



Kiri Industries Limited

Future Full of Colours...

(CIN-L24231GJ1998PLC034094)

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

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

website: www.kiriindustries.com

(Rs. in Lakhs)

Statement of Unaudited Standalone Financial Results for the Quarter and Half Year Ended September 30, 2017

Sr. No.	Particulars	Quarter Ended			Half Year Ended	
		30/09/2017	30/06/2017	30/09/2016	30/09/2017	30/09/2016
		(Unaudited)				
1	Revenue from Operations	25,597.18	23,785.60	25,968.61	49,382.78	53,296.82
2	Other Income	145.32	10.64	3.87	155.96	56.89
3	Total Revenue (1 + 2)	25,742.50	23,796.24	25,972.48	49,538.74	53,353.71
4	Expenses:					
	Cost of Materials Consumed	13,977.86	14,423.27	16,532.76	28,401.13	32,874.82
	Purchases of Stock-in-Trade	714.24	475.60	320.16	1,189.84	1,007.18
	Changes in inventories of finished goods work-in-progress and Stock-in-Trade	(629.81)	(581.69)	357.89	(1,211.50)	1,867.91
	Employee benefits expense	705.67	682.81	578.79	1,388.48	1,100.27
	Finance costs	21.91	24.46	256.28	46.37	523.82
	Depreciation and amortisation expense	592.44	581.59	509.65	1,174.03	1,015.96
	Other expenses	4,177.20	3,409.69	3,152.61	7,586.89	6,133.99
	Excise Duty/GST on Sales	2,927.85	1,604.74	1,634.18	4,532.59	3,613.49
	Total expenses	22,487.37	20,620.48	23,342.32	43,107.83	48,137.44
5	Profit before exceptional and extraordinary items and tax (3 - 4)	3,255.13	3,175.75	2,630.16	6,430.91	5,216.27
6	Exceptional items	-	-	-	-	-
7	Profit before extraordinary items and tax (5 - 6)	3,255.13	3,175.75	2,630.16	6,430.91	5,216.27
8	Extraordinary items	-	-	-	-	-
9	Profit before tax (7 - 8)	3,255.13	3,175.75	2,630.16	6,430.91	5,216.27
10	Tax expense : (a+b+c)	248.34	144.57	137.49	392.91	109.81
	(a) Current tax	737.38	635.08	553.94	1,372.45	1,098.20
	(b) Deferred tax	248.34	144.57	137.49	392.91	109.81
	(c) MAT Credit Entitlement	(737.38)	(635.08)	(553.94)	(1,372.45)	(1,098.20)
11	Profit for the period from continuing operations (9-10)	3,006.79	3,031.18	2,492.67	6,038.00	5,106.46
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)	3,006.79	3,031.18	2,492.67	6,038.00	5,106.46
16	Share of Profit of Associates	-	-	-	-	-
	Minority Interest	-	-	-	-	-
17	Profit for the period (15 + 16)	3,006.79	3,031.18	2,492.67	6,038.00	5,106.46
18	Other Comprehensive Income (Net of Tax)	0.32	3.96	0.15	4.28	2.14
19	Total Comprehensive Income (After Tax) (17 + 18)	3,007.11	3,035.14	2,492.82	6,042.28	5,108.60
20	Paid up Equity Share Capital	2,784.40	2,784.40	2,784.40	2,784.40	2,784.40
	Reserves excluding Revaluation Reserve	-	-	-	-	-
21	Earnings per equity share:					
	(1) Basic	10.80	10.90	8.95	21.70	18.35
	(2) Diluted	6.64	6.70	6.95	13.34	13.86



Kiri Industries Limited

Future Full of Colours.....

(CIN-L24231GJ1998PLC034094)

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

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

website: www.kiriindustries.com

STATEMENT OF ASSETS AND LIABILITIES-STANDALONE

(Rs. In Lakhs)

Particulars		Half Year ended
		30/09/2017 (Unaudited)
A	Assets	
1	Non - Current Assets	
	(a) Property, Plant and Equipment	30,607.04
	(b) Capital Work-in-Progress	6,483.14
	(c) Financial Assets	
	(i) Investments	15,923.31
	(ii) Others	1,396.38
	(d) Differed Tax Assets (Net)	-
	(e) Other Non Current Assets	3,608.46
	Sub Total Non Current Assets	58,018.33
2	Current Assets	
	(a) Inventories	5,495.87
	(b) Financial Assets	
	(i) Investments	1,520.00
	(ii) Trade Receivables	14,014.15
	(iii) Cash and Cash Equivalents	90.51
	(iv) Bank Balance other than (iii) above	93.33
	(c) Current Tax Assets (Net)	100.21
	(d) Other Current Assets	5,182.34
	Sub Total Current Assets	26,496.41
	Total Assets	84,514.74
B	Equity and Liability	
1	Equity	
	(a) Equity Share Capital	4,503.47
	(b) Other Equity	42,528.68
2	Liability	
	Non Current Liabilities	
	(a) Financial Liabilities	
	(i) Borrowings	15,910.98
	(b) Provisions	801.22
	(c) Deffered Tax Liabilities (Net)	3,905.48
	(d) Other Non Current Liabilities	56.00
3	Current Liabilities	
	(a) Financial Liabilities	
	(i) Trade Payables	13,562.50
	(ii) Other Financial Liabilities	2,676.71
	(b) Other Current Liabilities	444.23
	(c) Provisions	125.47
	(d) Current Tax Liabilities	-
	Total Equity and Liability	84,514.74



Kiri Industries Limited

Future Full of Colours....

(CIN-L24231GJ1998PLC034094)

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

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

website: www.kiriindustries.com

(Rs. in Lakhs)

Statement of Unaudited Consolidated Financial Results for the Quarter and Half Year Ended September 30, 2017

Sr. No.	Particulars	Quarter Ended			Half Year Ended	
		30/09/2017	30/06/2017	30/09/2016	30/09/2017	30/09/2016
		(Unaudited)				
1	Revenue from Operations	30,128.36	28,978.17	29,648.09	59,106.53	61,235.36
2	Other Income	10.12	48.15	55.95	58.27	121.56
3	Total Revenue (1 + 2)	30,138.48	29,026.32	29,704.04	59,164.80	61,356.92
4	Expenses:					
	Cost of Materials Consumed	16,155.94	16,182.70	18,388.21	32,338.64	36,650.50
	Purchases of Stock-in-Trade	574.87	2,188.78	673.19	2,763.65	1,977.17
	Changes in inventories of finished goods work-in-progress and Stock-in-Trade	(547.16)	(491.81)	448.31	(1,038.97)	1,761.25
	Employee benefits expense	884.48	820.63	705.75	1,705.11	1,349.19
	Finance costs	95.86	99.54	282.22	195.40	597.00
	Depreciation and amortisation expense	778.13	767.55	666.64	1,545.68	1,329.98
	Other expenses	4,850.30	3,968.49	3,678.09	8,818.79	7,123.53
	Excise Duty on Sales	3,319.72	1,714.20	1,782.35	5,033.92	4,114.81
	Total expenses	26,112.14	25,250.08	26,624.76	51,362.22	54,903.43
5	Profit before exceptional and extraordinary items and tax (3 - 4)	4,026.34	3,776.24	3,079.28	7,802.58	6,453.49
6	Exceptional items	-	-	-	-	-
7	Profit before extraordinary items and tax (5 - 6)	4,026.34	3,776.24	3,079.28	7,802.58	6,453.49
8	Extraordinary items	-	-	-	-	-
9	Profit before tax (7 - 8)	4,026.34	3,776.24	3,079.28	7,802.58	6,453.49
10	Tax expense : (a+b+c)	503.76	332.23	305.65	835.99	461.44
	(a) Current tax	973.21	822.73	707.07	1,795.94	1,408.76
	(b) Deferred tax	267.93	144.57	152.52	412.50	150.88
	(c) MAT Credit Entitlement	(737.38)	(635.07)	(553.94)	(1,372.45)	(1,098.20)
11	Profit for the period from continuing operations (9-10)	3,522.58	3,444.01	2,773.63	6,966.59	5,992.05
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)	3,522.58	3,444.01	2,773.63	6,966.59	5,992.05
16	Share of Profit of Associates	5,737.98	6,923.51	5,835.25	12,661.49	10,735.85
	Minority Interest	-	-	-	-	-
17	Profit for the period (15 + 16)	9,260.56	10,367.52	8,608.88	19,628.08	16,727.90
18	Other Comprehensive Income (Net of Tax)	0.32	3.96	0.15	4.28	2.14
19	Total Comprehensive Income (After Tax) (17 + 18)	9,260.88	10,371.48	8,609.03	19,632.36	16,730.04
20	Paid up Equity Share Capital	2,784.40	2,784.40	2,784.40	2,784.40	2,784.40
	Reserves excluding Revaluation Reserve	-	-	-	-	-
21	Earnings per equity share:					
	(1) Basic	33.26	37.25	30.92	70.51	60.09
	(2) Diluted	20.45	22.90	23.73	43.35	45.90



Kiri Industries Limited

Future Full of Colours....

(CIN-L24231GJ1998PLC034094)

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

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

website: www.kiriindustries.com

STATEMENT OF ASSETS AND LIABILITIES-CONSOLIDATED

(Rs. In Lakhs)

Particulars		Half Year ended
		30/09/2017 (Unaudited)
A	Assets	
1	Non - Current Assets	
	(a) Property, Plant and Equipment	37,493.21
	(b) Capital Work-in-Progress	6,483.14
	(c) Financial Assets	
	(i) Investments	85,189.07
	(ii) Others	1,493.38
	(d) Differed Tax Assets (Net)	-
	(e) Other Non Current Assets	4,599.06
	Sub Total Non Current Assets	135,257.86
2	Current Assets	
	(a) Inventories	10,193.44
	(b) Financial Assets	
	(i) Trade Receivables	16,670.63
	(ii) Cash and Cash Equivalents	521.01
	(iii) Bank Balance other than (ii) above	368.89
	(c) Current Tax Assets (Net)	100.21
	(d) Other Current Assets	6,664.52
	Sub Total Current Assets	34,518.70
	Total Assets	169,776.56
B	Equity and Liability	
1	Equity	
	(a) Equity Share Capital	4,503.47
	(b) Other Equity	119,957.60
2	Liability	
	Non Current Liabilities	
	(a) Financial Liabilities	
	(i) Borrowings	15,910.98
	(b) Provisions	801.22
	(c) Deffered Tax Liabilities (Net)	4,505.80
	(d) Other Non Current Liabilities	56.00
3	Current Liabilities	
	(a) Financial Liabilities	
	(i) Borrowings	917.86
	(ii) Trade Payables	18,007.66
	(iii) Other Financial Liabilities	2,676.71
	(b) Other Current Liabilities	1,390.11
	(c) Provisions	625.66
	(d) Current Tax Liabilities	423.49
	Total Equity and Liability	169,776.56

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 half year ended September 30, 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 half year ended September 30, 2016 have been restated as per the Ind AS to make it comparable with quarter and half year ended September 30, 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. The IND AS compliant corresponding figures of the previous year have not been subjected to review. However, the Company's management has exercised necessary due diligence to ensure that such financial results provide a true and fair view.
5. Earning per share for the quarter and half year 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. The above financial results were reviewed by the Audit Committee and thereafter approved by the Board of Directors at their meeting held on November 27, 2017.
7. The reconciliation of net profit reported in accordance with Indian GAAP to Total Comprehensive Income in accordance with Ind AS is given below.

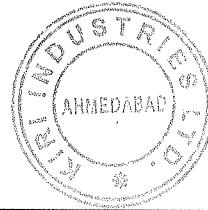
(Rs in Lakhs)					
Sr. No	Particulars	Standalone Quarter ended 30th September-16	Standalone Half Year ended 30th September-16	Consolidated Quarter ended 30th September-16	Consolidated Half Year ended 30th September-16
A)	Net profit as per Indian GAAP	2,540.95	5,063.64	8,672.19	16,770.84
B)	Ind AS Adjustment :				
1	Deferred Tax impact on Ind AS adjustment	(82.83)	(27.62)	(97.86)	(68.69)
2	Other Adjustments	34.56	70.44	34.55	25.75
C)	Net profit before Other Comprehensive Income as per Ind AS (A+B)	2,492.68	5,106.46	8,608.88	16,727.90
	Add/less : Adjustment in Other Comprehensive Income				
D)	Mark to market adjustment on mutual fund	0.15	2.14	0.15	2.14
E)	Total comprehensive income for the period (C+D)	2,492.83	5,108.60	8,609.03	16,730.04

8. Relevant material information of a major investment in DyStar Group (Company holds 37.57% share holding) for the quarter ended September 30, 2017.

Sr. No	Particulars	US\$ in Mn.	INR in Mn.*
1	Revenue	255.67	16,709.30
2	Gross Margin	71.79	4,691.93
3	EBIT	30.43	1,988.76
4	Profit after tax	23.10	1,509.71

(* 1 US\$ = 65.3552 INR)

Date: November 27, 2017
Place: Ahmedabad



For Kiri Industries Limited

Manish Kiri
Managing Director

Kiri Industries: Focused on Non-dilutive Growth to Create Sustainable Shareholder Value

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, the EU and Americas **having footprint in over 50 countries across 7 continents**.

KIL has seen several significant changes in the last few years/ quarters:

- There has been a **structural decline in competition** as several Chinese players have either moved out of or stopped growing in the product-markets targeted by KIL. Within India, the increase in effluent handling cost, prices fluctuations of intermediates and implementation of goods and service tax (GST) are expected to provide competitive edge to the organized integrated players over un-organized dyes manufacturers lacking backward integration for intermediates.
- This, combined with KIL itself moving up the value chain, has meant that product realisations are better and more stable. The company has also made efforts to improve operational efficiency. **As a result of all these factors, EBIDTA margins have expanded from single digits even a couple of years ago to the 17% range, on a stand-alone basis**. In spite of some inherent volatility in product prices, KIL is confident of maintaining EBIDTA margins in the mid-teens.
- Besides the operational improvements, there has also been a complete clean-up of the balance sheet. KIL has been able to achieve reduction in its outstanding debt from a peak of Rs.853 Crores to Rs.159 Crores. Though the outstanding debt of Rs. 159 Crore shall gradually retire by the FY2022, KIL shall not be required to pay any interest on the said debt as the same is converted into Non-interest bearing Securing Receipts.
- KIL is focusing on organic growth in the Colors business by upgradation of facilities, strengthening its product mix and adding dispersed dyes in its portfolio. Capex has already commenced on the Disperse Dyes facility and capacities will come on stream in a phase-wise manner over the next year and a half. With

these in place, the turnover is targeted to double from FY18 to FY20. **Most important, this expansion will completely capital non dilutive: it will be entirely funded by KIL's internal accruals, without resorting to additional external debt or new equity.**

- **The Company targets a sustainable ROE of 22-25% for the next few years.** The ultimate aim of the company is to focus on asset light products with good margins, which can help it sustain higher returns on capital employed and return on investments, as well as generate substantial Free Cash flows for its shareholders.

Company's Joint Venture with Lonsen Kiri Chemical Industries Limited (LKCIL) has been performing in line with expectations and the investment in Dystar is performing reasonably well and has contributed positively to its Consolidated EPS of KIL.

Quarter ended September 30, FY 2017-18:

Standalone -Operational Performance

The extract of Standalone -Operational Performance for Quarter Ending September 2017 vis-à-vis Quarter Ending September 2016 and June 2017 is as under:

Particulars	Quarter Ended			(INR in Crore)
	September 30, 2017	September 30, 2016	June 30, 2017	
Sales	255.97	259.68	237.86	
Less Excise Duty/GST	29.28	16.34	16.05	
Net Sales	226.69	243.34	221.81	
Other Income	1.45	0.04	0.11	
Less: Operational Expenses	189.45	209.42	184.10	
EBIDTA	38.69	33.96	37.82	
EBIDTA %	17.07%	13.95%	17.04%	
Depreciation	5.92	5.10	5.82	
Finance Cost	0.22	2.56	0.24	
Earnings Before Tax	32.55	26.30	31.76	
Taxes	2.48	1.37	1.45	
Earnings After Tax	30.07	24.93	30.31	
Earnings to Sales %	13.26%	10.24%	13.66%	

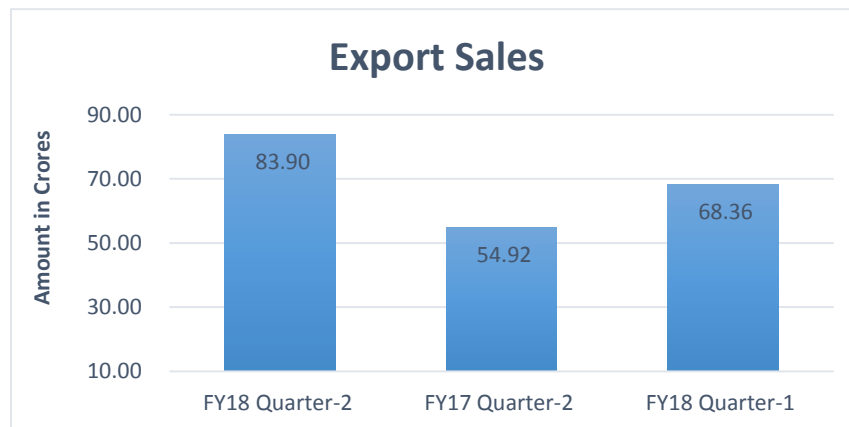
The Company has maintained the Net Revenues and the **expanded EBIDTA margin of around 17% achieved in Q1FY18. On a YoY basis, EBIDTA has expanded by 3 percent points.**

The EBIDTA for Q2FY18 grew by 13.9% YoY. Due to lower interest costs, the PBT expanded by a higher 23.8% YoY. As the tax incidence was higher, PAT grew by 20.62% YoY.

The Margin expansion has primarily been in Dyes Intermediates, mainly on account of structural changes in environmental regulations in China which improved the price-competitiveness of KIL. Also, these changes meant a reduction in imports of dye intermediates by domestic dye manufacturers.

The EPS for the quarter amounts to Rs.10.80 (Basic) and Rs.6.64 (Diluted).

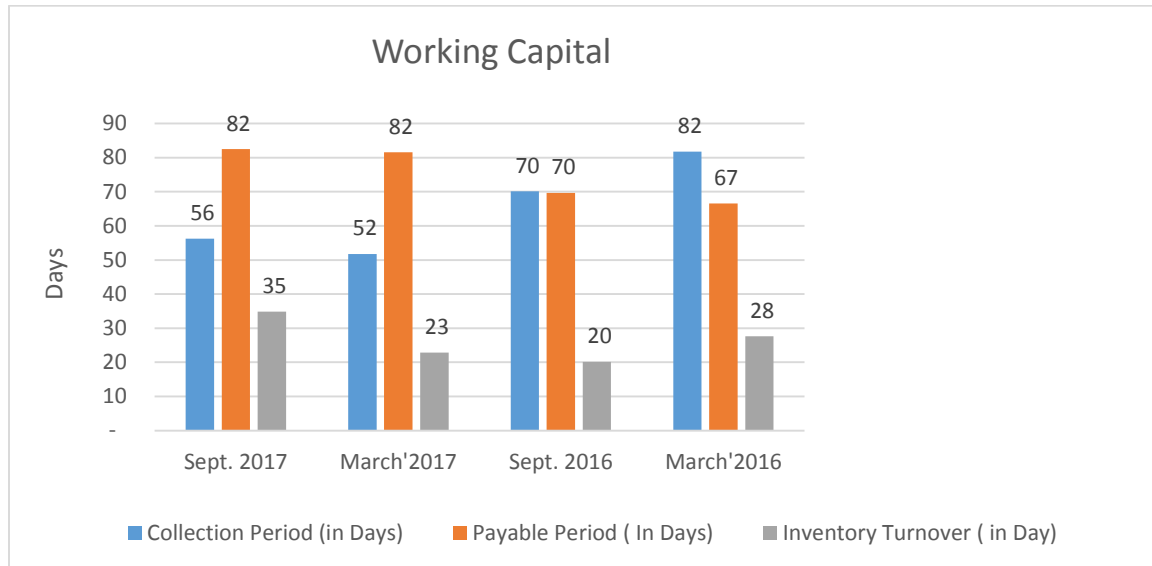
The export sales during the above stated three quarters is as under:



In the current quarter, exports have grown by 53% YoY and 23% sequentially QoQ.

The other income includes dividend from LKCIL for FY2017 amounting to Rs.1.40Crore.

Standalone- Working Capital Cycle: Focus on tight working capital management



The inventory stocking has been ranging approximately between 20 days and 35 days. The company intends to increase the inventory levels up-to 60 days to cater to export market.

The trade payables have increased to 82 days from 62 days. The company intends to keep trade payables in the range of 80-90 days in coming periods.

The trade receivables have improved from 82 days to 56 days. The company intends to keep trade receivables in the range of 60-75 days in coming periods. **With higher payables and lower receivables, there is improvement in the cash conversion cycle.**

Consolidated – Operational Performance: Including DyStar, LKCIL and Chemhub:

The extract of Consolidated -Operational Performance for Quarter Ending September 2017 vis-à-vis Quarter Ending September 2016 and June 2017 is as under:

Particulars	Quarter Ended		
	September 30, 2017	September 30, 2016	June 30, 2017
Sales	301.28	296.48	289.78
Less Excise Duty/GST	33.19	17.82	17.14
Net Sales	268.09	278.66	272.64
Other Income	0.10	0.56	0.48
Less: Operational Expenses	219.19	238.94	226.66
EBIDTA	49.00	40.28	46.46
EBIDTA %	18.28%	14.46%	17.04%
Depreciation	7.78	6.67	7.67
Finance Cost	0.96	2.82	0.99
Share of Profit of Associate	57.38	58.35	69.23
Earnings Before Tax	97.64	89.14	107.03
Taxes	5.04	3.06	3.32
Earnings After Tax	92.60	86.08	103.71
Earnings to Sales %	34.54%	30.89%	38.04%

The Consolidated Revenues of the company for Q2 amount to Rs.301.28 Crore which includes sales revenues of its operational subsidiary, Chemhub Trading DMCC Rs.40.27 Crore and 40% share of revenues from Joint Venture LKCIL Rs.60.16 Crore.

The Consolidated EBIDTA for Quarter 2 of FY2018 amounts to Rs.49.00 Crore, a 21.6% YoY growth.

The Consolidated Earnings after Tax (EAT) of Quarter 2 of FY2018 including share of profit of associate (DyStar Global Holdings (Singapore) Pte Limited (DGHSPL)) amounts to Rs.92.61 Crore, which is 7.57% higher as compared to consolidated EAT during the corresponding quarter for FY2017.

The Consolidated EPS (Basic) after deduction of the Fees charged by Longhseng Group in DGHSPL, for Quarter 2 is Rs.33.26 and Diluted is Rs.20.45.

Updates of Court Case in Singapore:

As you may be aware, KIL has filed a case against the majority shareholders of Dystar for minority oppression in Singapore International Commercial Court (SICC). Trial of witness of the parties to the legal proceedings are in progress and hearings were held between November 6, 2017 and November 13, 2017. The further tentative trial dates are between January 8, 2018 and January 16, 2018.

Capex Plan of KIL:

As a part of Kiri's philosophy of constant value addition, it has undertaken the following projects with estimated cost of Rs. 86 Crore:

1. Disperse Dyes & related Intermediates:

Disperse Dyes is the range of synthetic organic dyes that are applied for dyeing or coloring polyester fiber. It is one of the highest quantity consuming product ranges among all types of dyes used for various coloring applications. China has been a major source of this product range globally, which is expected to go under change in future. After successful implementation of plant it will add better margin and revenue.

2. Zero Liquid Discharge:

As per statutory requirement, the company has undertaken this project to make manufacturing plants- zero liquid discharge. The company will reuse water requirement in manufacturing process and reduce dependence on ground water. It will also help to strengthen reputation of the company internationally.

Future Outlook:

KIL is looking to enter specialty tech-intensive chemical space in coming three to four years. The company has its focus on organic growth in the Colors business by strengthening its product mix and adding disperse dyes in its portfolio. The company is undertaking on-going research and development for improving margins in specialty products. The ultimate aim of the company is to focus on asset light products with good margins, which can help it sustain higher returns on capital employed and return on investments.

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.