



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

(CIN-L24231GJ1998PLC034094)

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

Phone No. (O) 079-26574371/72/73, (F) 079-26574374, Email: info@kiriindustries.com

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(Rs. in Lakhs)

Statement of Unaudited Standalone Financial Results for the Quarter and Nine Month Ended December 31, 2017

Sr. No.	Particulars	Quarter Ended			Nine Months Ended	
		31/12/2017	30/09/2017	31/12/2016	31/12/2017	31/12/2016
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
1	Revenue from Operations	20,406.23	25,597.18	24,147.26	69,789.01	77,444.08
2	Other Income	107.74	145.32	2.48	263.71	59.37
3	Total Revenue (1 + 2)	20,513.97	25,742.50	24,149.74	70,052.72	77,503.45
4	Expenses:					
	Cost of Materials Consumed	11,518.69	13,977.86	15,498.60	39,919.83	48,373.42
	Purchases of Stock-in-Trade	336.53	714.24	147.64	1,526.37	1,154.82
	Changes in inventories of finished goods work-in-progress and Stock-in-Trade	(439.02)	(629.81)	564.64	(1,650.52)	2,432.54
	Employee benefits expense	744.94	705.67	624.93	2,133.43	1,725.19
	Finance costs	17.86	21.91	184.13	64.23	707.95
	Depreciation and amortisation expense	595.51	592.44	511.30	1,769.54	1,527.26
	Other expenses	3,453.99	4,177.20	3,085.17	11,040.87	9,219.16
	Excise Duty/GST on Sales	2,394.67	2,927.85	1,504.37	6,927.27	5,117.86
	Total expenses	18,623.17	22,487.36	22,120.78	61,731.02	70,258.20
5	Profit before exceptional and extraordinary items and tax (3 - 4)	1,890.80	3,255.14	2,028.96	8,321.70	7,245.25
6	Exceptional items	-	-	-	-	-
7	Profit before extraordinary items and tax (5 - 6)	1,890.80	3,255.14	2,028.96	8,321.70	7,245.25
8	Extraordinary items	-	-	-	-	-
9	Profit before tax (7 - 8)	1,890.80	3,255.14	2,028.96	8,321.70	7,245.25
10	Tax expense : (a+b+c)	136.45	248.34	90.79	529.36	200.60
	(a) Current tax	403.53	737.38	-	1,775.99	-
	(b) Deferred tax	136.45	248.34	90.79	529.36	200.60
	(c) MAT Credit Entitlement	(403.53)	(737.38)	-	(1,775.99)	-
1	Profit for the period from continuing operations (9-10)	1,754.35	3,006.80	1,938.17	7,792.34	7,044.75
2	Profit from discontinuing operations	-	-	-	-	-
3	Tax expense of discontinuing operations	-	-	-	-	-
4	Profit from Discontinuing operations (after tax) (12-13)	-	-	-	-	-
5	Profit for the period (11 + 14)	1,754.35	3,006.80	1,938.17	7,792.34	7,044.75
6	Share of Profit of Associates	-	-	-	-	-
	Minority Interest	-	-	-	-	-
7	Profit for the period (15 + 16)	1,754.35	3,006.80	1,938.17	7,792.34	7,044.75
8	Other Comprehensive Income (Net of Tax)	0.25	0.32	0.54	4.53	2.68
9	Total Comprehensive Income (After Tax) (17 + 18)	1,754.60	3,007.12	1,938.71	7,796.87	7,047.43
0	Paid up Equity Share Capital	3,024.40	2,784.40	2,784.40	3,024.40	2,784.40
	Reserves excluding Revaluation Reserve	-	-	-	-	-
1	Earnings per equity share:					
	(1) Basic	6.11	10.80	6.96	27.71	25.31
	(2) Diluted	3.84	6.64	5.79	16.83	19.10



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Statement of Unaudited Consolidated Financial Results for the Quarter and Nine Months Ended December 31, 2017

Sr. No.	Particulars	Quarter Ended			Nine Months Ended	
		31/12/2017	30/09/2017	31/12/2016	31/12/2017	31/12/2016
		(Unaudited)				
1	Revenue from Operations	27,229.81	30,128.36	26,988.37	86,336.34	88,223.73
2	Other Income	351.93	10.12	24.51	410.20	146.07
3	Total Revenue (1 + 2)	27,581.74	30,138.48	27,012.88	86,746.54	88,369.80
4	Expenses:					
	Cost of Materials Consumed	13,831.64	16,155.94	17,845.61	46,170.28	54,496.11
	Purchases of Stock-in-Trade	1,652.81	574.87	11.28	4,416.46	1,988.45
	Changes in inventories of finished goods work-in-progress and Stock-in-Trade	164.25	(547.16)	49.76	(874.72)	1,811.01
	Employee benefits expense	848.20	884.48	767.06	2,553.31	2,116.25
	Finance costs	51.38	95.86	195.77	246.78	757.07
	Depreciation and amortisation expense	781.18	778.13	681.64	2,326.86	2,011.62
	Other expenses	4,150.48	4,850.30	3,695.97	12,969.27	10,810.52
	Excise Duty on Sales	2,767.00	3,319.72	1,289.85	7,800.92	5,404.66
	Total expenses	24,246.94	26,112.14	24,536.94	75,609.16	79,395.69
5	Profit before exceptional and extraordinary items and tax (3 - 4)	3,334.80	4,026.34	2,475.94	11,137.38	8,974.11
6	Exceptional items	-	-	-	-	-
7	Profit before extraordinary items and tax (5 - 6)	3,334.80	4,026.34	2,475.94	11,137.38	8,974.11
8	Extraordinary items	-	-	-	-	-
9	Profit before tax (7 - 8)	3,334.80	4,026.34	2,475.94	11,137.38	8,974.11
10	Tax expense : (a+b+c)	594.74	503.76	217.87	1,430.73	638.24
	(a) Current tax	914.08	973.21	127.09	2,710.02	1,535.85
	(b) Deferred tax	84.20	267.93	90.79	496.70	200.60
	(c) MAT Credit Entitlement	(403.54)	(737.38)	-	(1,775.99)	(1,098.20)
11	Profit for the period from continuing operations (9-10)	2,740.06	3,522.58	2,258.07	9,706.65	8,335.87
12	Profit from discontinuing operations	-	-	-	-	-
13	Tax expense of discontinuing operations	-	-	-	-	-
14	Profit from Discontinuing operations (after tax) (12-13)	-	-	-	-	-
15	Profit for the period (11 + 14)	2,740.06	3,522.58	2,258.07	9,706.65	8,335.87
16	Share of Profit of Associates	1,432.28	5,737.98	2,144.31	14,093.77	12,880.17
	Minority Interest	-	-	-	-	-
17	Profit for the period (15 + 16)	4,172.34	9,260.56	4,402.38	23,800.42	21,216.03
18	Other Comprehensive Income (Net of Tax)	0.25	0.32	0.54	4.53	2.14
19	Total Comprehensive Income (After Tax) (17 + 18)	4,172.59	9,260.88	4,402.92	23,804.95	21,218.17
20	Paid up Equity Share Capital	3,024.40	2,784.40	2,784.40	3,024.40	2,784.40
	Reserves excluding Revaluation Reserve	-	-	-	-	-
21	Earnings per equity share:					
	(1) Basic	14.52	33.26	15.81	84.59	76.20
	(2) Diluted	9.13	22.90	12.03	52.06	58.00

Notes:

1. The Company operates in a single segment i. e. Dyes, Dyes intermediates and basic chemicals. As per Ind As 108 - Operating Segments, the Operation of the Company fall under Chemical Business which is considered to constitute as single primary segment.
2. The financial results for the quarter and nine months ended December 31, 2017 have been prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 (Ind AS) as per section 133 of the Companies Act , 2013 and other applicable accounting policies and practices. Accordingly the figures for the quarter and nine months ended December 31, 2016 have been restated as per the Ind AS to make it comparable with quarter and nine months ended December 31, 2017.
3. The above results have been prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 (Ind AS), prescribed under Section 133 of the Companies Act, 2013 and other recognised accounting practices and policies to the extent applicable. With effect from April 1, 2017, the company has first time adopted Ind AS with transition date of April 1, 2016.
4. The statutory Auditors of the company have carried out a "Limited Review" of the above results as per Regulation 33 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.
5. Earning per share for the quarter and nine months ended has been calculated as per weighted average formula and diluted Earning per share has been calculated considering proposed issue of equity shares on account of conversion of convertible securities.
6. During the quarter, the Company has allotted 24,00,000 Equity Shares on account of conversion of warrants into Equity Shares to Promoter Group in accordance with SEBI (ICDR) Regulations, 2009.
7. The above financial results were reviewed by the Audit Committee and thereafter approved by the Board of Directors at their meeting held on February 13, 2018.
8. There is a disagreement and dispute for a substantial amount in DyStar Results relating to Management Fees, Guarantee Fees and also Bonus & Special Incentives. During Calendar Year December 31, 2017, the disputed Management Fees and Guarantee Fees amounted to US\$10.30Mio. Additionally Bonus & Special Incentive has been charged to DyStar's Financial Performance which are not included in the amount of US\$10.30Mio. The Company has taken the position that the claims underlying such disputed amount by the DyStar Management/Longsheng Group have not been properly substantiated and therefore should not be approved and/or paid. The Non-Recurring provision for restructuring cost in DyStar amounting to US\$7.3Mio has also impacted the financial performance of DyStar.
9. The reconciliation of net profit reported in accordance with Indian GAAP to Total Comprehensive Income in accordance with Ind AS is given below.

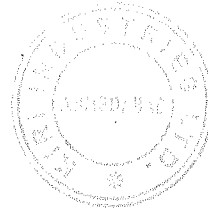
Sr. No	Particulars	Standalone Quarter ended 31st December-16	Standalone Nine Months ended 31st December-16	Consolidated Quarter ended 31st December-16	Rs in Lakhs	
					Consolidated Quarter ended 31st December-16	Consolidated Nine Months ended 31st December-16
A)	Net profit as per Indian GAAP	1,916.44	6,980.08	4,380.64	21,151.48	
	Ind AS Adjustment :					
1	Deferred Tax impact on Ind AS adjustment	(14.25)	(41.87)	(14.25)	(41.87)	
2	Other Adjustments	35.99	106.43	35.99	106.43	
B)	Net profit before Other Comprehensive Income as per Ind AS	1,938.18	7,044.74	4,402.38	21,216.04	
	Add/less : Adjustment in Other Comprehensive Income					
C)	Mark to market adjustment on mutual fund	0.54	2.68	0.54	2.14	
D)	Total comprehensive income for the period (B+C)	1,938.72	7,047.42	4,402.92	21,218.17	

10. Relevant material information of a major investment in DyStar Group (Company holds 37.57% share holding) for the quarter ended December 31, 2017.

Sr. No	Particulars	US\$ in Mn.	INR in Mn. *
1	Revenue	253.43	16,201.16
2	Gross Margin	64.00	4,091.35
3	EBIT	15.17	969.78
4	Profit after tax	6.70	428.31

(* 1 US\$ = 63.9273 INR)

Date: February 13, 2018
Place: Ahmedabad



For Kiri Industries Limited

Manish Kiri
Managing Director

Redefining Future Growth through Sustained Innovations

Kiri Industries Limited (KIL) is one of the largest manufacturers and exporters of wide range of Dyes, Intermediates and Chemicals from India. It is an accredited and certified Key Business Partner with world's top Dyestuff majors across Asia-Pacific, EU and Americas having footprint in over 50 countries across 7 continents.

The Consolidated Net Profit of KIL for 9Months period ending on December 31, 2017 amounts to Rs.238.05Crore, 12% higher Y-O-Y basis. **DyStar's contribution to the Net Profit** during the 9Months of FY17-18 has been **Rs.140.93Crore**. Similarly, the JV, Lonsen Kiri Chemical Industries Limited (**LKCIL**) has contributed **Rs.17.98Crore** during the same period.

The Consolidated Basic EPS of KIL for 9Months period ending on December 31, 2017 is Rs.84.59 and Diluted EPS is 52.06.

KIL's **Capex plans envisage to contribute to the growth from FY2018-19** which shall add to its portfolio various products including disperse dyes.

Industry Outlook- China Effect

The textile dye market remains attractive due to its large market size and around eight percent CAGR. Asia is the most attractive market due to its large demand and high growth rate. Specifically, India, the second largest global dye producer, is ramping up its capacities to meet demand growth within India and Global Markets. Secondly India is gaining a strong foothold in Global Markets because of deteriorating supply from China on account of environmental constraints in China.

China is a dominant player in Global Dyes and Dyes Intermediate Markets. Any progressive or adverse action in China, would impact Global Dyes and Dyes Intermediates Market.

In recent times, China's rigorous environmental inspections and subsequent capacity closures are causing waves across chemical supply chains globally. It is expected that the environmental issues in China shall hover over the industry for the entire 2018 which is expected to continue for three to five years.

Since past three years around 40% of China's total manufacturing capacity was temporarily shuttered impacting around 80,000 factories, which were fined with breaching emissions levels. Global Markets expect around 70,000 chemicals and other manufacturing facilities in 18 cities in three provinces of China, i.e. Hebei, Henan and Shandong can be ordered for permanent shutdown on account of their failure to meet both safety and environmental standards. Secondly, in some of the provinces in China, Local Government has ordered to relocate manufacturing facility which must be completed in year 2019 to 2025.

The real impact is now being felt across many chemicals value chains around the world as significant capacity closures leave Chinese manufacturers seeking imports from chemical companies elsewhere in Asia and the Middle East as well as Europe and the US. China which was a net exporter of chemical products is now required to import many of its requirements globally.

The world markets does not expect a total shift of chemical industry out of China, but during the intervening period, till the corrective environmental actions are not completed, the other markets would definitely gain benefits. The Indian dyes and dyes intermediate market has been exporting exponentially in China dominated global markets especially South-East Asia.

9Months Ending December 31, 2017

Consolidated – Operational Performance

The Comparative Statement for 9Months Ending on December 31, 2017 vis-à-vis 9Months Ending December 2016 of Consolidated-Operational Performance is as under:

Particulars	Nine Months Ended (INR in Crore)	
	December, 31 2017	December, 31 2016
Sales	863.36	882.24
Less Excise Duty/GST	78.01	54.05
Net Sales	785.35	828.19
Other Income	4.10	1.46
Less: Operational Expenses	652.35	712.22
EBIDTA	137.11	117.43
EBIDTA %	17.46%	14.18%
Depreciation	23.27	20.12
Finance Cost(including Interest)	2.47	7.57
Share of Profit of Associates	140.94	128.80
Earnings Before Tax	252.31	218.55
Taxes	14.31	6.38
Earnings After Tax	238.00	212.16
Earnings to Sales %	30.30%	25.62%

The **Consolidated EBIDTA** for 9Month period has **increased by 3.28%** which is mainly on account **good realization from Dyes Intermediates** of Standalone KIL. Secondly, LKCIL share in Consolidated EBIDTA is Rs.36Crore. The contribution of LKCIL has increased on account of its sale of specialty dyes up the value chain to DyStar.

The **Consolidated Net Earnings after tax has increased by 4.69%**. The overall finance costs have reduced by around 67% in the current 9Months in comparison to corresponding period of FY16-17 since debt burden of KIL has been reduced by Rs.248.86 Crore during FY16-17 and further Rs.1.78 Crore during current 9Months.

Further debt amounting to Rs.8.80 Crore of KIL shall get repaid in coming twelve months which shall further strengthen the earnings.

DyStar's share to the Consolidated Net Profit amounts to Rs.140.94 Crore during current 9Months, 9% increase Y-O-Y basis.

There is a disagreement and dispute for a substantial amount in DyStar Results relating to Management Fees, Guarantee Fees and also Bonus & Special Incentives. **During Calendar Year December 31, 2017, the disputed Management Fees and Guarantee Fees amounted to US\$.10.30Mio.** Additionally Bonus & Special Incentive has been charged to DyStar's Financial Performance which are not included in the amount of US\$10.30Mio. The Company has taken the position that the claims underlying such disputed amount by the DyStar Management/Longsheng Group have not been properly substantiated and therefore should not be approved and/or paid. The Non-Recurring provision for restructuring cost in DyStar amounting to **S\$7.3Mio** has also impacted the financial performance of DyStar.

9Months Ending December 31, 2017

Standalone -Operational Performance

The Comparative Statement for 9Months Ending on December 31, 2017 vis-à-vis 9Months Ending December 2016 of Standalone-Operational Performance is as under:

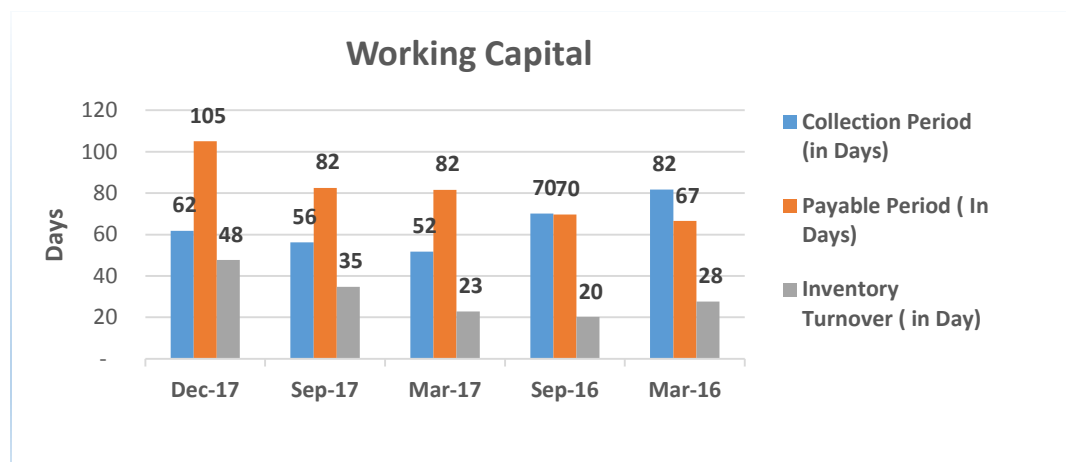
Particulars	Nine Months Ended (INR in Crores)	
	December, 31 2017	December, 31 2016
Sales	697.89	774.44
Less Excise Duty/GST	69.27	51.18
Net Sales	628.62	723.26
Other Income	2.64	0.59
Less: Operational Expenses	529.7	629.05
EBIDTA	101.56	94.80
EBIDTA %	16.16%	13.11%
Depreciation	17.7	15.27
Finance Cost(incl Interest)	0.64	7.08
Earnings Before Tax	83.21	72.44
Taxes	5.29	2.00
Earnings After Tax	77.92	70.44
Earnings to Sales %	12.40%	9.74%

KIL has achieved a turnover of Rs.697.89 Crore which is less by 9% Y-OY basis mainly on two count. Firstly, **annual maintenance shutdown, a non-recurring occurrence, for almost a month** at two units at Padra, Baroda for Dyes Intermediates and Basic Chemicals and at Dyes manufacturing unit at Vatva, Ahmedabad during the Quarter three of FY17-18. Secondly, the topline is affected by Diwali Festive Season and Christmas Holidays during quarter ending December 31, 2017.

The EBIDTA to Sales for 9Month ending on December 31, 2017 has improved by around 3% and Net Profits also has increased by around 2.5%, **in-spite of average cost of raw material consumption has increased marginally by around 1.4% in Q3 of FY17-18 and incurring of substantial legal costs for dispute with DyStar.** Generally, increase

in raw material costs are passed on to the end customer in the ensuing quarter, nullifying any impact on the performance of the company for FY17-18.

Standalone- Working Capital Cycle:



The Working Capital Cycle has been under tight vigil and the average cycle has been controlled between 90-100 days.

Updates of Court Case in Singapore:

With regard to our minority oppression suit in Singapore International Commercial Court, we would like to update that recording of evidence in our case has been completed on January 16, 2018. Parties to the suit have to submit their respective closing statements, and the court has fixed March 5, 2018 and March 6, 2018 for oral closing submissions. Thereafter, matter is likely to be reserved for the final order.

Future Outlook

The company has been taking firm strides in establishing its presence in specialty tech-intensive chemical space and has its focus on organic growth in the Colors business by strengthening its product mix and introducing additional range of products such as disperse dyes and others in its portfolio. The company's expansion plan remains on tract

and will start contributing from FY18-19. The on-going research and development is strengthening product basket enabling KIL to improve margins by broadening its product offerings to its customers.

KIL has invested around Rs.42Crore till date on Zero Liquid Discharge to strengthen its environmental responsibilities from the total expected capital outlay of Rs.72Crores, which is in process of completion in the first quarter of FY18-19.

During Q4 the company expects to improve strengthen its performance in comparison to Q3 since the global markets demands shall open up during January-March, for the next season, especially for the market segments related to textiles, leather, paper, etc to which KIL has been a market leader from India.

Forward Looking Statements

This document contains forward-looking statements which may be identified by their use of words like “plans,” “expects,” “will,” “anticipates,” “believes,” “intends,” “projects,” “estimates” or other words of similar meaning. All statements that address expectations or projections about the future, including, but not limited to, statements about the strategy for growth, product development, market position, expenditures, and financial results, are forward looking statements. Forward-looking statements are based on certain assumptions and expectations of future events. The companies referred to in this presentation cannot guarantee that these assumptions and expectations are accurate or will be realized. The actual results, performance or achievements, could thus differ materially from those projected in any such forward-looking statements. These companies assume no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events, or otherwise.