

November 22, 2021

To, BSE Limited 1 st Floor, Rotunda Building, B.S. Marg, Fort, Mumbai - 400 001 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: Submission of Transcript for Q2-FY22 Earnings Conference call

In compliance with regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached herewith the Transcript of Q2-FY22 Earnings Conference Call held on November 15, 2021.

The Transcript of Q2-FY22 Earnings Conference Call is also available on website of the Company at 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



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Kiri Industries Limited
Earnings Conference Call
November 15, 2021

Moderator: Ladies and gentlemen, Good day and welcome to the Q2 FY22 Earnings Conference Call of Kiri Industries Limited. As a reminder, all participant lines will be in the listen-only mode. 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. At this time, I would like to hand the conference over to Mr. Anuj Sonpal from Valorem Advisors. Thank you and over to you, Sir.

Anuj Sonpal: Thank you. Good afternoon everybody and a warm welcome to you all. My name is Anuj Sonpal 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 second quarter of financial year of 2022. Before we begin, I would like to mention a short cautionary statement. Some of the statements made in today's Earnings Concall maybe forward looking in nature. Such forward looking statements are subject to risks and uncertainties which could cause actual results to differ from those anticipated. Such statements are based on management beliefs as well as assumptions made by and information currently available to management. Audiences are cautioned not to place any undue reliance on these forward looking statements in making any investment decisions.

The purpose of today's earnings concall is purely to educate and bring awareness about the company's fundamental business and financial quarter under review. Let me now introduce you to the management participating with us in today's earnings call. We have with us Mr. Manish Kiri – Managing Director, Mr. Jayesh Hirani – Senior Manager (Accounts and Finance) and Mr. Suresh Gondalia – Company Secretary. Without any further delay, I request Mr. Manish Kiri to give opening remarks. Thank you and over to you, Sir.

Manish Kiri: Good afternoon everybody. It is a pleasure to welcome you to the earnings conference call for the second quarter of financial year 2022. Kiri standalone revenue during Q2-FY22 were 263 crore which was 137% higher on year-on-year basis and 32% on quarter-on-quarter basis. There has been a reduction in a loss for Q2 FY22 which was reported at INR 7.4 crore against INR 9.61 crore in Q1 FY22. On a half yearly basis the standalone revenue were INR 463 crore. H1 -FY22 which increased by 158% year-on-year. The EBITDA for H1- FY22 was negative INR 3.7crores compared to negative INR 41.1 crore in H1- FY21 last year. Similarly, the net loss has reduced significantly. For the half year net loss was INR 17 crore compared to INR 62 crore for

the same period last year. The rise in crude oil prices during Q2-FY22 resulted in an increasing raw material cost which impacted the companies material margins. As the cost increase could not be immediately passed on to the customers. The increase in coal and lignite prices have impacted power and fuel cost. Secondly crude oil prices have increased freight for transportation of goods and overall international freights have increased significantly. Legal and professional fees for litigation against DyStar in Singapore Court which are non-recurring and exceptional in nature are included in the operational expenses impacting the company's EBITDA. Working capital cycle has been gradually strengthening and is expected to further improve in the coming quarters. Inventory turnover has decreased from 84 days to 36 days on year-on-year basis.

Similarly trade receivables have decreased from 248 days to 107 days which is almost we have normalized numbers and receivables recovery has improved from 132 to 47 days on year-on-year basis. For Q2-FY22 consolidated revenue has significantly turn around the company achieved a consolidated turnover of 358 crores which was 105% higher on year-on-year basis and up by 22% on quarter-on-quarter basis. The EBITDA reported for the quarter was INR 28 crore which increased by 21% quarter-on-quarter basis. The EBITDA margin for the quarter was 7.8% and the net profit was INR 12.4 crore which is an increase of 82.4% quarter-on-quarter basis.

On a half yearly basis total consolidated revenues for H1- FY22 amounts to INR 651 crore which is an increase of 29% year-on-year. The EBITDA stands at INR 48 crore compared to loss of INR 56 crore for the same period last year and the net profit was INR 19 crore compared to a loss of INR 38 crore for the same period last year. Q2-FY22 experience volatility an increase in coal and crude oil prices which laid to sharp increase in raw material cost, power, fuel and logistic expenses. During the quarter there was a 4% increase in raw material consumption cost, 32% increase in power and fuel cost and 28% increase in logistics expenses for exports on quarter-on-quarter basis. In the backdrop of uncertain periods of COVID-19 during FY21 consolidated material margin got impacted during Q2-FY22 because of volatile markets leading to sharp increase in input cost which could not be passed on to the customers impacting material margins. The uncertainties in business environment because of COVID-19 pandemic are now a matter of past.

Secondly the increase in input cost is now getting stabilized during Q3 FY22 which should be the enabling factor to attend momentum and growth in coming quarters for the current fiscal. Coming to Kiri's minority operations so as you may already know by now that Singapore International and Commercial Court has awarded a final valuation of \$481.6 million, for Kiri 37.57% stake in DyStar. Both Kiri and Senda have filed appeal against SICC order date 21 December 2020 and 21 June 2021 with court of appeal in Supreme Court of Singapore and Kir has also filed a appeal against SICC order dated 17 March 2021 and the Supreme Court shall hear all appeals on any of the days between 24 to 28 January 2022. In another case against DyStar SICC has delivered judgment on 24th September 2021 on Kiri counterclaims against DyStar SICC

7 2020 and has dismissed Kiri's counterclaim and awarded volume cost of Singapore \$1.137 million to DyStar. The company has filed appeal with court of appeal against the said order and hearing dates are awaited.

Lastly coming to future outlook as you maybe already aware that the Indian chemical sector is on the first of very high growth trajectory in the coming years. Exports of dyes and dyes intermediates increased by 41% and 16% respectively in April, September 2021 period mainly because of low base of exports in the same period last year. The exports from India are said to strengthening coming months because of ease of doing business, creation of plug and play, investment manufacturing environment across various industrial corridors and launch of production linked incentives schemes. Further reduction of custom duty will have sharp effect on shipping cost thereby giving much impetus to exports from India. Now, I would like to open the floor for question. Thank you.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Ashit Kothi an Individual Investor. Please go ahead.

Ashit Kothi: Sir two things we said just wanted to understand one was we have share of profit of associates which we are showing in Quarter as 888 million and on half yearly basis we are showing as 1725 million so that means 172 crore understood it rightly and whereas we are saying profit after tax of 192 million that means 19.2 crore, have I understood it rightly sir or it is a mistake from my side?

Manish Kiri: Just to clarify your understanding you are talking about the consolidated statements earnings of share of profit of associates which is INR 88.77 crores so your earning after tax would be INR 101.16 crore.

Ashit Kothi: So my end what I wanted to understand was this 88 crores from profit of associates which includes which all company or which all associates?

Manish Kiri: There is only DyStar.

Ashit Kothi: So 124 is only ours is this standalone part how do you take profit after 124 does that include any of DyStar?

Manish Kiri: The profit after tax is INR 101.16 crore to be precise. At 101.16 out of that 88.77 crore is from DyStar and INR 12.38 crore plus 88.77 that amounts to total INR 101.16.

Ashit Kothi: So INR 12.38 crore is only Kiri's profit right?

Manish Kiri: Yes INR 12.30 crore is Kiri consolidated profit Lonsen Kiri and other subsidiaries all put together.

Ashit Kothi: This INR 88 crore is basically DyStar Singapore?

Manish Kiri: Yes correct.

Ashit Kothi: Sir when are we moving away from commoditized product portfolio to a real value added because it has been quite a journey I mean after 2019 if I am not wrong?

Manish Kiri: Yeah we are quite also keen to have the product mix of change or portfolio to be kicked in hopefully we should start seeing the numbers change due to the new product added in from this quarter. So, we hope that you will have a better change in this quarter and that is where we are moving in this quarter. So, as market improves you will see the changes in our product mix improvements.

Ashit Kothi: Can you throw some light on those new product mix?

Manish Kiri: Mainly coming from the specialty intermediates. So, there are host of products which we started in phase 1 and those have started also moving in the market so that is where we will see the numbers coming.

Ashit Kothi: But this specialty intermediates would continue would be towards which industry specifically?

Manish Kiri: There are three industries if you remember the earlier discussions so one is definitely dyes intermediate. So as a dye industry and second is performance chemical for performance industry and some part is also used in agro chemicals. So, it is three industries in which it would be serving.

Ashit Kothi: Percentage wise would you be in a position to?

Manish Kiri: Yeah around 50% to 60% would remain for dyes industry and I would say 40% would be other products on dyes industry.

Moderator: Thank you. The next question is from the line of Vishal Jajoo from Tycoon Mindset. Please go ahead.

Vishal Jajoo: Sir I just want to know like how are our export market is performing because I guess most of the textile business are actually at least more than the pre COVID levels in their export market for textiles and as an our chemical part you know not like still back to pre COVID levels and even margins are impacted, so just want to get to know like how is the industry level going on in the export market for the dyes intermediates and also for the domestic market if you can just give a small idea on that?

Manish Kiri: The export markets for dyes are coming back to almost pre COVID levels. There has been quite volatility on the price front. So, there were quite lot of fluctuations which we have seen on a price front and that is one of the factors could be affecting or postponing some of the demands

which we could not see last quarter which will come in this quarter, but we see that the exports is on monthly basis is now starting to get regularize at a same level as pre COVID level.

Vishal Jajoo: Are the margins coming back to the same level like what we have like on a standalone basis also pre COVID times I guess including those legal and although we are still about like around 10% at OPM margins and currently our OPM margins on a standalone basis is still going negative, so just want to get to know whether the margins are still coming back to the pre COVID levels or still there is some lag?

Manish Kiri: The sales would come back, but because of the increase in the raw material cost and all other cost which I just mentioned all of those cost increases could not passed on, we could not pass on to the customers and that was the reason that our margin still continue to remain on a lower side or neutral EBITDA side last quarter. So, this quarter we expect that the prices are increasing to a level that raw material increases are passed on and the profits are also maintained. So, hopefully from this quarter onwards we are expecting that the margins on the price increases would also be sufficient enough to maintain the profits because there has been price increases and those price increases have been absorbed by the cost increases. Again legal expenses are ongoing and legal expenses would continue at a same speed till January end because the final hearings are January end. So, we expect that the legal expenses would continue to incur.

Vishal Jajoo: So sir though we do not have hedging policy for the raw materials?

Manish Kiri: Practically hedging is not possible in the raw material side because when the raw material prices increase most of the raw materials are supplied by one or two companies in India or from outside also. So where you have no choice but to pay the price increases the day it happens. So, when you buy from Reliance, you buy from GNFC, you buy from other companies. The moment the prices are increased even products like caustic soda ash you have to pay instantly the increase in raw material prices that long term orders or even existing orders have to be amended that is how the raw material markets operate and the basic chemical market operate. So, you can only use your low cost raw material to the extent you have stock, but otherwise you will have to pay the increase instantly the day it is implemented that is how it operates practically.

Vishal Jajoo: So I guess it would take more two to three quarters for us to be back at least the pre COVID at OPM margins levels, sales might be there, but that must be because I guess the inflated prices which are going on, but margins will be back to pre COVID levels after two to three quarters or we are expecting some more delays?

Manish Kiri: It will start coming to pre COVID level from this quarter because last quarter is a one in which all pass on of the cost is already happened. We could not make profit that is let me put it this way, but we could pass on whatever increases that have occurred in the last quarter, but this

quarter because of the prices further increasing we would have profitability in addition to passing on the price increases which have already taken place.

Vishal Jajoo: Sir just last one question sir actually we have our borrowings like almost at low borrowing levels and we have some other plans to divest in some other areas as well so apart from non dye segment which you said like you want to plan to invest in those segment in the previous call, so are we planning to take up the debt level because currently the interest rate are I guess also at the lower end, so are we planning to take up the debt level and start up with the new geographies as well and in the newer product stream as well so that we can have at least best results and after one to two years in other areas as well?

Manish Kiri: Not in this financial year. We would not borrow in this financial year we would first make business stabilized and we would first ensure that working capital margins all are on track. So, our efforts would be on business rather than incurring new investment and new CAPEX. As we mentioned earlier we will complete the second phase of specialty intermediates plans towards the end of the financial year which is just a pending implementation compared to a fresh investments which we are not going to do in this financial year.

Vishal Jajoo: The expansion would be only basis of the DyStar funds right?

Manish Kiri: That would happen in the year 2022-2023, but we may borrow, it is not like we would never borrow in life, that opportunity arises when we see good projects to ensure that we have adequate return on equity in 2022-2023, we will see what is the best mix of equity and debt and we will borrow in years to come.

Vishal Jajoo: Sir do inorganic expansion or acquisition makes sense in this industry because I do not know much about the industry on the intermediate side, so just want to know does the inorganic acquisitions makes sense?

Manish Kiri: It would make sense if valuations are right and if proper size companies are available. So, there would be some opportunities which may grow up in global market if not in India, but there is nothing, there is no target currently in radar. There are no decisions on that front and we have not been approached by any companies offering their companies to us so nothing like that as on today on the table.

Moderator: Thank you. The next question is from the line of VP Rajesh from Banyan Capital. Please go ahead.

VP Rajesh: Just first question did we expand on the legal expenses in the current quarter for the 6 months regarding the DyStar litigation?

Manish Kiri: See our run rate per quarter ranges from 5 to 6 crores to 9 crores. Now the last quarter one is a legal fees and second is legal expenses because both incur. So, when you put together in last quarter it was little bit more than INR 7 crores.

VP Rajesh: And for the 6 months?

Manish Kiri: For the 6 months must be more than INR 15 crore.

VP Rajesh: My second question is that you talked about your EBITDA improving from the current quarter so what should be the expectations are we think about back to low-teens kind of multiple or it would be a gradual move up in this quarter and the next 12, 13% EBITDA margin?

Manish Kiri: I think this quarter based on the one and half months which has already passed and looking at our order book we should be somewhere in the range of 7% to 10% this is our prediction, this is the forecast and next quarter it can go up, but again all these numbers after legal expenses.

Moderator: Thank you. The next question is from the line of Bhavesh Khandelwal from RII. Please go ahead.

Bhavesh Khandelwal: My question is I think if I remember correctly last time you said that we will be doing something I mean we would be revamping the organization and hiring has been done and we are seeing hiring others I mean senior management and doing something else, so can you put some light on and how are we on it because we have not heard any official communication on that part?

Manish Kiri: We have been hiring several more people also in the current quarter and improving just our management bandwidth for future projects. So, there was no announcements done because which were not required at this point and some of the people who have been taken on board would take some time to be permanent with us. So, we will see how things move, but yes the hiring is ongoing and team building is also ongoing and we are improving our management bandwidth especially for future projects not for current business.

Bhavesh Khandelwal: And second sir on the future outlook I wanted to basically know like if for Bangladesh favorable export destination has been I think expiring may be in one or two years I am not sure of those timeline, so do you think it will benefit Kiri as a company or as a China man policy if just put a light on it?

Manish Kiri: I think it would definitely benefit as Kiri because Bangladesh is an important market. Bangladesh has one of the top two exporters for us as well as for industry as a whole. So, that would benefit us for sure and that would help us to increase our exports to Bangladesh in the next few years. There are also further logistics improvements with Bangladesh because now trains have started even from Ahmadabad I see there are specific trains recently started for direct exports to Bangladesh so not being dependent on only containers which have now become a kind of a very high freights and high cost affairs. So, this train movements between

India and Bangladesh would also benefit from logistics point of view from speed point of view because it is improving from both the sides from infrastructure point of view. So, Bangladesh is going to be an important market for textile as well as for dyes that would benefit Kiri. Number two if you have seen recent announcements by the government several textile parks are going to be set up in India all across and those incentives through textiles boost of textiles, the targets for more than 100 billion textile exports which government is trying to setup to support textile industry that all will benefit and that all will provide growth opportunities for dyes to sell within India also.

Bhavesh Khandelwal: Last question is if I can ask so basically like there is a lot of supply chain disruption and because of which the raw material prices are too high I mean especially if we talk about, so do you think is it going to be it is normal going forward in coming one or two months or it will take more time?

Manish Kiri: Based on our current assessment we do not see price is coming down significantly before December. We do not see much hope that there this raw material prices would reduce. If January to March quarter when we see that the basic chemical starts going down in China as well as globally, we may expect some reduction, but not in December we do not see any possibility of reduction in major raw material prices before the end of this calendar year.

Moderator: Thank you. The next question is from the line of Namit Mehta from KC Capital. Please go ahead.

Namit Mehta: Just a couple of questions from my side so one is I know from over the last couple of years you plan to move the standalone business from let us say INR 1,000 crore to roughly INR 1,800 to INR 2,000 crore in a couple of years, how do you see that target as of now do you still want to keep that target or are we seeing it evolving based on where you will allocate capital over the next few years?

Manish Kiri: I think that target still remains unfortunately last one and half two years we got all tied up with this COVID effects, but now having that behind us I hope that we can have that target now restarted from this financial year so hopefully in a year or two we should be able to ramp up because we have capacities. We have already put capital in earlier plants which we already established and now it is only a matter of ramping up production, improving sales, increasing export and utilizing our already invested assets. So, that would be our number one and the first attempt to ramp up the standalone numbers, sales as well as margins both that would remain priority. Regarding your second point for the new expansions or investing into new projects that we will see in 2022-2023, but not currently.

Namit Mehta: And just to confirm so once we go ahead with the Phase-2 capacity expansion that is basically all that is required for the revenue expansion to go to INR 1,800 to INR 2,000 crore right?

Manish Kiri: Right and not the additional CAPEX.

Namit Mehta: And then just one other question in the wain of what another participant asked about management building if you can talk a little bit about your organizational building efforts as you want to become future ready if you could talk a little bit more about what you have done outside or even just team building either in terms of business plan development, environmental clearances and so on?

Manish Kiri: There are several objectives for which we have strengthened the management and we are strengthening. One is as you rightly said we have one area of people who have been applying various environmental clearances on various land that the company has. Number two also in specialty chemicals there are various different products and we have tried to hire people specialized in those product ranges or in those product sectors. So, we have for example there is benzene, nitrobenzene derivatives area. So we are studying those we have got people on that. There are some areas which are related to fertilizers and other by- products so we have got people for that and we have also got several technical people added in our lab which are now studying, reviewing, checking product such as API and pharma sectors. So, we have selected people from different sectors to both technical side, environmental compliance side and also project and commercial business preparation side. So, our in house team has been preparing various techno economic feasibility studies. We have hired three to four outside agencies also to work with this team and that is how we have collected people who have experience in various fields. So that is where we were trying to build ourselves.

Moderator: Thank you. The next question is from the line of B Suresh an Individual Investor. Please go ahead.

B Suresh: Court date is January 2022 is the final judgement.

Manish Kiri: January 24 to 28 these are the days in which there would be one day. Based on our latest information it would be January 24 itself, but it could be any one day between January 24 and 28.

B Suresh: This is the final ones?

Manish Kiri: This is the final one this is the final hearing and the judgment will come after that, but this is a final hearing of the appeal of Supreme Court and good thing is that whatever appeals that both the sides have filed on various points and all the orders related to valuation all those appeals are consolidated and when the hearing takes place it will cover all the appeals which relates to valuation which are filed from both the sides.

B Suresh: The amount is used on investment and CAPEX and you can distribute the dividend?

Manish Kiri: Yeah it is both the breakup precise number has not been decided yet, but we are still waiting the final number from the Supreme Court. Hopefully it would continue, it would have the same

number what the International Court decided. So, that is the hope, but let us see if it is changed then looking at that the broad usage is what you rightly said it will be used for the further future investments and some part would also go back to shareholders yes.

Moderator: Thank you. The next question is from the line of Hemant Kanungo an Individual Investor. Please go ahead.

Hemant Kanungo: I just want to ask as we know that Senda I mean the DyStar as we consistently making profit post the 2018 itself after the declared on the 2018 verdict, so is there not a way when we can ask Supreme Court to at least release our share of earnings that is 37.5% of earnings, so that it would not lead to further operation of Kiri Industry?

Manish Kiri: From the legal point of view from July 3rd, 2018, the date on which the valuation for Kiri is decided. Technically that is what the number that we are entitled to receive, but as you very rightly said since that date till now even though Kiri continue to hold shares and transaction has not been completed. So, there is a big difference between the valuation date of July 3rd and the transaction date when actually Kiri shares are bought and amount is paid and it is not few months, but you are looking at almost three years time gap between this two. So, we must be entitled to get something either profit or interest or there has to be some upside that Kiri has to get for this particular period and that point is also in appeal. So, when Kiri has demanded the interest or the enhancement of his value between July 3.

Hemant Kanungo: Yes sir, but I want to add one thing I want to at least we can ask that whatever the amount of our share one is we can always get is adjusted from the final valuation figure because that one you know soften our stance because we are not asking for a particular amount. We are just asking our share of earnings and you know that we can get it adjusted from the final valuation figure what will be decided by the Supreme Court board reflect by INR 3,500 crore so if DyStar is making INR 100 crore so we can ask our 37 crores to be released and get it adjusted from the INR 3,500 crores whenever because if that way DyStar can delay the judgment and we will be considering, we are further operation from DyStar?

Manish Kiri: See the judgment, the hearing of the Supreme Court and the judgment of Supreme Court we will follow the court timelines which have been fixed now number one. Number two DyStar does not own owe money to Kiri it is Senda who owe to Kiri. So, legally speaking we do not have right to collect money from DyStar, but we do have right to collect money from Senda. So, DyStar profit is not Senda profit from legal standpoint. So, the guilty party is Senda and now DyStar. So, court would not order anything against DyStar to pay to Kiri that is number one. Number two so that is where the two entities are different. Number two we already proposed to Senda and to the lawyers and the corresponds are also with courts that whatever their side of an amount of \$323 million at least put that amount in the escrow and Kiri has also proposed which is under discussion to open an escrow account and put this money there because irrespective of what is the outcome of Supreme Court the amount which is there from their

side must be paid anyway, put that in escrow even if not given to Kiri, but at least that shows commitment to pay. So that aspect and that proposal is still under discussions between both the parties and also corresponds are ongoing with the court.

Hemant Kanungo: And my second question is we are also owning a co company with a Lonsen in India, so are we facing some similarity of operation from Lonsen like in terms of you know involving us in the management practice and also sharing the dividend, so are we getting the regular dividend from Kiri Lonsen or we are facing similar operation?

Manish Kiri: We are facing operation at there too and we are victim of not paying dividend at Lonsen Kiri also. So, there are no legal battles started between the parties, but yes they have behaved the same way at Lonsen Kiri too and operation at Lonsen Kiri still exists.

Moderator: Thank you. The next question is from the line of Nandan Khambate an Individual Investor. Please go ahead.

Nandan Khambate: I have two questions first is again pertaining to DyStar thing once the Supreme Court judgment comes in January last week, is there any way that Lonsen or either Kiri can appeal to another forum at the International Court of Law or etcetera?

Manish Kiri: No, there is no further appeal let me just clarify as I mentioned earlier January 24 to 28 is a hearing date not the judgment date. So, judgment comes afterwards after hearing, but there is no further court, there is no any upper court or there is no other place to go to appeal for anyone.

Nandan Khambate: So, January last week is the final hearing?

Manish Kiri: Yes correct.

Nandan Khambate: What is the appeal made by Senda in this case so are these taken to 323 or the figures which you just mentioned or what is the appeal which they have filed against the order SICC order?

Manish Kiri: See appeal is only now dealing with the valuation with the number whether to pay Kiri or not whether, Kiri has suffered minority operation or not whether the buyout order is a right order or not all these matters have already been heard, decided, upheld by Supreme Court already. So, this hearing of Supreme Court and Senda appeal is to only lower the valuation number. Senda value if you go through the judgment the earlier judgment it says that the Senda side presented \$323 million for the Kiri stake. So, they will attempt to reduce the number from \$481.6 towards \$323 and Kiri has also appealed. Kiri's attempt would be to increase the number from \$481.6 to \$700, \$750 because Kiri also has several points which are strongly in favor of Kiri that can be argued at the appeals. So, both the parties will only fight for a number that is the only matter in Supreme Court to give what number.

Nandan Khambate: Sir in this case only going for dual prayer that is court accepts \$700 or \$750 the limit Kiri is making that is fine, but if they reject and they stick to \$482 are we also paid for interest on that, have we made a dual payer in that case?

Manish Kiri: What is your question?

Nandan Khambate: While filing an appeal have we made it dual player fighting for Kiri limit is \$700 or \$750 what is the actual number maybe and the court does not accept that and sticks to the \$482 valuations are we also praying for the interest portion or we playing two things?

Manish Kiri: Yes we are also appealing one of the main points in a Kiri's interest portion.

Nandan Khambate: What is the interest rate in that case which you have claimed?

Manish Kiri: It is a fixed interest rate in Singapore 5.33% per year.

Moderator: Thank you. The next question is from the line of Prashant Hazariwala an Individual Investor Please go ahead.

Prashant Hazariwala: If I take out the legal cost what will be the EBITDA margins for standalone?

Manish Kiri: If you see annually the legal cost if I give you the number now has range somewhere between INR 35 to INR 40 crore per year. So, if you take half yearly INR 15 crore, INR 17 crore, INR 20 crore something like that, that is how so if you take it out then your EBITDA would be at least it would be around 6% to 7%.

Prashant Hazariwala: 6% to 7% for last quarter?

Manish Kiri: For half year this financial year.

Prashant Hazariwala: What about the last quarter?

Manish Kiri: This financial year I mean starting from April till September.

Prashant Hazariwala: No what about the last quarter in September quarter?

Manish Kiri: September quarter legal cost was even higher. So, last quarter and this quarter together we just revise the number it was more than INR 15 close to INR 17 crore.

Prashant Hazariwala: If I am talking out that last quarter on legal cost what will be the EBITDA margins for the last quarter only?

Manish Kiri: Last quarter INR 250, INR 263 around 4% would be last quarter's EBITDA margin.

Prashant Hazariwala: When I am comparing ourselves with our peers like Bodal and Aksharchem or something like that there would be much better than what we have done in EBITDA margins even a good profits compared to the last year same quarter so where we have lose our competitiveness or EBITDA kind of things?

Manish Kiri: For that let me explain you in two parts. One part is that maybe that have been able to because see they are more of an intermediate players and we are dyes and intermediates 50-50, Akhsar Chem, Bhageria they are just pure intermediate players and for intermediates the passing on price increases or cost increases to customer is much earlier. While for dyes to pass on to customers take longer time. So, that is one factors where they have they might be able to pass on price increases to their customers earlier than what we could number one. Number two there are certain intermediates that Kiri produces for Lonsen Kiri, which goes for Lonsen Kiri and then Lonsen Kiri sells dyes. So, there is a different structure here. So, when you look at the consolidated numbers of Kiri it gives you a better picture or a clear picture compared to a standalone number, because consolidated number without DyStar would give you the intermediate capturing of the margin as well as dyes capturing of the margin at Lonsen Kiri level because in Kiri dyes are produced in two companies. One Kiri standalone and second is Lonsen Kiri. While if you compare for example with Bodal, the dyes are produced only at one level while our dyes are produced at two levels. So, for that when you look at the consolidated margin that gives you a true picture. In fact of what we have actually earned by selling dyes directly from Kiri and also be selling dyes through Lonsen Kiri for Kiri's portion of 40%. So, let us say if you look at the consolidated EBITDA number which is close to 8% and if you add around another 5% let us say for half year you will come to around 12%, 13% which would be in line with what they have done.

Prashant Hazariwala: And the other question is like before 6 months concall like at the end of the year 2021-FY21 you say there is no problem in Lonsen and Kiri joint venture now you are saying that we are facing the same kind or problem like this kind of thing will be just we have not yet settle down this DyStar problem and we are going into another problem and DyStar problem has taken almost four, five years after we claim?

Manish Kiri: Let me just clarify there is a clarity if you understand question properly and my answer properly there are operational problems or there are management problems or company's problems there are no such problems number one. Company is operating, running managed operated run by actually Kiri that is one.

Prashant Hazariwala: Which one Lonsen and Kiri?

Manish Kiri: Lonsen Kiri. The second question what was asked to me by the gentlemen are we facing minority operations in Lonsen Kiri that is a different question correct for that my answer is yes because since 2009 till now Lonsen Kiri has also not paid a single rupee of dividend to Kiri even though being debt free. So, it may be operating it is generating profits, it is a normal business

operations, but do we also face minority operation in Lonsen Kiri that is why my answer is yes I hope I am able to explain to you.

Prashant Hazariwala: But this company is run by Kiri only right?

Manish Kiri: But to manage the dividend is a majority directors.

Prashant Hazariwala: So are they taking care of dividend or they are also not taking any dividend?

Manish Kiri: Nobody has taken dividend.

Prashant Hazariwala: Nobody has taken dividend right?

Manish Kiri: Nobody has taken dividend since 2009.

Prashant Hazariwala: So all the accrual is happening into the Lonsen Kiri?

Manish Kiri: Yes correct.

Prashant Hazariwala: So we are good part of this management or we are having how this management board is working?

Manish Kiri: The board is structure with three directors from Lonsen and two directors from Kiri, but the management, managing director and operation are all belong to Kiri, the board matters have majority with Lonsen.

Moderator: Thank you. The next question is from the line of Rohit Asawa an Individual Investor. Please go ahead.

Rohit Asawa: I had two questions regarding the January hearing the first is does the hearing have to get completed in one day or can it further get extended and we get one more day later on and second is based on our experience with Singapore Court now for years, when do we expect the judgment to be delivered after the hearing is completed?

Manish Kiri: The first answer as per the current indication from the court the hearing would be just one day so only one day would be given for arguments. Number two, based on our prior experience with Supreme Court and in general the judgment the way Supreme Court gives post hearing our earlier judgment has come in 22 days from the hearing day and it has taken maximum about two months' time also. So we can expect that within couple of months the judgment can come.

Rohit Asawa: I had one more question regarding FCCB conversions as well I understand we have about 1.2 crore FCCB conversion pending by January 17 what is the status on that?

Manish Kiri: Till now we have not received the conversion notices, but hopefully before January they might come. The moment we do we receive we will announce.

Rohit Asawa: If they do not come sir then what are the options we have?

Manish Kiri: If it does not come then the company will return FCCB money and that would not be converted then finished.

Moderator: Thank you. The next question is from the line of Ashit Kothi an Individual Investor. Please go ahead.

Ashit Kothi: Sir with regards to Lonsen Kiri I mean say when we have faced this problem of five years at Singapore court and suppose if we have to again fight it in Indian courts, the amount of time, efforts, money which should go in fighting it out could be huge?

Manish Kiri: Yeah fighting out for what.

Ashit Kothi: Either to get paid for whatever time, efforts invested by Kiri in Lonsen Kiri or if they are not then you are fighting it out to acquire the control?

Manish Kiri: So you mean to say management control Kiri already you mean to say for fighting out for separation, to get separated. So fight is separation that is what you are indicating?

Ashit Kothi: Yeah.

Manish Kiri: So, we will have a discussion because now till now what I understand both the parties have been deal with the DyStar dispute and the legal battle with DyStar level. There is no legal battle in this entity in Lonsen Kiri, but we would always try to settle and to discuss mutually to figure out if we can separate mutually if not, yes then again it would be spinning into the court for the separation purpose but let us see what happens, it would be speculative for me to say that once DyStar is separated I think both the parties will have the senses to prevail and then try to figure out to separate amicably I hope so and there could be a legal battle.

Ashit Kothi: And where does DyStar stand today I mean say if they have to make the payment to you at one shot are the balance sheet that much strong enough to pay you in one shot?

Manish Kiri: Yes balance sheet is very strong and Lonsen is also extremely strong and DyStar is also zero debt and DyStar has a very high significant cash sitting in there.

Ashit Kothi: In a way we are going to miss out on the huge potential which DyStar was offering when in 2009 we acquired, we lost a decade and more and yet we also loss some market share indirectly?

Manish Kiri: I did not understand what you are saying.

Ashit Kothi: We lost more than a decade in DyStar management bandwidth and otherwise and we also lost a market share indirectly because now DyStar is no more going to be with us?

Manish Kiri: Kiri has not supplied a single kilo of material to DyStar since 2014 just to clarify. Kiri DyStar is no longer a customer of Kiri since 2014. So, Kiri has not lost earlier anything Kiri has not lost Kiri has its own set of customers, distributors, Kiri has its own products. So, Kiri has not lost anything in terms of its fares or market share with that number one. Number two Kiri invested 10 years ago 95 or close to 100 crore and after this court battle, after 10 years that 100 crores of Kiri's investment has grown into \$481.6 million which is close to 3,700 crores. So, for 10 years it is not a bad investment.

Ashit Kothi: Yeah that is one way of looking at it no doubt about it.

Manish Kiri: And there is no loss of market share just to correct you?

Ashit Kothi: Since we did not supply no loss of market share, but the purpose of acquiring DyStar was to get into the lucrative European market which we are not right now.

Manish Kiri: European market for dyes industry is no longer lucrative because there is no textile left in Europe.

Ashit Kothi: So it is only China and other Asian countries.

Manish Kiri: It is only Asia, Turkey, Hundura, Central America, Brazil these are the places who do textile processing. So, DyStar sales of dyes in Europe itself is much lesser and the largest is in Asia?

Moderator: Thank you. The next question is from the line of VP Rajesh from Banyan Capital. Please go ahead.

VP Rajesh: Just a quick question what was the capacity utilization in the September quarter?

Manish Kiri: Yeah we will give you just now hold on for dyes at a quantum level what is our capacity utilization in this quarter dyes capacity utilization is 37% to be precise as a dyes capacity utilization, intermediate capacity utilization is 88%.

VP Rajesh: And what do you expect it to be in this quarter given things are getting better?

Manish Kiri: Yeah this quarter the prices the margin wise prices would be better compared to last quarter and dyes capacity utilization we should be able to touch close to 50% and we will our **endeavor** is intermediate capacity utilization also increases to 95%.

Moderator: Thank you. As there are no further questions I now hand the conference over to the management for their closing comments. Over to members of the management.

Manish Kiri: Thanks to everyone for joining today and we will speak to you in next quarter. Thank you.

Moderator: Thank you. Ladies and gentlemen, on behalf of Kiri Industries Limited that concludes this conference. We thank you all for joining us and you may now disconnect your lines.