

June 06, 2024

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>
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Dear Sir/Madam,

**Sub: Submission of Transcript for Q4/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 Q4/FY24 Earnings Conference Call held on Friday, May 31, 2024.

The Transcript of Q4/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**  
**M No. : F7306**  
Encl: As stated

**DYES**

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# Kiri Industries Limited

## Q4 FY24 Earnings Conference Call

### May 31, 2024

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**Moderator:** Ladies and gentlemen, good day and welcome to the Q4 and 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. At this time, I would like to hand the conference over to Mr. 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 Fourth Quarter and Financial Year ending 2024.

Before we begin, I would like to mention a short cautionary statement. Some of the statements made in today's earnings call 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 belief 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 company's fundamental business and financial quarter under review.

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

**Manish Kiri:**

Good morning, everybody and welcome to the earnings conference call for the fourth quarter and financial year 2024. Let me first brief you on the financial performance of the fourth quarter and financial year 2024 followed by the operational highlights. On a standalone basis in the fourth quarter of financial year 2024. The revenue from the operations grew by 27% on year-on-year basis to Rs.200 crores. The EBITDA loss reduced by 29% year-on-year to Rs.11 crores and EBITDA loss reduced by 50% on quarter-on-quarter basis. The net loss for the quarter was Rs.29 crores. This loss also include the legal costs incurred during the quarter.

For the financial year ending 2024, the standalone revenue from the operations were Rs.633 crore, which grew by approximately 5% on year-on-year basis, and the EBITDA loss was Rs.63 crores against EBITDA loss of Rs.109 crores in the last financial year. Net loss was reported at Rs.94 crore, versus a net loss of Rs.134 crores in the previous financial year. On a consolidated basis the revenue from operations for the fourth quarter stood at Rs.269 crores which grew by about 21% year-on-year basis with an EBITDA profit of around Rs.5 crore as compared to the EBITDA loss of Rs.5 crore in the corresponding quarter of the financial year and EBITDA loss was Rs.11 crore on quarter three 2024. Net loss for the quarter before share of profit of associates was about Rs.16 crore against Rs.29 crore in quarter three FY2024.

The revenue and EBITDA of Lonsen Kiri for quarter four 2024 for 40% stake of Kiri included in this financials amounted to Rs.88 crore and

Rs.18 crore respectively, which were Rs.64 crores and Rs.11 crores for quarter four 2023. During quarter four 2024 company was able to restrict EBITDA deficit as compared to previous three quarters mainly on account of better material margins in commodities market. Hopefully the material margins continue to strengthen in coming quarters and demand in international market picks up and also manufacturers are able to sell their products at better prices, enabling manufacturers to earn profits.

For the financial year ending 2024 on a consolidated basis. The revenue from operations was Rs.949 crore, the EBITDA loss was Rs.12 crore against EBITDA loss of Rs.37 crore in the last financial year. Net loss was Rs.88 crore versus net loss of Rs.105 crore in the last financial year. In consolidated statement, the share of profit of associates include Rs.221 crore of share of profit of DyStar, which does not have any impact on the valuation of the stake of Kiri in DyStar.

With regards to the DyStar case, Kiri has recently received a significant judgment on May 20th, 2024 from Singapore International Commercial Court regarding legal proceedings related to the enforcement of a buyout order, issued earlier by SICC. According to the order Kiri is entitled to receive Rs.603.8 million as the priority from the en block sale of entire shareholding of DyStar. The remaining balance from the proceeds of sale of DyStar will go to Senda.

Moreover, the court has ruled that en block sale of DyStar will proceed without any reserve price, and the long-stop date is set for December 31st, 2025. This judgment makes a significant milestone for Kiri to secure Rs.603.8 million after a long journey of litigation against its joint venture partner. Signaling that the end of the tunnel is finally in sight. With that, I would now like to open the floor for any questions. Thank you.

**Moderator:** Thank you very much. We will begin the question-and-answer session. The first question is from the line of Amit Mehendale from Robo Capital. Please go ahead.

**Amit Mehendale:** So, from now, for next 18 months how do we see the process playing out and do we expect money in the bank by December next year, December 25?

**Manish Kiri:** Yes, we can expect before that actually because the way the sell process is planned by the receiver which is Deloitte, they have already started working on preparing the information memorandum and required materials when the due diligence, so all that process has been going on since the appointment, since February 2024. Now, we are expecting somewhere around July, August the beginning of the auction should start and as per the timeline thereafter, the indication is that the sell process should get concluded by around June 2025. But to have six months of cushion to have an extra buffer period, court has certainly decided to have based on the recommendation from the receiver December 2025. But as management we are expecting the sell process to get concluded well before that and the money should be coming to our account before that, yes.

**Amit Mehendale:** Great, thanks. And what will be the capital gain tax on that?

**Manish Kiri:** Based on the advice we have as we would not be taking into account the indexing. We will be paying 10% capital gain tax.

**Amit Mehendale:** Okay, great. And finally, how do we try to deploy the fund?

**Manish Kiri:** That is still under the process reviewed by the Kiri's Board. But as I earlier broadly mentioned, there would be new exciting projects which you will see in the sectors other than dyes and intermediates, which we are still contemplating, you will also see some benefits to the shareholders and you will also see that we might reserve some funds

for the future investments. So, it will be a mix of the use which would be prudent for the shareholders.

**Amit Mehendale:** So, any broad idea on, in percentage terms what can be returned to shareholders and what can be reinvested and what can be kept for future, broad like will it be 1/3 each or?

**Manish Kiri:** No, majority of the funds would be used because Kiri could not grow for more than 10 years due to this litigation. And if you look at our growth was almost standstill. So, you can see that Kiri could not have the ability to grow because of the litigation and the shareholder dispute. So, majority of the funds would be used for the future growth and for the projects, and also a number of initiatives which the management has been thinking. So, majority of the funds would be utilized for the future, for the growth and for taking Kiri to the new levels. So, we will be working on that.

**Amit Mehendale:** And sir any indicative, internal IRR that hurdle IRR that may use for CAPEX?

**Manish Kiri:** We have minimum IRR that we are looking at is 25% for the new project for the CAPEX, but our target is to have more than 30% IRR on any new projects.

**Moderator:** Thank you. The next question is from the line of Madhur Rathi from Counter Cyclical Investments. Please go ahead.

**Madhur Rathi:** Sir, when I look at our promoter shareholding, it has decreased from 38% to 26.72% right now over the past two, three years. And sir you are telling that we are on the verge so, like court has made judgments in our favor, so why is that and because investor conference declined due to these kind of actions, so if you are ready to understand that?

**Manish Kiri:** I have already indicated in earlier conference calls, and I would repeat that here also that promoters are highly inclined to increase their stake,

and it all depends on the arrangement that the promoters are able to do to increase the stake, the intention is very positive. And we have been working on for quite a long for more than a year. And hopefully we should be able to do it in the near future and address your question that the promoters' shareholding highly, highly keenly interested to increase.

**Madhur Rathi:** Okay. Sir, and my next question would be sir, what will be the outlook for FY25 in terms of top line and bottom line for our standalone business as well as our subsidiary business, if you could help with some guidance on that?

**Manish Kiri:** Sure. If our internal budget for 2024-25 because we look at the business as India operations on more of a consolidated basis, because if you look at the sale of intermediates from Kiri to Lonsen Kiri and then finished products go from Lonsen Kiri to out, a lot of finished products go from Kiri dyes to out so, when you put the dyes business together and also intermediate business together the sensible analysis can be derived from the consolidated number of India operations not DyStar. Not accounting for DyStar but considering the additional profit that we make on selling the dyes. So, if you look at the consolidated numbers, for this year we could generate around 3% positive EBITDA. And we expect that we would cross at least 1200 crore in 2024-25. And, and would try to have consolidated EBITDA of not 3%, at least between 5% to 10%. And looking at the improvements in the industry and looking at the revival of the demand. Hopefully we should be able to meet this target.

**Moderator:** Thank you. The next question is from the line of Bhavesh Chauhan from Aditya Birla Group. Please go ahead.

**Bhavesh Chauhan:** Sir, I want to understand if going forward, will we incur any litigation expenses because now case is over?

**Manish Kiri:** Yes, we would continue to incur the litigation expenses, till the funds come to our account. And what has been happening now is, we have been actively engaged through our lawyers with the receiver so, receiver is trying to sell the company and wherever the involvement of shareholders, Kiri, Senda and DyStar as a company, we need to be continuously involved in helping them in the process. And the entire process is conducted through the Kiri's councils. Similarly, every party's counsel has been represented with the Counsel of the receivers. So, for example, receivers counsel is the Wang partners. And there is continuous communication, which has been happening with Wang partners. Now, and also court has been asking in submissions wherever necessary to decide on certain matters, while this whole process is continuing. So, the engagement of counsel is continuing, the legal cost is incurring, we would not have probably the hearings, so per se, but some legal cost would continue to incur, it would be lesser than the earlier ones, but it would continue to incur some legal cost till the money comes to our account.

**Bhavesh Chauhan:** That's encouraging. Sir with regards to the sale, why has the Supreme Court given any a particular deadline of 2025 because ideally it should be like, the process should be started and it will be completed as soon as possible will there be any constrained in the process?

**Manish Kiri:** No, there is no constraint actually, the sell process has already started from February 2024, which has been three, four months already now in the process. And what receiver has rightly indicated is that, DyStar is a complex company and there are multiple jurisdiction involved and sell process will take somewhere from nine months to one year and four months. And there are certain transactions, certain sales which the receiver has history of conducting as Deloitte also within this timeframe. So, indicative timeframe to sell the company is ranging from nine months from the appointment of the receiver to one year and four months. Six months more has been considered as the



contingencies, as a buffer time, let us say if the sell process spill over on some regulatory approvals required by the buyer. So, six months has been kept with a sense that if something gets delayed, there is a cushion before Court exercise if you read the judgment something called a nuclear option. And that nuclear option can be exercised by the court post long stop date. So, the reason it is called long stop date of December 2025 is after that, then DyStar is to be sold in the pieces, to be liquidated instead of selling the whole company as a going concern. And Kiri's dues needs to be paid. So, there is a definitive timeline before which the company is to be sold and Kiri is to be paid. Post that the company is to be liquidated if required and Kiri's to be paid. So, that is why this long stop date with six months cushion has been decided by the court. But actual sale process we expect should get realized before that, much before that.

**Moderator:** Thank you. The next question is from the line of B Suresh from Burham Financials. Please go ahead.

**B Suresh:** Actually congratulations sir on Kiri DyStar amount. But you have increased the stake in Kiri, after raising the amount and before you started the accumulation, the stakes increase reason?

**Manish Kiri:** Well, the promoters have been in the process of arranging securing funds and also utilizing their assets to secure funds. So, as soon as that process is completed, promoters as I mentioned are very, very keen to increase the stake as early as possible.

**B Suresh:** The incremental money?

**Manish Kiri:** It is not related to any events or anything like that, it all depends on how we are able to gather funds and utilize for increase.

**B Suresh:** Sir, another question. Sir, you already some amount is received some market capitalization of Kiri is around 2000 crores, but we have received 5000 crore amount there at least. Generally, if you are not

interested to any mutual funds or any other buyers, not interest you have contact any funds. What is the reason sir?

**Manish Kiri:**

There are lot of inquiries or meetings takes place with various funds and we continuously address them, I may not be able to give you the reason why market is doing something different than what you have your views. But, I can say that the litigation has been going on for almost 10 years. And, funds have been delaying to receive by the company for many years and got process as we all have seen have, a lot of uncertainty sometimes. So, keeping that in view, the market participants might be waiting again, this is my assumption to get the funds actually realized and to see that whether the money comes to Kiri's account or not. So, that could be one of the reasons if I can think the way the questions that you are asking, so, that could be the way that wait, till what comes and then they may take the decision, but from our side, we continuously engage ourselves with the prospective investors and we continue that process to address them, answer them and update them about the company. We are doing that job from our side on a regular basis.

**B Suresh:**

And this time, you can confirm the final amount and you take, time also decided to Singapore court is December 25. But, already have stake from foreigners is around +40%, but that foreigners are interested to increase the stake or not interested to increase the stake?

**Manish Kiri:**

I cannot speak on their behalf, it is their decision, it is investors decision, the person's like you who invest in the company, it's their decision. What they do, why they do, what not they do, it's up to them. Only thing we can do is we can produce the facts, we can showcase what we are doing and we present ourselves and it's up to the market then to decide. We have limited visibility on the investor side.

**B Suresh:**

Actually so many years it was long back but investors are also waiting for some 10 years, you can already subsidiary is a proposed with

hydrogen subsidiary is there, you can receive the amount, you can plan with green hydrogen projects and Kiri development is going on and green hydrogen projects is taken sir, this is the last question.

**Manish Kiri:** There are several options, there are several exciting projects and each project is better than others, not into dyes and intermediate industries that we have been working on. And we would try to embark on the projects that can earn more than more than 25% to 30% even IRR for the shareholders of the company. And we will strive to invest into those projects, greenfield projects the projects which relates to the growth of India, the project that those relates to the replacement of imports in India or Atmanirbhar policies. So, we would align ourselves with the growth of the country in all these exciting sectors once the front side available so, but we are working on it, preparing our ground work, preparing our homework, and at appropriate time we will announce the projects we are entering into. The near we come to the visibility of the funds, the better we would have the position to update you on these projects but yes, there are very good projects that the company is working on right now.

**Moderator:** Thank you. The next question is from the line of Abhishek Nayak from Hexagon Assets. Please go ahead.

**Abhishek Nayak:** My first question is a bookkeeping question, if you could share the cash balance at DyStar, do you have that number available?

**Manish Kiri:** As on year end which was the December end for DyStar financial year, it was around 508 million. And by end of March, I don't have balance sheet item, but looking at the profitability and the cash generation, I would say the cash in the company would be at least 550 million may be more than that.

**Abhishek Nayak:** Okay, thank you, sir. And my second question is with regard to the appeal process, I fully believe that Senda would like to appeal this and

try to go for a reserve price or a pro rata sharing of the sale proceeds. So, when are we likely to start that process and what would be the expected timeline according to you?

**Manish Kiri:** Just to file an appeal is 30 days from the date of the order. So, from 20th May it would be around 20th of June, that the appeal needs to be filed. So, 30 days' time is what is the statutory time to file an appeal. And it would take at least another nine months' time. So, let us say by March 2025, we should have based on our prior experience, it takes around seven months to a year time. If I take an average of nine months, then you are looking at March 2025, where the appeal should be completed. But the sell-process is not going to stop. There is no stay on discontinuing sell process awaiting the outcome of the appeal. So, that is not the case. So, it is not going to affect the timelines and the sell process that has been decided by the court.

**Abhishek Nayak:** Understood. And also do you also plan to appeal further? It's a interest appeal question.

**Manish Kiri:** We have a legal advice to strongly file an appeal for the interest part which haven't got so, interest part is an important part and we have a very strong reasoning our belief is strong. So, we will file appeal for the interest.

**Moderator:** Thank you. The next question is from the line of Kevian from Kapro Capital. Please go ahead.

**Kevian:** Sir, so basically I just wanted to understand how much valuation do you assess for the DyStar, since if we see in 2024 so last 10 years, the sales has not increased, the profitability is almost the same. So, we can talk about cycles. But how much valuation do you assess that DyStar will get a minimum of that valuation and my second question was, are you seeing any potential buyers right now so are you seeing any inquiries

for the purchase of the DyStar stake in the en block sale. So, these are my two questions.

**Manish Kiri:**

So, to answer your first question, if you look at the cash free debt free basis, and if you look at the consistency of EBITDA of DyStar, based on the past established performance is around 150 million. So, depending on how the buyers recognize it, the valuation may vary from seven times EBITDA to six times EBITDA to even eight, 10 times EBITDA. So, it would be in that range considering the baseline EBITDA of 150 that is what I would look at it. Now, depending on the kinds of buyers who jump in, it would change in that range. But it doesn't matter for Kiri. For Kiri, whether the DyStar is sold at a higher price or a lower price, Kiri is going to get what is the crystalized amount given by the court. Of course, the objective is to sell at a higher price. And the receivers attempt would also be to sell at a maximum possible price and that would be the range which I mentioned to you. Answer to your second question, based on my information there are multiple buyers looking at DyStar and interested in DyStar some are strategic buyers, and there are many funds also, some of the large funds, what I have learned are also looking at the buying DyStar. So, there is enough interest in the market and there are many prospective buyers at the moment who are interested to be for the company.

**Moderator:**

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

**Ashit Kothari:**

Sir my question is, while this is getting delayed our activities in domestic is practically very, very standstill kind of thing. And current year what you have said is 27% increase. So, out of that, how much it is trading and how much is manufacturing and what is our current utilization capacity in manufacturing?

**Manish Kiri:**

See the trading part is very small. So, almost all of the sales is the manufacturing sales and capacity utilization still remain on lower side I

give you the exact number, the capacity utilization on intermediate side is 36%, dyes side is less than 20% because we have large capacities and basic chemicals is about 60% and overall average if you look at all facilities together out of 68,725 tonne we have produced 34,388 tonne so which is about 50% of the production capacity.

**Ashit Kothari:** Sir have we given a thought as to if we are not getting the amount what we are expected to, then we take control of Lonsen Kiri?

**Manish Kiri:** Well, Lonsen Kiri is a separate today also Lonsen Kiri is managed and operated by Kiri as per the shareholders agreement as a management control. It is still with Kiri, but both the entities are separate legal entities. So, the litigation at DyStar and the court orders at DyStar, exit of Kiri from DyStar, there is nothing to do with Lonsen Kiri at all, even though both the shareholders are same it's a separate legal entity and if there is any separation takes place at Lonsen Kiri. It would be a bilateral negotiation between both the shareholders at an appropriate time. So, both are actually disconnected it is not related to each other.

**Ashit Kothari:** I understand sir, but all this legal suit takes away so much of energy of the management. We just talked about it you all have experience it. So, if Lonsen Kiri would have been added into your, as part of your overall dealing and cash, then again another chapter doesn't get opened up.

**Manish Kiri:** I fully agree with you. And with that in mind, we had several times proposed to our partner to have an amicable settlement with Lonsen Kiri, and also expressed Kiri's interest being a local partner, to acquire them at a fair value, but somehow there is no step forward from their side. So, we hope that sense prevail after so many years of litigation. And we hope that the partner post DyStar try to work out amicably and we don't have to go through a legal route for this acquisition, I hope so. Again, looking at the kind of difficult nature of the Chinese partner. I don't have much hope but let's see how things unfold going forward.

**Moderator:** Thank you. The next question is from the line of Manoj Bhura from Adinath Financial Services Private Limited. Please go ahead.

**Manoj Bhura:** I have two, three questions. First question is regarding Lonsen Kiri. Lonsen Kiri is availing huge profit, the profitability is very good, almost 30% it is earning, operating profit and around 15% is net profit and is it in the same line of business as Kiri or different?

**Manish Kiri:** The product lines are different and the product categories are different, certain dye chemistry is different, which are more or less on a specialty dyes. So, for example, we do fluorine chemistry in Lonsen Kiri, which is a high value product ranges, we also do Indigo at Lonsen Kiri and these two account for more than 60% of the sales of Lonsen Kiri in terms of value. So, there are different products, highly specialized products, and that is where you see the margins are coming.

**Manoj Bhura:** Yes, margins are fantastic there. I have seen the balance sheet for the last three, four years, it has also bumper profits, even in this least times when chemical is not doing well.

**Manish Kiri:** Because, just to give you an example that's the only Indigo manufacturing facility in the country, there is no other indigo production. So, that gives some kind of upper hand so I wouldn't say monopoly but some kind of benefits being an alone producer in the country.

**Manoj Bhura:** Sir, second question is regarding the process to be adopted by Deloitte for an block sale of the DyStar, what is the process and how it will be reported to you or exchange or the Court, what is the process, what is the timeline?

**Manish Kiri:** The Deloitte is regularly updating both the shareholders, they have regular interactions and more frequent interactions with both the shareholders in addition to continuous interactions with DyStar.

**Manoj Bhura:** What will be their process, is it auction route or they will be inviting expression of interest first?

**Manish Kiri:** There are three steps broadly which is in any normal sale process. First is the preparation for the company which includes for example, information memorandum, data room preparation, right for the vendor due diligence, so all these preparations to sell the company. That's the first phase which is going on right now. Secondly, is to invite bids, LOIs on a bilateral basis. And then to go through the due diligence process with the prospective buyers that will take another three, four months. And that process should commence from July, August that's the second step. And the third step is to sign the sell purchase agreement have any other, once the buyer is identified, the price is negotiated. And then the third step would be to execute the SPA and the regulatory approvals and get the money and close the deal. So, these are the three steps process, it will take somewhere based on the indication given minimum nine months to around one year four months with six months cushion. So, practically it is between nine months to one year four months from the appointment of the receiver and that one year four months would be around June-July 2025.

**Manoj Bhura:** Because appointment was made in the month of February, it means by June 25 we can expect the sale to be completed?

**Manish Kiri:** Correct, practically yes. And there is a six months buffer.

**Manoj Bhura:** It can be a earlier also?

**Manish Kiri:** It can be earlier also, it depends on the buyers and it could be earlier also, it depends on how fast the buyers are completing the due diligence and giving the binding offers.

**Manoj Bhura:** You stated there are multiple buyers then there should be no problem in selling?



**Manish Kiri:** No, problem, absolutely no problem in selling the company I personally believe no problem in selling the company and there is no reserve price. So, please understand there is no reserve price, whoever is the highest bidder is going to get the company.

**Moderator:** Thank you. The next question is from the line of Pradeep Rawat from Yogya Capital. Please go ahead.

**Pradeep Rawat:** So, my first question is regarding the litigation on DyStar. So, to our understanding we are looking for buyers for the DyStar, in case we don't find any buyer the company will be liquidated right?

**Manish Kiri:** Yes, correct. So, the receiver is right now in the process of executing the sale process. And yes, so if let us say in the worst case scenario, till December 2025, the company's not sold by any kind of reason, then it needs to be liquidated as per the courts directions, but I don't think that is going to happen, because there is enough interest, practically speaking, the buyers are preparing to bid and there are multiple options. Some strategic buyers are interested, some financial buyers are also interested. So, I don't see personally looking at the situation such thing is going to come, the company is going to get sold.

**Pradeep Rawat:** Yes, it would be a worst case scenario. So, what would be the liquidation value right now for DyStar?

**Manish Kiri:** It won't be possible for me to answer that the liquidation value. If you look at the cash in DyStar, which is more than 500 million. So, any buyer would give more than the cash of the company as an equity value, correct.

**Pradeep Rawat:** Yes.

**Manish Kiri:** So, then there is no question of liquidation. There's actually practically no question of liquidation. It's a solvent company, it's a profit-making company, it's a lot of cash in the company and zero debt in the

company. And there is no reserve price, the company is to be sold at any highest price, there is no reserve price. If somebody is paying 600, somebody is paying 500 equivalent to cash or somebody is paying 1 billion, 2 billion whatever, the company is going to get sold.

**Pradeep Rawat:** So, irrespective of the buying price we will be getting 603 million or more?

**Manish Kiri:** Yes, we will get 603.8 million that's what we are going to get. So, if the company is being sold at 700 million, or it is being sold at 2 billion, whatever is the balance amount will go to Senda, Kiri will get only 603.8 million, irrespective of what price DyStar is sold. Our number is decided, it's a crystallized number.

**Moderator:** Thank you. The next question is from the line of Gaurav Khanna from CapGrow Capital. Please go ahead.

**Arun Malhotra:** This is Arun Malhotra. Just wanted to check you mentioned cash on the books. Can you also throw some light on the revenues, because when I saw at the website, the revenues have been stagnant for last more than five years. What's the reason for stagnation in revenues for DyStar one, and what's the average EBITDA for last five years?

**Manish Kiri:** For the last five years, as you have rightly said the company's revenue has been ranging from 850 million to 1.1 billion and not only last five years, before we acquired DyStar in 2010, if I remember correctly, 2008 revenue was also \$1 billion. So, in the last 15 years, the company's revenue has not been grown or increased much but it has remained range bound. Now there are several reasons for that, and if you look at the last five years EBITDA to answer your question, Last five years EBITDA is about 15% in DyStar. So, what DyStar has gained from is the restructuring, which was done post-acquisition by Kiri and Lonsen and that has turned the company into a good profitable path, but company has not grown itself into new product lines even though it has cash, it

could not acquire new companies to grow, it couldn't set up a new line of business and dyes market and the higher end of dyes market where DyStar is catering is also a limited, so even not only DyStar if you look at the Archroma if you look at the Huntsman, their revenue for last 10 years also stagnant, they have also not grown. So, in general whether it's the DyStar or the Huntsman or the Clariant, or Archroma the categories in which they are serving that remains stagnant unless you grow in some other areas along with that and probably second factor could be the shareholders dispute for going on for 10 years. So, the new buyer who acquired DyStar can give a new direction, can change its course of business and as you know with the shareholder dispute sometimes would affect the future plans, especially future CAPEX and things like that.

**Arun Malhotra:** Sure. And second part of this, can you also let us know has there been any impact on the business post this appointment of a receiver have there has been pushback from the customers part one and secondly is, could you also throw some light on similar deals that have happened in the past, in the past two, three years in the dyes or in the chemical segment, what values they have happened similar size company?

**Manish Kiri:** So, to answer your first question, there is no disturbance in operations at all. We don't see any impact on the day-to-day operations of DyStar. And we also don't see any impact at least we are knowing offer or we have been informed about on the customers running away from DyStar, haven't seen that nothing like that, it has been normal as it was before. So, that's about the operations of DyStar. Now, if you look at the last year's acquisition of Huntsman by SK Capital, if I remember correctly, the accretion EBITDA was multiple was 7.8 times. So, let us say around eight times on enterprise value.

**Arun Malhotra:** Got it. And lastly, there is so much immense value any plans of the buyback because you could actually pay debt and buy back of the Kiri

shareholders and not participate, increase your stake indirectly. Any thoughts on that?

**Manish Kiri:** Active thoughts on that, so once the fund comes and market is not recognizing value, and that is the option absolutely.

**Moderator:** Thank you. The next question is from the line of Deyanshu from Chetri and Company. Please go ahead.

**Deyanshu:** Can you just please elaborate a bit more on the en block sale process. So, are there any rules surrounding it as per Singapore law, for example there may be many covenants in the proposed transaction document that may not be agreeable to the management or shareholders. So, who has the final say there, because I am asking in respect of like the management or the other shareholders may try to stall the process. So, in terms of bidding, I understand that the highest bidder will be catered to, but what about the other covenants in the proposed transaction document who has the final say?

**Manish Kiri:** Based on the court process, and the way the whole process is going to take place, it is the receiver, receiver is essentially the officer of the court and the receiver is selling the company as its basis. And receiver has the right on the shares of both the shareholders of DyStar. So, here when the company is stood by the court, there are no riders. There are no approvals required by the shareholders. Shareholders can help the receiver, but shareholders cannot have any conditions or don't have any rights to put any conditions for the sale of the company. So, essentially it is the receivers call and receiver as a trustee of the shares as on today can also execute the sale purchase agreement, they have immense power of the court they are the officer of the court.

**Deyanshu:** I understand, but there is a proposed buyer for instance, they may ask for indemnity from the existing management of the company, let say

shareholders, is that something that they can ask for and the management will say that this is not possible?

**Manish Kiri:** I don't think that they can ask for the indemnity or anything, neither the indemnity in the court driven process is given. And they said, the company is being sold on the as is where it's been, this is what it is based on the company's, there is no reserve price, see what value you want to pay and you pay it, and it's a simple sell purchase agreement to transfer shares, as simple as that. There is no indemnity from anywhere.

**Moderator:** Thank you. The next question is from the line of Dilip Dev Prakash an Individual Investor. Please go ahead.

**Dilip Dev Prakash:** Last time in the conference call, you had told that regarding the immediate relief payout, both Kiri as well as Senda had no issues with regards to 100 million being paid out to Kiri then why is it didn't materialize, why the legal team not convinced the court about the need for the immediate relief considering that 10 years have passed?

**Manish Kiri:** Yes, if you read the judgment, the grounds of decision even though Kiri proposes and Kiri argued for it, the court's opinion was by extracting this 100 million, you are in some way impacting the value of DyStar or you are setting an example of extracting the value of DyStar by giving 100 million to Kiri. So, even though there has been a strong arguments from our side, on that point court was not with us. And court said that to maximize DyStar's value, they don't want to do a buyback from DyStar because then Kiri shares would be instead of Senda or a new buyer would be bought by DyStar as per Kiri's proposal and we were agreed for other options also, but somehow court was not with us. And court was also not with us on the interest, if you give a very hopeful that at least we will be getting interest but on these two points, court was not with us and on priority payment to Kiri court was with us. So,

paying Kiri it's full buyout value in which court accepted our arguments and other two they haven't taken.

**Dilip Dev Prakash:** And my second question is, Senda goes in for an appeal and as you said it might take six or seven months from our experience for the final judgment about and in the worst case scenario, if it goes in their favor and the reserve price is then attached. So, how things will plan out?

**Manish Kiri:** See, the way this will unfold is even though the appeal is an enforcement order appeal and no doubt the Supreme Court will look at that and if something goes in that favor theoretically it can happen practically also if Supreme Court decides to change something in this court, then post that decision receiver needs to implement it.

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

**Ashit Kothari:** Sir one simple question. Again, assuming that it's going to take another two years now what all projects you have lined up for diversification there is no information available to the investors and also with regards to if our existing activities not giving results within this itself can't there be any change of products and processes and move towards higher profitable products and processes?

**Manish Kiri:** Your second question first. Yes, the existing business dyes and intermediates as you have seen, we have a lot of capacities which we are not able to utilize and you have very rightly addressed in last quarter, we could add few products. Similarly, we could change products within the category of intermediates and dyes, and also some related chemistry. And that could be our efforts to even at 1000, 1500 level, we come back to the decent profitability by changing our product mix, definitely that is possible, we are trying to endeavor to do it, and that would be our focus, but I don't think it will require more CAPEX for it. A little bit of investment, few here and there, it's fine but it would

not require any significant CAPEX to improve the existing business, it was more of our own ability to change within the existing investment that we have in this plant. So, that's your second question and we would definitely strive to do that and we must do it, we have reduced our power costs, we have improved efficiencies, we have shut down certain buildings completely, we can restart those buildings with new production, we are continuously exploring what new products we can make in those facilities on those buildings. So, we are working on it right now. Number two the projects are what we have looked at and looking at which includes the futuristic projects also which relates to the renewable energy, relates to green hydrogen, it relates to the electric vehicles related. So, there are a host of things we are looking at, we are also looking at petrochemical derivatives. So, there are vast, but we have not crystallized yet and it would be premature to crystallize because market is also dynamic. So, if we are expecting in one year, one and a half year from now, during this process may new players will come, may supply, demand would shift. So, we continuously explore and revisit our projects to see what makes best sense when the time comes, and we will definitely announce, be rest assured and we will announce well in advance before we execute the projects.

**Ashit Kothari:** Basically, my first question was purely from the point of view that enough of bandwidth has been utilized by the case, it is more than a high time kind of focus on our activity, and let that process of court case and the money if it has to come in by whatever time it will come, whatever however hard we try, we may not be able to kind of change the course. So, if we can change the course.....

**Manish Kiri:** Yes. So, we decide on new projects when the time comes exactly. And we try to see how we can improve our own EBITDA currently, based on the current operations that we are in.

**Ashit Kothari:** Sir we come to a conclusion, or we come to a point where we don't need to take into consideration DyStar figure because that money is not in our hand, it's not going to come in this profit of after the order or after 2018, that money is not part of us. So, if we have more cash flows, our hands would be more strengthen.

**Manish Kiri:** Right. I totally agree with you, unfortunately there are double edged sword we have been going through for the last few years. One is our heavy litigation expenses, and second is the non-supportive market. So, that's why our internal improvements, change of products, improving our efficiencies, reducing cost, all those factors have gone in when you have seen that we have for the last quarter have at least on consolidated basis 3% positive EBITDA and if you take out the legal cost by the way, in the last quarter we are EBITDA neutral. So, at least the cash has stopped now eroding. So, we would then try to see how we can increase further by changing product mix.

**Ashit Kothari:** Thank you sir, and wish you all the best. And we hope that we become cash positive in no time, at least for a consistent period.

**Manish Kiri:** Should be.

**Moderator:** Thank you. Ladies and gentleman we will take these as the last questions. I now hand the conference over to the management for closing comments.

**Manish Kiri:** Thank you very much all of you for participating in today's conference call. We will see you next quarter, all the best. Thank you so much.

**Moderator:** Thank you. On behalf of Kiri Industries Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines. Thank you.