity			
(a) Equity Share capital	16	3,362.06	3,134.40
(b) Other Equity	17	63,939.10	59,940.04
Total Equity		67,301.16	63,074.43
(2) Non-current liabilities			
(a) Financial Liabilities			
(i) Borrowings	18	9,596.03	14,875.57
(ii) Trade Payables	19		
(a) Total outstanding dues of creditors other than MSME		8.79	359.38
(b) Total outstanding dues of MSME		-	-
(iii) Other financial liabilities	20	95.50	76.50
(b) Provisions	21	1,353.55	1,274.66
(c) Deferred tax liabilities (Net)	22	183.63	32.35
(d) Other non-current liabilities		-	-
Total Non - Current Liabilities		11,237.50	16,618.46
(3) Current liabilities			
(a) Financial Liabilities			
(i) Borrowings	23	57.22	57.20
(ii) Trade payables	24		
(a) Total outstanding dues of creditors other than MSME		17,834.29	15,876.28
(b) Total outstanding dues of MSME		144.64	139.69
(iii) Other financial liabilities	25	7,789.77	3,489.04
(b) Other current liabilities	26	3,505.78	5,169.40
(c) Provisions	27	184.53	162.30
(d) Current Tax Liabilities (Net)	28	698.12	1,839.54
Total Current Liabilities		30,214.35	26,733.45
Total Equity and Liabilities		108,753.01	106,426.35

Significant Accounting Policies

Notes form an Integral part to Financial statements
As per our attached report of even date.

For Pramodkumar Dad & Associates
Chartered Accountants

CA Pramod Dad
Partner
MRN : 038261
FRN : 115869W

Place : Ahmedabad
Date : June 29, 2020

For and on behalf of the Board of Directors

Pravin Kiri
(Chairman)
DIN : 00198275

Manish Kiri
(Managing Director)
DIN : 00198284

Suresh Gondalia
(Company Secretary)

Jayesh Vyas
(Chief Financial Officer)

Place : Ahmedabad
Date : June 29, 2020

Statement of Profit and Loss for the year ended on 31st March, 2020

		(INR in Lakhs)	
Particulars	Note No.	For the year ended 31 st March 2020	For the year ended 31 st March 2019
Income			
I Revenue From Operations	29	96,904.39	106,186.33
II Other Income	30	413.77	282.54
III Total Income (I+II)		97,318.16	106,468.87
Expenses			
Cost of materials consumed	31	61,117.12	70,103.48
Purchases of Stock-in-Trade		-	-
Changes in inventories of finished goods, stock-in-trade and work-in-progress	32	(419.95)	(902.38)
Employee benefits expense	33	4,122.91	3,427.96
Finance costs	34	452.29	439.57
Depreciation and amortization expense	2	3,662.47	2,849.93
Other expenses	35	22,468.48	17,916.17
IV Total expenses		91,403.32	93,834.73
V Profit/(loss) before exceptional items and tax (III-IV)		5,914.84	12,634.14
VI Exceptional Items		-	-
VII Profit/(loss) before tax (V-VI)		5,914.84	12,634.14
VIII Tax expense:	22		
(1) Current tax		1,020.79	2,800.22
(2) Deferred tax		(124.57)	(2,170.25)
IX Profit/(Loss) for the period from continuing operations (VII-VIII)		5,018.62	12,004.17
X Profit/(Loss) For the Period		5,018.62	12,004.17
XI Other Comprehensive Income			
A (i) Items that will not be reclassified to Profit or Loss		(36.15)	(20.73)
(ii) Income tax relating to items that will not be reclassified to Profit or Loss		-	-
B (i) Items that will be reclassified to Profit or Loss		-	-
(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
Total Other Comprehensive Income (XI)		(36.15)	(20.73)
XII Total Comprehensive Income for the period (X+XI) (Comprising Profit/(Loss) and Other Comprehensive Income for the period)		4,982.47	11,983.44
XIII Earnings per equity share of INR 10 each (For Continuing Operations)			
(1) Basic		15.19	38.23
(2) Diluted		9.61	23.12
XIV Earnings per equity share (For Discontinued Operation)			
(1) Basic		-	-
(2) Diluted		-	-
XV Earnings per equity share (For Discontinued & Continuing Operations)			
(1) Basic		15.19	38.23
(2) Diluted		9.61	23.12

Significant Accounting Policies

1

Notes form an Integral part to Financial statements
As per our attached report of even date.

For Pramodkumar Dad & Associates
Chartered Accountants

CA Pramod Dad
Partner
MRN : 038261
FRN : 115869W

Place : Ahmedabad
Date : June 29, 2020

For and on behalf of the Board of Directors

Pravin Kiri
(Chairman)
DIN : 00198275

Manish Kiri
(Managing Director)
DIN : 00198284

Suresh Gondalia
(Company Secretary)

Jayesh Vyas
(Chief Financial Officer)

Place : Ahmedabad
Date : June 29, 2020

Cash Flow Statement for the year ended on 31st March, 2020

(INR in Lakhs)

Particulars	For the year ended 31 st March, 2020	For the year ended 31 st March, 2019
A. Cash Flow from Operating Activities :		
Net Profit before Tax and Extraordinary items	5,914.84	12,634.14
Adjustment for :		
- Depreciation	3,662.47	2,849.93
- Acturial Valuation of Gratuity	(36.15)	(20.73)
- Interest & Dividend Income	(413.77)	(280.35)
- Interest charged to P & L	452.29	439.57
- Loss/(Profit) on Sale of Fixed Assets	1.90	(2.19)
Operating Profit before working capital changes :	9,581.57	15,620.37
Adjustment for:		
- Trade Receivables	2,134.00	(3,102.89)
- Inventories	1,130.18	(5,149.04)
- Other Current Financial Assets	191.67	(28.64)
- Other Current Assets	956.57	(289.02)
- Other Non-Current Financial Assets	(184.52)	(257.47)
- Other Non-Current Assets	(63.52)	(5,031.70)
- Trade Payables	1,612.38	4,854.68
- Other Non-Current Financial Liabilities	19.00	17.50
- Other Current Financial Liabilities	447.11	1,278.25
- Other Current Liabilities	(1,663.62)	4,077.66
- Provisions	101.11	75.26
Cash Generated from Operations	14,261.93	12,064.96
- Taxes paid/ provision & Deferred tax	(1,774.88)	(1,407.30)
Net Cash Flow from Operations	12,487.04	10,657.66
B. Cash Flow from Investment Activities :		
- Purchase of Property, Plant & Equipments including Capital Work in Progress	(11,012.51)	(11,459.71)
- Sale of Fixed Assets	5.16	2.61
- Interest and Dividend Income	413.77	280.35
- Loan & Advances	353.98	(644.98)
- Investment	-	2,800.00
Net cash flow from Investing Activities	(10,239.59)	(9,021.73)

Cash Flow Statement for the year ended on 31st March, 2020

(INR in Lakhs)

Particulars	For the year ended 31 st March 2020	For the year ended 31 st March 2019
C. Cash Flow from Financing Activities :		
- Equity Share Capital	227.67	-
- Proceeds from FCCB	(273.89)	-
- Security Premium	46.22	-
- Proceeds from Long term Borrowings	50.00	715.79
- Proceeds from Short term Borrowings	0.02	-
- Interest charged	(452.29)	(439.57)
- Proposed Dividend and DDT	(755.74)	-
- Repayment of Long Term Borrowings	(1,475.93)	(1,528.92)
- Repayment of Short Term Borrowings	-	(0.02)
Net Cash Flow from Financing Activities	(2,633.93)	(1,252.73)
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	(386.48)	383.20
Cash and Cash Equivalents as at (Opening)	941.65	558.45
Cash and Cash Equivalents as at (Closing)	555.17	941.65
Reconciliation of Cash and Cash Equivalent		
Total Cash and Bank Balance as per Balance Sheet	555.17	941.65
Cash and Cash Equivalents comprise as under:		
Balance with Banks in Current account	548.87	939.09
Cash on Hand	6.30	2.56
Cash and Cash Equivalent at the end of the year	555.17	941.65

Significant Accounting Policies

Notes form an Integral part to Financial statements

As per our attached report of even date.

For Pramodkumar Dad & Associates

Chartered Accountants

CA Pramod Dad

Partner

MRN : 038261

FRN : 115869W

Place : Ahmedabad

Date : June 29, 2020

For and on behalf of the Board of Directors

Pravin Kiri

(Chairman)

DIN : 00198275

Manish Kiri

(Managing Director)

DIN : 00198284

Suresh Gondalia

(Company Secretary)

Jayesh Vyas

(Chief Financial Officer)

Place : Ahmedabad

Date : June 29, 2020

Statement of Changes in Equity for the year ended on 31st March, 2020

A. Equity Share Capital				(INR in Lakhs)	
Equity Share Capital	As at 31 st March, 2020		As at 31 st March, 2019		
	No. of Shares	Amount	No. of Shares	Amount	
Balance at the beginning of the reporting period	31,343,951	3,134.40	30,243,951	3,024.40	
Changes in equity share capital during the year	2,276,695	227.66	1,100,000	110.00	
Balance at the end of the reporting period	33,620,646	3,362.06	31,343,951	3,134.40	

B. Other Equity	Particulars	Reserves and Surplus				Total
		Equity component of compound financial instruments	Preference Share Redemption Reserve	Securities Premium Reserve	General Reserve	
						(INR in Lakhs)
Balance at 31st March, 2018		2,464.98	185.72	44,230.64	1,617.60	48,066.59
Issue of Shares against Warrants / Fund received against Convertible Bond		-	-	3,883.00	-	(110.00)
Total Comprehensive Income for the year		-	-	-	11,983.44	11,983.44
Transfer from Retained Earnings to Preference Share Redemption Reserve		-	61.91	-	(61.91)	-
Balance at 31st March, 2019		2,464.98	247.63	48,113.64	1,617.60	59,940.04
Issue of Shares against Warrants / Fund received against Convertible Bond		(273.89)	-	46.22	-	(227.67)
Total Comprehensive Income for the year		-	-	-	4,982.47	4,982.47
Dividends		-	-	-	(755.74)	(755.74)
Transfer from Retained Earnings to Preference Share Redemption Reserve		-	61.91	-	(61.91)	-
Balance at 31st March, 2020		2,191.09	309.54	48,159.86	1,617.60	63,939.10

Notes form an Integral part to Financial statements

As per our attached report of even date.

For Pramodkumar Dad & Associates
Chartered Accountants

For and on behalf of the Board of Directors

CA Pramod Dad
Partner
MRN : 038261
FRN : 115869W

Pravin Kiri
(Chairman)
DIN : 00198275

Manish Kiri
(Managing Director)
DIN : 00198284

Suresh Gondalia
(Company Secretary)

Jayesh Vyas
(Chief Financial Officer)

Place : Ahmedabad
Date : June 29, 2020

Place : Ahmedabad
Date : June 29, 2020

Statement on Significant Accounting Policies for the year ended on 31st March, 2020

BACKGROUND

Kiri Industries Limited ("the Company") is a public company limited by shares domiciled in India, incorporated under the provisions of Companies Act, 1956 having CIN as L24231GJ1998PLC034094. Its shares are listed on National Stock Exchange of India Limited and BSE Limited. Its registered office is situated at 7th Floor, Hasubhai Chambers, Nr. Town Hall, Ellisbridge, Ahmedabad - 380 006, Gujarat, India. The Company is engaged in manufacturing and selling of Dyes, Dyes Intermediates and Basic Chemicals.

1. STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the Significant Accounting Policies adopted in the preparation of the Financial Statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

1.1 BASIS FOR PREPARATION OF ACCOUNTS

a) Statement of compliance with Ind AS

The Standalone Financial Statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 ("the Act") read with Companies (Indian Accounting Standards) Rules, 2015, as amended and other relevant provisions of the Act.

b) Current versus Non-Current classification

All assets and liabilities have been classified as Current or Non Current as per the Company's normal operation cycle i.e. twelve months and other criteria set out in the Schedule III of the Act.

c) Historical Cost Convention

The financial statements are prepared on accrual basis of accounting under historical cost convention in accordance with Generally Accepted Accounting Principles in India and the relevant provisions of the Companies Act, 2013 including Indian Accounting Standards notified there under, except for the following:

- Certain financial assets and liabilities measured at fair value;
- Defined benefit plans - plan assets measured at fair value

1.2 USE OF ESTIMATES

The presentation of the financial statements are in conformity with the Ind AS which requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses and disclosure of contingent liabilities. Such estimates and assumptions are based on management's evaluation of relevant facts and circumstances as on the date of financial statements. The actual outcome may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

This note provides an overview of the areas that involved a higher degree of judgment or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the Financial Statements.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

Note 02 - Useful Lives of Property, Plant and Equipment
 Note 09 - Expected Credit Losses on Financial Assets
 Note 22 - Current/deferred tax expense
 Note 29 - Revenue Recognition
 Note 21, 27 & 38 - Provisions and contingencies
 Note 39 - Measurement of defined benefit obligations
 Note 47 - Uncertainty relating to the global health pandemic on COVID-19

1.3 REVENUE RECOGNITION

a) Sale of Goods:

Revenue is recognised upon transfer of control of promised goods to customers in an amount that reflects the

Statement on Significant Accounting Policies for the year ended on 31st March, 2020 (Contd.)

consideration which the Company expects to receive in exchange for those goods. Revenue from the sale of goods is recognised at the point in time when control is transferred to the customer which is usually on dispatch/delivery of goods, based on contracts with the customers.

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, price concessions, incentives, and returns, if any, as specified in the contracts with the customers. Revenue excludes taxes collected from customers on behalf of the government.

b) Export Benefits:

Incomes in respect of Duty Drawback in respect of exports made during the year are accounted on accrual basis.

Merchandise Exports from India Scheme (MEIS) income is recognised on accrual basis when considering the related expenses to the same profit or losses on transfer of licenses are accounted in year of the sales.

c) Interest Income:

For all debt instruments measured either at amortised cost or at FVTOCI, interest income is recorded using effective interest rate method.

d) Dividend:

Dividend income is recognised when the right to receive the same is established.

e) Insurance Claims:

Insurance claims are accounted for on the basis of claims admitted/expected to be admitted and to the extent that there is no uncertainty in receiving the claims.

1.4 FOREIGN CURRENCY TRANSACTIONS

Functional and Presentation Currency

The financial statements are presented in Indian Rupee (INR), which is company's functional and presentation currency.

Transactions and Balances

- a) Transactions in foreign currencies are recorded in Indian Rupees using the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, recorded monetary balance is reported in Indian Rupees at the rates of exchange prevailing at the balance sheet date. All realised and unrealised exchange adjustment gains and losses are dealt with in the Statement of Profit and Loss.
- b) In order to hedge exposure to foreign exchange risks arising from Export or Import foreign currency, bank borrowings and trade receivables, the Company may enter into forward contracts. Any profit or loss arising on the cancellation or renewal of a forward exchange contract is recognised as income or expense for the year.
- c) Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit and loss on a net basis within other gains/(losses).
- d) 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.

1.5 PROPERTY, PLANT AND EQUIPMENTS

Tangible Assets

- a) Freehold Land is carried at historical cost. All other items of Property, Plant and Equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.
- b) The cost of self-constructed assets includes cost of materials plus any other directly attributable costs of bringing the assets to working condition for its intended use.

Statement on Significant Accounting Policies for the year ended on 31st March, 2020 (Contd.)

- c) Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.
- d) An item of Property, Plant or Equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.
- e) Items of fixed assets that are retired from active use and are held for disposal are stated at the lower of their net book value and net realizable value and are presented separately in the Financial Statements. Any expected loss is recognized immediately in the Statement of Profit and Loss.
- f) The gain or loss arising on the disposal or retirement of an asset is determined as the difference between sales proceeds and the carrying amount of the asset and is recognized in Statement of Profit and Loss for the relevant financial year.
- g) Capital Work-in-Progress includes expenditure directly related to construction and incidental thereto. The same is transferred or allocated to respective item Property, Plant, and Equipment on commissioning of the project.

1.6 INTANGIBLE ASSETS

Intangible Assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Internally - generated intangible assets - Research and Development expenditure

Assessment of whether an internally generated Intangible Asset meets the criteria for recognition, the expenditure on generation of the asset is classified into research phase and development phase. Expenses incurred during research phase are recognized immediately in the Statement of Profit and Loss. Expenditure during the development phase is recognized as an Intangible Asset under development on fulfilment of following conditions:-

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

The amount initially recognised for internally-generated Intangible Assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in the Statement of Profit and Loss in the period in which it is incurred.

Derecognition of Intangible Assets

An Intangible Asset is derecognised on disposal or when no future economic benefits are expected from use or disposal.

Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in the Statement of Profit and Loss when the asset is derecognised

1.7 IMPAIRMENT OF INVESTMENT

The Company reviews its carrying value of investments carried at amortised cost annually or more frequently when there is an indication for impairment. If the recoverable amount is less than its carrying amount, the impairment loss is accounted for.

Statement on Significant Accounting Policies for the year ended on 31st March, 2020 (Contd.)

1.8 IMPAIRMENT OF NON- FINANCIAL ASSETS

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash-Generating Unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

1.9 DEPRECIATION AND AMORTISATION

Depreciation is calculated to systematically allocate the cost of Property, Plant and Equipment and Intangible Asset net of the estimated residual values over the estimated useful life. Freehold land is not depreciated. Depreciation is computed using Straight Line Method (SLM) over the useful lives of the assets as specified in Schedule II to the Companies Act, 2013.

The residual values are not more than 5% of the original cost of the item of Property, Plant and Equipment. The asset's residual values and useful lives are reviewed and adjusted if appropriate, at the end of each reporting period.

Useful lives of the items of Property, Plant and Equipment are as follows:

Asset	Estimated Useful Life
Leasehold Land	99 years
Building	30 years
Plant & Machinery	15 years
Furniture and Fixtures	10 years
Vehicles	8 years
Computers	3 years

Intangible Assets are amortized over their individual estimated useful lives on a Straight Line basis, commencing from the year in which the same are available to the Company for its intended use. The useful life so determined is as follows:

Asset	Amortisation Period
Software Licenses	3 years

Depreciation on items of Property, Plant and Equipment acquired/disposed off during the year is provided on pro-rata basis with reference to the date of addition/disposal.

Depreciation is not provided on Freehold Land. Leasehold land is amortized over the available balance lease period.

1.10 FINANCIAL INSTRUMENTS

Fair value measurement of Financial Instruments

In estimating the fair value of financial assets & financial liabilities, the company uses market observable data to the extent available. Where such Level 1 inputs are not available, the company establishes appropriate valuation techniques and inputs to the model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgment includes considerations of inputs such as liquidity risk, credit risk & volatility. Changes in assumption about these factors could affect the reported fair value of financial instrument.

Financial Assets & Liabilities

Financial Assets and Liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of Financial Assets and Financial Liabilities (other than financial assets and financial liabilities valued at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of Financial Asset or Financial Liability.

Statement on Significant Accounting Policies for the year ended on 31st March, 2020 (Contd.)

A) Financial Asset

1) Initial Measurement

All financial assets, except investment in subsidiaries, associates and joint controlled entities are recognized initially at fair value.

2) Subsequent Measurement

The measurement of financial assets depends on their classification, as described below:

a) Financial Assets at Amortised cost

Financial Assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual Cash Flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

b) Financial Assets at Fair Value Through Other Comprehensive Income (FVTOCI)

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows that give rise on specified dates to solely payments of principal and interest on the principal amount outstanding and by selling financial assets.

The Company has made an irrevocable election to present subsequent changes in the fair value of equity investments not held for trading in Other Comprehensive Income.

c) Financial Assets at Fair Value Through Profit or Loss (FVTPL)

Financial Assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognized in profit or loss.

3) Derecognition of Financial Assets

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in Statement of Profit and Loss if such gain or loss would have otherwise been recognized in Statement of Profit and Loss on disposal of that financial asset.

4) Impairment Financial Assets (other than at fair value)

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVTOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

B) Financial Liabilities

1) Initial Measurement

Financial liabilities are classified at initial recognition as at amortised cost or fair value through profit or loss. The measurement of financial liabilities depends on their classification, as described below:

2) Subsequent Measurement

a) Financial Liability at Amortised cost

After initial recognition, financial liabilities are subsequently measured at amortised cost using the EIR method. Gains and losses are recognized in Statement of Profit and Loss when the liabilities are derecognized as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

Statement on Significant Accounting Policies for the year ended on 31st March, 2020 (Contd.)

b) Financial Liabilities at Fair Value Through Profit or Loss (FVTPL)

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as such. Subsequently, any changes in fair value are recognised in the Statement of Profit and Loss.

3) Derecognition of Financial Liability

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. The difference in the respective carrying amounts is recognized in the Statement of Profit and Loss. An exchange with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

C) Derivative Financial Instruments

Initial recognition and subsequent measurement

The Company uses derivative financial instruments such as forward and options currency contracts to hedge its foreign currency risks. Such derivative financial instruments are initially recognised and subsequently measured at fair value through profit or loss (FVTPL). Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivative financial instrument are recognised in the Statement of Profit and Loss and reported with foreign exchange gains/(loss) not within results from operating activities. Changes in fair value and gains/(losses) on settlement of foreign currency derivative financial instruments relating to borrowings, which have not been designated as hedge are recorded as finance cost.

D) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in financial statements if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

E) Investments in Subsidiaries

A Subsidiary is an entity that is controlled by the Company.

The Company accounts for each category of investments in subsidiaries at cost in accordance with Ind AS 27- Separate Financial Statements.

1.11 INVENTORIES

- Inventories are stated at the lower of cost and net realizable value.
- Cost of Raw Material is determined on FIFO basis.
- Stores and Consumables are valued at cost or net realizable value whichever is lower.
- Finished goods are valued at cost or net realizable value whichever is lower. Cost comprises direct materials and where applicable, direct labour costs, those overheads that have been incurred in bringing the inventories to their present location and condition.
- Work in Progress is valued at cost or net realizable value whichever is less. Cost comprises direct materials and appropriate portion of direct labour costs and manufacturing overheads.
- Semi Finished Goods is valued at cost or net realizable value whichever is less. Cost comprises direct materials and appropriate portion of direct labour costs and manufacturing overheads.
- Net realizable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

1.12 RECOVERABILITY OF TRADE RECEIVABLE

Judgements are required in assessing the recoverability of overdue trade receivables and determining whether a provision against those receivables is required. Factors considered include the credit rating of the counterparty, the amount and timing of anticipated future payments and any possible actions that can be taken to mitigate the risk of non-payment.

1.13 LITIGATION

From time to time, the Company is subject to legal proceedings, the ultimate outcome of each being always subject to many

Statement on Significant Accounting Policies for the year ended on 31st March, 2020 (Contd.)

uncertainties inherent in litigation. A provision for litigation is made when it is considered probable that a payment will be made and the amount of the loss can be reasonably estimated. Significant judgement is made when evaluating, among other factors, the probability of unfavourable outcome and the ability to make a reasonable estimate of the amount of potential loss. Litigation provisions are reviewed at each accounting period and revisions made for the changes in facts and circumstances.

1.14 BORROWING COSTS

Borrowing Costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets, wherever applicable, till the assets are ready for their intended use. Such capitalisation is done only when it is probable that the asset will result in future economic benefits and the costs can be measured reliably. Capitalisation of borrowing costs commences when all the following conditions are satisfied:

- a) Expenditure for the acquisition, construction or production of a qualifying asset is being incurred;
- b) Borrowing costs are being incurred; and
- c) Activities that are necessary to prepare the asset for its intended use are in progress.
- d) A qualifying asset is one which necessarily takes substantial period to get ready for intended use. All other borrowing costs are charged to revenue account. Capitalisation of borrowing cost is suspended when active development is interrupted

1.15 EMPLOYEE BENEFITS

a) Short term employee benefit obligations

Liabilities for wages, salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related services are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are to be settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

b) Other long term employee benefit obligations

The liabilities for earned leave is not expected to be settled wholly within 12 months after the end of the period in which employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of reporting period using the projected unit credit method. The benefits are discounted using the market yield at the end of reporting period that have terms approximating to the terms of related obligation. Remeasurement as a result of experience adjustments and changes in actuarial assumptions are recognised in the other comprehensive income.

The obligations are presented as current liabilities in the balance sheet if the Company does not have unconditional right to defer settlement for at least 12 months after the reporting period, regardless of when the actual settlement is expected to occur.

c) Post-employment obligations

The Company operates the following post-employment schemes:

- A. Defined benefit plans such as Gratuity; and
- B. Defined contribution plan such as Provident Fund

Gratuity Obligations

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plans is present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligations is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expenses in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Statement on Significant Accounting Policies for the year ended on 31st March, 2020 (Contd.)

Changes in present value of the defined benefit obligation resulting from plan amendment or curtailments are recognised immediately in profit or loss as past service cost.

Defined Contribution Plans

The Company pays provident fund contributions to publicly administered funds as per the local regulations. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expenses when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payment is available.

1.16 GOODS AND SERVICE TAX

GST Credit of Raw Materials and Other Consumables is accounted at the time of purchase and the same is being adjusted to the cost of Raw Materials and Other Consumables.

1.17 ACCOUNTING FOR TAXES ON INCOME

Income Taxes

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in Deferred Tax Assets and Liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period i.e. as per the provisions of the Income Tax Act, 1961, as amended from time to time. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on the rates and tax laws enacted or substantively enacted, at the reporting date in the country where the Company operates and generates taxable income. Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred Taxes

Deferred tax is provided in full on temporary difference arising between the tax bases of the assets and liabilities and their carrying amounts in standalone financial statements. Deferred tax amounts of income taxes recoverable in future periods in respect of deductible temporary differences, the carry forward of unused tax losses and the carry forward of unused tax credits.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred Tax Assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred Tax Assets and Liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the Company has a legally enforceable right to offset and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Current and Deferred Tax is recognised in the Statement of Profit and Loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The carrying amount of Deferred Tax Assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the Deferred Tax Asset to be utilised. Unrecognised Deferred Tax Assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Statement on Significant Accounting Policies for the year ended on 31st March, 2020 (Contd.)

1.18 PROVISIONS AND CONTINGENT LIABILITIES

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Statement of Profit and Loss net of any reimbursement. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

As a policy, the company is regularly accessing the liability arising due to delay in fulfillment of the obligation against advance licenses taken for duty free import of the goods / various investment related schemes and required provisions are carried out in the books.

Contingent Liability is disclosed in the case of:

- a) A present obligation arising from the past events, when it is not probable that an outflow of resources will be required to settle the obligation;
- b) A present obligation arising from the past events, when no reliable estimate is possible;
- c) A possible obligation arising from the past events, unless the probability of outflow of resources is remote.

Contingent liabilities are not provided for and if material, are disclosed by way of notes to accounts. Contingent assets are not recognized in financial statements. However, the same is disclosed, where an inflow of economic benefit is probable.

1.19 LEASES

The Company assesses whether a contract contains a lease at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a define period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified assets, the Company assesses whether: (i) the contact involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

As a lessee, the Company recognises a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right of use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. The estimated useful lives of right of use assets are determined on the same basis as those of property and equipment. In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. For leases with reasonably similar characteristics, the Company, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole.

Lease payments included in the measurement of the lease liability comprise the fixed payments, including in-substance fixed payments and lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option. The lease liability is measured at amortised cost using the effective interest method.

Statement on Significant Accounting Policies for the year ended on 31st March, 2020 (Contd.)

The Company has elected not to recognise right of use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term. The Company applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date.

1.20 EARNING PER SHARE

Basic Earnings Per Share

Basic Earnings Per Share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the company's earnings per share is the net profit for the period after deducting preference dividends, if any, and any attributable distribution tax thereto for the period.

Diluted Earnings Per Share

Diluted Earnings Per Share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential equity shares and the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

1.21 CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents comprise cash and deposits with banks. The Company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

1.22 STATEMENT OF CASH FLOWS

Cash Flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing Cash Flows. The cash flows from operating, investing and financing activities of the Company are segregated.

1.23 EVENTS OCCURRING AFTER THE REPORTING DATE

Adjusting events occurring after the balance sheet date are recognized in the financial statements. Material non adjusting events occurring after the balance sheet date that represents material change and commitment affecting the financial position are disclosed in the Director's Report.

1.24 EXCEPTIONS ITEMS

Certain occasions, the size, type or incidence of an item of income or expense, pertaining to the ordinary activities of the Company is such that disclosure improves the understanding of the performance of the Company, such income or expense is classified as an exceptional item and accordingly, disclosed in the notes accompanying to the financial statements.

Notes to the Financial Statements for the year ended 31st March 2020

2. Property, Plant and Equipments

For FY 2019-20 Assets		Gross Block				Depreciation / Amortisation			Net Block		
		Opening	Addition	Sales / Adjustments	Closing	Opening	Addition	Sales / Adjustments	Closing	As on March 31, 2020	As on March 31, 2019
2.1 Property, Plant and Equipment											
Freehold Land		802.86	1.74	-	804.60	-	-	-	-	804.60	802.86
Leasehold Land		2,334.72	30.83	-	2,365.55	34.41	20.85	-	55.26	2,310.29	2,300.31
Building		8,672.81	1,579.56	-	10,252.37	758.17	351.98	-	1,110.15	9,142.22	7,914.64
Plant & Equipments		36,655.74	4,791.95	-	41,447.69	6,073.83	2,938.78	-	9,012.61	32,435.08	30,581.92
Electrification		1,082.50	571.43	-	1,653.93	377.23	235.23	-	612.46	1,041.47	705.27
Office Equipments		84.17	38.83	-	123.00	35.99	17.20	-	53.19	69.81	48.18
Furniture & Fixture		103.59	29.58	-	133.17	48.60	12.77	-	61.37	71.80	54.98
Vehicles		636.71	68.90	17.33	688.28	197.29	73.34	10.28	260.36	427.92	439.42
Computer		70.53	6.43	-	76.96	19.08	6.91	-	25.99	50.97	51.45
Total Property Plant & Equipment (A)		50,443.63	7,119.24	17.33	57,545.55	7,544.60	3,657.06	10.28	11,191.39	46,354.16	42,899.03
2.2 Intangible Assets											
Computer Software		30.44	-	-	30.44	19.87	5.41	-	25.28	5.16	10.57
Total Intangible Assets (B)		30.44	-	-	30.44	19.87	5.41	-	25.28	5.16	10.57
2.3 Capital Work in Progress											
Capital Work in Progress		3,772.85	8,793.71	4,900.45	7,666.11	-	-	-	-	7,666.11	3,772.85
Total Capital Work in Progress (C)		3,772.85	8,793.71	4,900.45	7,666.11	-	-	-	-	7,666.11	3,772.85
Total A+B+C		54,246.92	15,912.95	4,917.78	65,242.10	7,564.47	3,662.47	10.28	11,216.67	54,025.43	46,682.45
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.											

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.

For FY 2018-19 Assets	Gross Block		Depreciation / Amortisation		Net Block		
	Opening	Addition Sales / Adjustments	Closing	Opening	Addition Sales / Adjustments	Closing As on March 31, 2019	As on March 31, 2018

Freehold Land	802.86	-	-	802.86	-	-	-	802.86	802.86
Leasehold Land	2,334.72	-	-	2,334.72	13.56	20.85	-	2,300.31	2,321.16
Building	7,147.08	1,525.73	-	8,672.81	481.87	276.30	-	7,914.64	6,665.21
Plant & Equipments	28,063.35	8,592.39	-	36,655.74	3,802.96	2,270.86	-	30,581.91	24,260.39
Electrification	540.28	542.22	-	1,082.50	207.34	169.89	-	705.27	332.94
Office Equipments	61.74	22.43	-	84.17	21.80	14.19	-	48.18	39.94
Furniture & Fixture	75.73	27.86	-	103.59	35.20	13.41	-	54.98	40.53
Vehicles	472.05	169.21	4.55	636.71	130.39	71.03	4.13	439.42	341.66
Computer	55.03	15.50	-	70.53	12.54	6.54	-	51.45	42.49
Total Property Plant & Equipment (A)	39,552.84	10,895.34	4.55	50,443.63	4,705.66	2,843.07	4.13	7,544.60	34,847.18

Computer Software	26.07	4.37	-	30.44	13.01	6.86	-	19.87	10.57	13.06
Total Intangible Assets (B)	26.07	4.37	-	30.44	13.01	6.86	-	19.87	10.57	13.06

Capital Work in Progress	3,212.85	7,328.27	6,768.27	3,772.85	-	-	-	3,772.85	3,212.85
Total Capital Work in Progress (C)	3,212.85	7,328.27	6,768.27	3,772.85	-	-	-	3,772.85	3,212.85
Total A+B+C	42,791.76	18,227.98	6,772.82	54,246.92	4,718.67	2,849.93	4.13	7,564.47	38,073.09

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Notes to the Financial Statements for the year ended 31st March 2020 (Contd.)

3. Non-Current - Investment

(INR in Lakhs)

Particulars	FY 2019-20	FY 2018-19
Investments in Equity Instruments measured at Cost (Fully Paid) - Unquoted Investments		
(I) Investment in Subsidiaries		
38,39,000 Equity Shares (P.Y. 38,39,000) of HK \$ 1 each in Synthesis International Ltd.	256.86	256.86
9,70,000 Equity Shares (P.Y. 9,70,000) of NTD 10 each in SMS Chemical Co Ltd Fully Paid Up	339.53	339.53
200 Equity Shares (P.Y. 200) of AED 1000 each in Chemhub Trading DMCC	28.81	28.81
Less : Impairment of Investments in SMS Chemical Co Ltd & Synthesis International Ltd.	(596.39)	(596.39)
(II) Investment in Associate Company		
26,23,354 Equity Shares (P.Y. 26,23,354) of SG \$ 10 each in DyStar Global Holdings (Singapore) Pte. Ltd.	9,550.23	9,550.23
26,25,000 Equity Shares (P.Y. 26,25,000) of INR 10 each in Kiri Infrastructure Private Limited	1,443.75	1,443.75
(III) Investment in Joint Venture Company		
3,00,00,000 Equity Shares (P.Y.3,00,00,000) of INR 10 each in Lonsen Kiri Chemical Industries Limited.	3,000.00	3,000.00
Total	14,022.79	14,022.79

Aggregate Value of Unquoted Investment

(INR in Lakhs)

Particulars	FY 2019-20	FY 2018-19
Non-current	14,022.79	14,022.79
Aggregate Value of Impairment In Value of Investment	596.39	596.39

Note:

- i) The Company had made assessment of investment in its Subsidiary SMS Chemical Co Ltd and taken into account the past business performances and prevailing condition. As a matter of prudence, the Company has written off diminution in carrying value of investments of INR 339.53 Lakhs as on 1st April 2016.
- ii) The Company had made investment in its Subsidiary Synthesis International Limited (Wholly Owned Subsidiary). The Company has already initiated the process for winding up of the Company with competent authority. As a matter of prudence, the company has written off diminution in carrying value of investments of INR 256.86 Lakhs as on 1st April 2016.

4. Non-Current Financial Assets - Investments

(INR in Lakhs)

Particulars	FY 2019-20	FY 2018-19
Investments in Equity Instruments measured at FVOCI (Fully Paid) - Unquoted Investments		
20,000 Equity Shares (P.Y. 20,000) of INR 25 each in Kalupur Commercial Co-Operative Bank Limited.	5.00	5.00
10,000 Equity Shares (P.Y. 10,000) of INR 10 each in Kapsil Aqua Enviro Limited	1.00	1.00
Total	6.00	6.00

Notes to the Financial Statements for the year ended 31st March 2020 (Contd.)

Aggregate Value of Unquoted Investment

(INR in Lakhs)

Particulars	FY 2019-20	FY 2018-19
Non-current	6.00	6.00
Aggregate Value of Provision for Diminution in Value	-	-

5. Non-Current Financial Assets - Trade Receivables

(INR in Lakhs)

Particulars	FY 2019-20	FY 2018-19
Unsecured Considered Good		
Trade Receivables	200.72	356.47
Total	200.72	356.47

6. Other Non-Current Financial Assets

(INR in Lakhs)

Particulars	FY 2019-20	FY 2018-19
Security Deposits	1,081.64	897.12
Total	1,081.64	897.12

7. Other Non-Current Assets

(INR in Lakhs)

Particulars	FY 2019-20	FY 2018-19
Capital Advances		
Capital Advances	6,538.47	6,427.27
Advances other than Capital Advances		
Non-Current Tax Assets	779.39	827.07
Total	7,317.86	7,254.34

Note:

- i) Capital advances include advances made to an intermediary for purchase of land for the company. Advances also include capital advances given to a party for industrial land pending necessary formalities for transfer.

8. Inventories

(INR in Lakhs)

Particulars	FY 2019-20	FY 2018-19
Raw Material & Stores and Spares	4,088.77	5,790.11
Finished Goods	3,623.47	3,652.98
Stock in Process & Semi Finished Goods	1,650.70	1,201.24
Packing Material	287.73	138.85
Fuel	45.50	43.18
Total	9,696.17	10,826.36

Notes to the Financial Statements for the year ended 31st March 2020 (Contd.)

9. Current Financial Assets - Trade Receivables

(INR in Lakhs)

Particulars	FY 2019-20	FY 2018-19
Unsecured and Considered good		
Trade Receivables	18,871.64	21,083.06
	18,871.64	21,083.06
Less : Allowance for Credit Losses	-	233.16
Total	18,871.64	20,849.90

Note:

- i) Trade Receivables includes INR 4,482.25 Lakhs as at 31st March 2020 (Previous Year as at 31st March 2019 INR 3,957.30 Lakhs) due from related parties.
- ii) The Company has called for balance confirmation of Trade Receivables on random basis. Out of which the Company has received response from some of the parties, which are subject to reconciliation with Company's account. The other balances of Trade Receivables are subject to confirmation.

10. Cash and Cash Equivalents

(INR in Lakhs)

Particulars	FY 2019-20	FY 2018-19
Balance with Banks in Current Accounts	548.87	939.09
Cash on Hand	6.30	2.56
Total	555.17	941.65

11. Other Bank Balances

(INR in Lakhs)

Particulars	FY 2019-20	FY 2018-19
Deposit for Margin Money with Banks	111.73	103.31
Balances with Banks for Unpaid Dividends	3.01	-
Other Bank Balances	13.28	12.35
Total	128.02	115.66

Note:

- i) The Current Account balance includes unpaid dividend of INR 3.01 Lakh as at 31st March 2020 (Previous Year as at 31st March 2019: Nil) which have been kept in separate earmarked accounts and no transactions except for the stated purpose are done through such accounts.
- ii) Fixed Deposit with banks which is held as Margin Money or Security, Guarantee etc. of INR 111.73 Lakhs as at 31st March 2020 (Previous Year as at 31st March 2019 INR 103.31 Lakhs)

12. Current Financial Assets - Loans

(INR in Lakhs)

Particulars	FY 2019-20	FY 2018-19
Unsecured and Considered Good		
Advance to Subsidiary Company (Share Application Money)	17.64	17.64
Loan to Others	1,114.38	1,208.26
Loan to Employees	326.26	586.36
Total	1,458.28	1,812.26

Notes to the Financial Statements for the year ended 31st March 2020 (Contd.)

Note:

- i) Loans include Advances of INR 17,64,460/- to wholly owned subsidiary company M/s. Chemhub Trading DMCC at Dubai, given towards share application money pending allotment.

13. Other Current Financial Assets

(INR in Lakhs)

Particulars	FY 2019-20	FY 2018-19
Export Benefit Receivable	272.34	416.55
Others	36.95	96.76
Total	309.29	513.31

14. Current Tax Assets (Net)

(INR in Lakhs)

Particulars	FY 2019-20	FY 2018-19
Advance tax and TDS	-	111.47
Total	-	111.47

15. Other Current Assets

(INR in Lakhs)

Particulars	FY 2019-20	FY 2018-19
Advances other than Capital Advances		
Balance with Government Authorities	197.66	1,164.76
Advances to Suppliers	751.63	780.29
Prepaid Expenses	130.71	91.52
Total	1,080.00	2,036.57

16. Equity Share Capital

(INR in Lakhs)

Particulars	FY 2019-20	FY 2018-19
AUTHORISED		
15,00,00,000 Equity Shares (Previous year 15,00,00,000) of INR 10/-each	15,000.00	15,000.00
5,00,00,000 Preference Shares (Previous year 5,00,00,000) of INR 10/-each	5,000.00	5,000.00
Total	20,000.00	20,000.00
Issued, Subscribed & Paid-up Capital		
33,620,646 Equity Shares (Previous year as at 31 st March, 2019 31,343,951) of INR 10/- each fully paid up	3,362.06	3,134.40
Total	3,362.06	3,134.40

The reconciliation of the number of Equity Shares outstanding as at March 31, 2020 and March 31, 2019 is set out below:

Particulars	As at 31 st March, 2020		As at 31 st March, 2019	
	No of Shares	Amount	No of Shares	Amount
Shares at the beginning of the year	31,343,951	3,134.40	30,243,951	3,024.40
Add: Shares issued during the year	2,276,695	227.66	1,100,000	110.00
Shares at the end of the year	33,620,646	3,362.06	31,343,951	3,134.40

Notes to the Financial Statements for the year ended 31st March 2020 (Contd.)

Note:

- i) During the year, the company has converted 5 Foreign Currency Convertible Bonds into 2,276,695 Equity Shares of INR 10 each at issue price of INR 12.03 each share to LTS Investments Fund Ltd.
- ii) Previous Year 1,100,000 Warrants issued to Equinaire Chemtech LLP converted into 1,100,000 Equity shares of INR 10 each at issue price of INR 363/- each Share.

The details of shareholder holding more than 5% Equity Shares:

Name of the shareholder	As at 31 st March, 2020		As at 31 st March, 2019	
	No. of shares	%	No. of shares	%
Mr. Pravin Kiri	2,501,680	7.44	2,501,680	7.98
Mr. Manish Kiri	1,822,728	5.42	1,822,728	5.82
Ms. Anupama Kiri	5,701,238	16.96	5,701,238	18.19
Equinaire Chemtech LLP	3,500,000	10.41	3,500,000	11.17
LTS Investments Fund Ltd.	2,171,695	6.46	-	-

Rights and Restrictions:

- i) The Company has only one class of Equity Shares having face value of INR 10/- per share. The Equity Share holder is entitled to one vote per share. The Equity Shareholders have equal dividend rights in proportion to their shareholding.

17. Other Equity

(INR in Lakhs)

Particulars	FY 2019-20	FY 2018-19
Securities Premium Account		
As per Last year accounts	48,113.64	44,230.64
Add : Addition during the year	46.22	3,883.00
	48,159.86	48,113.64
General Reserve		
As per Last year accounts	1,617.60	1,617.60
	1,617.60	1,617.60
Money Received against Share Warrant		
As per Last year accounts	-	3,993.00
Less : Issue of Share against Warrant	-	(3,993.00)
	-	-
Equity Component of Foreign Currency Convertible Bond		
As per Last year accounts	2,464.98	2,464.98
Less : Issue of Share against Bonds	(273.89)	-
	2,191.09	2,464.98
Redemption Reserve for Non Convertible Preference Shares		
As per Last year accounts	247.63	185.72
Add : Addition during the year	61.91	61.91
	309.54	247.63

Notes to the Financial Statements for the year ended 31st March 2020 (Contd.)

(INR in Lakhs)

Particulars	FY 2019-20	FY 2018-19
Retained Earnings		
As per Last year accounts	7,496.18	(4,425.35)
Add : Surplus during the year	4,982.47	11,983.44
	12,478.65	7,558.09
Less : Redemption Reserve for Non Convertible Preference Shares	(61.91)	(61.91)
Less : Provision for DDT on Equity Shares	(128.86)	-
Less : Provision for Dividend on Equity Shares	(626.88)	-
	11,661.01	7,496.18
Total	63,939.10	59,940.04

Nature and Purpose of Reserves :

Securities Premium

Securities premium is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

General Reserve

General reserve is created by the Company by appropriating the balance of Retained Earnings. It is a free reserve which can be used for meeting the future contingencies, creating working capital for business operations, strengthening the financial position of the Company etc.

Redemption Reserve for Non Convertible Preference Shares

The company has created Redemption Reserve for utilization in repayment of Non-Convertible preference shares issued by the company which are redeemable in FY 2021-22.

Retained Earnings

Retained Earnings are the profits that the company has earned till date less any transfers to redemption reserve, dividends or other distributions paid to shareholders.

18. Non-Current Borrowings

(INR in Lakhs)

Particulars	FY 2019-20	FY 2018-19
Borrowings		
a) Secured		
In Indian Currency		
Term Loan Facility from ARCs	6,836.00	12,153.00
Other Borrowings	42.50	45.04
(Refer Note 25 for Current Maturity of Term Loan INR 5328.27 Lakhs (P.Y. INR 1,474.65 Lakhs))		

Notes to the Financial Statements for the year ended 31st March 2020 (Contd.)

(INR in Lakhs)

Particulars	FY 2019-20	FY 2018-19
b) Unsecured		
Inter Corporate Deposits	2,067.50	2,027.50
Other Financial Liabilities		
43,33,500 (P.Y. 43,33,500) 0.15% Cumulative Non Convertible Redeemable Preference Shares (Redemption Price - Rs. 15 per share)	650.03	650.03
Total	9,596.03	14,875.57

- i) The details of security offered for the long term borrowings and current maturity of long term debts taken from ARCs are set out below :

Sr. No.	Description of Assets/Security	Security given to
1	All that piece or parcel of lease hold Plot No. 299/1/A, admeasuring about 3767 sq. mts., alongwith factory shed building, Plant and Machinery standing thereon of Vatwa Industrial Estate of Gujarat Industrial Development Corporation, situated upon land bearing Survey No. 416/p and 410/p of mouje: Vinzol, Taluka: Dascroi, Registration District Ahmedabad and Sub-District Ahmedabad-5 (Narol)	First charge for securing debt of Invent Assets Securitisation and Reconstruction Private Limited
2	All that piece or parcel of lease hold Plot No. 299/1/B, admeasuring about 2050 sq. mts., alongwith factory shed building, Plant and Machinery standing thereon of Vatwa Industrial Estate of Gujarat Industrial Development Corporation, situated upon land bearing Survey No. 416/p and 410/p of mouje: Vinzol, Taluka: Dascroi, Registration District Ahmedabad and Sub-District Ahmedabad-5 (Narol)	First charge for securing debt of Invent Assets Securitisation and Reconstruction Private Limited
3	All that piece or parcel of lease hold Plot No. 10/8, (Phase-I), admeasuring about 2539 Sq. Mtrs. alongwith Factory shed building, Plant and Machinery standing thereon of Vatwa Industrial Estate of Gujarat Industrial Development Corporation, situated upon land bearing Survey No. 418/p of mouje: Vinzol & Vatwa, Taluka: Dascroi, Registration District Ahmedabad and Sub-District Ahmedabad-5 (Narol)	First charge for securing debt of Invent Assets Securitisation and Reconstruction Private Limited
4	All that piece or parcel of non-agricultural land bearing amalgamated Block No. 396 (allotted in lieu of old Block Nos. 396, 399, 400/A, 400/B, 401, 402, 403 and 404/A) totally admeasuring about 45773 sq. mts. Alongwith factory shed building, plant and machinery at Mouje: Dudhavada, Taluka: Padra, Registration District Vadodara and Sub-District Padra.	First charge for securing debt of Invent Assets Securitisation and Reconstruction Private Limited
5	All that piece and parcel of non-agricultural land bearing Block No. 552/A, 566, 567, 569, 570 & 571 admeasuring about 31942 sq.mts., Alongwith factory shed building, plant and machinery at Mouje: Dudhwada, Taluka: Padra, Registration District: Vadodara and Sub-District: Padra	First charge for securing debt of Invent Assets Securitisation and Reconstruction Private Limited
6	All that piece or parcel of lease hold Plot Nos. 365 & 366, admeasuring about 1507.93 sq. mts., along with factory shed building standing thereon of Vatwa Industrial Estate of Gujarat Industrial Development Corporation, situated upon land bearing Survey 410/p of mouje: Vinzol, Taluka: Dascroi, Registration District Ahmedabad and Sub-District Ahmedabad-5 (Narol)	First charge for securing debt of Invent Assets Securitisation and Reconstruction Private Limited
7	All that piece and parcel of non agricultural land bearing Block No. 390/A, 390/B, 391/A, 391/B, 394/A/1, admeasuring about 22311 sq. mts., Alongwith factory shed building, plant and machinery situate lying and being at mouje: Dudhwada, Taluka: Padra, Registration District: Vadodara and Sub-District: Padra	First charge for securing debt of Invent Assets Securitisation and Reconstruction Private Limited

Notes to the Financial Statements for the year ended 31st March 2020 (Contd.)

Sr. No.	Description of Assets/Security	Security given to
8	All that piece and parcel of non agricultural land bearing Block No. 393, 394/A/2 394/B/1, 394/B/2, admeasuring about 16313 sq.mts., Alongwith factory shed building, plant and machinery, Power plant situate lying and being at mouje: Dudhwada, Taluka: Padra, Registration District: Vadodara and Sub-District: Padara	First charge for securing debt of Invent Assets Securitisation and Reconstruction Private Limited
9	Pledge of 13,11,677 equity shares of DyStar Global Holdings (Singapore) Pte. Ltd.	Pledge of 13,11,677 equity shares for securing debt of Invent Assets Securitisation and Reconstruction Private Limited.

- ii) The details of long term borrowings and current maturity of long term borrowings Loans guaranteed by Directors are set out below :

Secured Loans

Loans from Invent Assets Securitisation and Reconstruction Private Limited are also secured by personal Guarantees of some of the directors.

- iii) The details of terms of repayment etc of long term borrowings and current maturity of long term borrowings are given below :

In respect of debts due to Invent Assets Securitisation and Reconstruction Private Limited ("Invent") as per settlement agreements executed by the Company with ARC, the outstanding settlement amount shall be repayable in Quarterly installments starting from September-2015 ending September, 2022. The details of EMI due from April, 2020 are as follows: Two Quarterly EMI of INR 36.50 Lakhs till September, 2020, Two Quarterly EMI of INR 2622 Lakhs till March, 2021, Two Quarterly EMI of INR 2621 Lakhs till September, 2021 and Four Quarterly EMI of INR 398.50 Lakhs till September, 2022. However, the company has made application to ARC for reschedulement of dues outstanding in view of COVID-19 Pandemic.

- iv) The details of security offered for Other Borrowings are set out below :

Sr. No.	Description of Loan	ROI	Repayment Terms	Security Given
1	Vehicle Loan	10.50%	47 Monthly Installments:46 EMI of INR 105,129/- Last Installment INR 3,605,868/-	Hypothecation of Vehicle
2	Vehicle Loan	8.80%	36 EMI of INR 31,661/-	Hypothecation of Vehicle

- v) The details of terms for Inter Corporate Deposits are set out below :

Sr. No.	Description of Loan	ROI	Repayment Terms
1	Inter Corporate Deposits	15.00%	Repayable till 31-03-2022

- vi) The Company has only one class of Preference Shares carrying no voting right and have fixed dividend right of dividend @ 0.15% per share of face value.

19. Non-current - Trade payables

(INR in Lakhs)

Particulars	FY 2019-20	FY 2018-19
Total outstanding dues of creditors other than MSME	8.79	359.38
Total outstanding dues of MSME (Refer Note No. 37)	-	-
Total	8.79	359.38

Notes to the Financial Statements for the year ended 31st March 2020 (Contd.)

20. Non-Current - Other Financial Liabilities

(INR in Lakhs)

Particulars	FY 2019-20	FY 2018-19
Deposits from Customers	95.50	76.50
Total	95.50	76.50

Note:

- i) Deposits from customers are non-interest bearing.

21. Non-Current - Provisions

(INR in Lakhs)

Particulars	FY 2019-20	FY 2018-19
Provision for Employee Benefits (Refer Note 39)		
Gratuity	215.66	144.60
Compensated Absences	37.70	29.88
Provision Others	1,100.19	1,100.18
Total	1,353.55	1,274.66

22. Deferred Tax Liabilities (Net)

Current Tax :

a) Amounts recognised in Statement of Profit and Loss

(INR in Lakhs)

Particulars	FY 2019-20	FY 2018-19
Current Tax		
Current Tax on Profits of the year*	1,020.79	2,708.27
Excess provision of Income Tax for Earlier Years	-	91.95
Total Current Tax Expenses	1,020.79	2,800.22
Deferred Tax		
Increase in Deferred Tax Liabilities	896.22	538.02
MAT Credit Entitlement	(1,020.79)	(2,708.27)
Total Deferred Tax Expense/(benefit)	(124.57)	(2,170.25)
Income Tax Expense	896.22	629.97

* Current Income Tax provided u/s. 115JB

b) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31st March 2020 and 31st March 2019

(INR in Lakhs)

Particulars	FY 2019-20	FY 2018-19
Accounting profit before tax from continuing operations	5,914.84	12,634.14
Accounting profit before Income Tax	5,914.84	12,634.14
Tax at India's statutory income tax rate of 34.94% (31 March 2019 : 34.94%)	2,066.88	4,414.87
Adjustment for tax purposes		
Permanent Disallowances (Net)	99.41	37.25
43B & other disallowances	23.03	21.73

Notes to the Financial Statements for the year ended 31st March 2020 (Contd.)

(INR in Lakhs)

Particulars	FY 2019-20	FY 2018-19
Utilization of Unabsorbed Losses/Dep.	(1,293.10)	(3,968.41)
Current Tax for Prior Period	-	91.94
Change in Tax Rate	-	32.59
Income Tax Expenses	896.22	629.97
Weighted average tax rate for the year	15.15%	4.99%

c) Deferred Tax Liabilities

(INR in Lakhs)

Particulars	FY 2019-20	FY 2018-19
Deferred Tax (Net of MAT Credit Entitlement of INR 460,753,105/- Previous year INR 386,259,546/-)	183.63	32.35
Total	183.63	32.35

d) Movement in Deferred Tax Expenses

As on 31st March 2020

(INR in Lakhs)

Particulars	Opening	P/L	Net	DTA	DTL
Deferred Tax Asset					
Property, Plant and Equipment	(3,966.83)	(1,032.73)	(4,999.56)	-	(4,999.56)
Investment	208.40	-	208.40	208.40	-
Disallowance of Expenditure	(136.51)	136.51	-	-	-
Tax Asset/Liabilities	(3,894.94)	(896.22)	(4,791.16)	208.40	(4,999.56)
Net Tax Assets/(Liabilities)					(4,791.16)

As on 31st March 2019

Particulars	Opening	P/L	Net	DTA	DTL
Deferred Tax Asset					
Property, Plant and Equipment	(3,425.43)	(541.40)	(3,966.83)	-	(3,966.83)
Investment	201.30	7.10	208.40	208.40	-
Disallowance of Expenditure	(132.79)	(3.72)	(136.51)	-	(136.51)
Tax Asset/Liabilities	(3,356.92)	(538.02)	(3,894.94)	208.40	(4,103.34)
Net Tax Assets/(Liabilities)					(3,894.94)

23. Current - Borrowings

(INR in Lakhs)

Particulars	FY 2019-20	FY 2018-19
Unsecured Loans		
Inter Corporate Deposits	57.22	57.20
Total	57.22	57.20

Notes to the Financial Statements for the year ended 31st March 2020 (Contd.)

Note:

- i) The details of terms for Inter Corporate Deposits are set out below :

Sr. No.	Description of Loan	ROI	Repayment Terms
1	Inter Corporate Deposits	15.00%	Repayable till 31-03-2022

24. Current - Trade Payables

(INR in Lakhs)

Particulars	FY 2019-20	FY 2018-19
Total outstanding dues of creditors other than MSME	17,834.29	15,876.28
Total outstanding dues of MSME (Refer Note No. 37)	144.64	139.69
Total	17,978.93	16,015.97

Note:

- i) Balances of Creditors 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.
- ii) Trade Payable includes amount due to Related Parties INR 1095.18 Lakhs as at 31st March, 2020 (Previous Year as at 31st March, 2019 INR 3337.47 Lakhs)

25. Current - Other Financial Liabilities

(INR in Lakhs)

Particulars	FY 2019-20	FY 2018-19
Current Maturity of Long-term secured debt	5,328.27	1,474.65
Interest accrued but not due on borrowings	0.78	0.78
Credit Balances in Bank Accounts	38.39	6.51
Employee Benefit Payable	364.16	320.09
Unpaid Dividend	3.01	-
Payable for Capital Goods	2,055.15	1,687.01
Total	7,789.77	3,489.04

Note:

- i) There is no amount outstanding in respect of Unpaid Dividend to be transferred to Investor Education & Protection Fund under Section 125 of the Companies Act, 2013.

26. Other Current Liabilities

(INR in Lakhs)

Particulars	FY 2019-20	FY 2018-19
Advance received from Customer	3,098.78	3,566.00
Statutory Dues	407.00	257.05
Other Liabilities	-	1,346.35
Total	3,505.78	5,169.40

Note:

Other liabilities of NIL (P.Y. INR 1,346.35 lakhs amount payable to DyStar Global Holdings (Singapore) Pte. Ltd. under the Singapore International Commercial Court order dated 03.07.2018.)

Notes to the Financial Statements for the year ended 31st March 2020 (Contd.)

27. Current - Provisions

(INR in Lakhs)

Particulars	FY 2019-20	FY 2018-19
Provision for Employee Benefits		
Gratuity	157.70	145.93
Compensated Absences	11.69	6.61
Leave Travel Allowance	15.13	9.76
Total	184.53	162.30

28. Current Tax Liabilities (Net)

(INR in Lakhs)

Particulars	FY 2019-20	FY 2018-19
Provision for Income Tax	1,020.79	2,708.27
Less : Advance Tax, TDS & TCS	(322.67)	(868.73)
Total	698.12	1,839.54

29. Revenue From Operations

(INR in Lakhs)

Particulars	FY 2019-20	FY 2018-19
Revenue from Contract with Customers		
Sale of Products	94,961.08	103,244.27
Other Operating Revenue	1,943.31	2,942.06
Total	96,904.39	106,186.33

30. Other Income

(INR in Lakhs)

Particulars	FY 2019-20	FY 2018-19
Interest Income	354.33	207.97
Dividend Income	0.75	66.05
Profit on sale of Fixed Assets	-	2.19
Other Income	58.69	6.33
Total	413.77	282.54

31. Cost of Material Consumed

(INR in Lakhs)

Particulars	FY 2019-20	FY 2018-19
Raw Material Consumed		
Opening Inventory	5,252.53	1,548.00
Add : Net Purchases	58,349.71	72,788.05
Less: Inventory at the end of the year	3,600.78	5,252.53
Cost of Raw Material consumed during the year	60,001.46	69,083.52
Packing Material Consumed		
Opening Inventory	138.85	91.63
Add : Net Purchases	1,264.54	1,067.19

Notes to the Financial Statements for the year ended 31st March 2020 (Contd.)

(INR in Lakhs)

Particulars	FY 2019-20	FY 2018-19
Less: Inventory at the end of the year	287.73	138.85
Cost of Packing Material consumed during the year	1,115.67	1,019.96
Total	61,117.12	70,103.48

32. Changes in Inventories of Finished Goods & Work-In-Progress

(INR in Lakhs)

Particulars	FY 2019-20	FY 2018-19
(Increase)/decrease in Stocks		
Stock at the beginning of the year :		
Finished Goods	3,652.98	3,085.58
Work in Progress & Semi Finished Goods	1,201.24	866.26
	4,854.22	3,951.84
Stock at the end of the year :		
Finished Goods	3,623.47	3,652.98
Work in Progress & Semi Finished Goods	1,650.70	1,201.24
	5,274.17	4,854.22
Total	(419.95)	(902.38)

33. Employee Benefit Expenses

(INR in Lakhs)

Particulars	FY 2019-20	FY 2018-19
Salaries, Wages & Bonus	3,594.63	2,957.87
Contribution to Provident fund & other funds	266.28	197.12
Welfare Expenses	262.00	272.97
Total	4,122.91	3,427.96

34. Finance Costs

(INR in Lakhs)

Particulars	FY 2019-20	FY 2018-19
Interest & Financial Charges		
Interest Cost	373.13	361.05
Financial Charges	79.16	78.52
Total	452.29	439.57

35. Other Expenses

(INR in Lakhs)

Particulars	FY 2019-20	FY 2018-19
Operational & Other Expenses		
- Power & Fuel	9,789.37	8,811.39
Repairs & Maintenance		
- Buildings	287.96	227.98
- Machineries	2,947.10	1,903.92
- Other Assets	265.46	303.78

Notes to the Financial Statements for the year ended 31st March 2020 (Contd.)

(INR in Lakhs)

Particulars	FY 2019-20	FY 2018-19
Pollution Treatment Expenses	852.17	608.68
Laboratory Expenses	84.81	90.29
Factory Expenses	83.14	64.95
Labour Charges	1,807.67	1,545.29
Insurance Premium	120.54	81.01
Bad Debts Written Off	-	117.56
Provision for Doubtful Debts	-	233.16
Communication Expenses	48.50	43.95
Postage & Courier	32.96	29.44
Travelling & Conveyance	88.31	78.00
Compensation Expenses	43.07	-
Repairs & Maintenance - Others	56.68	69.05
Membership & Subscription	3.33	2.35
Security Expenses	144.79	125.68
Legal & Professional Fees	2,736.72	1,453.52
Payment to Auditors	30.00	30.00
Rates & Taxes	76.46	78.42
Foreign Exchange Loss	227.12	257.40
CSR and Social Welfare Expenses	224.16	143.10
Miscellaneous Expenses	89.57	28.31
Software Expense	5.99	4.04
Export Expenses	227.65	161.45
Outward Freight & Transportation Charges	1,344.01	1,090.54
Commission on Sales	502.91	122.78
Travelling Expenses	198.07	127.46
Advertisement & Sales Promotion Expenses	149.96	82.67
Total	22,468.48	17,916.17

Notes:

i) Details of Payment made to Auditor is as below:

(INR in Lakhs)

Particulars	FY 2019-20	FY 2018-19
For Statutory Audit Fees	20.00	20.00
For Taxation matters	5.00	5.00
For Other services	5.00	5.00

ii) Corporate Social Responsibility Expenditure - spent during the year is INR 221.77 Lakhs (Previous Year INR 137.77 Lakhs)

(INR in Lakhs)

Particulars	FY 2019-20	FY 2018-19
Amount Required to be spent as per Section 135 of the Act	221.43	135.93
Amount spent during the year	221.77	137.77

Notes to the Financial Statements for the year ended 31st March 2020 (Contd.)

36. Earning per share from continuing operations

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Net Profit After Tax attributable to Shareholder (INR in Lakhs)	4,982.47	11,983.45
Weighted Average number of Equity Shares at the end of year	32,797,293	31,343,951
Nominal Value of Share	10	10
Basic Earnings Per Share	15.19	38.23
Diluted Earnings Per Share	9.61	23.12

37. The Ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated August 26, 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number allocated after filing of the Memorandum in accordance with 'Micro, Small and Medium Enterprises Development Act, 2006 (the MSMED Act)'.

Accordingly, the disclosure in respect of the amounts payable to such Enterprises as at March 31, 2020 has been made in the Financial Statements based on information received and available the Company. Further in view of the Management, the impact of interest, if any, that may be payable in accordance with the provisions of the Act is not expected to be material. The Company has not received any claim for interest from any Supplier as at date of this financial statement.

The details as required by MSMED Act are given below:

(INR in Lakhs)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
The Principal amount and the interest due thereon remaining unpaid to any supplier as at the end of accounting year:		
Principal Amount	144.64	139.69
Interest Amount	-	-
The amount of interest paid by the buyer under MSMED Act along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	NIL	NIL
The amount of interest due and payable for the year (where the principal has been paid but interest under the MSMED Act not paid)	-	-
The amount of interest accrued and remaining unpaid at the end of the accounting year: and	-	-
The amount of further interest due and payable even in the succeeding period, until such date when the interest dues as above are actually paid to the Small Enterprise, for the purpose of disallowance as a deductible expenditure under Section 23.	-	-

On the basis of information and records available with the Company, the above disclosures are made in respect of amount due the Micro, Small and Medium enterprises, which have been registered with the relevant competent Authorities. This has been relied upon by the Auditors.

38. Contingent Liabilities

(INR in Lakhs)

Particulars	2019-20	2018-19
In respect of Bank Guarantees	56.00	57.00
In respect of Corporate Guarantees	3,000.00	3,000.00
In respect of Disputed Tax Liabilities	1,707.56	1,653.86

- Bank guarantees include INR 19.00 Lakhs issued to GPCB and INR 37.00 Lakhs to Central Excise department.
- Corporate guarantee is given to Joint Venture: M/s Lonsen Kiri Chemical Industries Limited. Outstanding loan in the books of joint venture as on March 31, 2020 is NIL.
- Disputed tax liabilities are pending at various forums details of which are mentioned in CARO report.

Notes to the Financial Statements for the year ended 31st March 2020 (Contd.)

39. Employee Benefit Obligations

a) Retirement Benefits

As per Ind AS 19 the Company has recognized "Employees Benefits" in the financial statements in respect of Employee Benefits Schemes as per Actuarial Valuation as on March 31, 2019

i. Change in Defined Benefit Obligation (DBO):

(INR In Lakhs)

Particulars	2019-20	2018-19
Opening Balance of Present Value of Obligation	290.52	225.39
Interest Cost	22.63	17.74
Current Service Cost	52.74	44.09
Benefit paid	(13.66)	(12.43)
Actuarial (Gain) / Loss on Obligations - Due to change in Demographic Assumptions	(7.07)	-
Actuarial (Gain) / Loss on Obligations - Due to change in Financial Assumptions	18.38	2.84
Actuarial (Gain) / Loss on Obligations - Due to Experience	24.74	12.90
Closing Balance of Present Value Obligation	388.28	290.52

ii. Balance Sheet Reconciliation:

(INR In Lakhs)

Particulars	2019-20	2018-19
Opening Net Liability	276.59	207.84
Expense Recognized in Statement of Profit or Loss	74.29	60.45
Expenses Recognized in OCI	36.15	20.73
Benefit paid	(13.66)	(12.43)
Closing Balance of Present Value Obligation	373.36	276.59

iii. Net Asset / (Liability) recognized in Balance Sheet:

(INR In Lakhs)

Particulars	2019-20	2018-19
(Present Value of Obligation)	(388.28)	(290.53)
Fair Value of Plan Assets	14.92	13.94
Assets/(Liability) recognized in Balance Sheet	(373.36)	(276.59)

iv. Change in Fair Value of Plan Assets:

(INR In Lakhs)

Particulars	2019-20	2018-19
Fair Value of Plan Assets at beginning of Period	13.94	17.55
Interest Income	1.09	1.38
Expected return on plan assets, excluding interest Income	(0.10)	(4.99)
Fair Value of Plan Assets at end of Period	14.92	13.94

v. Expense recognized in Statement of Profit or Loss for Current Period:

(INR In Lakhs)

Particulars	2019-20	2018-19
Current Service Cost	52.74	44.09
Net Interest Cost	21.55	16.36
Expenses Recognized	74.29	60.45

Notes to the Financial Statements for the year ended 31st March 2020 (Contd.)

vi. Expense recognized in Other Comprehensive Income for the Current Period-Gratuity: (INR In Lakhs)

Particulars	2019-20	2018-19
Actuarial (Gains) / Losses on obligation for the period	36.05	15.74
Expected return on plan assets, excluding interest Income	0.10	4.99
Change in Asset Ceiling	-	-
Net (Income) / Expense for the period recognized in OCI	36.15	20.73

vii. Net Interest Cost for Current Period: (INR In Lakhs)

Particulars	2019-20	2018-19
Present Value of Obligation	290.52	225.39
(Fair Value of Plan Assets)	(13.94)	(17.55)
Net (Assets) / Liability recognized in Balance Sheet	276.59	207.84
Interest Cost	22.63	17.74
(Interest Income)	(1.09)	(1.38)
Net Interest Cost for Current Period	21.55	16.36

viii. Actuarial Assumptions - Gratuity

Particulars	2019-20	2018-19
Mortality Table (LIC)	2006-08 (Ultimate)	2006-08 (Ultimate)
Discount Rate (per annum)	6.82%	7.79%
<u>Attrition Rate</u>		
For Service 4 years and below	15.00%	2.00%
For Service 4 years and above	3.00%	
<u>Annual Increase in salary costs</u>		
For next 1 year	0.00%	6.00%
From 2 nd year and thereafter	6.00%	

ix. Investment details (INR In Lakhs)

Particulars	Percentage invested as at 31 st March 2020	Percentage invested as at 31 st March 2019
Insurance Company and Others	100.00%	100.00%

x. Sensitivity Analysis - Gratuity

Particulars	2019-20		2018-19	
	Increase	Decrease	Increase	Decrease
Change in Rate of Discounting (1.00% movement)	(40.08)	48.11	(32.62)	39.49
Change in Rate of Salary Growth (1.00% movement)	47.27	(37.21)	39.02	(32.85)
Change in Rate of Employee Turnover (1.00% movement)	2.87	(3.46)	5.89	(7.03)

Notes to the Financial Statements for the year ended 31st March 2020 (Contd.)

b) Defined Contribution Plans

Amount recognized as expenses on account of "Contribution / Provision to and for Provident and other Funds" of Statement of Profit and Loss – INR 266.27 Lakhs (Previous year INR 197.12 Lakhs)

40. Segment Reporting

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

b) Analysis by Geographical Segment

(INR in Lakhs)

Particulars	2019-20	2018-19
Domestic Sales	63,308.32	71,769.14
Export Sales	31,652.76	31,475.13
Total Sales	94,961.08	1,03,244.27

41. Foreign Currency Convertible Bonds (FCCB)

The Bond Holder, vide Extra Ordinary Resolution passed on March 24, 2016 has approved to modifications of existing terms and conditions of Foreign Currency Convertible Bonds (FCCBs). The Company has also executed the First Supplemental Trust Deed with the Trustee, the Bank of New York Mellon, London Branch, on March 29, 2016 to give effect of modification of terms of FCCBs. As per modification of terms maturity of date of Series B, D, E and F Bonds has been extended from January 17, 2018 to January 17, 2022.

Details of FCCBs pending for conversion into equity shares of INR 10 each at premium of INR 2.03 per equity share are given below:

Series of FCCBs	No of Bonds	Principal Amount (USD)
Series B	8	800,000
Series D	9	900,000
Series E	9	900,000
Series F	14	1,400,000

During the year, 5 Foreign Currency Convertible Bonds ("FCCBs") of series E converted into equity shares on 12th August, 2019.

42. Share Based Payments

- a) Pursuant to the approval accorded by shareholders at their Annual General Meeting held on 26th September 2014 and in compliance with the provisions of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, the Nomination and Remuneration Committee of the Company formulated Kiri Industries Limited Employee Stock Option Scheme - 2014 (**ESOP Scheme - 2014**).
- b) The Board of Directors of the Company at their meeting held on 7th August, 2015 has allotted 1,000,000 equity shares of INR 10 each at an issue price of INR 35 per equity share to Kiri Employee Stock Option Trust for transfer of said equity shares to eligible employees upon exercise of equal number of options granted under the Scheme. The exercise price of the options shall be INR 35 (Face Value of INR 10 each) on the grant date.
- c) Under the Scheme:
- a) Vesting has commenced after the date of Grant and may extend up to five years from the date of Grant or such other percentage of vesting each year as decided by the Board and / or Nomination & Remuneration Committee or any other committee constituted by the Board.

Notes to the Financial Statements for the year ended 31st March 2020 (Contd.)

- b) The exercise price for the purposes of the grant of Stock Options is as per terms & conditions decided by the Board and / or Nomination & Remuneration Committee or any other committee constituted by the Board at the time of respective grant of Stock Options, but at a price not below the face value of the equity share and not exceeding the market price as per the SEBI Guidelines.
- c) The exercise Period would be 5 (Five) years from the date of Grant or such other period as may be decided by the Board and / or Nomination & Remuneration Committee or any other committee constituted by the Board at the time of respective grant of Stock Options.
- d) The information related to stock options granted, exercised and outstanding as on March 31, 2020 (as certified by the management) are as follows:

Particulars	As at 31 st March 2020	As at 31 st March 2019
Options outstanding at the beginning of the year	425,000	625,000
Options Granted	-	-
Shares Transferred to Employee account from Trust Account	200,000	200,000
Options outstanding at the end of the Financial year	225,000	425,000

43. Related Parties Disclosures

a) Related Party And Their Relationship

Relationship	Name of the Party
Subsidiaries of the Company	Chemhub Trading DMCC
	Synthesis International Limited
	SMS Chemicals Co. Limited
Joint Venture	Lonsen Kiri Chemical Industries Ltd.
Associate Company	DyStar Global Holdings (Singapore) Pte. Ltd
	Kiri Infrastructure Pvt. Ltd.
Enterprises in which Key Managerial Personnel (KMP) & their relatives have significant influence:	Kiri Laboratories Pvt. Ltd.
	Indochin Development Pvt. Ltd.
	Kiri Peroxide Ltd.
	Chemhub Tradelink Pvt. Ltd
	Saptak Buildcon Pvt. Ltd.
	Kiri Carbon Pvt. Ltd.
	Kiri Globe ink Pvt. Ltd.
	Equinaire Chemtech LLP
	Parkin Auto Accessories Pvt. Ltd.
	Kiri Cosmetics LLP

Notes to the Financial Statements for the year ended 31st March 2020 (Contd.)

Relationship	Name of the Party
Enterprises in which Key Managerial Personnel (KMP) are nominee director:	Texanlab Laboratories Pvt. Ltd.
	Texanlab Bangladesh Pvt. Ltd.
	DyStar India Pvt. Ltd.
	DyStar Acquisition Corporation
	DyStar Americas Holding Corporation
	DyStar Hilton Davis Corporation
	DyStar Foam Control Corporation
	DyStar Carolina Chemical Corporation
	S. Acquisition & Co.
Key Managerial Personnel & their Relatives	Mr. Pravin A Kiri
	Mr. Manish P Kiri
	Ms. Aruna P Kiri
	Mr. Keyoor Bakshi
	Mr. Mukesh Desai
	Ms. Veena Padia
	Mr. Ulrich Hambrecht
	Ms. Anupama M. Kiri
	Pravin A. Kiri – HUF
	Mr. Suresh Gondalia
	Mr. Jayesh Vyas
	Ms. Chetana Jayesh Vyas

b) Transaction with Related Parties

Figures in Italics represent figures as at March 31, 2019

(INR in Lakhs)

Particulars	Subsidiaries & Step Down Subsidiaries	Joint Ventures	Associates Enterprise / Subsidiaries of Associates Enterprise	Key Management Personnel & their Relatives	Entity Controlled by Key Management Personnel & their Relatives	Total
Purchase of Goods/ Service	-	3,917.05	295.47	-	-	4,212.52
	-	6,469.48	1,385.59	-	-	7,855.07
Sales of Goods /Job Work Income	13,140.37	21,931.37	-	-	-	35,071.74
	7,923.21	19,799.38	-	-	-	27,722.59
Rent Paid	-	-	-	-	14.16	14.16
	-	-	-	-	12.98	12.98
Remuneration Given (Incl. Perquisites)	-	-	-	365.84	-	365.84
	-	-	-	337.28	-	337.28
Directors Sitting Fees	-	-	-	2.70	-	2.70
	-	-	-	1.64	-	1.64

Notes to the Financial Statements for the year ended 31st March 2020 (Contd.)

(INR in Lakhs)

Particulars	Subsidiaries & Step Down Subsidiaries	Joint Ventures	Associates Enterprise / Subsidiaries of Associates Enterprise	Key Management Personnel & their Relatives	Entity Controlled by Key Management Personnel & their Relatives	Total
Equity Shares Issued	-	-	-	-	-	-
	-	-	-	-	110.00	110.00
Share Premium	-	-	-	-	-	-
	-	-	-	-	3,883.00	3,883.00
Dividend Income	-	-	-	-	-	-
	-	65.30	-	-	-	65.30
Loan Given	-	-	-	14.41	-	14.41
	-	-	-	13.92	-	13.92
Receipt of Loan Given	-	-	-	95.00	-	95.00
	-	-	-	1.25	-	1.25
Outstanding Balance (Cr)	-	1,095.18	-	3.12	10.74	1,108.42
	-	3,337.47	1,346.35	9.30	11.88	4,704.43
Outstanding Balance (Dr)	4,356.63	-	125.62	73.38	-	4,555.63
	3,957.30	65.30	-	153.98	-	4,176.58

c) Disclosure in respect of material transactions with related parties

(INR in Lakhs)

Nature of Transaction	Name of the Related Party	2019-20	2018-19
Purchase of Goods/Services	Lonsen Kiri Chemical Industries Ltd.	3,917.05	6,469.48
	DyStar Global Holdings (Singapore) Pte. Ltd.	295.47	1,385.59
Sales of Goods/Job work Income	Lonsen Kiri Chemical Industries Ltd.	21,931.37	19,799.38
	Chemhub Trading DMCC	13,140.37	7,923.21
Rent Paid	Saptak Buildcon Pvt. Ltd.	14.16	12.98
	Mr. Pravin A. Kiri	132.00	120.00
	Mr. Manish P. Kiri	132.00	120.00
Remuneration (incl. Perquisites)	Mr. Suresh Gondalia	49.39	48.00
	Mr. Jayesh Vyas	42.58	39.30
	Ms. Chetana Jayesh Vyas	9.87	9.98
	Mr. Keyoor Bakshi	0.95	0.66
Director Sitting Fees	Mr. Mukesh Desai	0.75	0.47
	Ms. Veenaben Padia	1.00	0.51
Equity Share Issued	Equinaire Chemtech LLP	-	110.00
Share Premium	Equinaire Chemtech LLP	-	3,883.00
Dividend Income	Lonsen Kiri Chemical Industries Ltd.	-	65.30
Loan Given	Mr. Suresh Gondalia (CS)	9.61	9.46
	Mr. Jayesh Vyas (CFO)	4.80	4.46

Notes to the Financial Statements for the year ended 31st March 2020 (Contd.)

(INR in Lakhs)

Nature of Transaction	Name of the Related Party	2019-20	2018-19
Receipt of Loan Given	Mr. Suresh Gondalia (CS)	79.00	1.25
	Mr. Jayesh Vyas (CFO)	16.00	-
Outstanding Balance (Cr)	Mr. Manish P. Kiri (MD)	-	6.33
	Mr. Suresh Gondalia (CS)	1.01	1.15
	Mr. Jayesh Vyas (CFO)	1.49	1.25
	Ms. Chetana Jayesh Vyas	0.62	0.57
	Lonsen Kiri Chemical Industries Ltd.	1,095.18	3,337.47
	Saptak Buildcon Pvt. Ltd.	10.74	11.88
	DyStar Global Holdings (Singapore) Pte. Ltd.	-	1,346.35
	Chemhub Trading DMCC	4,356.63	3,957.30
	DyStar Global Holdings (Singapore) Pte. Ltd.	125.62	-
Outstanding Balance (Dr)	Lonsen Kiri Chemical Industries Ltd. (Dividend Receivable)	-	65.30
	Mr. Suresh Gondalia (CS)	32.90	102.30
	Mr. Jayesh Vyas (CFO)	40.48	51.68

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

d) Compensation to Key Managerial Personnel of the Company:

(INR in Lakhs)

Nature of Benefits	2019-20	2018-19
Short-term employee benefits	355.97	327.30
Post-employment gratuity benefits*	14.21	10.97
Total	370.18	338.27

* Key Managerial Personnel who are under the employment of the Company are entitled to post employment benefits and other long term employee benefits recognized as per Ind AS-19 - 'Employee Benefits' in the financial statements. Post-employment gratuity benefits of Key Managerial Personnel have not been included in (b) & (c) above.

44. Capital Management

The Company's policy is to maintain a strong capital base and to sustain future development of the business. Management monitors the return on capital.

The Company monitors capital using a ratio of 'adjusted net debt' to 'adjusted equity'. For this purpose, adjusted net debt is defined as total liabilities, comprising interest-bearing loans and borrowings and obligations under finance leases, less cash and cash equivalents. Adjusted equity comprises all components of equity.

(INR in Lakhs)

Particulars	2019-20	2018-19
Total Interest bearing Debt	14,981.52	16,407.42
Less : Cash and Cash Equivalents	555.17	941.65
Adjusted Net Debt	14,426.35	15,465.77
Total Equity	67,301.17	63,074.43
Adjusted Net Debt to Equity Ratio	0.21	0.25

Notes to the Financial Statements for the year ended 31st March 2020 (Contd.)

45. Fair Value Measurement and Financial Risk Management

- a) The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

(INR in Lakhs)

Financial Assets and Liabilities as at March 31, 2020	Carrying value			Fair Value (Level)				
	Routed through Profit and Loss	Routed through OCI	Carried at amortised cost	Total	1	2	3	Total
Financial Assets								
Non Current Investment	-	6.00	-	6.00	-	6.00	-	6.00
Other Financial Assets								
Non Current	-	-	1,081.64	1,081.64		1,081.64	-	1,081.64
Current	-	-	309.29	309.29	-	-	-	-
Trade receivable								
Non Current	-	-	200.72	200.72	-	-	-	-
Current	-	-	18,871.64	18,871.64	-	-	-	-
Cash and Cash equivalents	-	-	555.17	555.17	-	-	-	-
Other Bank Balance	-	-	128.02	128.02	-	-	-	-
Loans	-	-	1,458.28	1,458.28	-	-	-	-
Total	-	6.00	22604.76	22,610.76	-	1,087.64	-	1,087.64
Financial Liabilities								
Borrowings								
Non Current	-	-	9,596.03	9,596.03	-	9,596.03	-	9,596.03
Current	-	-	57.22	57.22	-	-	-	-
Trade Payables								
Non Current	-	-	8.79	8.79	-	-	-	-
Current	-	-	17,978.93	17,978.93	-	-	-	-
Other Financial Liabilities								
Non Current	-	-	95.50	95.50	-	-	-	-
Current	-	-	7,789.77	7,789.77	-	-	-	-
Total	-	-	35,526.24	35,526.24	-	9,596.03	-	9,596.03

Notes to the Financial Statements for the year ended 31st March 2020 (Contd.)

Financial Assets and Liabilities as at March 31, 2019	Carrying value			Fair Value (Level)				
	Routed through Profit and Loss	Routed through OCI	Carried at amortised cost	Total	1	2	3	Total
Financial Assets								
Non Current Investment	-	6.00	-	6.00	-	6.00	-	6.00
Other Financial Assets								
Non Current	-	-	897.12	897.12		897.12	-	897.12
Current	-	-	513.31	513.31	-	-	-	-
Trade receivable								
Non Current	-	-	356.46	356.46	-	-	-	-
Current	-	-	20,849.89	20,849.89	-	-	-	-
Cash and Cash equivalents	-	-	941.65	941.65	-	-	-	-
Other Bank Balance	-	-	115.66	115.66	-	-	-	-
Loans	-	-	1,812.26	1,812.26	-	-	-	-
Total	-	6.00	25,486.35	25,492.35	-	903.12	-	903.12
Financial Liabilities								
Borrowings								
Non Current	-	-	14,875.57	14,875.57	-	14,875.57	-	14,875.57
Current	-	-	57.20	57.20	-	-	-	-
Trade Payables								
Non Current	-	-	359.38	359.38	-	-	-	-
Current	-	-	16,015.97	16,015.97	-	-	-	-
Other Financial Liabilities								
Non Current	-	-	76.50	76.50	-	-	-	-
Current	-	-	3,489.04	3,489.04	-	-	-	-
Total	-	-	34,873.66	34,873.66	-	14,875.57	-	14,875.57

b) Measurement of Fair Value:

Investment in Subsidiary/Joint Venture /Associates carried at amortised cost. Further Fair Value of the Financial Assets and Liabilities are not disclosed separately as they are measured at Amortised Cost and it is materially same.

Fair value of cash and short-term deposits, trade and other short term receivables, trade payables, other current liabilities, short term loans from banks and other financial institutions approximate their carrying amounts largely due to short term maturities of these instruments.

c) Fair Value Hierarchy:

The fair value of financial instruments as referred to above have been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements).

Notes to the Financial Statements for the year ended 31st March 2020 (Contd.)

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds and mutual funds that have quoted price. The fair value of all equity instruments which are traded in the stock exchanges is valued using the closing price as at the reporting period.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities included in level 3.

46. Financial Risk Management

The Company's financial risk management is an integral part of how to plan and execute its business strategies. The Company's activities expose it to a variety of its financial risk including

- Credit Risk
- Liquidity Risk and
- Market Risk

Risk Management Framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's activities expose it to market risk, liquidity risk and credit risk. The Company manages this risk through treasury department, which evaluates and exercises independent control over the entire process of market risk management. The treasury department recommends risk management objectives and policies which are approved by Board of directors and which ultimately provides principles on foreign exchange risk, interest rate risk, credit risk, use of financial derivatives etc. Compliance with policies and exposure limits is reviewed by risk management committee and internal auditors. The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purpose.

The Company's audit committee also oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

a) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's trade and other receivables. The carrying amounts of financial assets represent the maximum credit risk exposure.

Trade Receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Company has established a credit policy under which each new customer is analysed individually for creditworthiness before the standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, if they are available, financial statements, credit agency information, industry information and in some cases bank references. Sale limits are established for each customer and reviewed periodically.

Notes to the Financial Statements for the year ended 31st March 2020 (Contd.)

The Company measures the expected credit loss of trade receivables and loan from individual customers based on historical trend, industry practices and the business environment in which the entity operates. Loss rates are based on actual credit loss experience and past trends. Based on the historical data, as per management perceptions, loss on collection of receivable is not material hence no additional provision considered

The maximum exposure to Credit Risk for Trade Receivables by geographic region was as follows:

(INR In Lakhs)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Domestic	12,719.88	12,294.03
Other Region	6,352.48	8,912.34
Total	19,072.36	21,206.37

Age of Receivables

(INR In Lakhs)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Neither due nor impaired	11,628.31	13,839.63
Past due 1 – 90 days	2,588.54	1,706.65
Past due 91 – 180 days	910.65	2,037.40
More than 180 days	3,944.86	3,622.69
Total	19,072.36	21,206.37

Management believes that the unimpaired amounts that are past due by more than 30 days are still collectible in full, based on historical payment behavior and extensive analysis of customer Credit Risk, including underlying customers' Credit Ratings if they are available.

b) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Maturity of financial liabilities

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements.

(INR In Lakhs)

Contractual maturities of financial liabilities as at March 31, 2020	1 year or less	1-2 years	2- 5 years	Total
Non-derivatives Financial Liabilities				
Long term borrowings incl. current maturity	5,328.27	8,150.56	1,447.03	14,925.86
Short term loans and borrowings	57.22	-	-	57.22
Trade payables	17,987.72	-	-	17,987.72
Other Financial Liabilities	2,461.50		95.50	2,557.00
Total non-derivative liabilities	25,834.71	8,150.56	1,542.53	35,527.8

Notes to the Financial Statements for the year ended 31st March 2020 (Contd.)

(INR In Lakhs)

Contractual maturities of financial liabilities as at March 31, 2019	1 year or less	1-2 years	2- 5 years	Total
Non-derivatives Financial Liabilities				
Long term borrowings incl. current maturity	1,474.65	7,352.06	7,523.52	16,350.23
Short term loans and borrowings	57.20	-	-	57.20
Trade payables	16,375.35	-	-	16,375.35
Other Financial Liabilities	2,014.39		76.50	2,090.89
Total non-derivative liabilities	19,921.59	7,352.06	7,600.02	34,873.67

c) Market Risk

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from adverse changes in market rates and prices (such as interest rates and foreign currency exchange rates) or in the price of market risk-sensitive instruments as a result of such adverse changes in market rates and prices. Market risk is attributable to all market risk-sensitive financial instruments, all foreign currency receivables and payables and all short-term and long-term debt. The Company is exposed to market risk primarily related to foreign exchange rate risk and interest rate risk.

Foreign currency risk

The Company operates internationally and is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the USD, EURO and SGD. The Company has in place the Risk management policy to manage the foreign exchange exposure.

The Foreign currency exchange rate exposure is partly balanced through natural hedge. This provide an economic hedge without derivatives being entered into and therefore hedge accounting not applied in these circumstances.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Company's policy is to ensure that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

The company can enter into foreign currency forward contracts and other authorized derivative contracts, which are not intended for trading or speculative purposes but for hedge purposes to establish the amount of reporting currency required or available at the settlement date of certain payables/receivables and borrowings.

Foreign currency risk exposure:

The currency profile of Financial Assets and Financial Liabilities with exposure to foreign currency risk at the end of the reporting period expressed in rupees, are as follows.

(INR In Lakhs)

Sr. No.	Particulars	Currency	March 2020	March 2019
A	Financial assets			
(i)	Trade receivables	EURO	129.60	-
		USD	6,266.36	8,050.41
(ii)	Loans and Advances	USD	23.75	138.06
(iii)	Bank balance in EEFC accounts	USD	28.10	8.43

Notes to the Financial Statements for the year ended 31st March 2020 (Contd.)

(INR In Lakhs)

Sr. No.	Particulars	Currency	March 2020	March 2019
B	Financial liabilities			
(i)	Trade payables	USD	2,588.01	1,742.11
		EURO	-	1,320.94
		GBP	-	2.17
		SGD	1,619.47	117.83

Sensitivity

A reasonably possible strengthening (weakening) of the Indian Rupee against various currency mentioned in the table below as at March 31 would have affected the measurement of financial instruments denominated in foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

(INR in Lakhs)

	Profit / (loss) before tax gain / (loss)		
	Strengthening	Weakening	(Decreased)
Mar-20			
Effect in INR			
3 % movement			
USD	(111.91)	111.91	111.91
EUR	(3.89)	3.89	3.89
SGD	48.58	(48.58)	(48.58)
Mar-19			
Effect in INR			
3 % movement			
USD	(193.64)	193.64	193.64
EUR	39.63	(39.63)	(39.63)
GBP	0.07	(0.07)	(0.07)
SGD	3.53	(3.53)	(3.53)

* Holding all other variables constant

47. On account of Outbreak of Novel Corona Virus ("COVID-19"), the Government has ordered nationwide lockdown from March 25, 2020 to avoid spreading of virus across the country. To follow direction of Government, the Company has closed down its manufacturing operation as well as offices w.e.f. March 25, 2020 and resumed operation in phase manner since April 27, 2020

According to management, company is closely monitoring the impact of the pandemic on all aspects of its business, including how it will impact its customers, employees, vendors and business partners. The management has exercised due care, considering internal & external factors and information available to date while concluding on significant accounting judgements and estimates, inter-alia, recoverability of receivables, assessment for impairment of investments, intangible assets, inventory, based on the information available to date, both internal and external, while preparing the Company's financial statements for the year ended 31st March, 2020. The said impact assessment is ongoing process considering various external factors associated with COVID-19.

Notes to the Financial Statements for the year ended 31st March 2020 (Contd.)

48. The new section 115BAA was inserted in the Income Tax Act, 1961, by the Government of India on September 30, 2019 vide Taxation Laws (Amendment) Ordinance 2019 which provides an option to companies for paying income tax at reduced rates in accordance with provisions/conditions in the said section. However, company has decided to continue with existing tax structure.
49. Effective from 1st April, 2019, the Group has adopted IND AS 116 Leases using the modified retrospective approach. The adoption of the Standard did not have any impact on the financial results.
50. The previous year figures are regrouped or reclassified according to current year grouping and classification.
51. As on the date of issue of financial statements, there are no new standards or amendments which have been notified by the MCA. Hence, the disclosure is not applicable

As per our attached report of even date.

For Pramodkumar Dad & Associates
Chartered Accountants

CA Pramod Dad
Partner
MRN : 038261
FRN : 115869W

Place : Ahmedabad
Date : June 29, 2020

For and on behalf of the Board of Directors

Pravin Kiri
(Chairman)
DIN : 00198275

Suresh Gondalia
(Company Secretary)

Manish Kiri
(Managing Director)
DIN : 00198284

Jayesh Vyas
(Chief Financial Officer)

Place : Ahmedabad
Date : June 29, 2020

Independent Auditor's Report

To,
The Members of
Kiri Industries Limited.

Report on the Consolidated Ind AS Financial Statements

Opinion

We have audited the accompanying consolidated Ind AS financial statements of Kiri Industries Limited (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), its associates and joint ventures comprising of the Consolidated Balance Sheet as at March 31, 2020, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity for the year ended and notes to the consolidated Ind AS financial statements including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Ind AS Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate Ind AS financial statements and on other financial information of the subsidiaries, associates and joint ventures referred in Other Matters paragraph and Emphasis of Matter paragraph below, the aforesaid Consolidated Ind AS Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India of the consolidated state of affairs of the Group as at 31st March, 2020, their consolidated financial performance including other comprehensive income, consolidated changes in equity and consolidated cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated Ind AS financial statements in accordance with the Standards on Auditing (SAs), specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the "Auditor's Responsibilities for the audit of the Consolidated Ind AS Financial Statements" section of our report. We are independent of the group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules made thereunder and we have fulfilled our other ethical responsibilities in accordance

with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Emphasis of matter

1. We draw attention to various court cases and judgments in relation to disputes between Kiri Industries Ltd. (KIL) and DyStar Global Holdings (Singapore) Pte. Ltd. (DyStar) & Senda International Capital Ltd. (Senda)

- In connection with minority oppression suit filed by Kiri Industries Ltd ("the Company/KIL") in June 2015 against Senda, DyStar and nominated directors on board of DyStar, Judgment was delivered by Singapore International Commercial Court ("SICC") dated July 03, 2018 wherein the court remarked that Senda had committed numerous acts of minority oppression against the company and ordered a buy-out of KIL's 37.57% stake in DyStar.

The SICC vide oral judgment dated January 08, 2019 has directed/ordered that for process of valuation to be followed by parties, assessment of loss on account of oppressive acts and treatment in valuation, not allowed 20% discount to Senda for buyout of KIL's stake in DyStar and allowed full cost of KIL's claim against Senda and 10% cost of DyStar's claim against KIL.

Against order dated July 03, 2018, DyStar and Senda filed appeals before Court of Appeal and judgment was delivered on May 29, 2019 upholding the decision of SICC and dismissed the appeal with orders to costs filed by Senda. On Senda's Second appeal, the Court of Appeal has delivered their judgment on February 12, 2020 disallowing demand of 20% discount of Senda's claim for buyout of Company's Stake in DyStar. The Court of appeal has awarded 50% cost to DyStar as against 10% cost awarded by SICC in their Judgment dated January 08, 2019.

Under DyStar case (SIC3), the SICC has delivered their judgment on March 03, 2020 against the Company and Manish Kiri for payment of total damages of USD 678,480.50 and cost of SGD 245,877.52 to DyStar. The Company has filed appeal with Court of Appeal against the said order dated March 03, 2020. Further, the valuation exercise to value KIL's 37.57% stake in DyStar is

Independent Auditor's Report (Contd.)

completed and final hearing for closing submission and related arguments are fixed on June 30, 2020 and July 01, 2020.

- During the year, DyStar filed a new suit vide statement of claim dated December 29, 2019 against the Company and Mr. Manish Kiri for alleged violation of Share Subscription and Shareholders Agreement ("SSSA" dated January 31, 2010) in Singapore High Court. Against this suit the Company filed defense and counterclaim on June 08, 2020.
 - As per SICC order dated July 03, 2018, KIL has to pay a sum of Euro 1.7 million towards Process Technology Development Fees and SGD 443,813 towards Audit costs to DyStar. In this connection, DyStar has filed winding up application with Singapore High Court on January 22, 2019 vide case no. HC/CWU 15/2019. The Company has paid the said amount to DyStar on July 17, 2019, therefore the DyStar has withdrawn the Winding up application from Singapore High Court.
 - The Company has filed defamation suit against DyStar, Senda & MLS India & their respective directors/officers and suit against DyStar Global Holdings (Singapore) Pte. Ltd. for recovery of loss and damages suffered by the KIL as DyStar stopped purchases from the KIL despite clear commitment in the SSSA to treat the KIL as a preferred supplier. The both suits are pending with court.
2. We draw your attention to Note No. 47 to the Financial Statements which describes management's assessment of the financial impact due to COVID - 19 lock-down and other restrictions. The assessment is highly dependent upon circumstances as they evolve in subsequent periods.
 3. We draw your attention to Emphasis of Matter mentioned by Independent Auditor of Subsidiary M/s Chemhub Trading DMCC, which states that "These financial statements have been prepared on a going concern basis, however, there is deficiency in the total equity of the company amounting to USD 13,09,704/- arising out of losses of the current and preceding years. The continuance of business as a going concern is dependent upon the company's ability to generate adequate profits to wipe off the accumulated losses of the company and the continuous support from shareholder".

Our Opinion is not modified in respect of the above matters.

Key Audit Matters

Key audit matters are those matters that in our professional

judgment, were of most significance in our audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2020. These matters were addressed in the context of our audit of the consolidated Ind AS financial statements as a whole and in forming our opinion thereon and we do not provide a separate opinion on these matters. We have determined that there are no key audit matters to communicate in our report.

Information other than the Consolidated Financial Statements and Auditor's Report Thereon

The Holding Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the consolidated Ind AS financial statements and our auditor's report thereon.

Our opinion on the consolidated Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated Financial Statements, our responsibility is to read the other information, compare with the financial statements of the subsidiaries, associates and jointly controlled entities audited by the other auditors or certified by the management, to the extent it relates to these entities and in doing so, place reliance on the work of the other auditors and consider whether the other information is materially inconsistent with the Consolidated Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. Other information so far as it relates to the subsidiaries, associates and jointly controlled entities audited by the other auditors or certified by the management, is traced from the financial statements audited by the other auditors or certified by the management.

If, based on the work we have performed or on the basis of other auditor's report, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the management for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these Consolidated Ind AS Financial Statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other

Independent Auditor's Report (Contd.)

comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Ind AS Financial Statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the group or to cease operations or has no realistic alternative but to do so.

Those respective Board of Directors of the companies included in the Group are responsible for overseeing the Company's financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated Ind AS financial statements.

As part of an audit in accordance with Standards on Audit (SAs), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated Ind AS financial statements, whether due

to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated Ind AS financial statements or if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group of which we are the independent auditors and whose financial information we have audited, to express an opinion on the consolidated Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Independent Auditor's Report (Contd.)

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated Ind AS financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2020 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

M/s Kiri Industries Limited has three subsidiaries namely Chemhub Trading DMCC, SMS Chemical Co. Ltd. and Synthesis International Ltd., all incorporated outside India. Out of the above three subsidiaries, two subsidiaries namely SMS Chemical Co. Ltd. and Synthesis International Ltd. have ceased operations and further Synthesis International Ltd. is in the process of being wound up. The consolidated financial statement include the audited financial statement of 01 (One) subsidiary namely Chemhub Trading DMCC, whose Financial Statements reflect Group's share of total assets of INR 4,959.35 Lakhs as at 31st March 2020, Group's share of total revenue of INR 17,849.22 Lakhs and Group's share of total net loss after tax of INR 183.68 Lakhs for the year ended 31st March, 2020, as considered in the consolidated financial statement, which have been audited by their respective independent auditor. The independent auditors' report on Financial statement have been furnished to us and our opinion on the consolidated financial statement, in so far as it relates to the amounts and disclosures included in respect of this entity, is based solely on the report of such auditor and the procedures performed by us are as stated in paragraph above.

The consolidated financial statement also include the financial statement of Two Associates, One incorporated outside India and other incorporated in India, whose Financial Statements reflect Group's share of total net profit after tax of INR 25,980.73 Lakhs for the year ended 31st March,

2020, as considered in the consolidated financial statement, which have been audited by their respective independent auditors. With respect to associate incorporated outside India, Financial Statements for the period from April 2019 to March 2020 are derived by the management by taking audited financials for the year ended 31st December 2019 and unaudited financials for period January 01, 2020 to March 31, 2020 as base. These derived financial statements were provided to us by Board of Directors and our opinion on the consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of this associate, is based solely on such report and the procedures performed by us are as stated in paragraph above. With respect to associate incorporated in India, the independent auditors' reports on financial statements have been furnished to us and our opinion on the consolidated financial statement, in so far as it relates to the amounts and disclosures included in respect of these entities, is based solely on the report of such auditors and the procedures performed by us are as stated in paragraph above.

The consolidated financial statement also include the financial statement of One Joint Venture, whose Financial Statements reflect Group's share of total assets of INR 24,101.87 Lakhs as at 31st March 2020, Group's share of total revenue of INR 37,817.47 Lakhs and Group's share of total net profit after tax of INR 6,719.14 Lakhs for the year ended 31st March, 2020, as considered in the consolidated financial statement whose financial statements were audited by us.

Our opinion on the Consolidated Financial Statements and our report on the Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditor.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries, associates as noted in the 'Other Matter' paragraph we report, to the extent applicable, that:

- a. We/the other auditors whose report we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements;
- b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Ind AS Financial Statements have been kept by the Company so far as it appears from our examination of those books and the reports of the other auditors;
- c. The Consolidated Balance Sheet, the Consolidated

Independent Auditor's Report

Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Ind AS Financial Statements;

- d. In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
- e. On the basis of written representations received from the directors of the Holding Company as on March 31, 2020 taken on record by the Board of Directors of the Holding Company, and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary companies none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;
- f. With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements of the Holding Company,

refer to our separate Report in "Annexure 1" to this report;

- g. In our opinion the Managerial remuneration for the year ended March 31, 2020 has been paid/provided by the Holding company to its directors in accordance with the provisions of Section 197 read with Schedule V to the Act;
- h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Group has disclosed the impact of pending litigations on its financial position in its consolidated Ind AS financial statements.
 - ii. The Group has made provision, as required under the applicable law or accounting standards, for material foreseeable losses on long-term contracts including derivative contracts.
 - iii. There has been no delay in transferring amounts, required to be transferred to the Investors Education and Protection Fund by the Holding company during the year ended on March 31, 2020.

For, Pramodkumar Dad & Associates
Chartered Accountants

CA Pramod Dad
Partner

MRN: 038261

FRN: 115869W

UDIN: 2038261AAAAAF3385

Place: Ahmedabad
Date: June 29, 2020

Annexure to the Independent Auditor's Report

Annexure - 1 to The Independent Auditors' Report of Even date on the Consolidated Financial Statement of Kiri Industries Limited for the year ended 31st March 2020

(Referred to in paragraph 1 (f) under 'Report on Other Legal and Regulatory Requirements' section of our Report of even date)

We have audited the internal financial controls over financial reporting of Kiri Industries Ltd. ("the Holding Company") as of March 31, 2020 in conjunction with our audit of the consolidated Ind AS financial statements of the Group for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company, its subsidiary, associates and joint venture are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating

effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, with reference to these consolidated financial statements, assessing the risk that a material weakness exists and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting with reference to these consolidated financial statements.

Meaning of Internal Financial Controls over Financial Reporting with reference to these consolidated financial statements

A company's internal financial control over financial reporting with reference to these consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting with reference to these consolidated financial statements includes those policies and procedures that:

- 1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- 2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- 3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that can have a material effect on the financial statements.

Annexure to the Independent Auditor's Report (Contd.)

Inherent Limitations of Internal Financial Controls over Financial Reporting with reference to these consolidated financial statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these consolidated financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting with reference to these consolidated financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these consolidated financial statements, may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Other Matters

Our aforesaid reports under Section 143(3)(i) of the Act on

the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to one subsidiary company and two associates are based on the corresponding reports of the auditors of such subsidiary company and associates.

Opinion

In our opinion, the Group has maintained in all material respects, an adequate internal financial controls system over financial reporting with reference to these consolidated financial statements, and such internal financial controls over financial reporting with reference to these consolidated financial statements, were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

For, Pramodkumar Dad & Associates
Chartered Accountants

CA Pramod Dad
Partner

MRN: 038261

FRN: 115869W

UDIN: 20038261AAAAAF3385

Place: Ahmedabad

Date: June 29, 2020

Consolidated Balance Sheet as at 31st March, 2020

(INR in Lakhs)

Particulars	Note No.	As at 31 st March, 2020	As at 31 st March, 2019
I. ASSETS			
(1) Non-current assets			
(a) Property, Plant and Equipment	2.1	50,615.85	47,688.75
(b) Other Intangible assets	2.2	560.67	704.96
(c) Capital work-in-progress	2.3	7,853.11	3,772.85
(d) Investment in Subsidiary/Associate/Joint Venture	3	121,397.57	95,416.84
(e) Financial Assets			
(i) Investments	4	6.20	6.20
(ii) Trade Receivables	5	200.72	356.47
(ii) Other Financial Assets	6	1,201.65	996.73
(f) Other Assets	7	7,354.29	7,788.94
Total Non - Current Assets		189,190.06	156,731.74
(2) Current assets			
(a) Inventories	8	14,269.66	16,855.12
(b) Financial Assets			
(i) Investments		-	-
(ii) Trade receivables	9	32,037.31	25,358.03
(iii) Cash and cash equivalents	10	1,238.81	1,900.21
(iv) Bank balances other than (iii) above	11	286.38	357.18
(v) Loans	12	1,440.63	1,796.05
(vi) Others Financial Assets	13	313.58	498.73
(c) Current Tax Assets (Net)	14	-	111.47
(d) Other current assets	15	1,600.23	2,226.21
Total Current Assets		51,186.60	49,103.00
Total Assets		240,376.66	205,834.74
II. EQUITY AND LIABILITIES			
(1) Equity			
(a) Equity Share capital	16	3,362.06	3,134.40
(b) Other Equity	17	189,981.10	153,598.54
Total Equity		193,343.16	156,732.94
(2) Non-current liabilities			
(a) Financial Liabilities			
(i) Borrowings	18	9,596.03	14,875.57
(ii) Trade Payables	19		
(a) Total outstanding dues of creditors other than MSME		12.81	362.93
(b) Total outstanding dues of MSME		-	-
(iii) Other Financial Liabilities	20	95.50	76.50
(b) Provisions	21	1,450.80	1,336.82
(c) Deferred tax liabilities (Net)	22	484.62	599.04
(d) Other non-current liabilities		-	-
Total Non - Current Liabilities		11,639.76	17,250.86
(3) Current liabilities			
(a) Financial Liabilities			
(i) Borrowings	23	57.22	57.20
(ii) Trade payables	24		
(a) Total outstanding dues of creditors other than MSME		21,444.27	19,597.28
(b) Total outstanding dues of MSME		381.94	157.72
(iii) Other financial liabilities	25	7,834.30	3,580.51
(b) Other current liabilities	26	4,489.00	5,282.24
(c) Provisions	27	189.69	170.87
(d) Current Tax Liabilities (Net)	28	997.32	3,005.12
Total Current Liabilities		35,393.74	31,850.94
Total Equity and Liabilities		240,376.66	205,834.74

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Significant Accounting Policies

Notes form an Integral part to Financial statements

As per our attached report of even date.

For Pramodkumar Dad & Associates
Chartered Accountants

CA Pramod Dad
Partner
MRN : 038261
FRN : 115869W

Place : Ahmedabad
Date : June 29, 2020

For and on behalf of the Board of Directors

Pravin Kiri
(Chairman)
DIN : 00198275

Suresh Gondalia
(Company Secretary)

Manish Kiri
(Managing Director)
DIN : 00198284

Jayesh Vyas
(Chief Financial Officer)

Place : Ahmedabad
Date : June 29, 2020

Consolidated Statement of Profit and Loss for the year ended on 31st March, 2020

(INR in Lakhs)

Particulars	Note No.	For the year ended 31 st March 2020	For the year ended 31 st March 2019
Income			
I Revenue From Operations	29	130,538.80	139,382.88
II Other Income	30	528.75	267.53
III Total Income (I+II)		131,067.55	139,650.41
Expenses			
Cost of materials consumed	31	76,591.60	86,352.04
Purchases of Stock-in-Trade		4,338.38	6,079.15
Changes in inventories of finished goods, Stock-in -Trade and work-in-progress	32	351.11	(1,548.64)
Employee benefits expense	33	4,884.39	4,171.09
Finance costs	34	483.62	508.48
Depreciation and amortization expense	2.1	4,439.83	3,755.84
Other expenses	35	25,767.63	21,226.63
IV Total expenses		116,856.56	120,544.59
V Profit/(loss) before exceptional items and share of net profit of investment tax (III-IV)		14,210.99	19,105.82
Share of Net profit of associates		25,980.73	649.13
Profit before exceptional items and tax		40,191.72	19,754.95
VI Exceptional Items		-	-
VII Profit/(loss) before tax (V-VI)		40,191.72	19,754.95
VIII Tax expense:	22	2,641.38	3,343.41
(1) Current tax		3,031.65	5,440.00
(2) Deferred tax		(390.27)	(2,096.59)
(3) Adjustment of excess tax provision		-	-
IX Profit/(Loss) for the period from continuing operations (VII-VIII)		37,550.34	16,411.54
X Profit/(loss) For the Period		37,550.34	16,411.54
XI Other Comprehensive Income			
A (i) Items that will not be reclassified to Profit or Loss		(51.67)	(20.73)
(ii) Income tax relating to items that will not be reclassified to Profit or Loss		-	-
B (i) Items that will be reclassified to Profit or Loss		-	-
(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
Total Other Comprehensive Income (XI)		(51.67)	(20.73)
XII Total Comprehensive Income for the period (X+XI) (Comprising Profit/(Loss) and Other Comprehensive Income for the period)		37,498.67	16,390.80
XIII Earnings per equity share of Rs 10 each (For Continuing Operations)			
(1) Basic		114.33	52.29
(2) Diluted		72.34	31.62
XIV Earnings per equity share (For Discontinued Operation)			
(1) Basic		-	-
(2) Diluted		-	-
XV Earnings per equity share(For Discontinued & Continuing Operations)			
(1) Basic		114.33	52.29
(2) Diluted		72.34	31.62

Significant Accounting Policies

1

Notes form an Integral part to Financial statements
As per our attached report of even date.

For Pramodkumar Dad & Associates
Chartered Accountants

CA Pramod Dad
Partner
MRN : 038261
FRN : 115869W

Place : Ahmedabad
Date : June 29, 2020

For and on behalf of the Board of Directors

Pravin Kiri
(Chairman)
DIN : 00198275

Manish Kiri
(Managing Director)
DIN : 00198284

Suresh Gondalia
(Company Secretary)

Jayesh Vyas
(Chief Financial Officer)

Place : Ahmedabad
Date : June 29, 2020

Consolidated Cash Flow Statement for the year ended on 31st March, 2020

(INR in Lakhs)

Particulars	For the year ended 31 st March 2020	For the year ended 31 st March 2019
A. Cash Flow from Operating Activities :		
Net Profit before Tax and Extraordinary items	14,210.99	19,105.82
Adjustment for :		
- Depreciation	4,439.83	3,755.84
- Acturial Valuation of Gratuity	(51.67)	(20.73)
- Interest & Dividend Income	(528.75)	(265.34)
- Interest charged to P & L	483.62	508.48
- Profit on Sale of Fixed Assets	2.36	(2.19)
Operating Profit before working capital changes:	18,556.38	23,081.88
Adjustment for :		
- Trade Receivables	(6,523.53)	(4,175.87)
- Inventories	2,585.46	(4,947.64)
- Other Current Financial Assets	255.96	(144.58)
- Other Current Assets	625.98	386.47
- Other Non-Current Financial Assets	(204.92)	(259.28)
- Other Non-Current Assets	434.66	(4,831.20)
- Trade Payables	1,721.09	3,310.61
- Other Non-Current Financial Liabilities	19.00	17.50
- Other Current Financial Liabilities	400.18	1,203.42
- Other Current Liabilities	(793.23)	4,143.28
- Foreign Currency Translation Reserve	(132.71)	(128.16)
- Provisions	132.80	88.23
Cash Generated from Operations	17,077.09	17,744.65
- Taxes paid/ provision & Deferred tax	(4,652.13)	(3,600.54)
Net Cash Flow from Operations	12,124.96	14,144.11
B. Cash Flow from Investment Activities :		
- Purchase of Property, Plant & Equipments including Capital Work in Progress"	(11,311.18)	(11,535.51)
- Sale of Fixed Assets	5.91	2.67
- Interest and Dividend Income	528.75	265.34
- Loan & Advances	355.42	(644.41)
Net cash flow from Investing Activities	(10,421.10)	(11,911.91)

Cash Flow Statement for the year ended on 31st March, 2020

(INR in Lakhs)

Particulars	For the year ended 31 st March 2020	For the year ended 31 st March 2019
C. Cash Flow from Financing Activities :		
- Proceeds from Equity Share Capital/Other equity	227.67	-
- Proceeds from FCCB	(273.89)	-
- Security Premium	46.22	-
- Proceeds from Long term Borrowings	50.00	715.80
- Interest charged	(483.62)	(508.48)
- Proposed Dividend and DDT	(755.74)	-
- Repayment of Long Term Borrowings	(1,475.93)	(1,528.91)
- Repayment of Short Term Borrowings	0.02	(260.22)
Net Cash Flow from Financing Activities	(2,665.26)	(1,581.82)
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	(661.40)	650.39
Cash and Cash Equivalents as at (Opening)	1,900.21	1,249.83
Cash and Cash Equivalents as at (Closing)	1,238.81	1,900.21
Reconciliation of Cash and Cash Equivalent		
Total Cash and Bank Balance as per Balance Sheet	1,238.81	1,900.21
Cash and Cash Equivalents comprises as under:		
Balance with Banks in Current account	1,230.83	1,896.13
Cash on Hand	7.98	4.08
Cash and Cash Equivalent at the end of the year	1,238.81	1,900.21

Significant Accounting Policies

Notes form an Integral part to Financial statements
As per our attached report of even date.

For Pramodkumar Dad & Associates
Chartered Accountants

CA Pramod Dad
Partner
MRN : 038261
FRN : 115869W

Place : Ahmedabad
Date : June 29, 2020

For and on behalf of the Board of Directors

Pravin Kiri
(Chairman)
DIN : 00198275

Manish Kiri
(Managing Director)
DIN : 00198284

Suresh Gondalia
(Company Secretary)

Jayesh Vyas
(Chief Financial Officer)

Place : Ahmedabad
Date : June 29, 2020

Consolidated Statement of Changes in Equity for the year ended on 31st March, 2020

A. Equity Share Capital (INR in Lakhs)

Equity Share Capital	As at 31 st March, 2020	As at 31 st March, 2019
	No. of Shares	No. of Shares
Balance at the beginning of the reporting period	31,343,951	30,243,951
Changes in equity share capital during the year	2,276,695	1,100,000
Balance at the end of the reporting period	33,620,646	31,343,951

B. Other Equity (INR in Lakhs)

Particulars	Equity component of compound financial instruments	Reserves and Surplus				Money received against share warrants	Total
		Foreign Currency Translation Reserve	Capital Redemption Reserve	Preference Share Redemption Reserve	Securities Premium Reserve	General Reserve	
Balance at 31 st March, 2018	2,464.98	(77.08)	-	2,985.72	44,230.64	1,617.60	137,445.90
Issue of Shares against Warrants / Fund received against Convertible Bond	-	-	-	-	3,883.00	-	(110.00)
Transfer from Pref. Share Red. Reserve to Capital Red. Reserve	-	-	2,800.00	(2,800.00)	-	-	-
Total Comprehensive Income for the year	-	-	-	-	-	-	16,390.81
Transfer from Retained Earnings to Preference Share Redemption Reserve	-	-	-	61.91	-	-	(61.91)
Addition/Deduction during the year	-	(128.17)	-	-	-	-	(128.17)
Balance at 31 st March, 2019	2,464.98	(205.25)	2,800.00	247.63	48,113.64	1,617.60	153,598.54
Issue of Shares against Warrants / Fund received against Convertible Bond	(273.89)	-	-	-	46.22	-	(227.67)
Equity Dividends & DDT	-	-	-	-	-	(755.74)	(755.74)
Total Comprehensive Income for the year	-	-	-	-	-	-	37,498.67
Transfer from Retained Earnings to Preference Share Redemption Reserve	-	-	-	61.91	-	-	(61.91)
Addition/Deduction during the year	-	(132.70)	-	-	-	-	(132.70)
Balance at 31 st March, 2020	2,191.09	(337.95)	2,800.00	309.54	48,159.86	1,617.60	189,981.10

Notes form an Integral part to Financial statements

As per our attached report of even date.

For Pramodkumar Dad & Associates
Chartered Accountants

CA Pramod Dad
Partner
MRN : 038261
FRN : 115869W

For and on behalf of the Board of Directors

Pravin Kiri
(Chairman)
DIN : 00198275

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Suresh Gondalia
(Company Secretary)

Jayesh Vyas
(Chief Financial Officer)

Place : Ahmedabad
Date : June 29, 2020

Place : Ahmedabad
Date : June 29, 2020

Statement on Significant Accounting Policies for the year ended on 31st March, 2020

BACKGROUND

Kiri Industries Limited ("the Company") is a public company limited by shares domiciled in India, incorporated under the provisions of Companies Act, 1956 having CIN as L24231GJ1998PLC034094. Its shares are listed on National Stock Exchange of India Limited and BSE Limited. Its registered office is situated at 7th Floor, Hasubhai Chambers, Nr. Town Hall, Ellisbridge, Ahmedabad - 380 006, Gujarat, India. The Company is engaged in manufacturing and selling of Dyes, Dyes Intermediates and Basic Chemicals.

Kiri Industries Limited along with its Subsidiaries is collectively referred to as 'the Group'.

1. STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the Significant Accounting Policies adopted in the preparation of the Financial Statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

1.1 BASIS FOR PREPARATION OF ACCOUNTS

a) Statement of compliance with Ind AS

The Consolidated Financial Statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015, as amended and other relevant provisions of the Act.

b) Current versus Non-Current classification

All assets and liabilities have been classified as Current or Non Current as per the Company's normal operation cycle i.e. twelve months and other criteria set out in the Schedule III of the Act.

c) Historical Cost Convention

The financial statements are prepared on accrual basis of accounting under historical cost convention in accordance with Generally Accepted Accounting Principles in India and the relevant provisions of the Companies Act, 2013 including Indian Accounting Standards notified there under, except for the following:

- Certain financial assets and liabilities measured at fair value;
- Defined benefit plans - plan assets measured at fair value

d) Basis of Consolidation

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

Subsidiaries

Subsidiaries are all entities that are controlled by the Company. Control exist when the Company is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through power over the entity. In accessing control, potential voting rights are considered only if the rights are substantive. The financial statements of subsidiaries are included in these consolidated financial statements from the date that control commences until the date that control ceases. The Group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, income and expenses. For the purpose of preparing these consolidated financial statements, the accounting policies of the subsidiaries have been changed where necessary to align them with the policies adopted by the Company.

Non-controlling interests represent the portion of profit or loss and net assets not held by the Group and are presented separately in the Statement of Profit and Loss and Consolidated Balance Sheet, separately from parent shareholders' equity. Profit and loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

Statement on Significant Accounting Policies for the year ended on 31st March, 2020 (Contd.)

Joint Venture

The Group recognizes its interest in the joint venture using the proportionate consolidation method as the Group is having interest in the Joint operations. 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

Associates are those entities over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the entities but is not control or joint control of those policies. Significant influence is generally presumed to exist when the Company holds between 20% and 50% of the voting power of another entity. Investments in associate entities are accounted for using the equity method and are initially recognized at cost. Investments in such entities are accounted by the equity method of accounting. When the Company's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest (including any long-term investments) is reduced to zero and the recognition of further losses is discontinued except to the extent that the Company has an obligation or has made payments on behalf of the investee.

For the purpose of estimating share of interest in 1(one) associate whose financial year ends on 31st December of every year, latest audit report of that associate is adjusted by incorporating provisional financial results of First quarter w.r.t. next year and eliminating First Quarter of the latest audit report, thereby arriving at the financial results for year ending on 31st March.

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
		2019-20	2018-19	
A	Subsidiary			
	i) Chemhub Trading DMCC	100.00	100.00	Dubai
B	Joint Venture			
	i) Lonsen Kiri Chemical Industries Ltd	40.00	40.00	India

- b) Details of Associate Company and Ownership interest is as follow:

(INR in Lakhs)

Name of Company	% Share held	Original Cost of Investment	Goodwill / (Capital Reserve)	Carrying amount of Investments as at 31st March, 2020
Kiri Infrastructure Private Limited	47.61%	1,443.75	(184.21)	1,259.54
DyStar Global Holdings (Singapore) Pte. Ltd.	37.57%	9,550.24	110,587.19	120,138.03
Total		10,993.99	110,403.58	121,397.57

Note:

The Financial Statement of Synthesis International Limited, Hong Kong & SMS Chemical Co. Ltd are not consolidated as the subsidiaries have discontinued its operations and are in the process of being wound up.

Statement on Significant Accounting Policies for the year ended on 31st March, 2020 (Contd.)

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in full while preparing these consolidated financial statements. Unrealized gains or losses arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Company's interest in the investee.

1.2 USE OF ESTIMATES

The presentation of the financial statements are in conformity with the Ind AS which requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses and disclosure of contingent liabilities. Such estimates and assumptions are based on management's evaluation of relevant facts and circumstances as on the date of financial statements. The actual outcome may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

This note provides an overview of the areas that involved a higher degree of judgment or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the Financial Statements.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

Note 02 - Useful Lives of Property, Plant and Equipment
 Note 09 - Expected Credit Losses on Financial Assets
 Note 22 - Current/deferred tax expense
 Note 29 - Revenue Recognition
 Note 21, 27 & 38 - Provisions and contingencies
 Note 39 - Measurement of defined benefit obligations
 Note 47 - Uncertainty relating to the global health pandemic on COVID-19

1.3 REVENUE RECOGNITION

a) Sale of Goods:

Revenue is recognised upon transfer of control of promised goods to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those goods. Revenue from the sale of goods is recognised at the point in time when control is transferred to the customer which is usually on dispatch/delivery of goods, based on contracts with the customers.

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, price concessions, incentives, and returns, if any, as specified in the contracts with the customers. Revenue excludes taxes collected from customers on behalf of the government.

b) Export Benefits:

Incomes in respect of Duty Drawback in respect of exports made during the year are accounted on accrual basis.

Merchandise Exports from India Scheme (MEIS) income is recognised on accrual basis when considering the related expenses to the same profit or losses on transfer of licenses are accounted in year of the sales.

c) Interest Income:

For all debt instruments measured either at amortised cost or at FVTOCI, interest income is recorded using effective interest rate method.

d) Dividend:

Dividend income is recognised when the right to receive the same is established.

Statement on Significant Accounting Policies for the year ended on 31st March, 2020 (Contd.)

e) Insurance Claims:

Insurance claims are accounted for on the basis of claims admitted/expected to be admitted and to the extent that there is no uncertainty in receiving the claims.

1.4 FOREIGN CURRENCY TRANSACTIONS

Functional and Presentation Currency

The financial statements are presented in Indian Rupee (INR), which is company's functional and presentation currency.

Transactions and Balances

- a) Transactions in foreign currencies are recorded in Indian Rupees using the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, recorded monetary balance are reported in Indian Rupees at the rates of exchange prevailing at the balance sheet date. All realised and unrealised exchange adjustment gains and losses are dealt with in the Statement of Profit and Loss.
- b) In order to hedge exposure to foreign exchange risks arising from Export or Import foreign currency, bank borrowings and trade receivables, the Company may enter into forward contracts. Any profit or loss arising on the cancellation or renewal of a forward exchange contract is recognised as income or expenses for the year.
- c) Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit and loss on a net basis within other gains/(losses).
- d) 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.

1.5 PROPERTY, PLANT AND EQUIPMENTS

Tangible Assets

- a) Freehold Land is carried at historical cost. All other items of Property, Plant and Equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.
- b) The cost of self-constructed assets includes cost of materials plus any other directly attributable costs of bringing the assets to working condition for its intended use.
- c) Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.
- d) An item of Property, Plant or Equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.
- e) Items of fixed assets that are retired from active use and are held for disposal are stated at the lower of their net book value and net realizable value and are presented separately in the Financial Statements. Any expected loss is recognized immediately in the Statement of Profit and Loss.
- f) The gain or loss arising on the disposal or retirement of an asset is determined as the difference between sales proceeds and the carrying amount of the asset and is recognized in Statement of Profit and Loss for the relevant financial year.
- g) Capital Work in Progress includes expenditure directly related to construction and incidental thereto. The same is transferred or allocated to respective item Property, Plant, and Equipment on commissioning of the project.

1.6 INTANGIBLE ASSETS

Intangible Assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives.

Statement on Significant Accounting Policies for the year ended on 31st March, 2020 (Contd.)

The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Internally - generated intangible assets - Research and Development expenditure

Assessment of whether an internally generated Intangible Asset meets the criteria for recognition, the expenditure on generation of the asset is classified into research phase and development phase. Expenses incurred during research phase are recognized immediately in the Statement of Profit and Loss. Expenditure during the development phase is recognized as an Intangible Asset under development on fulfilment of following conditions:

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

The amount initially recognised for internally-generated Intangible Assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in the Statement of Profit and Loss in the period in which it is incurred.

Derecognition of Intangible Assets

An Intangible Asset is derecognised on disposal or when no future economic benefits are expected from use or disposal.

Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are-recognised in the Statement of Profit and Loss when the asset is de-recognised.

1.7 IMPAIRMENT OF INVESTMENT

The Company reviews its carrying value of investments carried at amortised cost annually or more frequently when there is an indication for impairment. If the recoverable amount is less than its carrying amount, the impairment loss is accounted for.

1.8 IMPAIRMENT OF NON- FINANCIAL ASSETS

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash-Generating Unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

1.9 DEPRECIATION AND AMORTISATION

Depreciation is calculated to systematically allocate the cost of Property, Plant and Equipment and Intangible Asset net of the estimated residual values over the estimated useful life. Freehold land is not depreciated. Depreciation is computed using Straight Line Method (SLM) over the useful lives of the assets as specified in Schedule II to the Companies Act, 2013.

The residual values are not more than 5% of the original cost of the item of Property, Plant and Equipment. The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Statement on Significant Accounting Policies for the year ended on 31st March, 2020 (Contd.)

Useful lives of the items of Property, Plant and Equipment are as follows:

Asset	Estimated Useful Life
Leasehold Land	99 years
Building	30 years
Plant & Machinery	15 years
Furniture and Fixtures	10 years
Vehicles	8 years
Computers	3 years

Intangible Assets are amortized over their individual estimated useful lives on a Straight Line basis, commencing from the year in which the same are available to the Company for its intended use. The useful life so determined is as follows:

Asset	Amortisation Period
Software Licenses	3 years

Depreciation on items of Property, Plant and Equipment acquired/disposed off during the year is provided on pro-rata basis with reference to the date of addition/disposal.

Depreciation is not provided on Freehold Land. Leasehold land is amortized over the available balance lease period.

1.10 FINANCIAL INSTRUMENTS

Fair value measurement of Financial Instruments

In estimating the fair value of financial assets & financial liabilities, the company uses market observable data to the extent available. Where such Level 1 inputs are not available, the company establishes appropriate valuation techniques and inputs to the model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgment includes considerations of inputs such as liquidity risk, credit risk & volatility. Changes in assumption about these factors could affect the reported fair value of financial instrument.

Financial Assets & Liabilities

Financial Assets and Liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of Financial Assets and Financial Liabilities (other than financial assets and financial liabilities valued at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of Financial Asset or Financial Liability.

A) Financial Asset

1) Initial Measurement

All financial assets, except investment in subsidiaries, associates and joint controlled entities are recognized initially at fair value.

2) Subsequent Measurement

The measurement of financial assets depends on their classification, as described below: The measurement of financial assets depends on their classification, as described below:

a) Financial Assets at Amortised cost

Financial Assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual Cash Flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Statement on Significant Accounting Policies for the year ended on 31st March, 2020 (Contd.)

b) Financial Assets at Fair Value Through Other Comprehensive Income (FVTOCI)

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows that give rise on specified dates to solely payments of principal and interest on the principal amount outstanding and by selling financial assets.

The Company has made an irrevocable election to present subsequent changes in the fair value of equity investments not held for trading in Other Comprehensive Income.

c) Financial Assets at Fair Value Through Profit or Loss (FVTPL)

Financial Assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognized in profit or loss.

3) Derecognition of Financial Assets

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in Statement of Profit and Loss if such gain or loss would have otherwise been recognized in Statement of Profit and Loss on disposal of that financial asset.

4) Impairment Financial Assets (other than at fair value)

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVTOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

B) Financial Liabilities

1) Initial Measurement

Financial liabilities are classified at initial recognition as at amortised cost or fair value through profit or loss. The measurement of financial liabilities depends on their classification, as described below:

2) Subsequent Measurement

a) Financial Liability at Amortised cost

After initial recognition, financial liabilities are subsequently measured at amortised cost using the EIR method. Gains and losses are recognized in Statement of Profit and Loss when the liabilities are derecognized as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

b) Financial Liabilities at Fair Value Through Profit or Loss (FVTPL)

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as such. Subsequently, any changes in fair value are recognised in the Statement of Profit and Loss.

3) Derecognition of Financial Liability

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. The difference in the respective carrying amounts is recognized in the Statement of Profit and Loss. An exchange with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

Statement on Significant Accounting Policies for the year ended on 31st March, 2020 (Contd.)

C) Derivative Financial Instruments

Initial recognition and subsequent measurement

The Company uses derivative financial instruments such as forward and options currency contracts to hedge its foreign currency risks. Such derivative financial instruments are initially recognised and subsequently measured at fair value through profit or loss (FVTPL). Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivative financial instrument are recognised in the Statement of Profit and Loss and reported with foreign exchange gains/(loss) not within results from operating activities. Changes in fair value and gains/(losses) on settlement of foreign currency derivative financial instruments relating to borrowings, which have not been designated as hedge are recorded as finance cost.

D) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in financial statements if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

1.11 INVENTORIES

- Inventories are stated at the lower of cost and net realizable value.
- Cost of Raw Material is determined on FIFO basis.
- Stores and Consumables are valued at cost or net realizable value whichever is lower.
- Finished goods are valued at cost or net realizable value whichever is lower. Cost comprises direct materials and where applicable, direct labour costs, those overheads that have been incurred in bringing the inventories to their present location and condition.
- Work in Progress is valued at cost or net realizable value whichever is less. Cost comprises direct materials and appropriate portion of direct labour costs and manufacturing overheads.
- Semi-Finished Goods is valued at cost or net realizable value whichever is less. Cost comprises direct materials and appropriate portion of direct labour costs and manufacturing overheads.
- Net realizable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

1.12 RECOVERABILITY OF TRADE RECEIVABLE

Judgements are required in assessing the recoverability of overdue trade receivables and determining whether a provision against those receivables is required. Factors considered include the credit rating of the counterparty, the amount and timing of anticipated future payments and any possible actions that can be taken to mitigate the risk of non-payment.

1.13 LITIGATION

From time to time, the Company is subject to legal proceedings, the ultimate outcome of each being always subject to many uncertainties inherent in litigation. A provision for litigation is made when it is considered probable that a payment will be made and the amount of the loss can be reasonably estimated. Significant judgement is made when evaluating, among other factors, the probability of unfavourable outcome and the ability to make a reasonable estimate of the amount of potential loss. Litigation provisions are reviewed at each accounting period and revisions made for the changes in facts and circumstances.

1.14 BORROWING COSTS

Borrowing Costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets, wherever applicable, till the assets are ready for their intended use. Such capitalisation is done only when it is probable that the asset will result in future economic benefits and the costs can be measured reliably. Capitalisation of borrowing costs commences when all the following conditions are satisfied:

- a) Expenditure for the acquisition, construction or production of a qualifying asset is being incurred;
 - b) Borrowing costs are being incurred; and
 - c) Activities that are necessary to prepare the asset for its intended use are in progress.
- d) A qualifying asset is one which necessarily takes substantial period to get ready for intended use. All other borrowing costs are charged to revenue account. Capitalisation of borrowing cost is suspended when active development is interrupted.

Statement on Significant Accounting Policies for the year ended on 31st March, 2020 (Contd.)

1.15 EMPLOYEE BENEFITS

a) Short term employee benefit obligations

Liabilities for wages, salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related services are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are to be settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

b) Other long term employee benefit obligations

The liabilities for earned leave is not expected to be settled wholly within 12 months after the end of the period in which employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of reporting period using the projected unit credit method. The benefits are discounted using the market yield at the end of reporting period that have terms approximating to the terms of related obligation. Remeasurement as a result of experience adjustments and changes in actuarial assumptions are recognised in the other comprehensive income.

The obligations are presented as current liabilities in the balance sheet if the Company does not have unconditional right to defer settlement for at least 12 months after the reporting period, regardless of when the actual settlement is expected to occur.

c) Post-employment obligations

The Company operates the following post-employment schemes:

- A. Defined benefit plans such as Gratuity; and
- B. Defined contribution plan such as Provident Fund

Gratuity Obligations

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plans is present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligations is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expenses in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in present value of the defined benefit obligation resulting from plan amendment or curtailments are recognised immediately in profit or loss as past service cost.

Defined Contribution Plans

The Company pays provident fund contributions to publicly administered funds as per the local regulations. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expenses when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payment is available.

1.16 GOODS AND SERVICE TAX

GST Credit of Raw Materials and Other Consumables is accounted at the time of purchase and the same is being adjusted to the cost of Raw Materials and Other Consumables.

Statement on Significant Accounting Policies for the year ended on 31st March, 2020 (Contd.)

VALUE ADDED TAX

In case of foreign subsidiary, the revenue, expenses and assets are recognized net of value added tax (VAT). In case input VAT paid to supplier of asset or expense is not recoverable from the Federal Tax Authority, it is disclosed as part of asset acquired or expense incurred.

Receivable and payables are stated inclusive of the amount of VAT receivable or payable. The net amount of VAT payable to or VAT recoverable from, Federal Tax Authority is disclosed as other payable or other receivable under current liabilities or current assets in the statement of financial position.

1.17 ACCOUNTING FOR TAXES ON INCOME

Income Taxes

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in Deferred Tax Assets and Liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period i.e. as per the provisions of the Income Tax Act, 1961, as amended from time to time. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on the rates and tax laws enacted or substantively enacted at the reporting date in the country where the Company operates and generates taxable income. Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred Taxes

Deferred tax is provided in full on temporary difference arising between the tax bases of the assets and liabilities and their carrying amounts in consolidated financial statements. Deferred tax amounts of income taxes recoverable in future periods in respect of deductible temporary differences, the carry forward of unused tax losses and the carry forward of unused tax credits.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred Tax Assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred Tax Assets and Liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the Company has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and Deferred Tax is recognised in the Statement of Profit and Loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The carrying amount of Deferred Tax Assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the Deferred Tax Asset to be utilised. Unrecognised Deferred Tax Assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

1.18 PROVISIONS AND CONTINGENT LIABILITIES

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be

Statement on Significant Accounting Policies for the year ended on 31st March, 2020 (Contd.)

reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Statement of Profit and Loss net of any reimbursement. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

As a policy, the company is regularly accessing the liability arising due to delay in fulfillment of the obligation against advance licenses taken for duty free import of the goods / various investment related schemes and required provisions are carried out in the books.

Contingent Liability is disclosed in the case of:

- a) A present obligation arising from the past events, when it is not probable that an outflow of resources will be required to settle the obligation;
- b) A present obligation arising from the past events, when no reliable estimate is possible;
- c) A possible obligation arising from the past events, unless the probability of outflow of resources is remote.

Contingent liabilities are not provided for and if material, are disclosed by way of notes to accounts. Contingent assets are not recognized in financial statements. However, the same is disclosed, where an inflow of economic benefit is probable.

1.19 LEASES

The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a define period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified assets, the Company assesses whether: (i) the contact involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

As a lessee, the Company recognises a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right of use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. The estimated useful lives of right of use assets are determined on the same basis as those of property and equipment. In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. For leases with reasonably similar characteristics, the Company, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole.

Lease payments included in the measurement of the lease liability comprise the fixed payments, including in-substance fixed payments and lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, the lease liability is measured at amortised cost using the effective interest method.

The Company has elected not to recognise right of use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term. The Company applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date.

Statement on Significant Accounting Policies for the year ended on 31st March, 2020 (Contd.)

1.20 EARNING PER SHARE

Basic Earnings Per Share

Basic Earnings Per Share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the company's earnings per share is the net profit for the period after deducting preference dividends, if any, and any attributable distribution tax thereto for the period.

Diluted Earnings Per Share

Diluted Earnings Per Share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential equity shares and the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

1.21 CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents comprise cash and deposits with banks. The Company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

1.22 STATEMENT OF CASH FLOWS

Cash Flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing Cash Flows. The cash flows from operating, investing and financing activities of the Company are segregated.

1.23 EVENTS OCCURRING AFTER THE REPORTING DATE

Adjusting events occurring after the balance sheet date are recognized in the financial statements. Material non adjusting events occurring after the balance sheet date that represents material change and commitment affecting the financial position are disclosed in the Director's Report.

1.24 EXCEPTIONS ITEMS

Certain occasions, the size, type or incidence of an item of income or expense, pertaining to the ordinary activities of the Company is such that disclosure improves the understanding of the performance of the Company, such income or expense is classified as an exceptional item and accordingly, disclosed in the notes accompanying to the financial statements.

Notes to Consolidated Financial Statements for the year ended 31st March 2020

2. Property, Plant and Equipments

For FY 2019-20 Assets	Gross Block					Depreciation / Amortisation		Net Block	
	Opening	Addition	Sales / Adjustments	Closing		Opening	Addition	As on March 31, 2020	As on March 31, 2019
2.1 Property, Plant and Equipment									
Freehold Land	1,021.43	1.74	-	1,023.17	-	-	-	1,023.17	1,021.43
Leasehold Land	2,334.72	30.83	-	2,365.55	34.41	20.85	-	2,310.29	2,300.31
Building	10,022.00	1,662.00	-	11,684.00	901.55	403.36	-	10,379.10	9,120.45
Plant & Equipments	41,276.82	4,803.53	-	46,080.35	7,879.63	3,436.22	-	34,764.50	33,397.19
Electrification	1,771.26	572.99	-	2,344.25	586.74	309.62	-	1,447.89	1,184.52
Office Equipments	87.37	38.83	-	126.20	37.39	17.62	-	71.19	49.98
Furniture & Fixture	136.16	29.70	-	165.86	62.62	16.62	-	86.62	73.54
Vehicles	695.62	83.72	20.62	758.72	222.37	81.34	12.36	467.36	473.25
Computer	98.51	7.57	0.01	106.07	30.43	9.91	-	65.73	68.08
Total Property, Plant & Equipment (A)	57,443.89	7,230.91	20.63	64,654.17	9,755.14	4,295.55	12.36	50,615.85	47,688.75
2.2 Intangible Assets									
Computer Software	30.44	-	-	30.44	19.88	5.41	-	5.15	10.56
Intellectual Property	977.20	-	-	977.20	282.80	138.88	-	555.52	694.40
Total Intangible Assets (B)	1,007.64	-	-	1,007.64	302.68	144.28	-	560.67	704.96
2.3 Capital Work in Progress									
Capital Work in Progress	3,772.85	8,980.71	4,900.45	7,853.11	-	-	-	7,853.11	3,772.85
Total Capital Work in Progress (C)	3,772.85	8,980.71	4,900.45	7,853.11	-	-	-	7,853.11	3,772.85
Total A+B+C	62,224.38	16,211.62	4,921.07	73,514.92	10,057.82	4,439.83	12.36	59,029.63	52,166.56

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

Notes to the Consolidated Financial Statements for the year ended 31st March 2020 (Contd.)

For FY 2018-19 Assets	Gross Block			Depreciation / Amortisation			(INR in Lakhs)		
	Opening	Addition	Sales / Adjustments	Closing	Opening	Addition	Sales / Adjustments	As on March 31, 2019	As on March 31, 2018
2.1 Property, Plant and Equipment									
Freehold Land	1,021.43	-	-	1,021.43	-	-	-	1,021.43	1,021.43
Leasehold Land	2,334.72	-	-	2,334.72	13.56	20.85	-	2,300.31	2,321.16
Building	8,495.81	1,526.19	-	10,022.00	575.33	326.22	-	9,120.45	7,920.48
Plant & Equipments	32,622.41	8,654.43	0.02	41,276.82	4,991.78	2,887.85	-	33,397.19	27,630.63
Electrification	1,229.05	542.22	-	1,771.26	338.77	247.97	-	1,184.52	890.28
Office Equipments	64.80	22.57	-	87.37	22.81	14.58	-	49.98	41.99
Furniture & Fixture	108.25	27.91	-	136.16	44.44	18.18	-	73.54	63.81
Vehicles	523.39	176.78	4.55	695.62	147.72	78.78	4.13	473.25	375.67
Computer	82.59	15.96	0.04	98.51	19.61	10.82	-	68.08	62.98
Total Property, Plant & Equipment (A)	46,482.45	10,966.06	4.61	57,443.89	6,154.02	3,605.25	4.13	47,688.75	40,328.43
2.2 Intangible Assets									
Computer Software	26.07	4.37	-	30.44	13.01	6.87	-	10.56	13.06
Intellectual Property	972.12	5.08	-	977.20	139.08	143.72	-	694.40	833.04
Total Intangible Assets (B)	998.19	9.45	-	1,007.64	152.09	150.59	-	704.96	846.10
2.3 Capital Work in Progress									
Capital Work in Progress	3,212.85	7,328.27	6,768.27	3,772.85	-	-	-	3,772.85	3,212.85
Total Capital Work in Progress (C)	3,212.85	7,328.27	6,768.27	3,772.85	-	-	-	3,772.85	3,212.85
Total A+B+C	50,693.49	18,303.78	6,772.88	62,224.38	6,306.11	3,755.84	4.13	52,166.56	44,387.38

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

Notes to Consolidated Financial Statements for the year ended 31st March 2020 (Contd.)

3. Non-Current - Investment

(INR in Lakhs)

Particulars	FY 2019-20	FY 2018-19
Investments in Equity Instruments measured at Cost (Fully Paid) - Unquoted Investments		
(I) In Subsidiaries		
38,39,000 Equity Shares (P.Y. 38,39,000) of HK \$ 1 each in Synthesis International Ltd.	256.86	256.86
9,70,000 Equity Shares (P.Y. 9,70,000) of NTD 10 each in SMS Chemical Co. Ltd.	339.53	339.53
Less : Impairment of Investments in SMS Chemical Co Ltd & Synthesis International Ltd.	(596.39)	(596.39)
(II) Investment in Associate Company		
26,23,354 Equity Shares (P.Y. 26,23,354) of SGD 10 each in DyStar Global Holdings (Singapore) Pte. Ltd.	9,550.24	9,550.24
26,25,000 Equity Shares (P.Y. 26,25,000) of Rs 10 each in Kiri Infrastructure Private Limited	1,443.75	1,443.75
Add : Share of Profit of Associates	110,403.58	84,422.85
Total	121,397.57	95,416.84

Aggregate Value Of Unquoted Investment

(INR in Lakhs)

Particulars	FY 2019-20	FY 2018-19
Non -current	121,397.57	95,416.84
Aggregate Value of Impairment In Value of Investment	596.39	596.39

Note

- The Company had made assessment of investment in its Subsidiary SMS Chemical Co. Ltd. and taken into account the past business performances and prevailing condition. As a matter of prudence, the company has written off diminution in carrying value of investments of INR 339.53 Lakhs as on 1st April 2016.
- The Company had made investment in its Subsidiary Synthesis International Limited (Wholly Owned Subsidiary). The company has already initiated the process for winding up of the Company with competent authority. As a matter of prudence, the company has written off diminution in carrying value of investments of INR 256.86 Lakhs as on 1st April 2016.
- Investment in two subsidiaries SMS Chemical Co. Ltd. and Synthesis International Limited are shown at cost less impairment. The company has not consolidated the financial statements of its subsidiary SMS Chemical Co. Ltd. and Synthesis International Limited in its consolidated financial statements.
- For status of various legal matters related to Associate DyStar Global Holdings (Singapore) Pte. Ltd. refer Emphasis of Matter Paragraph in Consolidated Independent Audit Report.

4. Non-Current Financial Assets - Investments

(INR in Lakhs)

Particulars	FY 2019-20	FY 2018-19
Investments in Equity Instruments measured at FVOCI (Fully Paid) - Unquoted Investment		
20,000 Equity Shares (P.Y. 20,000) of INR 25 each in Kalupur Commercial Co-Operative Bank Limited.	5.00	5.00
12,000 Equity Shares (P.Y. 12,000) of INR 10 each in Kapsil Aqua Enviro Limited	1.20	1.20
Total	6.20	6.20

Notes to the Consolidated Financial Statements for the year ended 31st March 2020 (Contd.)

Aggregate Value of Unquoted Investment

(INR in Lakhs)

Particulars	FY 2019-20	FY 2018-19
Non -current	6.20	6.20
Aggregate Value of Provision for Diminution in Value	-	-

5. Non-Current Financial Assets - Trade Receivables

(INR in Lakhs)

Particulars	FY 2019-20	FY 2018-19
Unsecured Considered Good		
Trade Receivables	200.72	356.47
Total	200.72	356.47

6. Other Non-Current Financial Assets

(INR in Lakhs)

Particulars	FY 2019-20	FY 2018-19
Security Deposits	1,201.65	996.73
Total	1,201.65	996.73

7. Other Non-Current Assets

(INR in Lakhs)

Particulars	FY 2019-20	FY 2018-19
Capital Advances		
Capital Advances	6,538.47	6,446.66
Advances other than Capital Advances		
Balances with Government Authorities	25.61	473.87
Non-Current Tax Assets	779.39	827.06
Advances to Suppliers for Goods	-	26.50
Advances to Suppliers for Expenses & Staff	10.82	14.85
Total	7,354.29	7,788.94

Note :

- i) Capital advances include advances to an intermediary for purchase of land for the company. Advances also include capital advances given to a party for industrial land pending necessary formalities for transfer.

8. Inventories

(INR in Lakhs)

Particulars	FY 2019-20	FY 2018-19
Raw Material & Stores and Spares	6,372.77	8,037.52
Finished Goods	5,772.19	6,584.56
Stock in Process & Semi Finished Goods	1,761.62	2,015.08
Packing Material	305.51	167.80
Fuel	57.57	50.16
Total	14,269.66	16,855.12

Notes to the Consolidated Financial Statements for the year ended 31st March 2020 (Contd.)

9. Current Financial Assets - Trade Receivables

(INR in Lakhs)

Particulars	FY 2019-20	FY 2018-19
Unsecured and Considered good		
Trade Receivables	32,037.31	25,591.19
	32,037.31	25,591.19
Less : Allowance for Credit Losses	-	233.16
Total	32,037.31	25,358.03

Note

- i) The Company has called for balance confirmation of Trade Receivables on random basis. Out of which the Company has received response from some of the parties, which are subject to reconciliation with Company's account. The other balances of Trade Receivables are subject to confirmation.

10. Cash and Cash Equivalents

(INR in Lakhs)

Particulars	FY 2019-20	FY 2018-19
Balance with Banks in Current Accounts	1,230.83	1,896.13
Cash on Hand	7.98	4.08
Total	1,238.81	1,900.21

11. Other Bank Balances

(INR in Lakhs)

Particulars	FY 2019-20	FY 2018-19
Deposits with Banks	270.09	344.83
Balances with Banks for Unpaid Dividends	3.01	-
Other Bank Balances	13.28	12.35
Total	286.38	357.18

Note:

- i) The Current Account balance includes unpaid dividend of INR 3.01 Lakh as at 31st March 2020 (Previous Year as at 31st March 2019: Nil) which have been kept in separate earmarked accounts and no transactions except for the stated purpose are done through such accounts.
- ii) Fixed Deposit with banks which is held as Margin Money or Security, Guarantee etc. of INR 111.73 Lakhs as at 31st March 2020 (Previous Year as at 31st March 2019 INR 239.81 Lakhs)

12. Current Financial Assets - Loans

(INR in Lakhs)

Particulars	FY 2019-20	FY 2018-19
Unsecured and Considered Good		
Loan to Others	1,114.38	1,208.26
Loan to Employees	326.25	587.79
Total	1,440.63	1,796.05

Notes to the Consolidated Financial Statements for the year ended 31st March 2020 (Contd.)

13. Other Current Financial Assets

(INR in Lakhs)

Particulars	FY 2019-20	FY 2018-19
Export Benefit Receivable	272.34	416.55
Others	41.24	82.18
Total	313.58	498.73

14. Current Tax Assets (Net)

(INR in Lakhs)

Particulars	FY 2019-20	FY 2018-19
Advance tax and TDS	-	111.47
Total	-	111.47

15. Other Current Assets

(INR in Lakhs)

Particulars	FY 2019-20	FY 2018-19
Advances other than Capital Advances		
Balance with Government Authorities	530.50	1,299.69
Advances to Suppliers	913.10	831.31
Advances to Suppliers - For Expenses/Services	25.92	3.59
Prepaid Expenses	130.72	91.62
Total	1,600.23	2,226.21

16. Equity Share Capital

(INR in Lakhs)

Particulars	FY 2019-20	FY 2018-19
AUTHORISED		
15,00,00,000 Equity Shares (Previous year 15,00,00,000) of INR 10/-each	15,000.00	15,000.00
5,00,00,000 Equity Shares (Previous year 5,00,00,000) of INR 10/-each	5,000.00	5,000.00
Total	20,000.00	20,000.00
Issued, Subscribed & Paid-up Capital		
33,620,646 Equity Shares (Previous year as at 31 st March, 2019, 31,343,951) of INR 10/- each fully paid up	3,362.06	3,134.40
Total	3,362.06	3,134.40

The reconciliation of the number of Equity Shares outstanding as at March 31, 2020 and March 31, 2019 is set out below:

Particulars	FY 2019-20 No of Shares	FY 2018-19 No of Shares
Number of shares at the beginning of the year	31,343,951	30,243,951
Add: Shares issued during the year	2,276,695	1,100,000
Number of shares at the end of the year	33,620,646	31,343,951

Notes to the Consolidated Financial Statements for the year ended 31st March 2020 (Contd.)

(INR in Lakhs)

Particulars	FY 2019-20 Amount	FY 2018-19 Amount
Value of shares at the beginning of the year	3,134.40	3,024.40
Add: Shares issued during the year	227.66	110.00
Value of shares at the end of the year	3,362.06	3,134.40

Note :

- During the year, the company has converted 5 Foreign Convertible Currency Bonds into 2,276,695 Equity Shares of INR 10 each at issue price of INR 12.03 each share to LTS Investments Fund Ltd.
- Previous Year 1,100,000 Warrant issued to Equinaire Chemtech LLP converted into 1,100,000 Equity shares of INR 10 each at issue price of INR 363/- each Share.

The details of shareholder holding more than 5% Equity Shares:

Name of the shareholder	As at 31 st March, 2020		As at 31 st March, 2019	
	No. of shares	%	No. of shares	%
Mr. Pravin Kiri	2,501,680	7.44	2,501,680	7.98
Mr. Manish Kiri	1,822,728	5.42	1,822,728	5.82
Ms. Anupama Kiri	5,701,238	16.96	5,701,238	18.19
Equinaire Chemtech LLP	3,500,000	10.41	3,500,000	11.17
LTS Investments Fund Ltd.	2,171,695	6.46	-	-

Rights and Restrictions:

- The Company has only one class of Equity Shares having face value of INR 10/- per share. The Equity Share holder is entitled to one vote per share. The Equity Shareholders have equal dividend rights in proportion to their shareholding.

17. Other Equity

(INR in Lakhs)

Particulars	FY 2019-20	FY 2018-19
Securities Premium Account		
As per Last year accounts	48,113.64	44,230.64
Add : Addition during the year	46.22	3,883.00
	48,159.86	48,113.64
General Reserve		
As per Last year accounts	1,617.60	1,617.60
	1,617.60	1,617.60
Capital Redemption Reserve		
As per Last year accounts	2,800.00	-
Add : Addition during the year	-	2,800.00
	2,800.00	2,800.00

Notes to the Consolidated Financial Statements for the year ended 31st March 2020 (Contd.)

(INR in Lakhs)

Particulars	FY 2019-20	FY 2018-19
Money Received against Share Warrant		
As per Last year accounts	-	3,993.00
Less : Issue of Share against Warrant	-	(3,993.00)
	-	-
Equity Component of Convertible Foreign Currency Bond		
As per Last year accounts	2,464.98	2,464.98
Less : Issue of Share against Bonds	(273.89)	-
	2,191.09	2,464.98
Redemption Reserve for Non Convertible Preference Shares		
As per Last year accounts	247.63	2,985.72
Add : Addition during the year	61.91	61.91
Less : Transfer to Capital Redemption Reserve	-	(2,800.00)
	309.54	247.63
Retained Earnings		
As per Last year accounts	98,559.94	82,231.04
Add : Surplus during the year	37,498.67	16,390.81
	136,058.61	98,621.85
Less : Redemption Reserve for Non Convertible Preference Shares	(61.91)	(61.91)
Less : Provision for DDT on Equity Shares	(128.86)	-
Less : Provision for Dividend on Equity Shares	(626.88)	-
	135,240.96	98,559.94
Translation Reserve	(337.95)	(205.25)
Total	189,981.10	153,598.54

Nature and Purpose of Reserves :

Securities Premium

Securities premium is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

General Reserve

General reserve is created by the Company by appropriating the balance of Retained Earnings. It is a free reserve which can be used for meeting the future contingencies, creating working capital for business operations, strengthening the financial position of the Company etc.

Notes to the Consolidated Financial Statements for the year ended 31st March 2020 (Contd.)

Capital Redemption Reserve

Capital Redemption Reserve was created to transfer redemption reserve of Non - Convertible preference shares. This is not free reserve and cannot be utilised for any purpose.

Redemption Reserve for Non Convertible Preference Shares

The company has created Redemption Reserve for utilization in repayment of Non-Convertible preference shares issued by the company which are redeemable in FY 2021-22.

Retained Earnings

Retained Earnings are the profits that the company has earned till date less any transfers to redemption reserve, dividends or other distributions paid to shareholders.

Foreign Currency Translation Reserve

Exchange differences arising on translation of the foreign subsidiaries are recognised in other comprehensive Income as described in accounting policy and accumulated in a separate reserve within equity. The cumulative amount shall be reclassified to the statement of Profit and loss when the net investment is derecognised by the Company.

18. Non-current Borrowings

(INR in Lakhs)

Particulars	FY 2019-20	FY 2018-19
Borrowings		
a) Secured		
In Indian Currency		
Term Loan Facility from ARCs	6,836.00	12,153.00
Other Borrowings (Refer Note 25 for Current Maturity of Term Loan INR 5,328.27 Lakhs (P.Y. INR 1,474.65 Lakhs)	42.50	45.04
b) Unsecured		
Inter Corporate Deposits	2,067.50	2,027.50
Other Financial Liabilities		
43,33,500 (P Y 43,33,500) 0.15% Cumulative Non Convertible Redeemable Preference Shares of INR 10/- each Fully paid up	650.03	650.03
Total	9,596.03	14,875.57

i) The details of security offered for the long term borrowings and current maturity of long term debts are set out below :

Sr. No.	Description of Assets/Security	Security given to
1	All that piece and parcel of lease hold Plot No. 299/1/A, admeasuring about 3767 sq. mts., alongwith factory shed building, Plant and Machinery standing thereon of Vatwa Industrial Estate of Gujarat Industrial Development Corporation, situated upon land bearing Survey No. 416/p and 410/p of mouje: Vinzol, Taluka: Dascroi, Registration District Ahmedabad and Sub-District Ahmedabad-5 (Narol)	First charge for securing debt of Invent Assets Securitisation and Reconstruction Private Limited

Notes to the Consolidated Financial Statements for the year ended 31st March 2020 (Contd.)

Sr. No.	Description of Assets/Security	Security given to
2	All that piece and parcel of lease hold Plot No. 299/1/B, admeasuring about 2050 sq. mts., alongwith factory shed building, Plant and Machinery standing thereon of Vatwa Industrial Estate of Gujarat Industrial Development Corporation, situated upon land bearing Survey No. 416/p and 410/p of mouje: Vinzol, Taluka: Dascroi, Registration District Ahmedabad and Sub-District Ahmedabad-5 (Narol).	First charge for securing debt of Invent Assets Securitisation and Reconstruction Private Limited
3	All that piece and parcel of lease hold Plot No. 10/8, (Phase-I), admeasuring about 2539 Sq. Mtrs. alongwith Factory shed building, Plant and Machinery standing thereon of Vatwa Industrial Estate of Gujarat Industrial Development Corporation, situated upon land bearing Survey No. 418/p of mouje: Vinzol & Vatwa, Taluka: Dascroi, Registration District Ahmedabad and Sub-District Ahmedabad-5 (Narol).	First charge for securing debt of Invent Assets Securitisation and Reconstruction Private Limited
4	All that piece and parcel of non-agricultural land bearing amalgamated Block No. 396 (allotted in lieu of old Block Nos. 396, 399, 400/A, 400/B, 401, 402, 403 and 404/A) totally admeasuring about 45773 sq. mts. alongwith factory shed building, plant and machinery at Mouje: Dudhavada, Taluka: Padra, Registration District Vadodara and Sub-District Padra.	First charge for securing debt of Invent Assets Securitisation and Reconstruction Private Limited
5	All that piece and parcel of non-agricultural land bearing Block No. 552/A, 566, 567, 569, 570 & 571 admeasuring about 31942 sq.mts., alongwith factory shed building, plant and machinery at Mouje: Dudhwada, Taluka: Padra, Registration District: Vadodara and Sub-District: Padra.	First charge for securing debt of Invent Assets Securitisation and Reconstruction Private Limited
6	All that piece and parcel of lease hold Plot Nos. 365 & 366, admeasuring about 1507.93 sq. mts., along with factory shed building standing thereon of Vatwa Industrial Estate of Gujarat Industrial Development Corporation, situated upon land bearing Survey 410/p of mouje: Vinzol, Taluka: Dascroi, Registration District Ahmedabad and Sub-District Ahmedabad-5 (Narol).	First charge for securing debt of Invent Assets Securitisation and Reconstruction Private Limited
7	All that piece and parcel of non agricultural land bearing Block No. 390/A, 390/B, 391/A, 391/B, 394/A/1, admeasuring about 22311 sq. mts., Alongwith factory shed building, plant and machinery situate lying and being at mouje: Dudhwada, Taluka: Padra, Registration District: Vadodara and Sub-District: Padra.	First charge for securing debt of Invent Assets Securitisation and Reconstruction Private Limited
8	All that piece and parcel of non agricultural land bearing Block No. 393, 394/A/2 394/B/1, 394/B/2, admeasuring about 16313 sq.mts., alongwith factory shed building, plant and machinery, Power plant situate lying and being at mouje: Dudhwada, Taluka: Padra, Registration District: Vadodara and Sub-District: Padara	First charge for securing debt of Invent Assets Securitisation and Reconstruction Private Limited
9	Pledge of 13,11,677 equity shares of Dystar Global Holdings (Singapore) Pte. Ltd.	Pledge of 13,11,677 equity shares for securing debt of Invent Assets Securitisation and Reconstruction Private Limited.

- ii) The details of long term borrowings and current maturity of long term borrowings Loans guaranteed by Directors are set out below :

Secured Loans

Loans from Invent Assets Securitisation and Reconstruction Private Limited are secured by personal Guarantees of some of the directors.

Notes to the Consolidated Financial Statements for the year ended 31st March 2020 (Contd.)

- iii) The details of terms of repayment etc of long term borrowings and current maturity of long term borrowings are given below:

In respect of debts due to Invent Assets Securitisation and Reconstruction Private Limited ("Invent") and as per settlement agreements executed by the Company with Invent, the outstanding settlement amount shall be repayable in Quarterly installments starting from September-2015 ending September, 2022. The details of EMI due from April, 2020 are as follows: Two Quarterly EMI of INR 36.50 Lakhs till September, 2020, Two Quarterly EMI of INR 2622 Lakhs till March, 2021, Two Quarterly EMI of INR 2621 Lakhs till September, 2021 and Four Quarterly EMI of INR 398.50 Lakhs till September, 2022. However, the company has made application to ARC for reschedulement of dues outstanding in view of COVID-19 Pandemic.

- iv) The details of security offered for Other Borrowings are set out below :

SN	Description of Loan	ROI	Repayment Terms	Security Given
1	Vehicle Loan	10.50%	47 Monthly Installments: 46 EMI of INR 1.05 Lakhs Last Installment INR 36.06 Lakhs	Hypothecation of Vehicle
2	Vehicle Loan	8.80%	36 EMI of INR 0.32 Lakhs	Hypothecation of Vehicle

- v) The details of terms for Inter Corporate Deposits are set out below :

Sr. No.	Description of Loan	ROI	Repayment Terms
1	Inter Corporate Deposits	15.00%	Repayable till March 31, 2022

- vi) The Company has only one class of Preference Shares carrying no voting right and have fixed dividend right of dividend @ 0.15% per share of face value.

19. Non-current - Trade payables

(INR in Lakhs)

Particulars	FY 2019-20	FY 2018-19
Total outstanding dues of creditors other than MSME	12.81	362.93
Total outstanding dues of MSME (Refer Note No. 37)	-	-
Total	12.81	362.93

20. Non-Current - Other Financial Liabilities

(INR in Lakhs)

Particulars	FY 2019-20	FY 2018-19
Deposits from Customers	95.50	76.50
Total	95.50	76.50

Note:

- i) Deposits from customers are non-interest bearing.

21. Provisions

(INR in Lakhs)

Particulars	FY 2019-20	FY 2018-19
Provision for Employee Benefits (Refer Note 39)		
Gratuity	292.55	198.77
Compensated Absences	58.06	37.86
Provision Others	1,100.19	1,100.19
Total	1,450.80	1,336.82

Notes to the Consolidated Financial Statements for the year ended 31st March 2020 (Contd.)

22. Tax Expense

Current Tax:

a) Amounts recognised in Statement of Profit and Loss

(INR in Lakhs)

Particulars	FY 2019-20	FY 2018-19
Current Tax:		
Current Income Tax	3,241.19	5,348.06
Excess provision of Income Tax for Earlier Years	(209.54)	91.94
Total Current Tax Expenses	3,031.65	5,440.00
Deferred Tax		
Increase in Deferred Tax Liabilities	630.52	611.68
MAT Credit Entitlement	(1,020.79)	(2,708.27)
Total Deferred Tax Expenses/(Benefits)	(390.27)	(2,096.59)
Income Tax Expenses	2,641.38	3,343.41

b) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for March 31, 2020 and March 31, 2019

(INR in Lakhs)

Particulars	FY 2019-20	FY 2018-19
Accounting profit before tax from continuing operations for Indian Entities	14,394.67	19,398.22
Accounting profit before Income Tax	14,394.67	19,398.22
Tax at India's statutory income tax rate of 34.944%(31 March 2019 : 34.944%)	4,201.09	6,778.51
Adjustment for tax purposes		
Permanent Disallowances(Net)	129.75	252.61
43B & Other Disallowance	23.03	23.15
Utilisation of Unabsorbed Losses	(1,293.10)	(3,968.43)
Others	(100.39)	-
Current Tax of Prior Period/Excess provisions of Prior Period	(209.54)	91.94
Interest on Taxes	-	128.25
Change in Tax Rates	(109.45)	37.38
Income tax expense	2,641.38	3,343.41
Effective Tax Rate	18.35%	17.24%

c) Deferred Tax Liabilities

(INR in Lakhs)

Particulars	FY 2019-20	FY 2018-19
Deferred Tax (Net of MAT Credit Entitlement of INR 4,607.53 Lakhs, Previous year INR 3,862.60 Lakhs)	484.62	599.04
Total	484.62	599.04

Notes to the Consolidated Financial Statements for the year ended 31st March 2020 (Contd.)

d) Movement in Deferred Tax Expenses

As on 31st March 2020

(INR in Lakhs)

	Opening	P/L	Net	DTA	DTL
Deferred Tax Asset					
Property, Plant and Equipment	(4,592.26)	(708.29)	(5,300.55)	-	(5,300.55)
Investment	208.40	-	208.40	208.40	-
Other Current Assets	1.42	(1.42)	-	-	-
Other Financial Liabilities	57.32	(57.32)	-	-	-
Disallowance of Expenditures	(136.51)	136.51	-	-	-
Tax Asset/Liabilities	(4,461.63)	(630.52)	(5,092.15)	208.40	(5,300.55)
Net Tax Assets/(Liabilities)					(5,092.15)

As on 31st March 2019

(INR in Lakhs)

	Opening	P/L	Net	DTA	DTL
Deferred Tax Asset					
Property, Plant and Equipment	(3,977.20)	(615.06)	(4,592.26)	-	(4,592.26)
Investment	201.30	7.10	208.40	208.40	-
Other Current Assets	1.42	-	1.42	1.42	-
Other Financial Liabilities	57.32	-	57.32	57.32	-
Disallowance of Expenditures	(132.79)	(3.72)	(136.51)	-	(136.51)
Tax Asset/Liabilities	(3,849.95)	(611.68)	(4,461.63)	267.14	(4,728.77)
Net Tax Assets/(Liabilities)					(4,461.63)

23. Current - Borrowings

(INR in Lakhs)

Particulars	FY 2019-20	FY 2018-19
Unsecured Loans		
From Banks - In Indian Currency	-	-
Inter Corporate Deposits	57.22	57.20
Total	57.22	57.20

Note:

- i) The details of terms for Inter Corporate Deposits are set out below :

Sr. No.	Description of Loan	ROI	Repayment Terms
1	Inter Corporate Deposits	15.00%	Repayable till March 31, 2022

24. Current - Trade Payables

(INR in Lakhs)

Particulars	FY 2019-20	FY 2018-19
Total outstanding dues of MSME (Refer Note No. 37)	381.94	157.72
Total outstanding dues of creditors other than MSME	21,444.27	19,597.28
Total	21,826.21	19,755.00

Notes to the Consolidated Financial Statements for the year ended 31st March 2020 (Contd.)

Note :

- i) Balances of Creditors 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.

25. Current - Other Financial Liabilities

(INR in Lakhs)

Particulars	FY 2019-20	FY 2018-19
Current Maturity of Long-term secured debt	5,328.27	1,474.65
Interest accrued but not due on borrowings	0.78	14.21
Credit Balances in Bank Accounts	38.39	6.51
Employee Benefit Payable	408.70	398.12
Unpaid Dividend	3.01	-
Payable for Capital Goods	2,055.15	1,687.01
Total	7,834.30	3,580.51

Note :

- i. There is no amount outstanding in respect of Unpaid Dividend to be transferred to Investor Education & Protection Fund under Section 125 of the Companies Act, 2013.

26. Other Current Liabilities

(INR in Lakhs)

Particulars	FY 2019-20	FY 2018-19
Advance received from Customer	3,911.02	3,568.15
Statutory Dues	417.30	267.74
Other Liabilities	160.68	1,446.35
Total	4,489.00	5,282.24

Note:

- i) Other liabilities of NIL (P.Y. INR 1,346.35 lakhs amount payable to DyStar Global Holdings (Singapore) Pte. Ltd. under the Singapore International Commerical Court order dated July 03, 2018.)

27. Current - Provisions

(INR in Lakhs)

Particulars	FY 2019-20	FY 2018-19
Provision for Employee Benefits		
Gratuity	161.02	148.20
Compensated Absences	13.54	12.91
Leave Travel Allowance	15.13	9.76
Total	189.69	170.87

28. Current Tax Liabilities (Net)

(INR in Lakhs)

Particulars	FY 2019-20	FY 2018-19
Current Tax Payable	1,319.99	3,873.85
Less : Advance Tax, TDS & TCS	(322.67)	(868.73)
Total	997.32	3,005.12

Notes to the Consolidated Financial Statements for the year ended 31st March 2020 (Contd.)

29. Revenue From Operations

(INR in Lakhs)

Particulars	FY 2019-20	FY 2018-19
Revenue from Contract with Customers		
Sale of Products	126,780.54	135,414.96
Other Operating Revenue	3,758.26	3,967.92
Total	130,538.80	139,382.88

30. Other Income

(INR in Lakhs)

Particulars	FY 2019-20	FY 2018-19
Interest Income	469.31	258.26
Dividend Income	0.75	0.75
Profit on sale of Fixed Assets	-	2.19
Other Income	58.69	6.33
Total	528.75	267.53

31. Cost of Material Consumed

(INR in Lakhs)

Particulars	FY 2019-20	FY 2018-19
Raw Material Consumed :		
Opening Inventory	7,472.33	4,356.66
Add : Net Purchases	73,285.36	87,917.23
Less: Inventory at the end of the year	5,859.10	7,472.33
Cost of Raw Material consumed during the year	74,898.59	84,801.56
Packing Material Consumed :		
Opening Inventory	167.80	117.97
Add : Net Purchases	1,830.72	1,600.31
Less: Inventory at the end of the year	305.51	167.80
Cost of Packing Material consumed during the year	1,693.01	1,550.48
Total	76,591.60	86,352.04

32. Changes in Inventories of Finished Goods, Work-In-Progress & Stock-In Trade

(INR in Lakhs)

Particulars	FY 2019-20	FY 2018-19
(Increase)/decrease in Stocks		
Stock at the beginning of the year :		
Finished Goods	5,869.84	4,901.66
Work in Progress & Semi Finished Goods	2,015.08	1,434.62
	7,884.92	6,336.28

Notes to the Consolidated Financial Statements for the year ended 31st March 2020 (Contd.)

(INR in Lakhs)

Particulars	FY 2019-20	FY 2018-19
Stock at the end of the year :		
Finished Goods	5,772.19	5,869.84
Work in Progress & Semi Finished Goods	1,761.62	2,015.08
	7,533.81	7,884.92
Total	351.11	(1,548.64)

33. Employee Benefits Expenses

(INR in Lakhs)

Particulars	FY 2019-20	FY 2018-19
Salaries, Wages & Bonus	4,310.40	3,652.89
Contribution to Provident fund & other funds	304.58	236.22
Welfare Expenses	269.41	281.98
Total	4,884.39	4,171.09

34. Finance Cost

(INR in Lakhs)

Particulars	FY 2019-20	FY 2018-19
Interest & Financial Charges		
Interest Cost	373.45	371.01
Financial Charges	110.17	164.31
Forex (Gain) / Loss	-	(26.84)
Total	483.62	508.48

35. Other Expenses

(INR in Lakhs)

Particulars	FY 2019-20	FY 2018-19
Operational & Other Expenses		
- Power & Fuel	11,150.63	10,164.79
Repairs & Maintenance		
- Buildings	304.91	252.00
- Machineries	3,307.67	2,301.79
- Other Assets	297.05	337.51
Pollution Treatment Expenses	1,038.93	811.78
Laboratory Expenses	108.74	110.74
Factory Expenses	125.41	117.78
Labour Expenses	2,038.81	1,755.10
Insurance Premium	260.36	143.19
Bad Debts	-	117.56
Provision for Doubtful Debts	-	233.16
Communication Expenses	53.27	51.70
Postage & Courier	43.01	38.66

Notes to the Consolidated Financial Statements for the year ended 31st March 2020 (Contd.)

(INR in Lakhs)

Particulars	FY 2019-20	FY 2018-19
Travelling & Conveyance	124.60	120.04
Compensation Expenses	43.07	-
Repairs & Maintenance - Others	56.68	69.05
Membership & Subscription	9.71	7.17
Security Expenses	161.58	142.27
Legal & Professional Fees	2,780.82	1,580.64
Payment to Auditors	37.69	36.51
Rates & Taxes	93.93	105.60
Foreign Exchange Loss	227.93	258.40
CSR and Social Welfare Expenses	312.24	203.91
Miscellaneous Expenses	107.39	40.08
Software Expense	7.45	10.29
Export Expenses	230.58	164.77
Outward Freight & Transportation Charges	1,678.97	1,477.16
Commission on Sales	502.91	122.78
Travelling Expenses	203.41	129.01
Advertisement & Sales Promotion Expenses	459.88	323.18
Total	25,767.63	21,226.63

Notes :

Details of Payment made to Auditor is as below:

(INR in Lakhs)

Particulars	FY 2019-20	FY 2018-19
For Statutory Audit Fees	25.00	24.00
For Taxation matters	5.30	5.30
For Other services	5.22	5.20

Corporate Social Responsibility Expenditure - spent during the year is INR 309.26 Lakhs (Previous Year INR 198.58 Lakhs) :

(INR in Lakhs)

Particulars	FY 2019-20	FY 2018-19
Amount Required to be spent as per Section 135 of the Act	308.99	195.10
Amount spent during the year	309.26	198.58

36. Earning per share from continuing operations

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Net Profit After Tax attributable to Shareholder (INR in Lakhs)	37,498.67	16,390.81
Weighted Average number of Equity Shares at the end of year	32,797,293	31,343,951
Nominal Value of Share	10	10
Basic Earnings Per Share	114.33	52.29
Diluted Earnings Per Share	72.34	31.62

Notes to the Consolidated Financial Statements for the year ended 31st March 2020 (Contd.)

37. The Ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated August 26, 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number allocated after filing of the Memorandum in accordance with 'Micro, Small and Medium Enterprises Development Act, 2006 ('the MSMED Act').

Accordingly, the disclosure in respect of the amounts payable to such Enterprises as at March 31, 2020 has been made in the Financial Statements based on information received and available with the Company. Further in view of the Management, the impact of interest, if any, that may be payable in accordance with the provisions of the Act is not expected to be material. The Company has not received any claim for interest from any Supplier as at date of this financial statement.

The details as required by MSMED Act are given below:

(INR in Lakhs)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
The Principal amount and the interest due thereon remaining unpaid to any supplier as at the end of accounting year:		
Principal Amount	381.94	157.72
Interest Amount	-	-
The amount of interest paid by the buyer under MSMED Act along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	NIL	NIL
The amount of interest due and payable for the year (where the principal has been paid but interest under the MSMED Act not paid)	-	-
The amount of interest accrued and remaining unpaid at the end of the accounting year: and	-	-
The amount of further interest due and payable even in the succeeding period, until such date when the interest dues as above are actually paid to the Small Enterprise, for the purpose of disallowance as a deductible expenditure under Section 23 .	-	-

On the basis of information and records available with the Company, the above disclosures are made in respect of amount due the Micro, Small and Medium enterprises, which have been registered with the relevant competent Authorities. This has been relied upon by the Auditors.

38. Contingent Liabilities

(INR in Lakhs)

Particulars	2019-20	2018-19
In respect of Bank Guarantees	141.50	142.50
In respect of Letter of Credit	-	161.39
In respect of Disputed Tax Liabilities	1,707.56	1,653.86

39. Employee Benefit Obligations

a) Retirement Benefits

As per Ind AS 19 the Company has recognized "Employees Benefits" in the financial statements in respect of Employee Benefits Schemes as per Actuarial Valuation as on March 31, 2020.

i. Change in Defined Benefit Obligation (DBO):

(INR in Lakhs)

Particulars	2019-20	2018-19
Opening Balance of Present Value of Obligation	346.98	270.74
Interest Cost	27.03	21.31
Current Service Cost	62.68	53.85
Benefit paid	(19.76)	(17.09)
Actuarial (Gain) / Loss on Obligations - Due to change in Demographic Assumptions	(7.07)	-

Notes to the Consolidated Financial Statements for the year ended 31st March 2020 (Contd.)

(INR in Lakhs)

Particulars	2019-20	2018-19
Actuarial (Gain) / Loss on Obligations – Due to change in Financial Assumptions	27.52	3.41
Actuarial (Gain) / Loss on Obligations – Due to Experience	31.12	14.77
Closing Balance of Present Value Obligation	468.50	346.98

ii. Balance Sheet Reconciliation:

(INR in Lakhs)

Particulars	2019-20	2018-19
Opening Net Liability	333.05	253.19
Expense Recognized in Statement of Profit or Loss	88.62	73.77
Expenses Recognized in OCI	51.67	23.17
Benefit paid	(19.76)	(17.09)
Closing Balance of Present Value Obligation	453.58	333.05

iii. Net Asset / (Liability) recognized in Balance Sheet:

(INR in Lakhs)

Particulars	2019-20	2018-19
(Present Value of Obligation)	(468.50)	(346.99)
Fair Value of Plan Assets	14.92	13.94
Assets/(Liability) recognized in Balance Sheet	(453.58)	(333.05)

iv. Change in Fair Value of Plan Assets

(INR in Lakhs)

Particulars	2019-20	2018-19
Fair Value of Plan Assets at beginning of Period	13.94	17.55
Interest Income	1.09	1.38
Expected return on plan assets, excluding interest Income	(0.10)	(4.99)
Fair Value of Plan Assets at end of Period	14.92	13.94

v. Expense recognized in Statement of Profit or Loss for Current Period:

(INR in Lakhs)

Particulars	2019-20	2018-19
Current Service Cost	62.68	53.85
Net Interest Cost	25.95	19.93
Expenses Recognized	88.62	73.77

vi. Expense recognized in Other Comprehensive Income for the Current Period – Gratuity:

(INR in Lakhs)

Particulars	2019-20	2018-19
Actuarial (Gains) / Losses on obligation for the period	51.57	18.18
Expected return on plan assets, excluding interest Income	0.10	4.99
Change in Asset Ceiling	-	-
Net (Income) / Expense for the period recognized in OCI	51.67	23.17

Notes to the Consolidated Financial Statements for the year ended 31st March 2020 (Contd.)

vii. Net Interest Cost for Current Period:

(INR in Lakhs)

Particulars	2019-20	2018-19
Present Value of Obligation	346.98	270.74
(Fair Value of Plan Assets)	(13.94)	(17.55)
Net (Assets) / Liability recognized in Balance Sheet	333.05	253.19
Interest Cost	27.03	21.31
(Interest Income)	(1.09)	(1.38)
Net Interest Cost for Current Period	25.95	19.93

viii. Actuarial Assumptions - Gratuity :

Particulars	2019-20	2018-19
Mortality Table (LIC)	2006-08 (Ultimate)	2006-08 (Ultimate)
Discount Rate (per annum)	6.82%	7.79%
Attrition Rate		
For Service 4 years and below	15.00%	2.00%
For Service 4 years and above	3.00%	
Annual Increase in salary costs		
For next 1 year	0.00%	6.00%
From 2nd year and thereafter	6.00%	

ix. Investment details :

Particulars	Percentage invested as at 31 st March 2020	Percentage invested as at 31 st March 2019
Insurance Company and Others	100.00%	100.00%

x. Sensitivity Analysis - Gratuity

Particulars	2019-20		2018-19	
	Increase	Decrease	Increase	Decrease
Change in Rate of Discounting (1.00% movement)	(49.48)	59.45	(39.17)	47.37
Change in Rate of Salary Growth (1.00% movement)	58.37	(46.75)	46.97	(39.56)
Change in Rate of Employee Turnover (1.00% movement)	3.48	(4.20)	7.07	(8.42)

b) Defined Contribution Plans

Amount recognised as expenses on account of "Contribution/Provision to and for Provident and other Funds" of Statement of Profit and Loss INR 304.58 Lakhs (Previous year INR 236.23 Lakhs)

40. Segment Reporting

- a) The Group operates mainly in manufacturing of Dyes, Dyes Intermediates and Basic Chemicals. All other activities are incidental thereto and integrated, which have similar risk and return, accordingly, there are no separate reportable Segment as far as primary Segment is concerned.

Notes to the Consolidated Financial Statements for the year ended 31st March 2020 (Contd.)

b) Analysis by Geographical Segment

(INR in Lakhs)

Particulars	2019-20	2018-19
Domestic Sales	64,463.90	71,981.00
Export Sales	62,316.64	63,433.96
Total Sales	126,780.54	135,414.96

41. Foreign Currency Convertible Bonds (FCCB)

The Bond Holder, vide Extra Ordinary Resolution passed on March 24, 2016 has approved to modifications of existing terms and conditions of Foreign Currency Convertible Bonds (FCCBs). The Company has also executed the First Supplemental Trust Deed with the Trustee, the Bank of New York Mellon, London Branch, on March 29, 2016 to give effect of modification of terms of FCCBs. As per modification of terms maturity of date of Series B, D, E and F Bonds has been extended from January 17, 2018 to January 17, 2022.

Details of FCCBs pending for conversion in to equity shares of INR 10 each at premium of INR 2.03 per equity share are given below:

Series of FCCBs	No of Bonds	Principal Amount (USD)
Series B	8	800,000
Series D	9	900,000
Series E	9	900,000
Series F	14	1,400,000

During the year, 5 Foreign Currency Convertible Bonds (FCCBs) of series E converted into equity shares on 12th August, 2019.

42. Share Based Payments

- a) Pursuant to the approval accorded by shareholders at their Annual General Meeting held on 26th September 2014 and in compliance with the provisions of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, the Nomination and Remuneration Committee of the Company formulated Kiri Industries Limited Employee Stock Option Scheme - 2014 (**ESOP Scheme - 2014**).
- b) The Board of Directors of the Company at their meeting held on 7th August, 2015 has allotted 1,000,000 equity shares of INR 10 each at an issue price of INR 35 per equity share to Kiri Employee Stock Option Trust for transfer of said equity shares to eligible employee upon exercise of equal number of options granted under the Scheme. The exercise price of the options shall be INR 35 (Face Value of INR 10 each) on the grant date.
- c) Under the Scheme:
 - a) Vesting has commenced after the date of Grant and may extend up to five years from the date of Grant or such other percentage of vesting each year as decided by the Board and/or Nomination & Remuneration Committee or any other committee constituted by the Board.
 - b) The exercise price for the purposes of the grant of Stock Options is as per terms & conditions decided by the Board and/or Nomination & Remuneration Committee or any other committee constituted by the Board at the time of respective grant of Stock Options, but at a price not below the face value of the equity share and not exceeding the market price as per the SEBI Guidelines.
 - c) The exercise Period would be 5 (Five) years from the date of Grant or such other period as may be decided by the Board and/or Nomination & Remuneration Committee or any other committee constituted by the Board at the time of respective grant of Stock Options.
 - d) The information related to stock options granted, exercised and outstanding as on March 31, 2020 (as certified by the management) are as follows:

Notes to the Consolidated Financial Statements for the year ended 31st March 2020 (Contd.)

Particulars	As at 31 st March 2020	As at 31 st March 2019
Options outstanding at the beginning of the year	425000	625000
Options Granted	-	-
Shares Transferred to Employee account from Trust Account	200000	200000
Options outstanding at the end of the Financial year	225000	425000

43. Related Parties Disclosures

a) Related Party And Their Relationship

Relationship	Name of the Party
Subsidiaries of the Company	Synthesis International Limited
	SMS Chemicals Co. Limited
Enterprises in which Key Managerial Personnel (KMP) & their relatives have significant influence	Kiri Laboratories Pvt. Ltd.
	Indochin Development Pvt. Ltd.
	Kiri Peroxide Ltd.
	Chemhub Tradelink Pvt. Ltd.
	Saptak Buildcon Pvt. Ltd.
	Kiri Carbon Pvt. Ltd.
	Kiri Globe ink Pvt. Ltd.
	Equinaire Chemtech LLP
	Parkin Auto Accessories Pvt. Ltd.
	Kiri Cosmetics LLP
Enterprises in which Key Managerial Personnel (KMP) are nominee director:	Texanlab Laboratories Pvt. Ltd.
	Texanlab Bangladesh Pvt. Ltd.
	DyStar India Pvt. Ltd.
	DyStar Acquisition Corporation
	DyStar Americas Holding Corporation
	DyStar Hilton Davis Corporation
	DyStar Foam Control Corporation
	DyStar Carolina Chemical Corporation
	S. Acquisition & Co.

Notes to the Consolidated Financial Statements for the year ended 31st March 2020 (Contd.)

Relationship	Name of the Party
Key Managerial Personnel & their Relatives	Mr. Pravin A Kiri
	Mr. Manish P Kiri
	Mr. Keyoor Bakshi
	Mr. Mukesh Desai
	Ms. Veena Padia
	Mr. Ulrich Hambrecht
	Ms. Aruna P Kiri
	Ms. Anupama M. Kiri
	Pravin A. Kiri – HUF
	Mr. Suresh Gondalia
	Mr. Jayesh Vyas
	Ms. Chetana Jayesh Vyas

b) Transaction with Related Parties

(INR in Lakhs)

Figures in *Italics* represent figures as at March 31, 2019

Particulars	Associates Enterprise / Subsidiaries of Associates Enterprise	Key Management Personnel & their Relatives	Entity Controlled by Key Management Personnel & their Relatives	Total
Purchase of Goods/ Service/Capital Goods	295.47	-	-	295.47
	1,385.59	-	-	1,385.59
Rent Paid	-	-	14.16	14.16
	-	-	12.98	12.98
Remuneration and Reimbursement of Expenses(Incl. Perquisites)	-	466.66	-	466.66
	-	450.56	-	450.56
Director Sitting Fees	-	2.70	-	2.70
	-	1.64	-	1.64
Equity Shares Issued	-	-	-	-
	-	-	110.00	110.00
Share Premium	-	-	-	-
	-	-	3,883.00	3,883.00
Loan Given	-	14.41	-	14.41
	-	13.92	-	13.92
Receipt of Loan Given	-	95.00	-	95.00
	-	1.25	-	1.25
Outstanding Balance (Cr)	-	52.43	10.74	63.17
	1,346.35	9.30	11.88	1,367.53
Outstanding Balance (Dr)	125.62	73.38	-	199.00
	-	192.02	-	192.02

Notes to the Consolidated Financial Statements for the year ended 31st March 2020 (Contd.)

c) Disclosure in respect of material transactions with related parties

(INR in Lakhs)

Nature of Transaction	Name of the Related Party	2019-20	2018-19
Purchase of Goods/ Services/ Capital Goods	DyStar Global Holdings (Singapore) Pte. Ltd	295.47	1,385.59
Rent Paid	Saptak Buildcon Pvt. Ltd.	14.16	12.98
	Mr. Pravin A. Kiri	132.00	120.00
Remuneration and Reimbursement of Expenses	Mr. Manish P. Kiri (MD)	132.00	120.00
	- Kiri Industries Ltd	100.82	113.28
	- Chemhub Trading DMCC		
	Mr. Suresh Gondalia (CS)	49.39	48.00
	Mr. Jayesh Vyas (CFO)	42.58	39.30
	Ms. Chetana Jayesh Vyas	9.87	9.98
Director Sitting Fees	Mr. Keyoor Bakshi	0.95	0.66
	Mr. Mukesh Desai	0.75	0.47
	Ms. Veenaben Padia	1.00	0.51
Equity Share	Equinaire Chemtech LLP	-	110.00
Share Premium	Equinaire Chemtech LLP	-	3,883.00
Loan Given	Mr. Suresh Gondalia (CS)	9.61	9.46
	Mr. Jayesh Vyas (CFO)	4.80	4.46
Receipt of Loan Given	Mr. Suresh Gondalia (CS)	79.00	1.25
	Mr. Jayesh Vyas (CFO)	16.00	-
Outstanding Balance (Cr)	Dystar Global Holdings (Singapore) Pte. Ltd	-	1,346.35
	Saptak Buildcon Pvt. Ltd.	10.74	11.88
	Mr. Manish P. Kiri (MD)	-	6.33
	- Kiri Industries Ltd	-	-
	- Chemhub Trading DMCC	49.31	-
	Mr. Suresh Gondalia (CS)	1.01	1.15
	Mr. Jayesh Vyas (CFO)	1.49	1.25
Outstanding Balance (Dr)	Ms. Chetana Jayesh Vyas	0.62	0.57
	Dystar Global Holdings (Singapore) Pte. Ltd	125.62	-
	Mr. Manish P. Kiri (MD)	-	38.04
	- Chemhub Trading DMCC	-	-
	Mr. Suresh Gondalia (CS)	32.90	102.30
	Mr. Jayesh Vyas (CFO)	40.48	51.68

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

d) Compensation to Key Managerial Personnel of the Company:

(INR in Lakhs)

Nature of Benefits	2019-20	2018-19
Short-term employee benefits	355.97	327.30
Post-employment gratuity benefits*	14.21	10.97
Total	370.18	338.27

Notes to the Consolidated Financial Statements for the year ended 31st March 2020 (Contd.)

*Key Managerial Personnel who are under the employment of the Company are entitled to post employment benefits and other long term employee benefits recognized as per Ind AS-19 – 'Employee Benefits' in the financial statements. Post-employment gratuity benefits of Key Managerial Personnel have not been included in (b) & (c) above.

44. Capital Management

The Company's policy is to maintain a strong capital base and to sustain future development of the business. Management monitors the return on capital.

The Company monitors capital using a ratio of 'adjusted net debt' to 'adjusted equity'. For this purpose, adjusted net debt is defined as total liabilities, comprising interest-bearing loans and borrowings and obligations under finance leases, less cash and cash equivalents. Adjusted equity comprises all components of equity.

(INR in Lakhs)

Particulars	2019-20	2018-19
Total Interest bearing Debt	14,981.52	16,407.42
Less : Cash and Cash Equivalents	1,238.81	1,900.21
Adjusted Net Debt	13,742.71	14,507.21
Total Equity	193,343.17	156,732.94
Adjusted Net Debt to Equity Ratio	0.07	0.09

45. Fair Value Measurement and Financial Risk Management

- a) The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

(INR in Lakhs)

Financial Assets and Liabilities as at March 31, 2020	Carrying value			Total	Fair Value (Level)			
	Routed through Profit and Loss	Routed through OCI	Carried at amortised cost		1	2	3	Total
Financial Assets								
Non Current Investment	-	6.00	0.20	6.20	-	6.20	-	6.20
Other Financial Assets								
Non Current	-	-	1,201.65	1,201.65	-	1,201.65	-	1,201.65
Current	-	-	313.58	313.58	-	-	-	-
Trade receivable								
Non Current	-	-	200.72	200.72	-	-	-	-
Current	-	-	32,037.31	32,037.31	-	-	-	-
Cash and Cash equivalents	-	-	1,238.81	1,238.81	-	-	-	-
Other Bank Balance	-	-	286.37	286.37	-	-	-	-
Loans	-	-	1,440.63	1,440.63	-	-	-	-
Total	-	6.00	36,719.27	36,725.27	-	1,207.85	-	1,207.85

Notes to the Consolidated Financial Statements for the year ended 31st March 2020 (Contd.)

(INR in Lakhs)

Financial Assets and Liabilities as at March 31, 2020	Carrying value			Total	Fair Value (Level)			
	Routed through Profit and Loss	Routed through OCI	Carried at amortised cost		1	2	3	Total
Financial Liabilities								
Borrowings								
Non Current	-	-	9,596.03	9,596.03	-	9,596.03	-	9,596.03
Current	-	-	57.22	57.22	-	57.22	-	57.22
Trade Payables								
Non Current	-	-	12.81	12.81	-	-	-	-
Current	-	-	21,826.21	21,826.21	-	-	-	-
Other Financial Liabilities								
Non Current	-	-	95.50	95.50	-	-	-	-
Current	-	-	7,834.30	7,834.30	-	-	-	-
Total	-	-	39,422.07	39,422.07	-	9,653.25	-	9,653.25

(INR in Lakhs)

Financial Assets and Liabilities as at March 31, 2019	Carrying value			Total	Fair Value (Level)			
	Routed through Profit and Loss	Routed through OCI	Carried at amortised cost		1	2	3	Total
Financial Assets								
Non Current Investment	-	6.00	0.20	6.20	-	6.20	-	6.20
Other Financial Assets								
Non Current	-	-	996.73	996.73		996.73		996.73
Current	-	-	498.73	498.73	-	-	-	-
Trade receivable								
Non Current	-	-	356.47	356.47	-	-	-	-
Current	-	-	25,358.03	25,358.03	-	-	-	-
Cash and Cash equivalents	-	-	1,900.21	1,900.21	-	-	-	-
Other Bank Balance	-	-	357.18	357.18	-	-	-	-
Loans	-	-	1,796.05	1,796.05	-	-	-	-
Total	-	6.00	31,263.60	31,269.60	-	1,002.93	-	1,002.93
Financial Liabilities								
Borrowings								
Non Current	-	-	14,875.57	14,875.57	-	14,875.57	-	14,875.57
Current	-	-	57.20	57.20	-	57.20	-	57.20

Notes to the Consolidated Financial Statements for the year ended 31st March 2020 (Contd.)

(INR in Lakhs)

Financial Assets and Liabilities as at March 31, 2019	Carrying value			Total	Fair Value (Level)			
	Routed through Profit and Loss	Routed through OCI	Carried at amortised cost		1	2	3	Total
Trade Payables								
Non Current	-	-	362.93	362.93	-	-	-	-
Current	-	-	19,755.00	19,755.00	-	-	-	-
Other Financial Liabilities								
Non Current	-	-	76.50	76.52	-	-	-	-
Current	-	-	5,282.24	5,282.24	-	-	-	-
Total	-	-	40,409.44	40,409.44	-	14,932.77	-	14,932.77

b) Measurement of Fair Value:

Investment in Subsidiary/Joint Venture /Associates carried at amortised cost. Further Fair Value of the Financial Assets and Liabilities are not disclosed separately as they are measured at Amortised Cost and it is materially same.

Fair value of cash and short-term deposits, trade and other short term receivables, trade payables, other current liabilities, short term loans from banks and other financial institutions approximate their carrying amounts largely due to short term maturities of these instruments.

c) Fair Value Hierarchy:

The fair value of financial instruments as referred to above have been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements).

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds and mutual funds that have quoted price. The fair value of all equity instruments which are traded in the stock exchanges is valued using the closing price as at the reporting period.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities included in level 3.

46. Financial Risk Management

The Company's financial risk management is an integral part of how to plan and execute its business strategies. The Company's activities expose it to a variety of its financial risk including

- Credit Risk
- Liquidity Risk and
- Market Risk

Notes to the Consolidated Financial Statements for the year ended 31st March 2020 (Contd.)

Risk Management Framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's activities expose it to market risk, liquidity risk and credit risk. The Company manages this risk through treasury department, which evaluates and exercises independent control over the entire process of market risk management. The treasury department recommends risk management objectives and policies which are approved by Board of directors and which ultimately provides principles on foreign exchange risk, interest rate risk, credit risk, use of financial derivatives etc. Compliance with policies and exposure limits is reviewed by risk management committee and internal auditors. The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purpose.

The Company's audit committee also oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

a) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's trade and other receivables. The carrying amounts of financial assets represent the maximum credit risk exposure.

Trade Receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Company has established a credit policy under which each new customer is analysed individually for creditworthiness before the standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, if they are available, financial statements, credit agency information, industry information and in some cases bank references. Sale limits are established for each customer and reviewed periodically.

The Company measures the expected credit loss of trade receivables and loan from individual customers based on historical trend, industry practices and the business environment in which the entity operates. Loss rates are based on actual credit loss experience and past trends. Based on the historical data, as per management perceptions, loss on collection of receivable is not material hence no additional provision considered.

The maximum exposure to Credit Risk for Trade Receivables by geographic region was as follows:

(INR in Lakhs)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Domestic	13,168.82	13,582.64
Other Region	19,069.21	12,131.86
Total	32,238.03	25,714.50

Notes to the Consolidated Financial Statements for the year ended 31st March 2020 (Contd.)

Age of Receivables

(INR in Lakhs)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Neither due nor impaired	13,894.93	15,369.38
Past due 1 – 90 days	9,116.87	4,113.26
Past due 91 – 180 days	4,301.61	2,539.76
More than 180 days	4,924.62	3,692.10
Total	32,238.03	25,714.5

Management believes that the unimpaired amounts that are past due by more than 30 days are still collectible in full, based on historical payment behavior and extensive analysis of customer Credit Risk, including underlying customers' Credit Ratings if they are available.

b) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Maturity of financial liabilities

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements.

(INR in Lakhs)

Contractual maturities of financial liabilities as at March 31, 2020	1 year or less	1-2 years	2- 5 years	Total
Non-derivatives Financial Liabilities				
Long term borrowings incl. current maturity	5,328.27	8,150.56	1,447.03	14,925.86
Working Capital Facility and Short term loans and borrowings	57.22	-	-	57.22
Trade payables	21,839.02	-	-	21,839.02
Other Financial Liabilities	2,506.03	-	95.50	2,601.53
Total non-derivative liabilities	29,730.54	8,150.56	1,542.53	39,423.63

(INR in Lakhs)

Contractual maturities of financial liabilities as at March 31, 2019	1 year or less	1-2 years	2- 5 years	Total
Non-derivatives Financial Liabilities				
Long term borrowings incl. current maturity	1,474.65	7,352.06	7,523.52	16,350.23
Working Capital Facility and Short term loans and borrowings	57.20	-	-	57.20
Trade payables	20,117.93	-	-	20,117.93
Other Financial Liabilities	2,105.85	-	76.50	2,182.35
Total non-derivative liabilities	23,755.63	7,352.06	7,600.02	38,707.71

Notes to the Consolidated Financial Statements for the year ended 31st March 2020 (Contd.)

c) Market Risk

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from adverse changes in market rates and prices (such as interest rates and foreign currency exchange rates) or in the price of market risk-sensitive instruments as a result of such adverse changes in market rates and prices. Market risk is attributable to all market risk-sensitive financial instruments, all foreign currency receivables and payables and all short-term and long-term debt. The Company is exposed to market risk primarily related to foreign exchange rate risk and interest rate risk.

Foreign currency risk

The Company operates internationally and is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the USD, EURO and SGD. The Company has in place the Risk management policy to manage the foreign exchange exposure.

The Foreign currency exchange rate exposure is partly balanced through natural hedge. This provides an economic hedge without derivatives being entered into and therefore hedge accounting not applied in these circumstances.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Company's policy is to ensure that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

The company can enter into foreign currency forward contracts and other authorized derivative contracts, which are not intended for trading or speculative purposes but for hedge purposes to establish the amount of reporting currency required or available at the settlement date of certain payables/receivables and borrowings.

Foreign currency risk exposure:

The currency profile of Financial Assets and Financial Liabilities with exposure to foreign currency risk at the end of the reporting period expressed in rupees, are as follows.

(INR in Lakhs)

Sr. No.	Particulars	Currency	March 2020	March 2019
A	Financial assets			
(i)	Trade receivables	EURO	129.60	-
		USD	18,797.82	10,978.56
(ii)	Loans and Advances	USD	23.75	186.93
(iii)	Bank balance in EEFC accounts	USD	400.69	828.78
B	Financial liabilities			
(i)	Trade payables	USD	5,165.77	5,074.31
		EURO	34.44	1,333.37
		GBP	-	2.17
		SGD	1,619.47	117.83

Sensitivity

A reasonably possible strengthening (weakening) of the Indian Rupee against various currency mentioned in the table below as at March 31 would have affected the measurement of financial instruments denominated in foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

(INR in Lakhs)

Notes to the Consolidated Financial Statements for the year ended 31st March 2020 (Contd.)

	Profit / (loss) before tax gain / (loss)		
	Strengthening	Weakening	(Decreased)
Mar-20			
Effect in INR			
3 % movement			
USD	(421.69)	421.69	421.69
EUR	(2.85)	2.85	2.85
SGD	48.58	(48.58)	(48.58)
Mar-19			
Effect in INR			
3 % movement			
USD	(207.60)	207.60	207.60
EUR	40.00	(40.00)	(40.00)
GBP	0.07	(0.07)	(0.07)
SGD	3.53	(3.53)	(3.53)

* Holding all other variables constant

47. On account of Outbreak of Novel Corona Virus ("COVID-19"), the Government has ordered nationwide lockdown from March 25, 2020 to avoid spreading of virus across the country. To follow direction of Government, the Company has closed down its manufacturing operation as well as offices w.e.f. March 25, 2020 and resumed operation in phase manner since April 27, 2020.

According to management, company is closely monitoring the impact of the pandemic on all aspects of its business, including how it will impact its customers, employees, vendors and business partners. The management has exercised due care, considering internal & external factors and information available to date while concluding on significant accounting judgments and estimates, inter-alia, recoverability of receivables, assessment for impairment of investments, intangible assets, inventory, based on the information available to date, both internal and external, while preparing the Company's financial statements for the year ended 31st March, 2020. The said impact assessment is ongoing process considering various external factors associated with COVID-19.

48. The new section 115BAA was inserted in the Income Tax Act, 1961, by the Government of India on September 30, 2019 vide Taxation Laws (Amendment) Ordinance 2019 which provides an option to companies for paying income tax at reduced rates in accordance with provisions/conditions in the said section. Accordingly:

- (i) The company has decided to continue with existing tax structure until the utilization of accumulated the MAT credit entitlements.
- (ii) The Joint Venture Company has elected to exercise the option u/s 115BAA. The said joint venture company has recognized provision for income tax for the year ended March 31, 2020 and re-measured its deferred tax balances on the basis of the rate prescribed in the said section.

49. Effective from 1st April, 2019, the Group has adopted IND AS 116 Leases using the modified retrospective approach. The adoption of the Standard did not have any material impact on the financial results.

50. The previous year figures are regrouped or reclassified according to current year grouping and classification.

Notes to the Consolidated Financial Statements for the year ended 31st March 2020 (Contd.)

51. As on the date of issue of financial statements, there are no new standards or amendments which have been notified by the MCA. Hence, the disclosure is not applicable

As per our attached report of even date.

For Pramodkumar Dad & Associates
Chartered Accountants

CA Pramod Dad
Partner
MRN : 038261
FRN : 115869W

Place : Ahmedabad
Date : June 29, 2020

For and on behalf of the Board of Directors

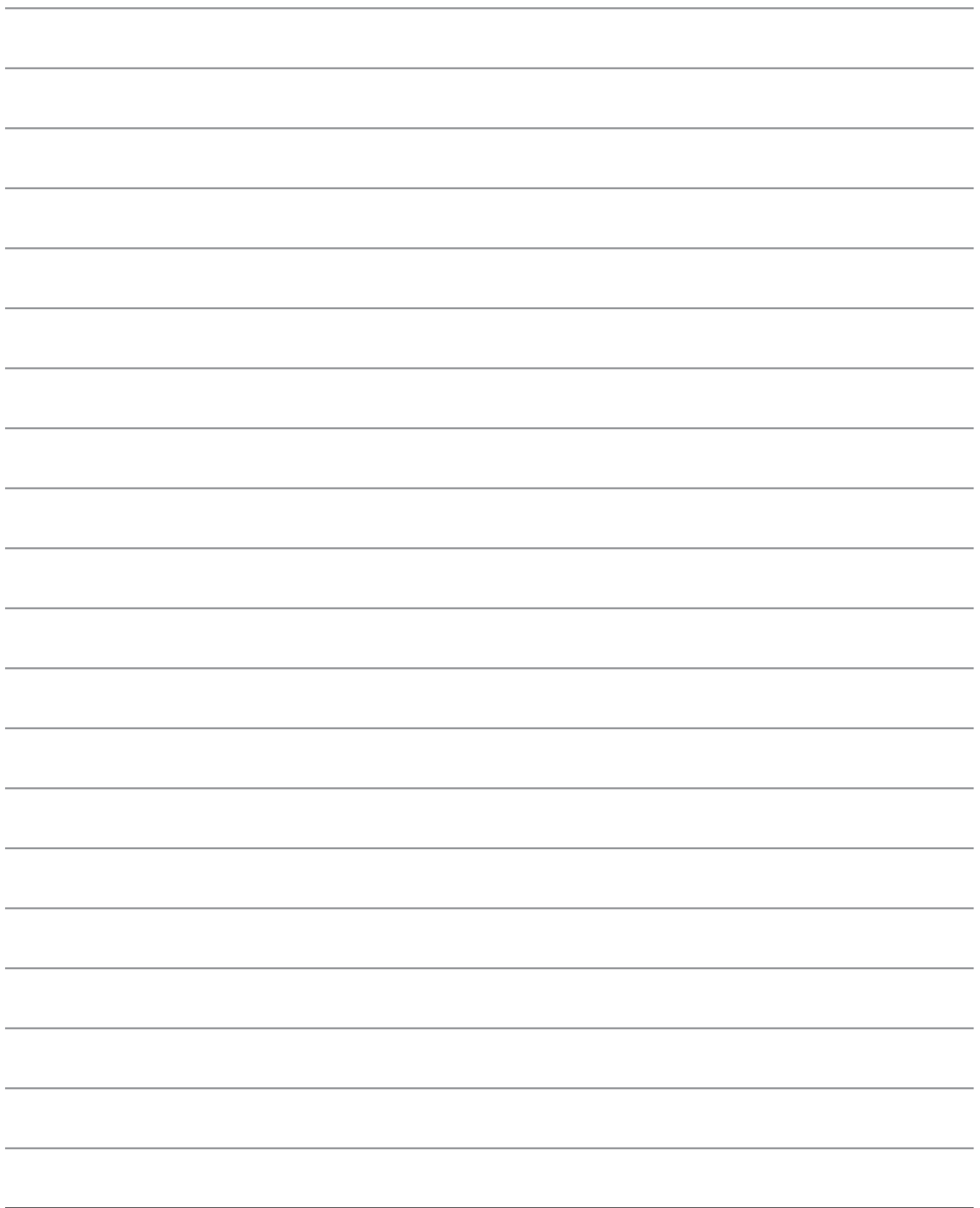
Pravin Kiri
(Chairman)
DIN : 00198275

Manish Kiri
(Managing Director)
DIN : 00198284

Suresh Gondalia
(Company Secretary)

Jayesh Vyas
(Chief Financial Officer)

Place : Ahmedabad
Date : June 29, 2020



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Registered Office

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Ellisbridge, Ahmedabad - 380006