

Kiri Industries Limited

Future Full of Colours.....

June 06, 2019

To, BSE Limited Phiroze Jeejeebhoy Towers Dalal Street Mumbai- 400001 Scrip Code: 532967	To, National Stock Exchange of India Limited Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051 Scrip ID: KIRIINDUS
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Dear Sir/Madam,

Sub: Intimation of Investor Meet

In compliance with regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we hereby inform that Mr. Manish Kiri, Managing Director and other the Key Managerial persons of the Company shall meet fund managers / investors in Mumbai on Friday, 7th June, 2019 to discuss in detail about the ordinary course of business and about the industry.

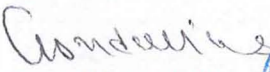
Further, we are enclosing herewith the Investor's Presentation.

The Investor's Presentation is also available on the website of the Company i.e. www.kiriindustries.com.

You are requested to kindly take note of the same.

Thanking you

For Kiri Industries Limited



Suresh Gondalia
Company Secretary

Encl: As stated



DYES

Plot No : 299/1/A & B, Phase-II, Nr. Water Tank, GIDC, Vatva,
Ahmedabad - 382 445, Gujarat, India.
Phone : +91-79-25894477
Fax : +91-79-25834960
Email : engage@kiriindustries.com Web : www.kiriindustries.com

INTERMEDIATES

Plot No : 396/399/403/404, EPC Canal Road, Village : Dudhwada,
Tal. : Padra, Dist. : Vadodara - 391450. Gujarat, India.
Phone : +91-2662-273444
Fax : +91-2662-273444
Email : intermediates@kiriindustries.com Web : www.kiriindustries.com

CHEMICALS

Plot No : 552-A, 566, 567, 569-71, Village : Dudhwada, Tal. : Padra,
Dist. : Vadodara- 391 450 Gujarat, India.
Phone : +91-2662-273724, 25
Fax : +91-2662-273726
Email : intermediates@kiriindustries.com Web : www.kiriindustries.com



Kiri Industries Limited

Future Full of Colours.....

Kiri Industries Limited

(CIN:L24231GJ1998PLC034094)

INVESTOR PRESENTATION | JUNE 2019

Executive Summary



OVERVIEW

- Kiri Industries Limited (KIL) is one of the largest manufacturers and exporters of a wide range of Dyes, Dyes Intermediates and Basic Chemicals from India.
- KIL is an accredited and certified Key Business Partner with the world's top Dyestuff majors across Asia-Pacific, the EU and America.
- It has sophisticated quality control practices and procedures, modern manufacturing facilities and ERP driven enterprise management that enabled KIL to offer internationally recognized quality products and services.
- KIL is listed on both the BSE and NSE exchanges and has market capitalisation of approximately INR 15,556 Mn as on 31st March, 2019.

PRODUCTS

Dyes Intermediates
 H-acid
 Vinyl Sulphone
 Specialty Intermediates
 Naphthalene and Aniline based intermediates

Dyes

Reactive dyes
 Acid Dyes
 Direct Dyes
 Disperse Dyes

Basic Chemicals

Sulphuric Acid
 Oleum 65% and 23%
 Chloro Sulphonic Acid
 Thionyl Chloride

INDUSTRIES CATERED

For Dyes intermediates

- Various manufacturers of reactive dyes across the globe.

For Dyes

- Textile manufacturers, including manufacturers of cotton fabrics, dress material, papers, carpets, bed sheets, etc.
- Leather manufacturing, dying, finishing, etc.

FINANCIAL HIGHLIGHTS*

TOTAL REVENUE
INR 13,965 Mn

3 Year - CAGR
 10.23%

EBITDA
INR 2,337 Mn

3 Year - CAGR
 23.06%

PAT
INR 1,576 Mn

* Consolidated (FY19)

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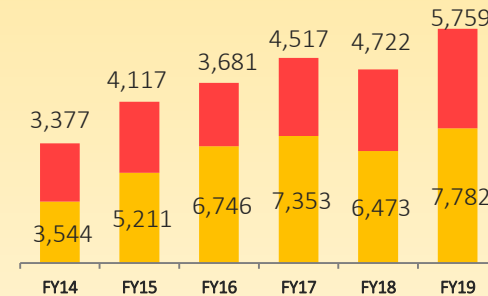
COMPANY OVERVIEW



- Established in 1998, Kiri Industries Limited (KIL), is based out of Gujarat and has emerged as one of the largest manufacturers and exporters of a wide range of Dyes, Dyes Intermediates and Basic Chemicals from India with 'Zero Effluent'.
- KIL is an accredited and certified Key Business Partner with world's top Dyestuff majors across Asia-Pacific, the EU and America.

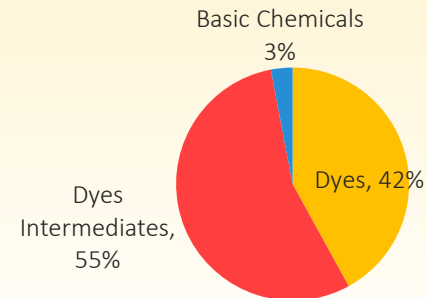
- It provides products and services across the whole value chain in numerous industrial sectors (apparel, hosiery, automotive, carpets, leather, paper, home upholstery, industrial fabrics, etc.)
- In the 20 years of the Company's corporate journey, KIL has been focusing on providing products of high quality standards, executing collaborations and strategic acquisitions, implementing environmentally aligned R&D, finding innovative solution centric and all-encompassing customer care
- All initiatives taken by KIL has enabled it to set its footprints in over 50 countries across 7 continents.
- The Company has sizeable manufacturing facility of Dyes Intermediates and Basic chemicals at Padra (Baroda, Gujarat) and to strengthen its competitive edge in dyes vertical, KIL formed a joint venture with Longsheng (China) and set up a manufacturing facility for dyes.

Consolidated Revenue Break-up (INR Mn)



■ Domestic ■ International

Revenue Break-up (FY19)



5 Management Team



Manish Kiri (Managing Director)

- He has a Bachelors of Engineering (Electronics & Communication) from Gujarat University and a Master's Degree in Business Management from Wayne State University, USA.
- He envisions the company's operational strategies and its future forays and expansions. He also designs its marketing strategies and commands their implementation. He oversees the overall sales and exports, customer relationship management and expansions, ensuring a sustainable growth of the company.
- He was the force behind the Company's JV (Lonsen Kiri Chemical Industries Ltd.), and acquisition of DyStar.
- He was awarded 'Outstanding Entrepreneur' by Ahmedabad Management Association in year 2011.

Pravin Kiri (Chairman)

- He is a science graduate from Gujarat University and started his career in the year 1966 by associating himself with Jay Chemical Industry (Kharawala Group) as a partner and was responsible for all the technical matters of the group.
- He has a wide interest and knowledge in the areas of synthesizing organic structures of Dyes and Intermediates.
- He looks after the manufacturing activities and is focused on operational strategy, quality control and research & development activities.

Keyur Bakshi (Independent Director)

- He is a practicing Company Secretary and holds degrees in Commerce and Law from Gujarat University.
- He is a Fellow Member of the Institute of Company Secretaries of India and had served as the President of Institute of Company Secretaries of India in the year 2008.
- Actively involved in various assignments relating to Corporate Laws, Finance, amalgamations, mergers / de-mergers, acquisitions and takeovers, corporate restructuring and planning.

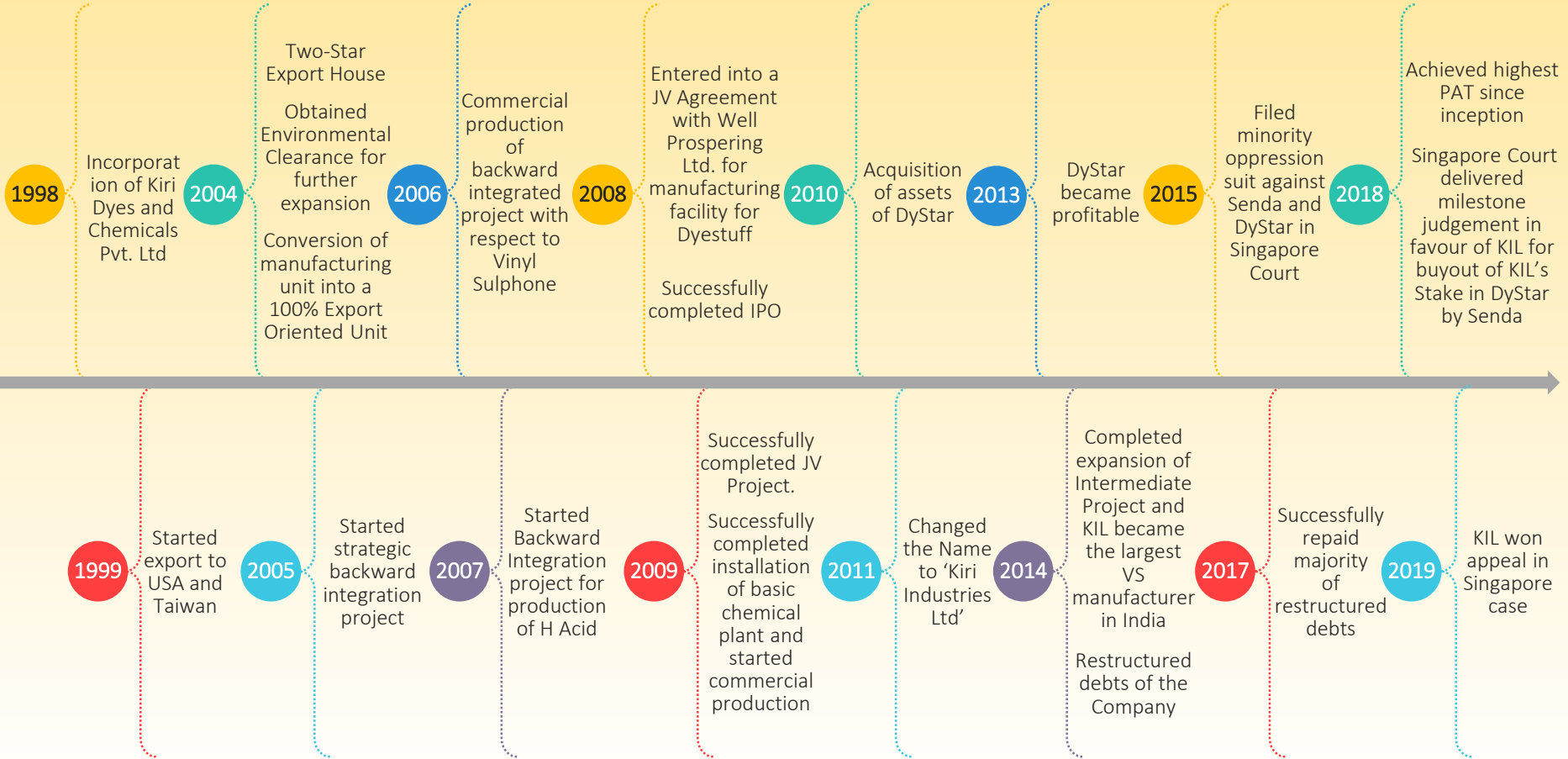
Mukesh Desai (Independent Director)

- He has an engineering background with more than 35 years of techno commercial management experience in multi-product, multi location project installation and operation.

Veena Padia (Independent Director)

- She has a Masters of Economics from M. S. University and has a 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 World Bank, CARE, etc.

Key Milestones



Unit I, Unit II & IV

Location: Ahmedabad, India.

Products manufactured:

- S. O. Dyes
- Disperse Dyes

Capacity Installed:

- Reactive Dyes : 36,000 MTPA
- Disperse Dyes: 8,000 MTPA



Unit V

Location: Vadodara, India.

Products manufactured:

- Sulphuric acid
- Oleum
- Chloro-sulphonic acid along with 3.3 MW steam based power plant

Capacity Installed:

- Basic Chemicals : 500 TPD (182,500 MTPA)
- Sulphuric Acid – 280 TPD
- Oleum – 23% – 50 TPD
- Oleum – 65 % – 70 TPD
- Chloro Sulphonic Acid – 100 TPD
- Thionyl Chloride – 150TPD



Unit III

KIL is a technology-driven emerging global player as well as a premier budding specialty chemicals player

Lonsen Kiri Plant JV with Longsheng (China)

Location: Vadodara, India.

Products manufactured:

- Intermediates - V. S. H. Acid and other specialties.

Capacity Installed:

- Commodity Intermediates – 25,200 MTPA
- Vinyl Sulphone - 18,000 MTPA
- H-Acid - 7,200 MTPA
- Specialty Intermediates : 10,000 MTPA
- Acetanilide – 12,000 MTPA



Location: Vadodara, India.

Products manufactured:

- Reactive Dyes

Capacity Installed:

- 50,000 MTPA

Note:

- A JV Company between Zhejiang Longsheng (China) (60%) and KIL (40%).
- Engaged in the activity of manufacturing and selling reactive dyes.



Manufacturing Process

Key Inputs

- Ice
- Napthalene
- Sulphur
- Sodium Nitrate
- Soda Ash
- Water
- Aniline
- Caustic Soda
- Chlorine

Sulphur & Bulk Chemicals Division

- Para Nitro Aniline
- Beta-Nepthol
- Sulphuric Acid
- Chloro Sulphonic Acid
- Oleum 65%
Oleum 23%
- Sodium Bi Sulphate
- Acetanilide
- MPD
- Thionyl Chloride

Dyes Intermediates Division

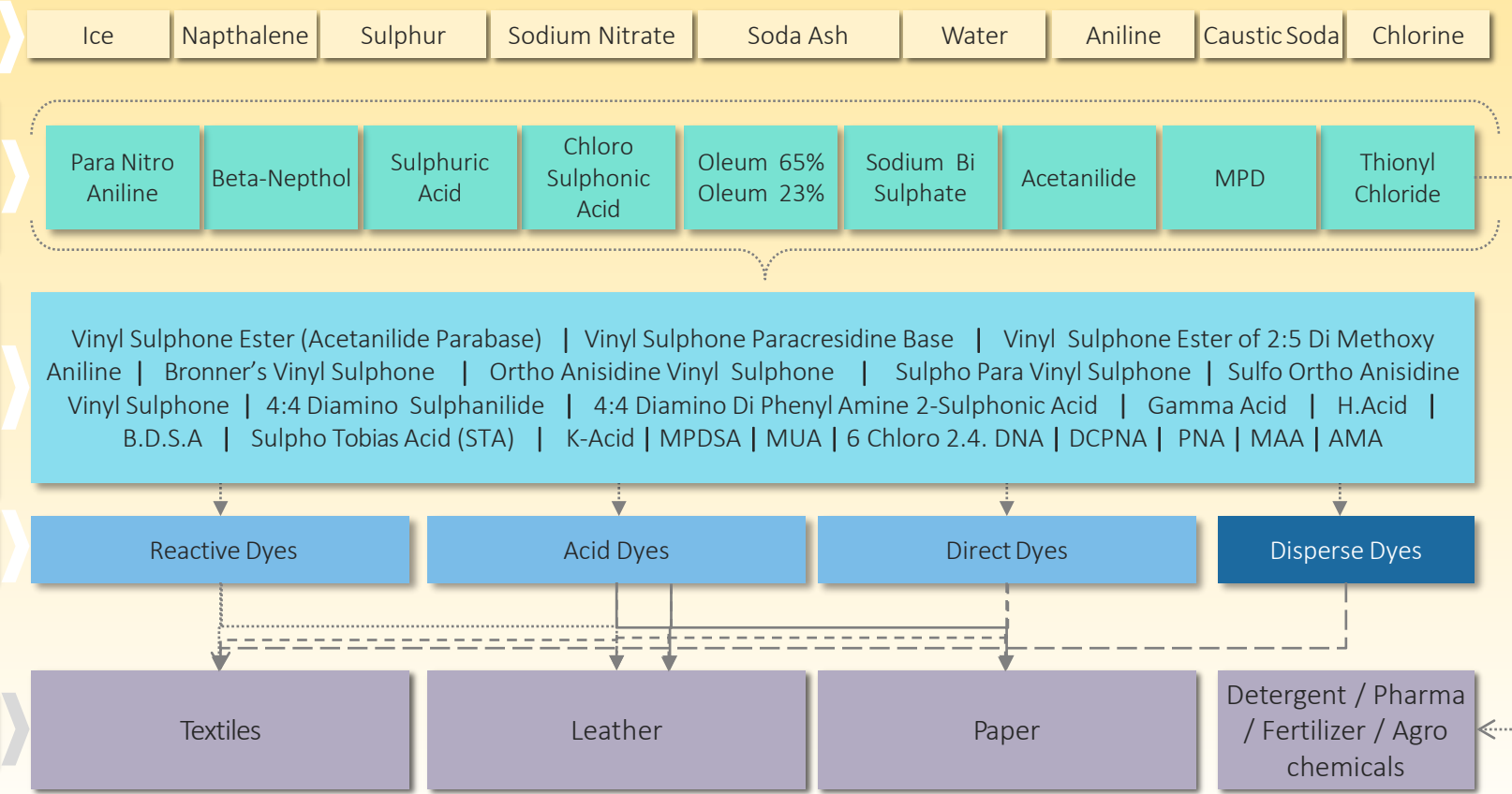
Vinyl Sulphone Ester (Acetanilide Parabase) | Vinyl Sulphone Paracresidine Base | Vinyl Sulphone Ester of 2:5 Di Methoxy Aniline | Bronner's Vinyl Sulphone | Ortho Anisidine Vinyl Sulphone | Sulpho Para Vinyl Sulphone | Sulfo Ortho Anisidine Vinyl Sulphone | 4:4 Diamino Sulphanilide | 4:4 Diamino Di Phenyl Amine 2-Sulphonic Acid | Gamma Acid | H.Acid | B.D.S.A | Sulpho Tobias Acid (STA) | K-Acid | MPDSA | MUA | 6 Chloro 2.4. DNA | DCPNA | PNA | MAA | AMA

Dyestuff Division

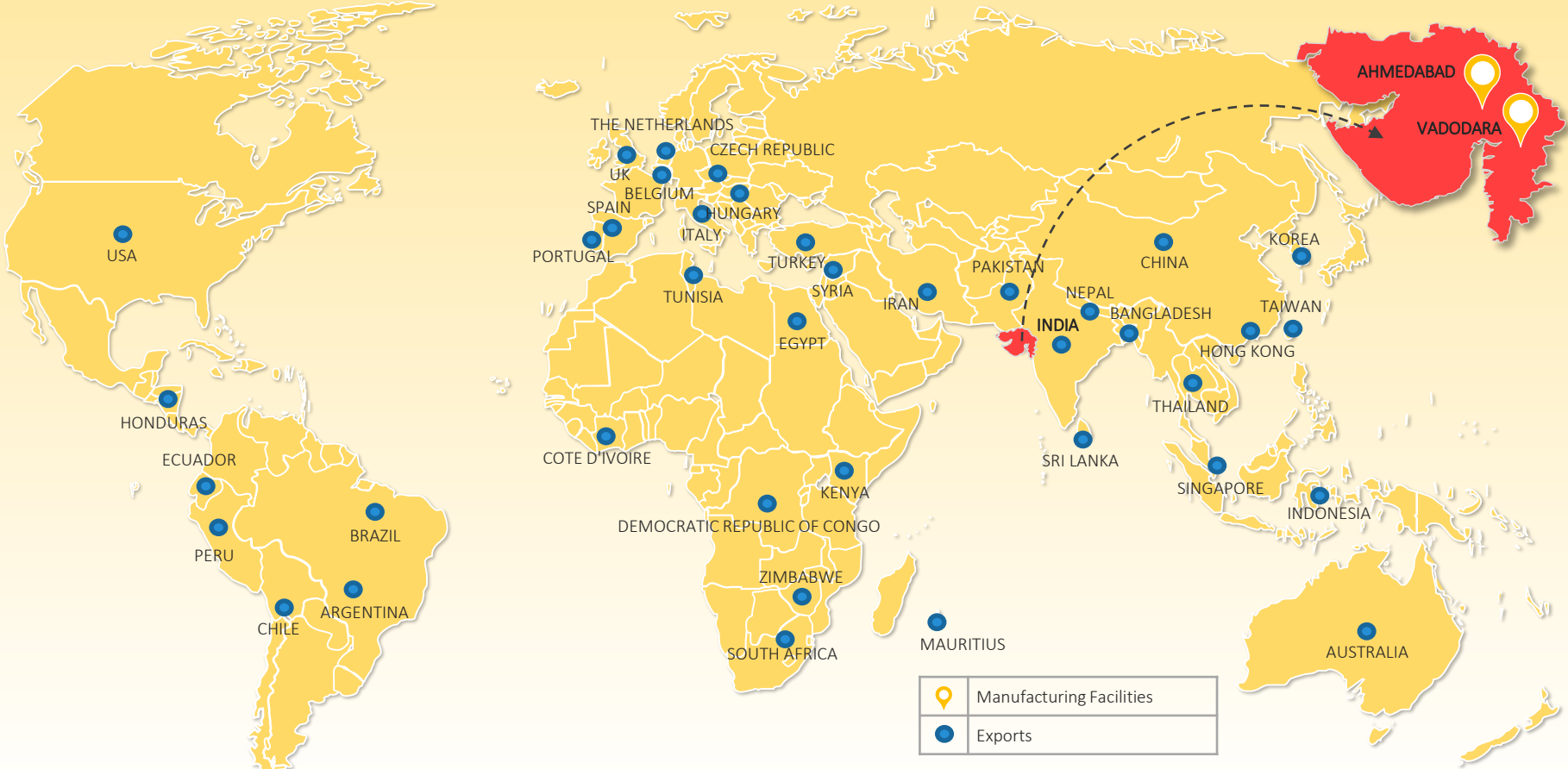
- Reactive Dyes
- Acid Dyes
- Direct Dyes
- Disperse Dyes

End Use Industry

- Textiles
- Leather
- Paper
- Detergent / Pharma / Fertilizer / Agro chemicals



Geographical Presence



Awards and Accolades



Award for Export performance of more than INR 6 Cr for Direct export of Self Manufactured Dye and Dye Intermediaries - 1999-2000



Award for Direct Export of Self Manufactured Dyes - 2000-01



Platinum Award for Small Scale Sector - 2002-03



Trishul Award for Small Scale Sector - 2005



Chemexcil Gold Award - 2006-07



First Award for Direct Export of Self Manufactured Dyes - 2008-09



First Award for Direct Export of Self Manufactured Dyes - 2009-10



Outstanding Entrepreneur Award - 2011



Certificate for The Next Fortune 500 Companies - 2017



Industrial Safety Award - 2018

Key Strengths

- High entry barriers due to a stringent process of acquiring new permissions.
- Heavy capital expenditure.
- Strict implementation of environmental and pollution norms.

- Ability to integrate and offer value added products.
- One of the largest manufacturers of Reactive Dyes, Dye Intermediates and Basic Chemicals with support of backward integration.



- The research and development department broadly comprises various processes for developing new products and standardizing new analytical methods.
- It focuses especially on technologies that improve products and processes.
- The team continuously interacts with consumers to obtain feedback on its existing as well as new products to complement its product development activities.

- The Company established a track record of long-term relationship with key global names and the ability to pass on price increases.

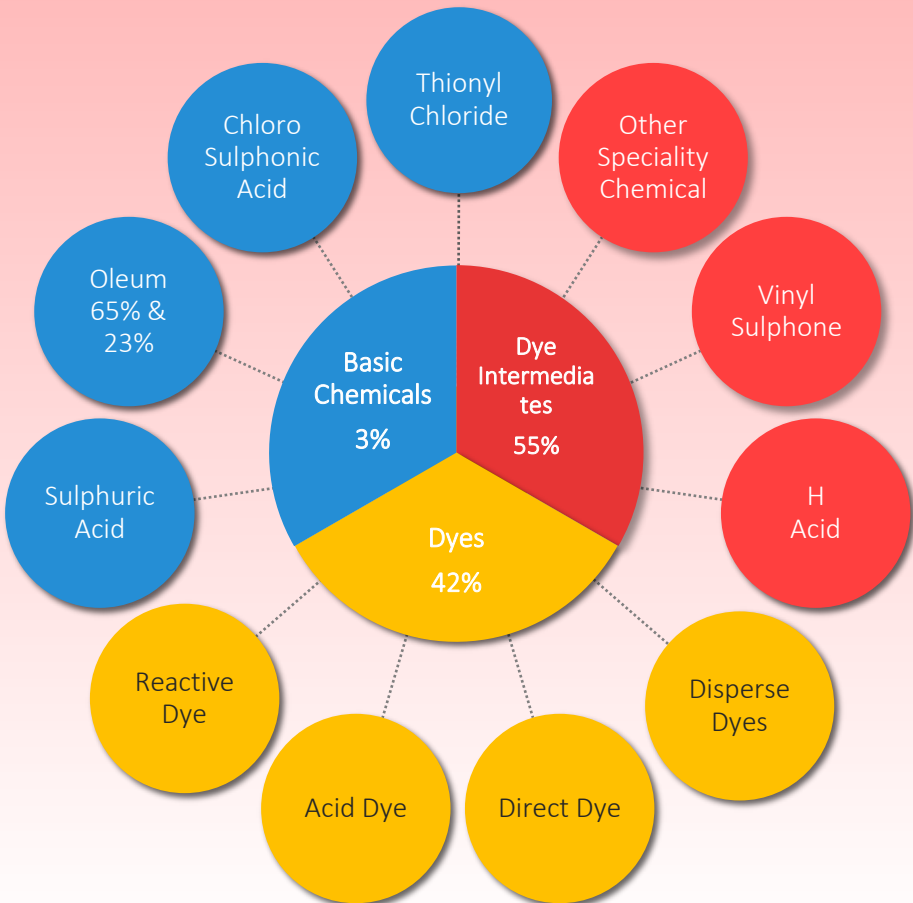
- Their facility is versatile and has the flexibility to produce Reactive Dyes, acid / metal complex dyes and wool reactive dyes.
- By virtue of large scale facilities and fully integrated operations from manufacturing of basic chemicals, dye intermediaries and dyes, the Company derives benefits of economies of scales and high standards of quality control.

- The Company has dedicated and experienced promoters.
- The Board consists of a healthy mix of promoters and independent directors who ensure high levels of corporate governance.

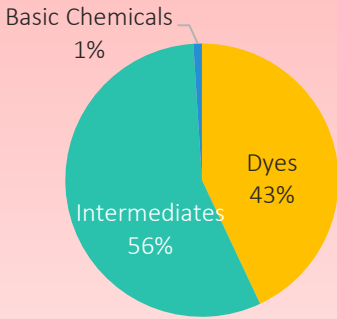


BUSINESS OVERVIEW

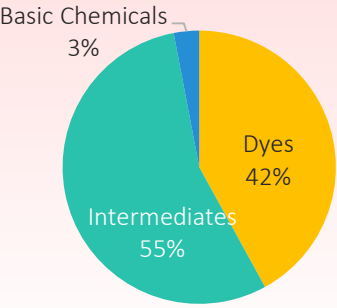
Business and Product Mix



Revenue Break-up (FY14)



Revenue Break-up (FY19)

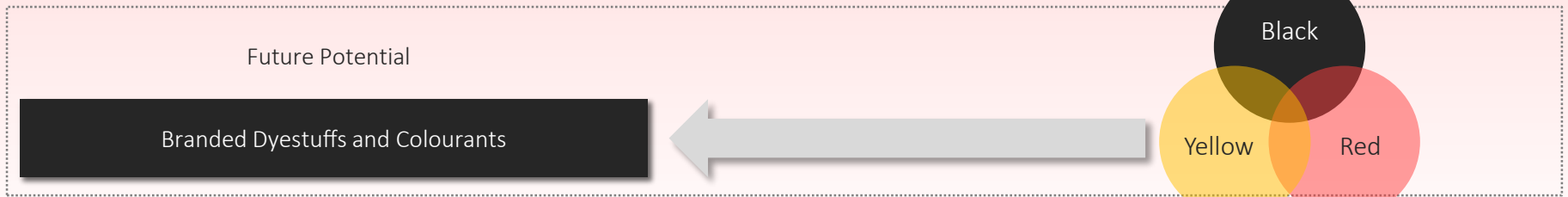
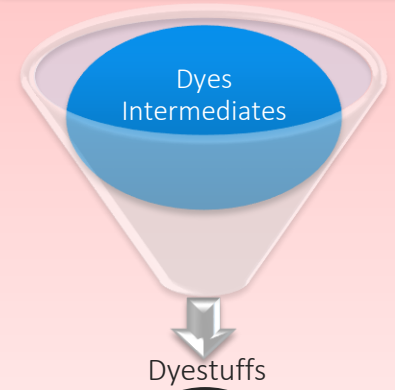


Value Chain – Dye Stuff Manufacturing



Inputs

Result of Zero Waste
Manufacturing process



Benefits of Zero Waste



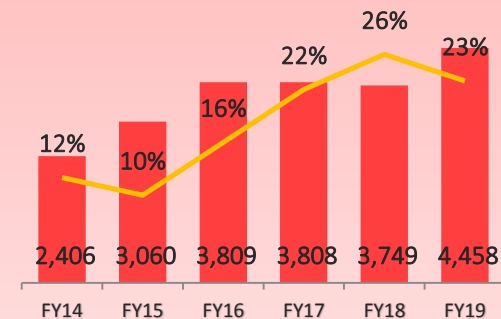
- The Company’s focus on becoming a Zero Waste company has ensured that Spent Acids are a source of revenue (converted into commercially viable products) and not a source of expense (frees the hassles of management and disposal of the by-products).
- In an industry where non-conformance leads to plant shutdowns, Zero Waste convinces buyers of the sustainability factor of operations, resulting in supply consistency.

Dyestuff are organic and inorganic substances which can absorb light as well as reflect some light to show colour. The dyestuff is also a water soluble substance.

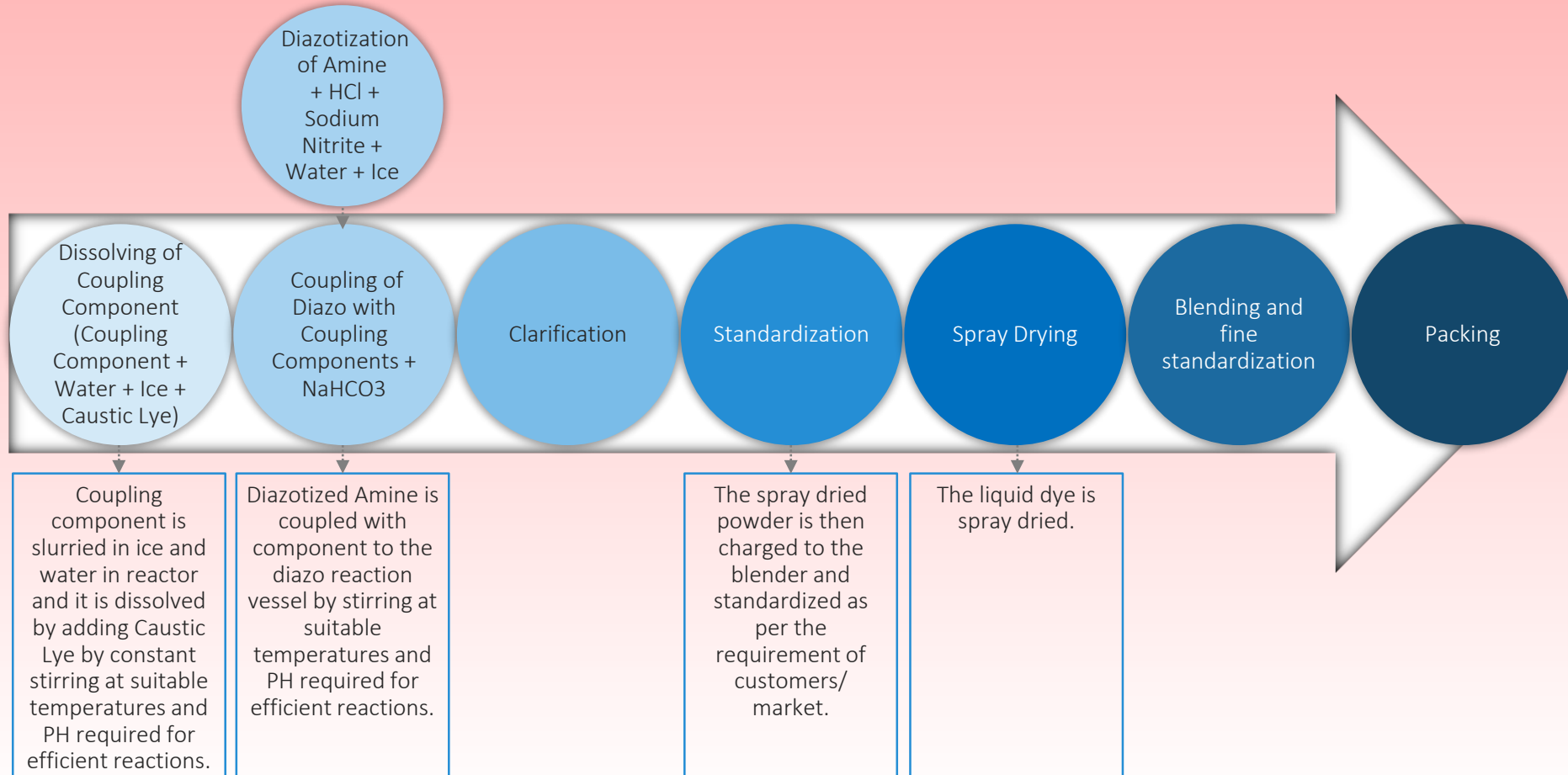
Criteria for a Suitable Dyestuff

- Economical / Competitive
 - Non-toxic
 - Compatible to other dyes and chemicals
 - High colour strength
 - Better brightness
 - Better fastness
 - 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' or chemically stable so that the colour does not wash out with soap and water much or fade due to exposure to sunlight, etc.
 - **Many types of dyes:** Reactive dyes, Acid dyes, Direct dyes, Azoic dyes, Disperse dyes, Vat dyes, Solvent dyes, Sulphur dyes, Cationic dyes, etc.
 - Textile sector is a major consumer of Dyestuffs. Reactive Dyes, Vat Dyes and Azo Dyes are mainly required for dyeing and printing of various fibres. Disperse Dyes are mainly consumed for dyeing synthetic fibres. Acid Dyes are consumed in leather, silk, nylon and woollen products.
 - KIL caters to mainly Reactive dyes, Acid dyes and Direct dyes. It has just entered into Disperse dyes.

Total Revenue (INR Mn) & Gross Margins



Dyestuff Manufacturing Process



18 Reactive Dyes

- Reactive Dyes are the most versatile and popular class of Organic Dyes for imparting colour on cellulosic fibres.
- These are water soluble dyes which react to fibre, forming a direct chemical linkage with the application materials, which is not easily broken and offers good wash fastness.
- **Colours available:** Red, Yellow, Black, Orange, Blue, Green, Violet, etc.
- **Types of Dyes:** Kirazol VS dyes, Kirazol KR/KX dyes, Kirazol S &W dyes, Kiractive ME dyes, Kiractive ED dyes, Kiractive HE dyes, Kiractive CN dyes, Kiractive P dyes, etc.
- **Features:** Brilliant shades, ease of application, overall good fastness properties, economical, etc.
- **Applications in Textile Industries:** The popularity of Reactive dyes with textile processors is due to its versatility in 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.
- **Properties :**
 - Found in power, liquid and print paste form which are water soluble.
 - The dyes have very stable electron arrangement and can protect the degrading effect of ultra-violet ray.
 - Textile materials dyed with reactive dyes have very good wash fastness with superior rating. Reactive dyes give brighter shades and have moderate rubbing fastness, etc.
 - It requires less time and low temperature for dyeing and are comparably economical.



Disperse dye:

- Disperse dyes are synthetic organic dyes and is a kind of organic substance which is free of 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 fibres, in practical terms, only disperse dyes are suitable, which makes these kind of dyes the highest consuming product range globally.
- Through their hydrophobic properties, these dyes are capable of penetrating into similar hydrophobic polyester fibres.
- This class of dyes have extremely poor solubility in water; for this reason, dispersing agent is added to the dyebath to maintain dispersion stability, especially in the case of high temperature dyeing.

Advantages:

- **Fastness to wet treatment** - 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.
- **Fastness to dry heat** - 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.
- **Fastness to light** - Dispersed dyes do not fade away when left exposed to sunlight for prolonged periods.
- **Hydrophobic fibres** - Disperse dyes can be applied to a whole range of chemically diverse, hydrophobic manmade fibres, which include acetate, acrylic, modacrylic, nylon, polyester and polyurethane fibres.



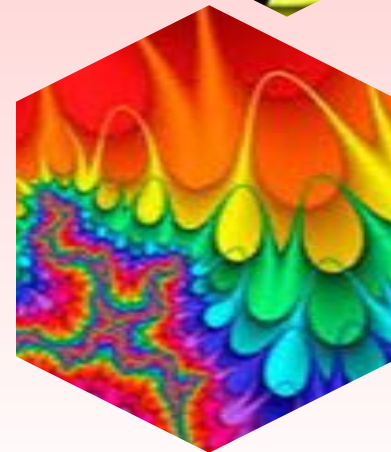
Acid Dyes

- Acid dyes are the dyes which can be applied directly to the application materials from an aqueous solution (without mordant).
- The Company has been working on developing Acid dyes since a decade. It has been manufacturing this range of dyes for a long time.
- **Colours Available:** Red, Yellow, Orange, Blue, Green, Violet, Black, Brown, etc.
- **Types of Dyes:** Acid Black 210, Acid Black 194, Acid Blue 193, Acid Green 104, Acid Violet 90, Acid Red 357, Acid Red 362 and Acid Orange 142.
- **Application on:** Nylon, Silk, Wool, Leather, Blended Fibre, etc.
- **Advantages:** 1) Easy in application 2) Complete colour range with very good bright shades 3) Pre-metalized dyes have very good light fastness even in pale shades 4) Properties of acid dyed silk is better than reactive dyed silk.



Direct Dyes

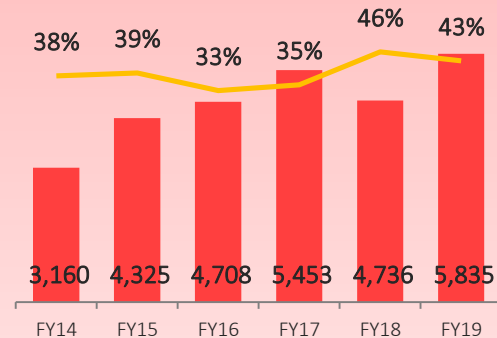
- Direct dye, also known as Substantive Dye, is a class of coloured, water-soluble compound that has an affinity for fibre and is taken up directly, mostly it is sodium salt of aromatic compounds.
- Direct dyes are usually economical, very easy to apply and with an easy application which can yield bright colours.
- **Advantages of Direct dyes:**
 - Direct dyes are easy to apply after proper training and they 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 liquor ratio than reactive dyes.



Dyes Intermediates

- Dyes intermediates are the main raw materials used for manufacturing dyestuffs.
- The manufacturing chains of dyes and dyes intermediates can be traced back to petroleum-based products.
- Naphtha and natural gases are used for the production of Benzene and Toluene, which are subsequently used for manufacturing nitro-aromatics.
- Hence, the third forward stage of production, i.e., from nitro aromatics to a dyes intermediates is part of the dyes and dyes intermediates sector. Examples of major dyes intermediates are Vinyl Sulfone, Gamma Acid, H Acid, CPC, J Acid, α -Naphthyl Amine, etc.
- In order to ensure uninterrupted supply line of key raw materials and stability of pricing for its customers, KIL has established a fully integrated manufacturing base at its production facilities.
- Approximately 60% of intermediates required for dye manufacturing are manufactured at the Company's manufacturing facilities.
- **The commissioning of dyes intermediates facility has empowered KIL to:**
 - Manage cost of raw materials.
 - Monitor the quality of key raw materials thus ensuring desired quality control of the finished product.
 - Manage fluctuations in prices of raw materials.
 - Manage efficient production schedules.
 - Meeting customers' expectations.

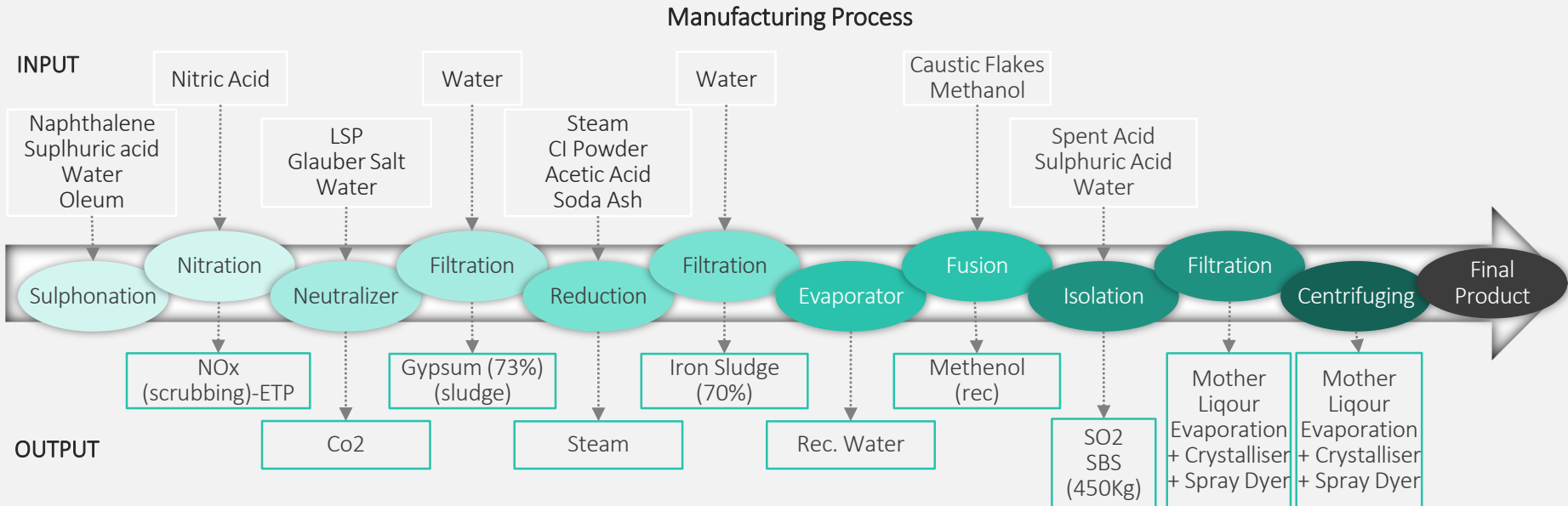
Total Revenue (INR Mn) & Gross Margins



Dyes Intermediates – H-Acid

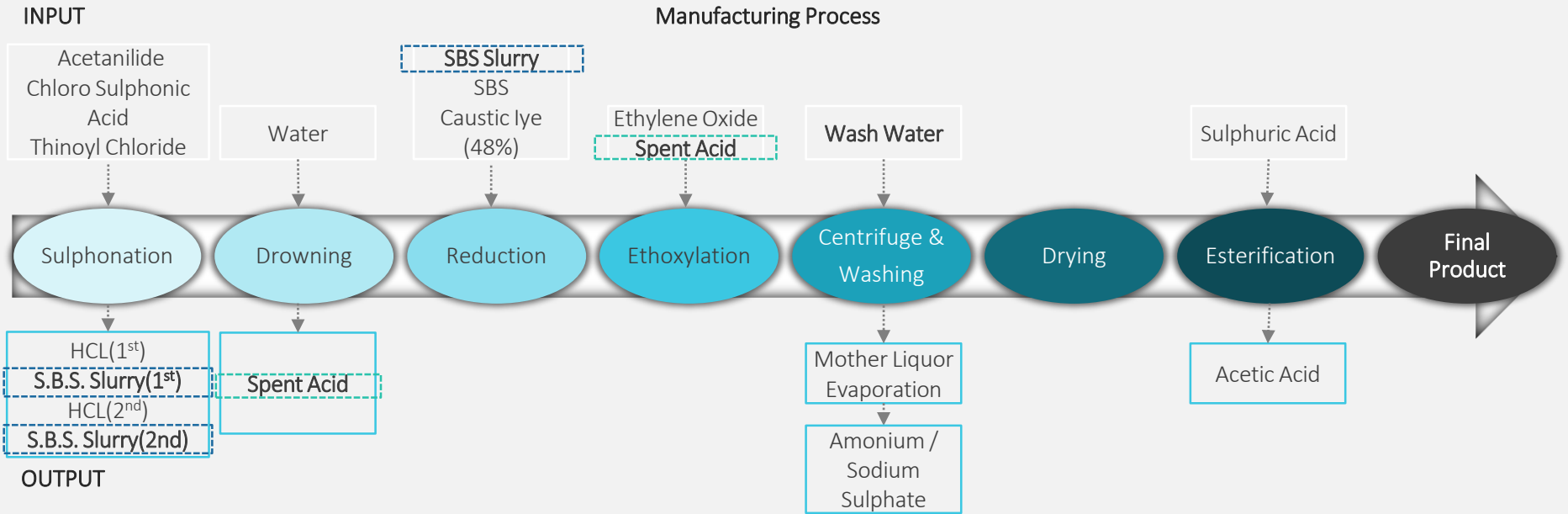
H-Acid

- **H-acid** is one of the leading dyes intermediates in the world, used in the manufacture of black dyes.
- H-acid (8-amino- 1-hydroxynaphthalene-3,6-disulfonic acid), an important dye intermediate, is produced from Naphthalene by a combination of the unit processes of sulphonation, nitration, reduction, hydrolysis and other processes. H-Acid is used in the manufacture of a large number of azo dyes and pigments.
- The Company has a capacity of 7,200 MTPA and the current capacity utilization is 90%.



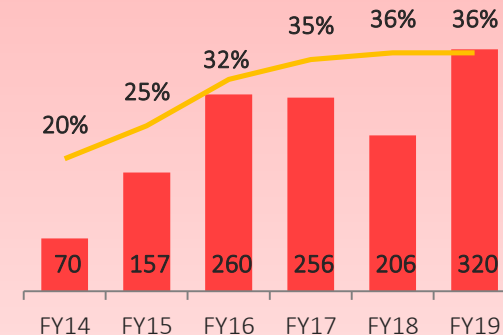
Vinyl Sulphone

- **Vinyl Sulphone** is an industrial chemical used as a key raw material for manufacturing reactive dyes, having application mainly in textiles. It is manufactured from aniline.
- It has applications in manufacturing of Reactive dyes.
- The Company has a capacity of 18,000 MTPA and the current capacity utilization is 89%.



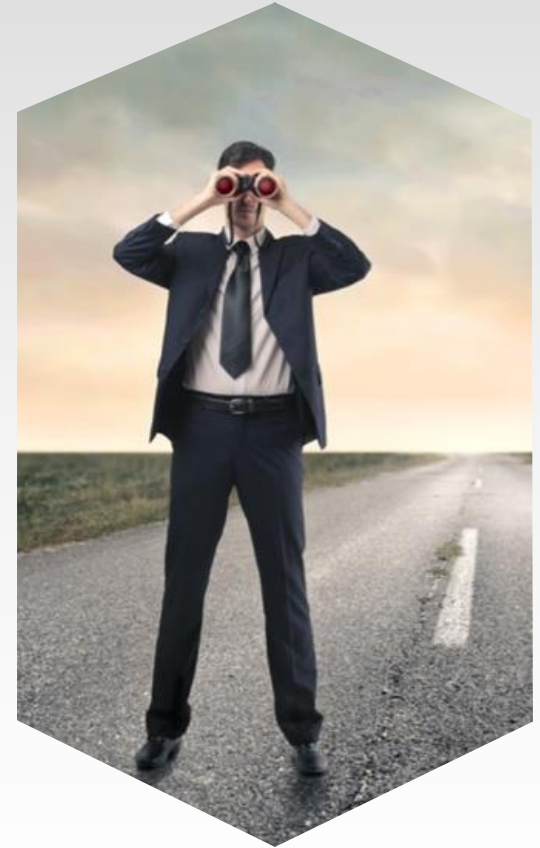
- As part of strategic backward integration, the Company has set up Basic Chemical facility to manufacture:
 - Sulphuric Acid
 - Oleum
 - Chloro Sulphonic Acid
 - Thionyl Chloride
- All these products are made in one integrated plant and uses Sulphur as the basic raw material.
- KIL produces basic chemicals for its own consumption and also for sale in the domestic market.
- Along with the facility, KIL has put in a 3.5 MW captive power plant which can run from the steam generated by the facility itself.
- The electricity generated will be sufficient, not only to run basic chemical plant, but also to contribute power requirement of dyes intermediates plant.
- Application Industries:** Chemicals, Pharmaceuticals, Fertilizers, Automobile batteries, Paper bleaching, Sugar bleaching, Water treatment, Sulfonation agents, Cellulose fibers, Steel manufacturing, Coloring agents, Regeneration of ion exchange resins, etc.

Total Revenue (INR Mn) & Gross Margins



Future Outlook

- The Company has envisaged continuing capital investments in FY20 for expansions of manufacturing facilities of specialty intermediates and basic chemicals at Padra, Vadodara.
- After completion of said expansions installed capacity of Specialty Dyes Intermediates shall increase by 17% and basic chemicals capacity shall increase by 115%.
- The proposed capital expenditure shall be non-dilutive and funded from internal accruals of the company without raising any equity or debt.
- The commissioning of the said projects shall empowered KIL to:
 - Supplement more products in the current product portfolio and thereby diversify the product ranges
 - Effectively manage input costs of raw materials and competitively mitigate the risk of fluctuations in prices of raw materials
 - Continue to strengthen monitoring of quality control throughout its product value chain to ensure achieving the best quality parameters of the products
 - Exceed customers' expectations and improve customizations of the offerings to the valued customers
 - Continue to improve product margins to achieve profit incremental growth
 - Achieve 25% to 30% growth in revenue as well as in profits, hence contribute positively for strengthening core business values



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DYSTAR

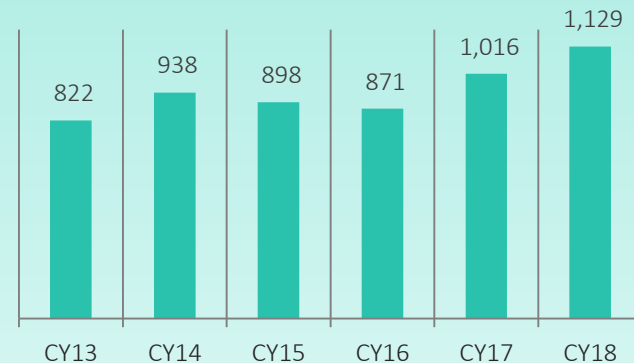


KIL acquired DyStar in 2010, along with Zhenjiang Longsheng holding 37.57% presently

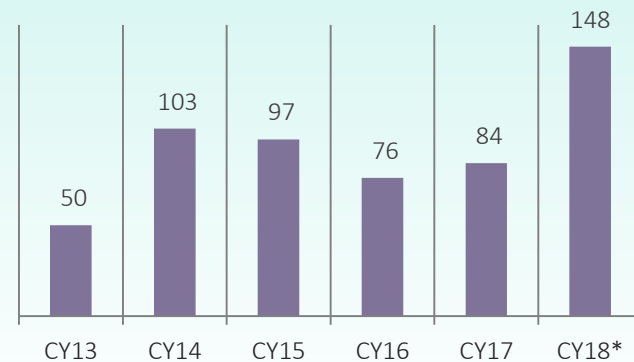
- The DyStar Group is a leading dyestuff and chemical manufacturer and solution provider, offering a broad portfolio of colorants, specialty chemicals, and services to customers across the globe.
- With a heritage of more than a century in product development and innovation for the textile industry, DyStar also caters to multiple sectors including paints, coatings, paper and packaging industries. Its expansion into food and beverages and personal care sectors reinforces the company's position as a specialty chemical manufacturer.
- DyStar's global presence offers customers reliable access to experts from offices, competence centres, agencies and production plants spanning over 50 countries.
- DyStar has 16 manufacturing plants with a combined production capacity of 176,000 TPA. It is a market leader in global dyes market with a market share of over ~21%.
- It has expertise in dyes, dyes solutions, leather solutions, performance chemicals, and custom manufacturing of special dyes/ pigments.

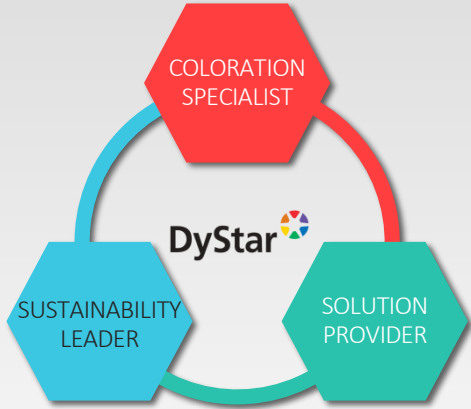
* Including disputed provisions/write off of USD 113.02 Mn

Total Revenue (USD Mn)

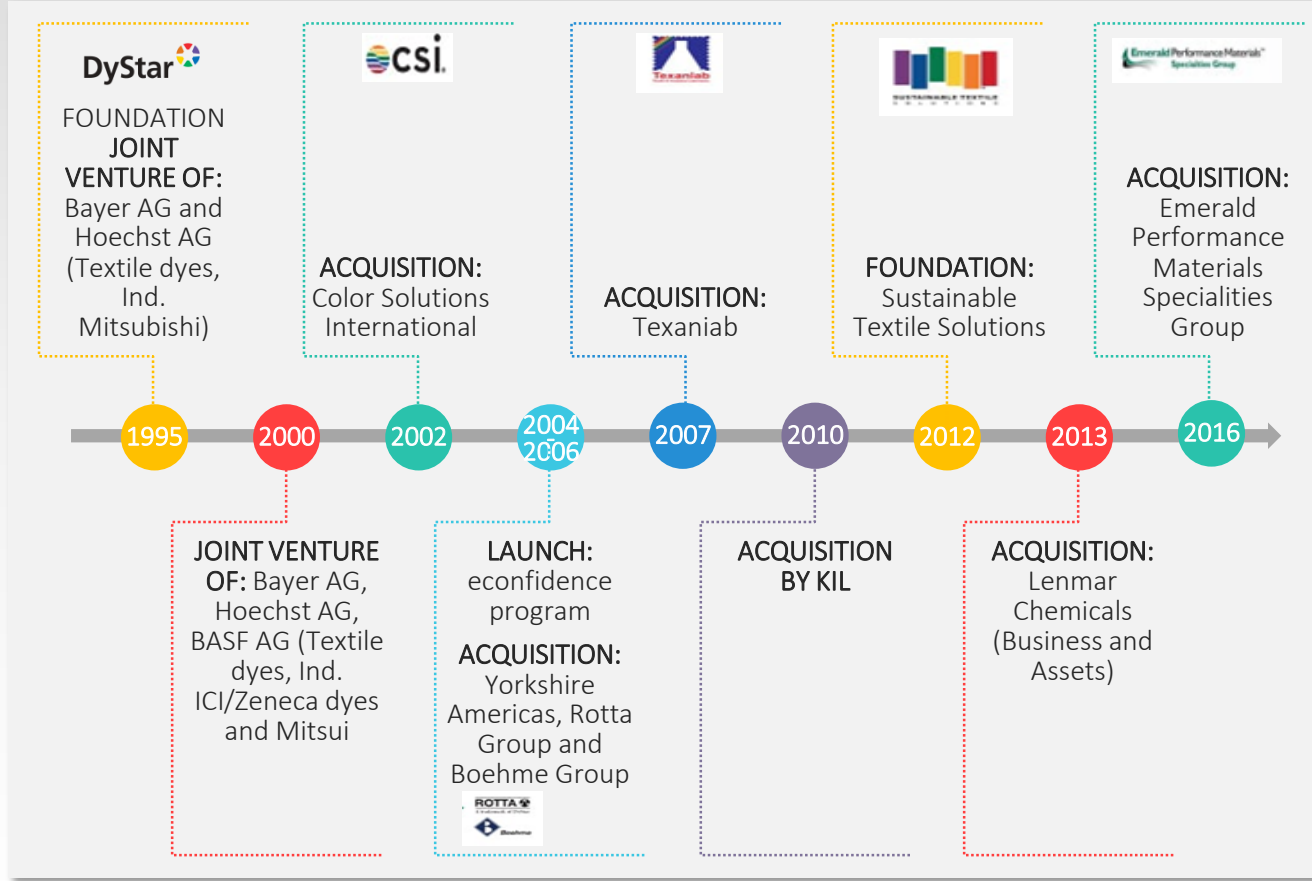


Profit after Tax (USD Mn)





DyStar was founded in 1995 as a joint venture between Hoechst AG and Bayer Textile Dyes. In 2000, the textile dyes business from BASF was integrated. In 2010, DyStar Group was acquired by Kiri Industries Limited (KIL).



Successfully turning around the operations of DyStar

- The turn-around plan was successfully executed by replacing high cost German manufacturing base with low cost manufacturing in India, China and Indonesia, etc.
- KIL is entitled to profit shares of INR 826 Mn, INR 1,976 Mn, INR 1,700 Mn, INR 1,561 Mn, INR 2,313 Mn and INR 65 Mn over the 6 fiscals from FY14 to FY19.

Senda's Appeal against Honorable SICC's Order dismissed with costs

- The Court of Appeal (Supreme Court), Singapore, pronounced judgment on 29th May 2019 upholding the earlier SICC decision and dismissed the appeal with cost filed by Senda. Hence, Kiri's minority oppression suit and original judgment of SICC dated 3rd July 2018 has been upheld and maintained by the court of Appeal in the Supreme Court of Singapore in their judgment of today.
- Senda had also appealed against the dismissal of part of the counterclaims against Kiri and alleged breaches of non-compete and non-solicitation clauses in a Share Subscription and Shareholders Agreement ("SSSA"). DyStar had also appealed against the dismissal of a part of the claim for breaches of non-compete and non-solicitation clauses of SSSA.
- The appeals against the decision dismissing the counterclaim and claims for breach of the non-compete and non-solicitation of SSSA have been allowed with cost against Kiri and Mr. Manish Kiri in respect of sale of products to DyStar customers in Sri Lanka, referred to as Hayleys and Brandix and to customers in Japan referred to as Soryu and Maeda. However, the amounts payable by Kiri would be quite insignificant considering the expected buy out amounts receivable by Kiri from Senda.
- **Further course of action:** As per the directions of SICC, now Kiri and Senda shall submit their respective valuations of DyStar. The parties shall thereafter file their responses on such valuations. The SICC is expected to hear the matter of valuation during the month of August, 2019.

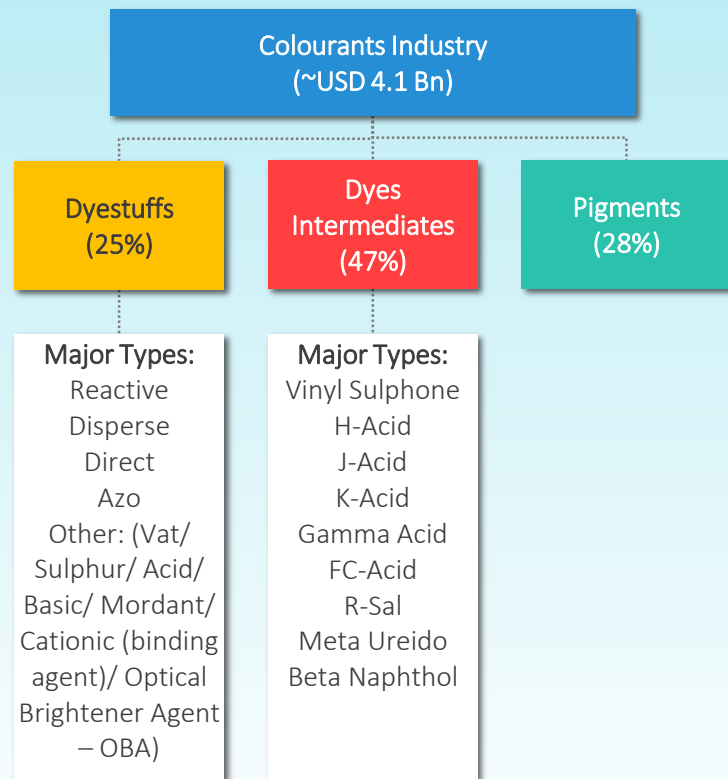


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INDUSTRY OVERVIEW

31 The Colourant Industry

- Global colourants market is estimated to reach ~USD 38.4 Bn by the end of 2021, a growth of ~5% CAGR during 2016-21, on the back of strong growth in high-value products.
- From the current market size of ~USD 4.1 Bn (2016), the Indian colourants' industry is expected to grow to USD 8.4 Bn by the end of 2021 (CAGR of 14.9%) on the back of:
 - (1) Strong growth in key end-user industries.
 - (2) Tightening of environment norms and increasing operating cost in China.
 - (3) Rising demand for finished products from India.
 - (4) Shift from generic/ commodity to high value specialty/ eco-friendly colourants.
 - (5) A switch from small and unorganised players to large integrated players.
- The Colourant industry in India is highly fragmented, with ~900 manufacturers, and the top five players accounting for less than 30% of the industry's production.
 - 15-20 are large and medium-sized organised units and the rest are small and unorganised.
 - Large players dominate the value-added segment, middle level players serve as suppliers to MNCs and smaller players who largely cater to the domestic market.
- ~80% of colourant manufacturing units are located in Gujarat and Maharashtra, due to the dominance of the textile industry, availability of raw materials in these regions and proximity to ports.



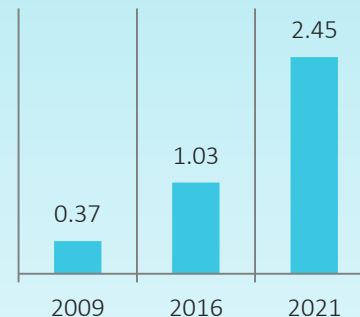
Dyestuff Industry:

- Dyestuff (DS) accounts for ~25% (USD 1.03 Bn) of the total colourants industry in India.
- It is expected to maintain a higher double digit growth and reach ~USD 2.45 Bn by the end of 2021 on the back of:
 - (1) Strong growth in the key end-user industries (textile, leather, paper, etc.).
 - (2) Tightening of environment norms in China.
 - (3) An increase in the demand for finished products from India.
 - (4) Forward integration by Indian DI manufacturers into DS to tap the large exports opportunity.

Reactive dyes gain market share :

- The share of reactive DS production in India increased from 43% in FY09 to 55% in FY16, as users are shifting from highly toxic Azo dyes to reactive and disperse dyes (Azo dyes are banned in most European countries).

India – DS Industry size (USD Bn)

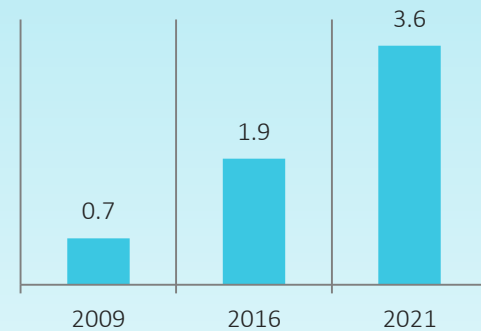


(Lakh TPA)	FY09	FY16	CAGR	% Share in FY09	% Share in FY16
Reactive	0.44	1.06	13.4%	43%	55%
Disperse	0.23	0.44	9.4%	23%	22%
Direct	0.11	0.21	9.6%	11%	11%
Azo	0.13	0.10	-4.2%	13%	5%
Other	0.11	0.14	4.1%	11%	7%
DS Production: (TPA)	1.02	1.94	9.6%	100%	100%

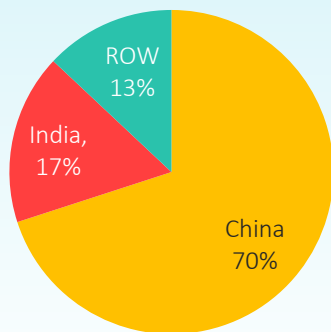
Dyes Intermediates Industry:

- In terms of value, DI accounts for 47% (~USD 1.9 Bn) of the total colourant industry in India and posted a CAGR of 16.8% from 2009 to 2016.
- Over 70% of the DI industry in India is organised due to the clients' preference for fully compliant suppliers and higher cost of ETPs (20-30% of the project cost and 40-50% of land occupation).
- Going forward, it is expected that India's DI capacity is to be used captively to produce DS by large integrated manufacturers, while standalone DI manufacturers will focus on the exports and domestic market.

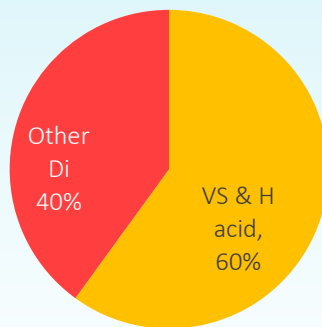
DI market in India (USD Bn)



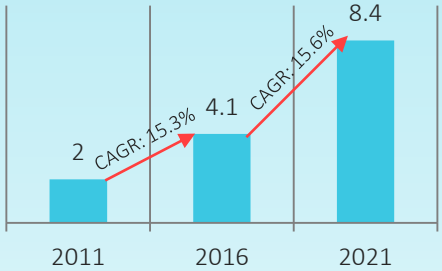
% of Global DI Volume



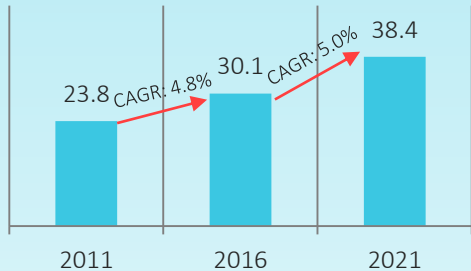
% of Total DI Volume



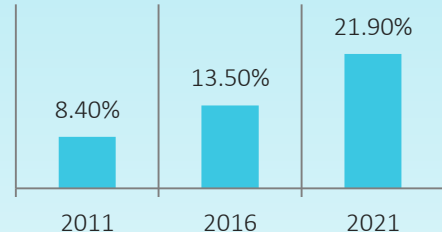
Indian Colourant Industry



Global Colourant Industry

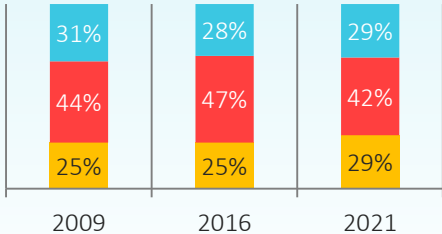


Indian Colourant Industry Share Globally

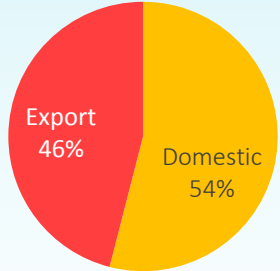


RoE and RoCE

■ DS ■ DI ■ Pigment

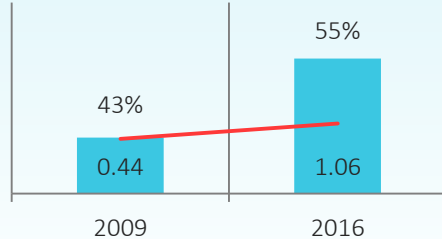


India's Colourant Domestic-Export Mix



India – Reactive DS

■ Reactive DS (production tpa)
 ■ Reactive (% of total DS) (RHS)



China Factors:

- In China, apart from the ETP hurdle, there is:
 - (1) Reduction in refund of VAT from 17% to about 13% on DI
 - (2) Cancellation in power subsidy (a major cost, 6-9% of revenue)
 - (3) Non refund of VAT on DS export out of China causing imposition of export duty on dyestuffs
 - (4) Increasing labour cost (~USD 300 p.m compared to ~USD150 p.m in India)

2014-present

(Industry is shifting to other Asian countries; India is well placed to grab the opportunity)



Intervention of Chinese government (due to environmental issues):

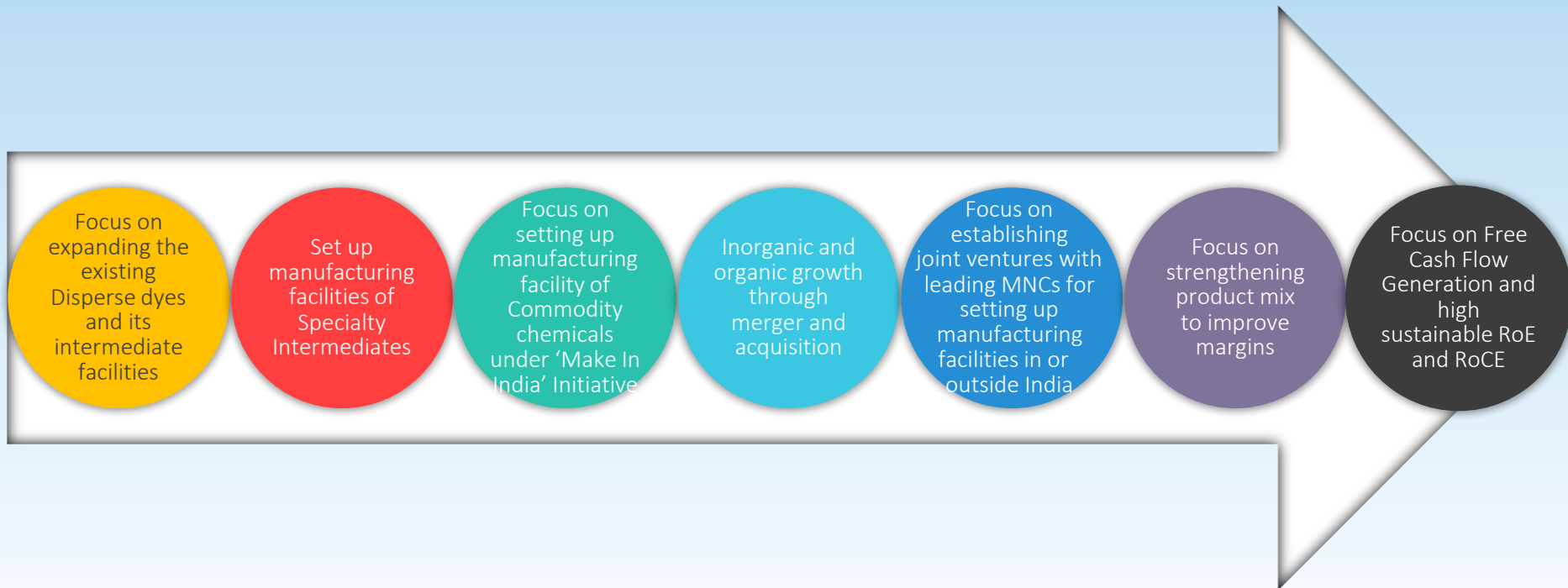
- ETPs for adequate environment compliances became compulsory in China, which increased capital + operating costs.
- Chinese unit margins and ROIs are declining due to increasing costs.
- India gains market share.



- A similar trend is expected in China and Chinese DS manufacturers are expected to start importing DI (raw material for DS) from India.



STRATEGIC OVERVIEW



The background features a vibrant, multi-colored gradient from purple at the top to red and orange at the bottom. Overlaid on this is a white hexagonal grid pattern. A central white horizontal banner contains the text "FINANCIAL OVERVIEW" in blue, uppercase letters.

FINANCIAL OVERVIEW

Standalone Income Statement

PARTICULARS (INR Mn)**	FY15	FY16	FY17*	FY18**	FY19*
Total Income	7,826	8,967	10,355	9,046	10,647
Total Expenses	7,116	8,064	9,059	7,712	9,055
EBITDA	710	903	1,296	1,334	1,592
<i>EBITDA Margin</i>	<i>9.07%</i>	<i>10.07%</i>	<i>12.52%</i>	<i>14.75%</i>	<i>14.95%</i>
Depreciation	202	204	222	250	285
Finance Cost	844	672	80	17	44
Exceptional Items	-	(47)	-	-	-
PBT	(336)	74	994	1,067	1,263
Tax	32	(17)	51	42	63
Profit After Tax	(368)	91	943	1,025	1,200
<i>PAT Margin</i>	<i>(4.70)%</i>	<i>1.01%</i>	<i>9.11%</i>	<i>11.33%</i>	<i>11.27%</i>
Other Comprehensive Income	-	-	(1)	1	(2)
Total Comprehensive Income	(368)	91	942	1,026	1,198
Diluted EPS (INR per share)	(12.92)	2.87	25.82	22.33	23.12

*As per IND-AS **Includes Other Income #Includes Excise Duty

Standalone Balance sheet (IND-AS)

PARTICULARS (INR Mn)	FY18	FY19	PARTICULARS (INR Mn)	FY18	FY19
Equity	5,109	6,307	Non Current Assets	5,554	6,922
Equity Share Capital	302	313	a) Property, Plant and Equipment	3,485	4,290
Other Equity	4,807	5,994	b) Other Intangible assets	1	1
			c) Capital Work In Progress	321	377
Non Current Liabilities	1,987	1,662	d) Investment in Subsidiary/Associate	1,460	1,402
a) Financial Liabilities			e) Financial Assets		
(i) Borrowings	1,564	1,488	(i) Investments	1	1
(ii) Trade Payables	-	36	(ii) Trade Receivable	-	36
(iii) Other Financial Liabilities	6	8	(ii) Other financial assets	64	90
b) Provisions	122	127	f) Other Assets	222	725
c) Deferred Tax Liabilities (Net)	295	3			
d) Other Non Current Liabilities	-	-	Current Assets	3,049	3,721
			a) Inventories	568	1,083
Current Liabilities	1,507	2,674	b) Financial Assets		
a) Financial Liabilities			(i) Investments	222	-
(i) Borrowings	6	6	(ii) Trade Receivables	1,810	2,085
(ii) Trade Payables	1,152	1,602	(iii) Cash and Cash Equivalents	56	94
(iii) Other Financial Liabilities	226	349	(iv) Bank balances other than above	10	12
b) Other Current liabilities	109	517	(v) Loans	117	181
c) Provisions	14	16	(vi) Other financial assets	50	51
d) Current Tax Liabilities (Net)	-	184	c) Current Tax Assets (Net)	41	11
			d) Other Current Assets	175	204
GRAND TOTAL - EQUITIES & LIABILITES	8,603	10,643	GRAND TOTAL – ASSETS	8,603	10,643

Consolidated Income Statement

PARTICULARS (INR Mn)	FY15	FY16	FY17	FY18**	FY19
Total Income*	9,328	10,427	12,007	11,368	13,965
Total Expenses	8,313	9,173	10,393	9,542	11,628
EBITDA	1,015	1,254	1,614	1,826	2,337
<i>EBITDA Margin</i>	<i>10.88%</i>	<i>12.03%</i>	<i>13.44%</i>	<i>16.06%</i>	<i>16.73%</i>
Depreciation	284	269	291	341	376
Finance Cost	863	738	91	35	51
Exceptional Item	-	48	-	-	-
PBT	132	295	1,232	1,450	1,910
Tax	29	38	137	183	334
Profit After Tax	103	257	1,095	1,267	1,576
<i>PAT Margin</i>	<i>1.10%</i>	<i>2.46%</i>	<i>9.12%</i>	<i>11.15%</i>	<i>11.29%</i>
Income from Associate	1,976	1,700	1,561	2,313	65
Other Comprehensive Income	-	-	-	1	(2)
Total Comprehensive Income	1,815	1,957	2,656	3,581	1,639
EPS (INR per share)	63.63	61.88	72.84	77.93#	31.62#

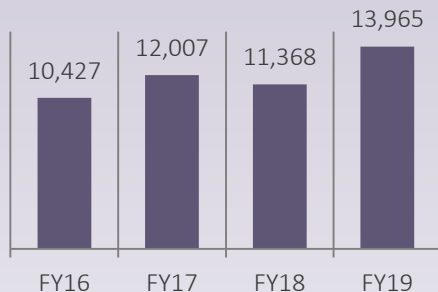
* Includes Other Income ** Includes Excise Duty # After considering share of profit of associates and disputed provisions of DyStar

Consolidated Balance sheet (IND-AS)

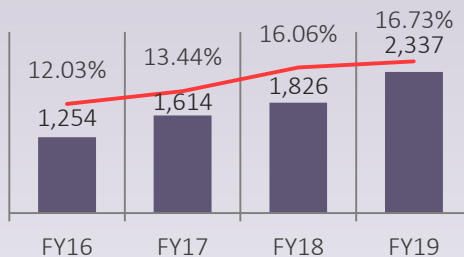
PARTICULARS (INR Mn)	FY18	FY19	PARTICULARS (INR Mn)	FY18	FY19
Equity	14,047	15,673	Non Current Assets	14,286	15,673
Equity Share Capital	302	313	a) Property, Plant and Equipment	4,033	4,769
Other Equity	13,745	15,360	b) Other Intangible assets	84	70
			c) Capital Work In Progress	321	377
Non Current Liabilities	2,041	1,725	d) Investment in Subsidiary/Associate	9,477	9,542
a) Financial Liabilities			e) Financial Assets		
(i) Borrowings	1,564	1,488	(i) Investments	1	1
(ii) Trade Payable	-	36	(ii) Trade Receivable	-	36
(iii) Other Financial Liabilities	5	8	(iii) Other financial assets	74	99
b) Provisions	128	134	f) Other Assets	296	779
c) Deferred Tax Liabilities (Net)	344	59			
d) Other Non Current Liabilities	-	-	Current Assets	3,958	4,910
			a) Inventories	1,191	1,685
Current Liabilities	2,156	3,185	b) Financial Assets		
a) Financial Liabilities			(i) Trade Receivables	2,154	2,536
(i) Borrowings	32	6	(ii) Cash and Cash Equivalents	125	190
(ii) Trade Payables	1,681	1,976	(iii) Bank balances other than above	32	36
(iii) Other Financial Liabilities	243	358	(iv) Loans	115	180
b) Other Current liabilities	114	528	(v) Other financial assets	39	50
c) Provisions	14	17	c) Current Tax Assets (Net)	41	11
d) Current Tax Liabilities (Net)	72	300	d) Other Current Assets	261	222
GRAND TOTAL - EQUITIES & LIABILITES	18,244	20,583	GRAND TOTAL – ASSETS	18,244	20,583

Consolidated Financial Highlights

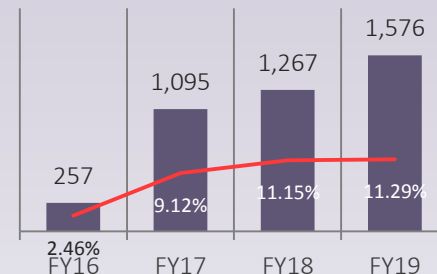
Total Revenue (INR Mn)



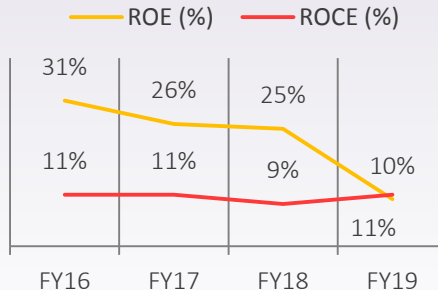
EBITDA (INR Mn) & EBITDA Margins



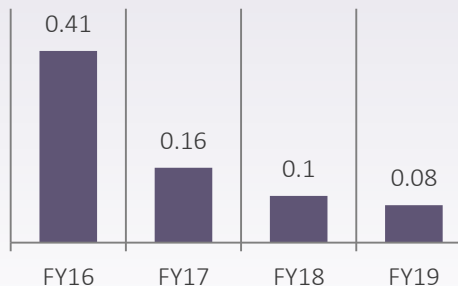
PAT (INR Mn) & PAT Margins



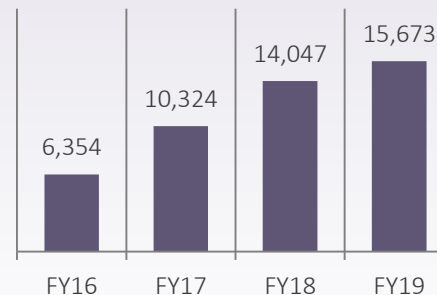
RoE# and RoCE#



Net Debt : Equity

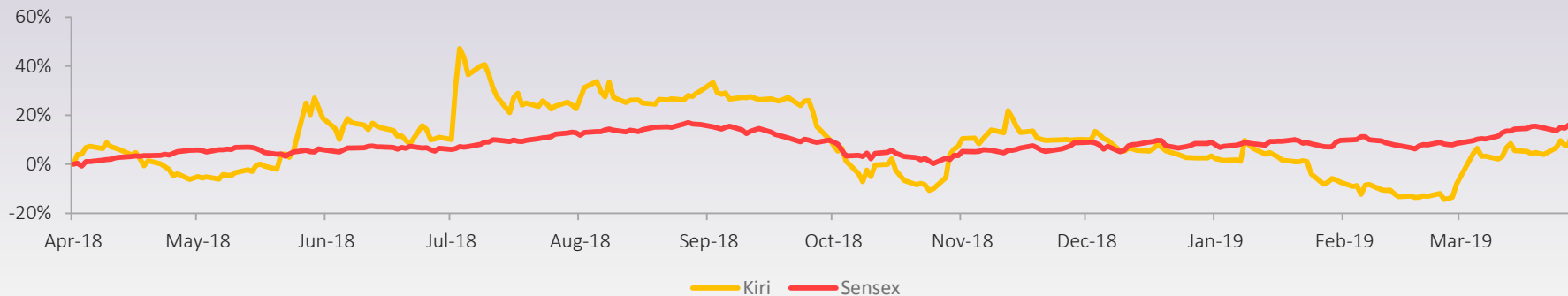


Net Worth (INR Mn)



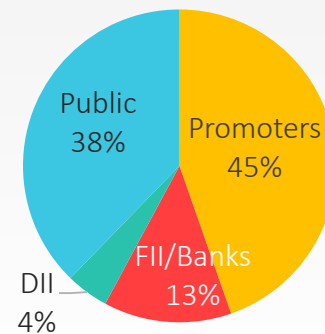
After considering share of profit of associates and disputed provisions of DyStar

Share Price Data as on 31st March , 2019



Price Data (31 st March, 2019)	INR
Face Value	10.00
Market Price	496.30
52 Week H/L	684.00/ 372.00
Market Cap (Mn)	15,556.0
Equity Shares Outstanding (Mn)	31.34
1 Year Avg Trading Volume ('000)	185.89

Shareholding Pattern as on 31st March, 2019



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Valorem Advisors
Tel: +91-22-4903-9500
Email: kiri@valoremadvisors.com

The image features a vibrant, multi-colored background with a repeating hexagonal pattern. The colors transition from purple and pink at the top to blue, green, and yellow at the bottom. A white horizontal banner is centered across the middle of the image, containing the text "THANK YOU" in a blue, sans-serif font. The hexagonal pattern consists of white outlines of hexagons, some of which are filled with the background colors, creating a layered, geometric effect.

THANK YOU