

August 16, 2023

To, BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400 001 <b>Scrip Code: 532967</b>	To, National Stock Exchange of India Limited Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051 <b>Scrip ID - KIRIINDUS</b>
--	---

Dear Sir/Madam,

**Sub: Submission of Transcript for Q1-FY24 Earnings Conference call**

In compliance with Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached herewith the Transcript of Q1-FY24 Earnings Conference Call held on Monday, August 14, 2023.

The Transcript of Q1-FY24 Earnings Conference Call is also available on website of the Company at [www.kiriindustries.com](http://www.kiriindustries.com).

You are kindly requested to take note of the same.

Thanking You,

Yours faithfully,

**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](mailto:engage@kiriindustries.com) **Web:** [www.kiriindustries.com](http://www.kiriindustries.com)

**INTERMEDIATES**

Plot No: 396/399/403/404 EPC Canal Road, Village: Dudhwada,  
Ta: Padra, Dist: Vadodara :- 391450 Gujarat, India.  
**Phone:** +91-2662-273 444  
**Fax:** +91-2662-273 444  
**Email:** [intermediates@kiriindustries.com](mailto:intermediates@kiriindustries.com) **Web:** [www.kiriindustries.com](http://www.kiriindustries.com)

**CHEMICALS**

Plot No : 552, 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](mailto:intermediates@kiriindustries.com) **Web:** [www.kiriindustries.com](http://www.kiriindustries.com)

**Kiri Industries Limited**  
**Q1 FY24 Earnings Conference Call**  
**August 14, 2023**

---

**Moderator:** Ladies and gentlemen, good day and welcome to the Q1 FY24 Earnings Conference Call of Kiri Industries Limited.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '\*' then '0' on your touchtone phone. Please note that this conference is being recorded.

I would now like to hand the conference over to Ms. Purvangi Jain from Valorem Advisors. Thank you and over to you, ma'am.

**Purvangi Jain:** Good morning, everyone and a warm welcome to you all. My name is Purvangi Jain from Valorem Advisors. We represent the Investor Relations of Kiri Industries Limited. On behalf of the company, I would like to thank you all for participating in the company's earnings conference call for the first quarter of the Financial Year 2024.

Before we begin, I would like to mention a short cautionary statement. Some of the statements made in today's concall may be forward-looking in nature. Such forward-looking statements are subject to risk and uncertainties, which could cause actual results to differ from those anticipated. Such statements are based on management's beliefs as well as assumptions made by and information currently available to the management. Audiences are cautioned not to place undue reliance on these forward-looking statements in making any investment decisions. The purpose of today's earnings conference call is purely to educate and bring awareness about the company's fundamental business and financial quarter under review.

I would now like to introduce you to the management participating with us in the earnings conference call. We have with us, Mr. Manish Kiri – Managing Director, Mr. Jayesh Hirani – Senior Manager (Accounts and Finance), and Mr. Suresh Gondalia – Company Secretary. I now request Mr. Manish Kiri to give his opening remarks. Thank you and over to you, sir.

**Manish Kiri:** Good morning, everybody, and welcome to the earnings conference call for the first quarter of Financial Year 2024.

Let me first brief you on the financial performance of the first quarter of Financial Year 2024, followed by the operational highlights. On a standalone basis during quarter one FY24, Kiri attained sales revenue of 142 crores and earned an EBITDA of 12.61 crore with net loss on the quarter post depreciation of about 1 crore. On a consolidated basis, quarter one FY24 revenue stood at 227 crore with EBITDA profit of 2 crore and the net loss of around 15 crores. The sluggish demand for textiles during the last two years has impacted both volumes and

selling price of dye stuff. This is not allowing industry players to pass on the increase in input cost to the end consumers. Kiri has adopted a coherent approach in addressing the dynamic global business environment to beat economic contraction with astute sales strategy for its entire range of dyes, dyes intermediates and specialty dyes intermediates. In the coming quarters, industry experts foresee rebound in demand for textiles, which shall enhance demand for dyestuff industry, enabling market players to strengthen business growth and improved markup in material margins.

On a standalone basis, finance cost increased because company has availed loan of 66.59 crore in April-May 2023. EBITDA was mainly impacted because of the legal cost incurred in the litigation against Longsheng Group, or Senda Capital for Kiri's stake in DyStar. It needs to be highlighted that the legal costs would have to be incurred in coming quarters also. Since the legal proceedings related to the enforcement of the buyout order has now been initiated against Senda. In quarter 1 FY24, company earned material margins of 23.4% on account of pressure on selling prices and reduction in volumes.

With regards to DyStar case in Singapore Court, Kiri has filed an alternate relief application with Singapore International Commercial Court for enforcement of valuation judgment to recover US \$603.8 million determined by SICC vide its judgment dated March 3<sup>rd</sup> 2023, wherein it has applied to SICC for making Senda International Capital Limited and DyStar Global Holdings Limited jointly and severally liable to complete the buyout wherein DyStar is to complete purchase of 17.57% of equity of DyStar held by Kiri at US \$282.37 million within one month of the date of the Court order. Thereafter, Senda or DyStar and DyStar either or both of them buy balance 20% of equity of DyStar held by Kiri at US \$321.43 million within four months of the date of the Court order, for which a receiver to be appointed by the Court for limited purpose of executing the share purchase by DyStar. In the event, DyStar and Senda fail to comply with the order of the Court, DyStar should be wound up by the Court and pay the buyout order amount of US \$603.8 million and all interest and legal expenses in priority to Senda from liquidation of DyStar's assets. Senda shall be liable to pay interest on final purchase price from April 3<sup>rd</sup> 2023 at 14.85% per annum or any alternate interest rate determined by the SICC until the completion of the purchase of Kiri shareholding in DyStar or until Kiri receives the full amount of the final purchase price, whichever is later. Senda to be restrained from transferring, charging or otherwise dealing with its shares in DyStar until full payment of the final purchase price, and all interest and legal costs, to Kiri. DyStar shall also be liable to pay interest at 14.85% per annum or any alternative interest rate determined by SICC on the amount of US \$282.37 million, from the date on which the purchase should be completed until the date of completion of the purchase of 17.57% of Kiri's shareholdings in DyStar or until Kiri receives its purchase price of remaining US \$282.37 million, whichever is later. DyStar shall also be liable to pay interest at 14.85% per annum or any alternate interest rate determined by SICC on the amount of US \$321.43 million from the date of court order on which the purchase would be completed by Senda until the date of completion of the purchase of 20% of Kiri's shareholding or until Kiri receives its said amount, whichever is later. So these are

the prayers which have been submitted to the court. Additionally, the company has also commenced examination of the judgment debtor proceedings in SICC in relation to the cost orders made in Kiri's favors by SICC as well as by the Singapore Court of Appeal. Kiri has applied to examine Mr. Ruan Weixiang, the Chairman of Zhejiang Longsheng Group, the Chairman of DyStar and former Director of Senda International Capital, and Ms. Fan Jing, current Director of Senda International Capital Limited, for information on Senda's assets. Kiri is currently taking steps to effect service of the relevant court documents on Mr. Ruan Weixiang and Ms. Fan Jing.

With that, I would like to open the floor for any questions. Thank you very much.

**Moderator:**

Thank you very much. Ladies and gentlemen, we will now begin the question and answer session. The first question is from the line of Manoj Bhura from Adinath Financial. Please go ahead.

**Manoj Bhura:**

Manishji, my question is that you fought this battle and fought so well, you have done a commendable job in the last 10 years. How far is the destination now?

**Manish Kiri:**

So as you can see now after getting all the reliefs and all the orders in Kiri's favor from the Supreme Court, we have entered into enforcement stage and as you are aware, enforcement stage is the final stage. Court is already involved. Court has been inducted on enforcing these judgments, so hopefully the timelines which would be decided by the Court on the proceedings of enforcement would be known in the next few weeks. And we'll be announcing to all the shareholders for the knowledge and this is very important question which you have asked. And now after almost 9 years, it's important that we have the definitive timeline from the Court to end this battle. So absolutely, we all are awaiting to have certain timelines on the prayers which Kiri has submitted to the Court on alternate reliefs. So let's hope that we have some positive information from the Court in the coming weeks.

**Manoj Bhura:**

Sir, maximum time how much it can take? What can be the maximum timeline in your opinion or in the opinion of your legal counsel, and you are also on the Board of DyStar also. There are 5 Directors in DyStar, three are from Senda and two from Kiri. So don't you discuss anything? Do you attend board meetings?

**Manish Kiri:**

Right. We attend all the board meetings. Kiri is participating in every board meeting which has been conducted by DyStar and Kiri has been regularly following up with Senda through Senda's counsel from Kiri's counsel on a very regular basis. Now, based on the legal advice that we have received, this may take anywhere from 6 months to a year and it all depends on how fast Court is acting to take the necessary actions which Kiri has asked or prayed to the Court, so I think that is what the timelines as for the current advice that we have. But I suppose as and when the Court is progressing on enforcement, we'll have more clarity on the timelines, which would be fixed. So but you can say that you can understand that this is the range and the limit which we are being advised as on today.

**Manoj Bhura:** Manishji, Singapore is a very well governed state, their judiciary and their system is very robust and Senda has a money too, DyStart also got money. They are resource rich and what is the reason they are not giving money, what is the underlying reason? Do they have a thought that they don't want to pay money and they are looking for another way?

**Manish Kiri:** I think they are dragging this matter and I think they are passing as much time as they can and you can understand that when they haven't paid the legal cost, there is no trust left from Kiri side on their intentions of paying, correct and if they had intentions to pay, we believe, and it is Kiri's belief and the management belief that they could have paid by this time. Lot of time has passed since March 3rd. We are almost after five and half months of the final decree and final order from the Court and having very strong financial health of not only DyStar, but as you have rightly said, also very strong financial health of Longsheng and looking at those numbers, we can only interpret that the Senda side and the Senda has a lack of interest, trust or intention to pay this amount. Otherwise, we would not have required to file enforcements. Otherwise on a normal situation and if we are dealing with a normal defendant or a rational defendant to dishonour Court's order would not what we would expect, and that also Singapore Court orders and I'm pretty sure we have full trust in judiciary of Singapore.

**Manoj Bhura:** That is what I am saying the who would want to go to the jail for contempt of law because he has money?

**Manish Kiri:** Exactly. Even though they are behaving that way, so that's the reality.

**Manoj Bhura:** That is why I just wanted to know what is in their mind. Do you have any idea? Because in the board meetings, you participate and discuss with them also, you are on talking terms with the Directors?

**Manish Kiri:** Correct. So the Senda's stand till now is to inform us as well as to inform to the Court that they would pay. They have intent to pay. That is what the communication that we have been receiving at all levels and they need some time to pay. That is the stand that we have and that is what we have been conveyed by them till now, right. But you know we cannot read their inside mind, but this is what has been communicated to us.

**Manoj Bhura:** No sir, you are very intelligent, I must compliment you on your intelligence.

**Manish Kiri:** Thank you for that. And that is the reason that that we have been now requesting Court and we have full trust in Singapore judiciary, you are very right to say that very reliable, merit based and excellent judiciary we are dealing with. And I have full trust that the Singapore....

**Manoj Bhura:** Last time in our conference call I told you one thing that Rs. 1100 per share we will get approximately at the current capital, market price is 280 so why don't you buy back you are getting shares at such a cheap rate which is almost 20% of the real value.

**Manish Kiri:** Right. So that all depends on the financial ability that promoters have or the funds availability that promoters have. And I can assure you from promoter sides and I told earlier also we have been quite keen, we are keen and if we are able to have the resources and arrange the funds, we will be very pleased to do so.

**Moderator:** Thank you. We move on to the next question. It's from the line of Satish Kumar, an individual investor. Please go ahead.

**Satish Kumar:** Sir, what purpose you have taken the Rs. 60 crores loan?

**Manish Kiri:** Well, the loan which has been taken specifically to pay the legal fees and legal cost as you can see that Senda has failed to pay the legal cost to Kiri, the legal cost award. And the final award, which Kiri received was November 2022. It has been a very long time and we have to ensure that we pay to our legal counsels in Singapore to continue the battle. So the purpose to raise loan was to pay legal cost and that is what we have done. Almost entire loan that we have availed has been utilized to pay the legal cost at Singapore and you can see that the profit generation and cash generation has been not there for a few years and that's the reason that this decision is taken to continue battle at Singapore. Thank you.

**Satish Kumar:** And one more question, why you have taken 5-1/2 months to file enforcement proceeding?

**Manish Kiri:** Well, this five and half months, Kiri has been doing it best in pursuing Senda, in following up with Senda and trying to receive this award from Senda and eventually after lot of correspondence, after lot of follow-ups, when we see that we are not having hope to receive these funds and time is running out, then we file the enforcement to the Court. So we made all our efforts as per our ability and best we can do before we went to Court for enforcement.

**Satish Kumar:** One more question sir. In every concall you are saying, one of the reasons for the three years is not passing, you are increasing the raw material price, to the customer, when you are going to pass to the customers? How much time it will take? Generally it takes six months or one year. For last three years, we are saying not passing increase in raw material prices to the customer?

**Manish Kiri:** So the fundamental reason for the situation is market demand and demand in textiles, demand in textile dyes market has drastically dropped. And for example, if you look at the exports of reactive dyes from India has significantly dropped in last 2 years. Unless and until this demands improve, we will not be able to have the margin enough to pass on the cost because there is a reduced demand and everyone, every players, every manufacturer is fighting for this reduced demand and that doesn't allow the price levels to reach to a point to pass on the fluctuations of the raw material prices and I don't see that the demand would revive that quickly, but we strongly believe that in the next 2 quarters, at least the demand cycle may turn around. This is probably the longest low demand cycle we have ever experienced since we started. And

there are a number of newspaper articles where you can see and you can read that the one of the worst times in the demand that we have experienced in the dye industry particularly.

**Satish Kumar:** When will we expect the amount will credit to Kiri account this 603 million and legal amount tentatively?

**Manish Kiri:** I think we are doing our best and more it would depend on the Court, how fast they are able to speedily take actions from the alternate relief that Kiri has requested to the Court. Because we have lost trust on Senda that they would really honor the Court order after almost 5 ½ -6 months. So we are dependent on the enforcement timings from the Court and we believe earlier we get it, the better we would be able to give good news to the shareholders.

**Satish Kumar:** When will we expect the Court date sir for this enforcement hearing?

**Manish Kiri:** I think next two weeks we should have something from the Court on fixing the timeline. So we are hopeful for that. We are also hopeful the next case management conference should be arranged as soon as possible. And there we would have more clarity and we'll update you.

**Moderator:** Thank you. The next question is from the line of V. P. Rajesh from Banyan capital. Please go ahead.

**V. P. Rajesh:** My question is regarding this loan that we have taken. Have we taken it from bank or some other third party? And what is the interest rate associated with it?

**Manish Kiri:** The loan has been taken from an NBFC and the interest and let me put it this way and the backend amount to be paid all put together would cost us around 18% and IRR that we would end up paying and it is in a structured manner. So we have linked the back-ended payment with the expected receipt from DyStar.

**V. P. Rajesh:** Right, so what is the tenure for this loan?

**Manish Kiri:** It's two years tenure.

**V. P. Rajesh:** And obviously you will have more legal cost over the next 6 to 12 months as you earlier said about the time period it will take to enforce this. So how much more legal cost you think you will incur and therefore you perhaps may have to go and take some more loan as well, is that the right way to think about it?

**Manish Kiri:** Yes, that is the right way to think about it. I believe so. And if you look at the current run rate, we are looking at least even if I on a safer side estimate for the next one year, somewhere between US\$4 million to US\$5 million. That would be the additional loan. If this thing continues, unfortunately that we might end up even taking more. Again, on purely to make payments from the legal cost and none of these funds are being utilized for the operations of the company.

**V. P. Rajesh:** Right. And the other question is this a secured or unsecured loan?

**Manish Kiri:** It is a secured loan.

**V. P. Rajesh:** It's a secured loan. If you can just talk about a little more about the process that will go in Singapore with respect to the enforcement, that will be helpful because you have written it in this slide, but it was not very clear why it is being split into two portions and whether they will appoint a banker to liquidate the assets, just if you can give some more color on that side, that will be helpful?

**Manish Kiri:** Sure. Very importantly, if you summarize essentially what we are requesting Court or praying Court is quite simple. We are telling Court that we have lost trust in Senda, so as an alternate relief, the first thing you should do or we propose to do is to transfer some of the DyStar's cash and cash reserve to Kiri. And we believe that there is enough cash which is more than US\$400 million at DyStar and out of that, at least \$282 million to be transferred to Kiri and to that extent do a capital reduction. That's what we are requesting Court. And to do this, we believe that even if Court decides and even if Court gives order to Senda, we don't trust Senda that they will honor the judgement because they have not honored any of the judgments earlier, right. So if we want to make this effective, we prayed Court that also send a receiver along with the order and give a definitive timeline to receiver to execute the cash transfer from DyStar to Kiri and to execute capital reduction at DyStar level and we have requested Court that 30 days would be enough time because cash is sitting there, it shouldn't take longer than four weeks to collect this cash and transfer to Kiri. So that is the first option we are giving to Court with sensible reason that DyStar is a running company. DyStar is a strong financial company. It is not an illiquid company. It is only because of Senda's default, DyStar would need to be utilizing its cash to justify and to fulfill the legal obligation of Senda because DyStar at the end of the day, 62% of it is Senda's asset, right. So that's why the first request is now if the first request by any reason not ordered by the Court or if the receiver is not successful in executing the first prayer and the first request, then no choice but to wind up Senda. So we are giving DyStar a chance right to survive before it has been wound up. But unfortunately, if it doesn't happen, then well then DyStar goes for liquidation and put a liquidator at DyStar, sell either as a going concern or in the pieces and the assets, whatever liquidity decides and whatever funds are received by liquidation, fulfill the legal obligation of Kiri, transferring to Kiri for the buyout order for the pending legal cost, for the interest if interest is awarded, interest on the legal costs, transfer all this to Kiri and whatever and remaining amount would go to Senda. So if DyStar is sold at a higher value or a lower value, does not matter. We have prayed to the Court that ours is the fixed amount. If DyStar is sold at 3 billion or 1 billion or whatever amount, whatever is left after that, all will go to Senda, it is as simple as that. So essentially this is what we are requesting and praying to Court. We have also, by the way recommended who should be the receiver and who should be the liquidator to save Court's time. So we want the next order from the Court which sets the next alternate relief options and alternate relief order from the Court along with the enforcement and execution step because only order we don't trust Senda would do anything. So whichever order comes, it has to come with an enforcement



steps included as a part of the order. That is what we are doing right now, I hope that gives you more clarity on what we have prayed to Court.

**V. P. Rajesh:**

This is extremely helpful. Just a quick follow up. So what has been the precedence in Singapore with respect to such situations or this is the first case that where they are going to go for enforcement or potentially liquidation, that's one. And then in terms of liquidation, will the control of the business go in the hand of the liquidator as opposed to the current management and the board of the DyStar will be suspended. How will it work in the Court system?

**Manish Kiri:**

To answer your second question first, once the liquidator is put by DyStar as per the liquidation regulations, as per the liquidation rules of the Court, the management control would go to liquidator. Liquidator would supersede the board and liquidator will decide what to do next for the company, as simple as that. There would not be management control with Senda. It would be then all with liquidator. That is second answer. The precedence regarding Singapore Court, specifically in its act, has both the options that we are requesting to Court right and there are precedences, some precedences in Singapore Court, some precedences in UK also. In 2020, there was a case in UK where the cash of the company, 50% cash of the company was transferred to sufferer in a minority operation case. So precedences are there. And particularly Singapore Act is so nicely covering both the options that we have mentioned. So there is in the Act and there is nothing novel or nothing innovative that we are praying to Court. So hopefully, that helps to have the quick decision from the Court at the earliest possible.

**V. P. Rajesh:**

Understood. And then on the business side, even in the last call you talked about that the industry is bottoming out and things will get better, but unfortunately it hasn't played out like that. And I know initially we talked about that this has been a very long down cycle. But you know what are the sort of markets you are monitoring to see when the industry is either about to turn around or it is turning around, like if the capacity going out of the industry, if you can just give some color on the state of the industry and how you see it progressing over the next 12 months in terms of the kind of competitors who are out there etc.?

**Manish Kiri:**

Two major indicators that we continue monitoring. Number one is the textile utilization capacity of the units and the textile processor who we serve our products and who we supply our products, not only India but also outside India. So when we see that the capacity of textile processor has been continuously at a very low side, they are operating less than 50% of their installed capacities. That's the first indicator which shows if there is an improvement in the demands for textile because majority of these dyes are used in textile and unfortunately that's where the dependency is. Second is the demand for dyes, intermediates and dyes related chemicals. All groups which serves chemicals to textile and somehow, even though we have been quite hopeful, practically we have not seen even export to be picking up and also the domestic demand to be improving, so that's the second indicator. The moment we see our order book is building, the moment we see that the inquiries from the major buyers and for the various stock points are improving or increasing, we do not see that we will have a major turn around and unfortunately we haven't seen till date. Now, we usually in the past in a normal

year for example used to have at least two months order book or three months order book, right. Now, we are running the weekly order book, so after the current week, we do not know what we will be getting orders and shipping in the next two weeks. So when we see our order book building, when we see that the inquiries are increasing, when we see that the capacity utilization at customer level is improving, these are the realistic indicators we would not be able to say complete that the demand will improve.

**V. P. Rajesh:**

Well, that's very helpful. Just a quick follow up, Manish about the competitors. Are you seeing some of the smaller or weaker players shutting down their capacities etc., any color on that or everybody is just going after that small pie of business that's left?

**Manish Kiri:**

It's already happening, right. In the last one year, I think I have seen at various levels more than 120 small manufacturers to sell their business, to exit from this business. For example, I have seen that at least 4 H-Acid manufacturing plants have been permanently shut down or exited from H-Acid business, right? We see on and off plants are, including ours running at extremely low capacity and on and off some are stopped, then some are opened again, again stopped, again restarted. So we see this on and off also happening on a temporary basis. But as you said very rightly, some of the players who may not be able to survive would be permanently closed down, and that consolidation is happening not only in India but also in China. As on today as we speak, only 4 plants are operational, manufacturing H-Acid in China, the impact is even more. At least 9 to 10 plants are already closed, some temporarily maybe and some are closed permanently too. So we see that shrinkage and that consolidation is happening in the market.

**Moderator:**

Thank you. The next question is from the line of Venkata Suresh Kumar from Burrans Financial. Please go ahead.

**Venkata Suresh Kumar:**

Actually, you updated the case in mostly but one doubt sir. Actually, chemical industry is suffering from orders you told, but DyStar, what is the DyStar position in order book or business wise, how is the DyStar holding?

**Manish Kiri:**

So DyStar is also being impacted. If you look at the quarterly numbers of DyStar, which we have just announced for the same quarter, which are much lower than the earlier quarterly numbers, right and DyStar's gross margin has gone down by at least 6%, especially EBIT running has gone down by 60%. So because of the sluggish market, because of the demand being lower, DyStar's numbers are impacted and similarly other companies' numbers are also impacted. But please keep in mind and we have been disclosing this in every quarter for the last 5-6 years that whatever DyStar's numbers are today, even though we are statutorily obligated to consolidate with Kiri's books, those numbers have nothing to do with the DyStar's performance, DyStar's value and DyStar's status today to affect the Kiri's award from the Court. So US \$603.8 million is only plus whatever further interest and legal costs, it's only Kiri has a right to get from DyStar. Whether DyStar makes bumper profit leads to a bumper value or deterioration on the value, Kiri has nothing to do with it. Kiri is only entitled to receive this number. This number is decided based on DyStar value as on dated 3rd July 2018, right and

that is what we are entitled to get. But we continue to monitor DyStar's value. We continue to monitor DyStar's cash. We continue to monitor the performance because at the end of the day, you know as our alternate prayer stipulates, depends on when the DyStar is sold and if eventually needs to be wound up, the sale price, whatever would be received, the priority should be to Kiri to pay the dues to Kiri and remaining go to Senda. So whatever fluctuation on the valuation, we believe that the Senda is the one who would be impacted at the end of the day and not Kiri, up or down.

**Venkata Suresh Kumar:** Actually, DyStar is going to liquidator, you told that, but any chances is there you hand over the management of DyStar at 51% above stake, you can value and you can hand over the DyStar, any chances there, you are interested to hand over the DyStar?

**Manish Kiri:** No, there is no chance for that. There is a zero chance for that.

**Venkata Suresh Kumar:** Why sir?

**Manish Kiri:** And because Kiri's award from the Court, Kiri's remedy to the Court is buyout. And buyout is ordered against Senda, which is the majority shareholder. So it's very clear, Court direction is very clear, Court order is very clear that Kiri has to receive money and Kiri has to sell its shares to Senda. So there is no other order from the Court. Kiri is the sufferer, Senda is oppressor. So that's the only order and that's the only resolution that Kiri receives his funds, Kiri transfer its shares to Senda and Senda has to buy Kiri shares if Court order is to be honored and whatever is the Court's next order how Kiri is to receive the funds is what the next order would be because that is what the remedy has been awarded by the Court and remedy is not the reverse. So that will have to follow the Court order. So there is no such chance, zero chance for this. Of course, when the liquidator goes in and if DyStar ends of getting wound up, then liquidator would need to manage and control the company meanwhile, and neither Senda nor Kiri would be in the management control, it would be in the hands of liquidator to do the next course of action as per the Court order at that time.

**Venkata Suresh Kumar:** Actually after Senda is not honored the Court case, but goes for liquidator to manage DyStar, after that DyStar, they liquidate and interested buyers are there to take DyStar assets or DyStar Private Limited?

**Manish Kiri:** No. Kiri has no interest. Kiri has a receiver of the liquidation proceeds.

**Venkata Suresh Kumar:** Actually other parties are interested to buy DyStar stake, even Kiri stake.

**Manish Kiri:** I'm sure other parties would be interested to buy DyStar, to acquire DyStar. There would be enough interest of such a company, right, which is zero debt, financially strong, very good standing in the market, world's largest dye distributor. So there would be enough interest from the market to acquire DyStar. And it's not about acquiring Kiri shares, Kiri shares are to be sold to the buyer decided by the Court, which is the oppressor, which is Senda only, but if Senda

fails to fulfil its obligation, Senda's assets are DyStar's shares. So Senda's assets which are DyStar's shares in Singapore to be sold. Along with it, the buyer would also get Kiri shares and the whole company is to be sold. That is the only remedy that we end up with or liquidated. And in that scenario, whatever proceeds are received, Kiri is the recipient of the proceeds and there is enough interest, I believe outside in the market.

**Venkata Suresh Kumar:** What is the time expected? This is the process you can expect at least minimum or one or two months or it can take more time, sir?

**Manish Kiri:** I think as I indicated earlier, based on the legal advice, anywhere from practically six months to a year depending on how eventually alternate remedy is enforced is the timeframe that we can expect.

**Moderator:** Thank you. The next question is from the line of Priyansh, an individual investor.

**Priyansh:** What I'm saying that in the PPT submitted on 10th of July to the Stock Exchange, it was mentioned that the Sheriff of Singapore has taken the position of shares to recoup or to recover the legal cost. But then on 25th of July like another letter issued by your good company to the Stock Exchange mentioned that you have applied for this examination of Mr. Ruan and so on and so. So why there is a change of fact because once there is...?

**Manish Kiri:** Let me explain to you, very important question you have asked and there should not be confusion. Here, there are two different actions taken, right for the objective to enforce the legal cost award. So when the shares are attached, shares are attached under the application of writ that Kiri filed to seize and sell their shares to the extent of legal cost, correct. So those shares are attached by Court to the extent of legal cost by taking actions from the Court, right. That is to attach the asset of the defaulter. Number two, the judicial examination which is what has been now triggered, is the part of the beginning of the process that Kiri has filed, which may relates to the contempt of Court, correct. So attaching asset for recover money is one action correct which is not and judicial examination of the judgment debtor is a second action, correct? Both are different actions. Second action leads to the criminal offence at the end of the day if that has been proven and the first, it relates to the recovery of the legal costs. So these are the two actions taken not at the replacement of each other, but both the actions on the applications for the same objective to recover the legal cost award.

**Priyansh:** That's very good. So where do we stand on the position of the shares taken by The Sheriff Office like DyStar to look for the buyers or whether Kiri has formally engaged banker to look for the buyer for the share?

**Manish Kiri:** See, the shares have already been attached and shares are in the process of selling them. We have requested, we have communicated that those shares are less than 1% of DyStar shares. And if you look at the Kiri's alternate relief application, which also includes selling of DyStar shares, DyStar shares hold by them and also DyStar is hold by Kiri. So it makes sense to

sell the shares all together as a one lot when the legal cost is to be recovered, when the valuation of our also is to be recovered rather than a two step process, we request th court to sell everything, all shares of Senda to recover both because the chances for the buyer to buy DyStar as a whole are much brighter than buying a DyStar less than 1% share.

**Priyansh:** So, sir, what I was saying that I know that like taking together, for example 603 plus 10-15 million about that one, so 630 million approximately, how much it will translate to the equivalent percent with the holding of the company of the DyStar?

**Manish Kiri:** Well, if you look at 603 million which was 38% of Kiri's shares, right, and the total value of what I remember correctly assessed by the Court and decided by the Court was 1.632 billion, right. That was the value as on July 2018. So that was the value assessed by the Court as US\$1.6 billion approximately and then 603.8 not only includes the 38% of Kiri, but also include the amount of the oppressive acts which Senda had conducted on Kiri and the amount which Court decided on several oppressive acts are included in 603.8 million.

**Priyansh:** Suppose like 38% if you are going to sell or to Court want you to sell, so it means will it also that amount to be open offered. Will it also trigger open offer to the local....

**Manish Kiri:** DyStar is not listed company, right? So there's nothing like open offer. It's an unlisted private company and it is the failure of Senda, it is the default of Senda and Senda is having more than a billion dollar asset, which is DyStar shares. So logically, a defaulter's asset is to be sold. Along with that, Kiri shares are also to be sold because the buyer would then buy the whole company and the liquidation has to take place because of the default of Senda. So when we pray to Court to sell everything is basically to liquidate everything and the liquidation can happen as the sale of the whole company or liquidation can also happen by selling the assets in pieces depending on how the liquidator is going to decide. What is the quickest end method in the reasonable time to realize whatever value is realized. So when we talk about liquidation, it may not tend amount to selling DyStar only as a going concern. It could be a part of it, but also selling the assets in the pieces and in whatever manner liquidator can liquidate the company and wind up the company, as simple as that.

**Priyansh:** Did we request the Court to sell the pieces?

**Manish Kiri:** We requested Court if you look at the announcement, liquidate the company, the word is the liquidation and winding up of DyStar, correct. So liquidation process includes any means that can be used to wind up the company, either pieces or full or whatever in whichever manner. However liquidator can get the realization at the earliest, that is what liquidator will decide.

**Priyansh:** So they said it's very important that we like vested party should look for the buyers now itself because as you know they are the liquidator, are the government officials, their business estimate is not as sharp as you people have. So I think it's prudent to look for the buyers right now and getting some investor banker, let's say you know, for example, you know just like..

**Manish Kiri:** Very true. Now, the market knows that this kind of actions could be there from the Court. Now market knows that DyStar could go for liquidation and that allows the potential buyers to already keep their eyes on this happening. And to be honestly with you, we also have got few inquiries, there is interest in the market, there is interest in the business and there are interested parties already there. So we will see how we can help and facilitate such process when the liquidator is already appointed by the Court.

**Moderator:** Thank you. The next question is from the line of Ashit Gothi, an individual investor. Please go ahead.

**Ashit Gothi:** Sir, just a couple of questions. One is assuming as and when that funds will come, you will deploy that fund and whatever, but I think couple of quarters back or maybe a year or two back, you had said that we are also exploring other options, other opportunities. We have recruited a number of people and we are kind of shortlisting new activities and new plans. I am assuming that those everything is on hold as we do not have a positive cash flow right now?

**Manish Kiri:** See, some of those activities are not stopped, but still continuing because we continue to look at the options, we continue to explore the opportunities. We continue to keep a good staff, a good management team, which is mainly involved in in assessment and evaluating various projects, correct. We strongly believe that the funds are not uncertain, funds are going to come. This issue would be resolved eventually. It's only a matter of time and we should be prepared when the time comes that what options Kiri has to invest, so those activities are ongoing currently also.

**Ashit Gothi:** How much are we spending on that, it is one part and second is our current business. For last two years or three years or maybe more, I don't know, I'll have to go through again all last ten quarters or 12 quarters, but we are in the process, operational losses?

**Manish Kiri:** Yes, correct.

**Ashit Gothi:** Is there no change in product mix or no change of activities within, means moving away from commodities and trying with the existing infrastructure, trying to produce specialty products to become cash positive.

**Manish Kiri:** Let me tell you this quarter, right, the quarter which we are discussing today has turned to cash positive. This quarter is EBITDA positive, right. So number one, there is a change there and the result is itself showing that we have turned positive cash on standalone as well as on consolidation basis, both number one. Number two, there are several changes in terms of product mix, in terms of cost reduction, which has reflected the improvement in this quarter compared to earlier quarters, right. Number three, when you talk about investment on the future possibilities of projects or acquisitions or whatever Kiri would invest for this amount when it is received, correct, we are not putting money into plant machinery or any CAPEX related investment as on today, right. What we are investing and what we are continued to

invest is in the people, on the people because we want to make sure that we hold on to good people, good project analysis is to be done correct and which is in the best interest of the company, right? So those expenses are the expenses which ranges every month somewhere in between around Rs. 15 lakhs to Rs. 20 lakhs and that continued to incur as on today. Because eventually when we arrive to stage, we don't want to be a blank that well now money is coming tomorrow morning, but we have no idea, not at all, to inform our shareholder that we have no clue what we will do with this and you don't want me to say that after six months or a year. So that's the reason that we continue, I remember this, we only invest into people and the management bandwidth right now, but not in the nature of putting CAPEX or buying machinery or doing anything like that.

**Ashit Gothi:**

If you could throw some more light on change in product mix and change in business plan on existing structure of our plant?

**Manish Kiri:**

See, what we have done is we have been trying to sell lesser and lesser intermediate in the open market, right and try to consume more within the group, which means we try to consume more at dye plants at Kiri, also dyes plant at Lonsen Kiri, right and lesser sell on outside as far as intermediates are concerned and the biggest negative earnings today is not at dyes level, but at the intermediate level because those plants at a lower capacity utilization, the nature is that it generates more losses compared to dyes plants. That's number one. Number two, we have changed our patent on making certain specialty products for certain days and then putting on hold. So for example, if we run ten days a month, we operate 10 days a month. We produce specific products and then we reduce cost for the next 20 days and then next month we run 10 days again, correct. And that all relates to optimizing our steam cost, optimizing our power cost, optimizing our people cost and switching people from one plant to other, all those things which we can do to improve efficiency and to manage our cost with the optimum level we are doing so, correct. But please remember when India's export of reactive dyes, which was ranging somewhere from 17,000 ton to 20,000 ton is today in between 10,000 to 11,000 ton for the last 1-1/2 years, correct. So that drastic reduction is at all product level, not like some are impacted, some are not and that's the reason that we have to make all these changes which I just mentioned for us to survive and I can tell you one thing if there is no legal cost incurring, right, we would be EBITDA positive, we have been EBITDA positive for about a year. As far as operations are concerned, operations are managed in a way that we can survive and sustain. The biggest impact which you see and happening is the legal cost impact, right? So legal cost impact is driving the margins down and legal cost impact is the only reason that Kiri ended up borrowing money and paying to the lawyers, otherwise we would not have done so.

**Moderator:**

Thank you very much. Ladies and gentlemen, that was the last question for today. I would now like to hand the conference back to the management for closing comments.

**Manish Kiri:**

I would like to thank all of you to participate today in the conference. We would continue to update our shareholders and the market with the material changes which will come to know in the next days and weeks. I wish you all the best and see you in the next call. Thank you.

**Moderator:**

Thank you. On behalf of Kiri Industries Limited, we conclude today's conference. Thank you all for joining. You may now disconnect your lines.