

Kiri Industries Limited
Earnings Conference Call
12th February 2021

Moderator: Ladies and gentlemen, Good day and welcome to the Q3 FY21 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 now hand the conference over to Ms. Shilpa Maheshwari from Valorem Advisors. Thank you and over to you sir.

Shilpa Maheshwari: Thank you, operator. Good afternoon everybody and a warm welcome to you all. My name is Shilpa Maheshwari from Valorem Advisors. We represent the investor relations of Kiri Industries Limited. On behalf of the company and Valorem Advisors, I would like to thank you all for participating in the company’s earnings conference call for the third quarter and 9 months ended of the financial year 2021.

Before we begin, I would like to mention a short cautionary statements as always. Some of the statements made in today’s earnings concall maybe 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 management. Audiences are cautioned not to place undue reliance on these forward looking statements and making any investment decision. 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 today’s earnings concall. We have with us Mr. Manish Kiri – Managing Director, Mr. [01:53] **Jayesh Hirani**, Mr. Suresh Gondalia – Company Secretary. Without much delay, I request Mr. Manish Kiri to give his opening remarks. Thank you and over to you, sir.

Manish Kiri: Good afternoon everybody. It is a pleasure to welcome you to the third quarter and 9 months ended of the financial year 2021 earnings conference call. As you may be aware due to the ongoing COVID-19 pandemic the last two quarters had impacted the textiles and subsequently the dyes and dyes intermediate sector very adversely. Hence, we reported in the first two quarters of this financial year losses due to this situation. For the quarterly performance of the

company on a standalone basis for the current quarter, operational income for the quarter was around 234 crore which grew by around 111% quarter-on-quarter and 3% year-on-year. EBITDA was reported 15 CR versus EBITDA loss of 20 CR in the last call. So, we as a company have now turned into profits, net profit after tax was reported as 3 CR versus a loss of 31 crores in the previous quarters. Kiri attained a gradual recovery in the volumes in Q3-FY21

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The sales volume growth of 111% on quarter-on-quarter basis due to higher sales in the domestic market and enabling absorption of its operational cost as against operational loss during Quarter 2 FY21. During the current quarter, the prices of dyes were range-bound whereas prices of dyes intermediates and basic chemical experience sustaining spikes. The normalized export sales volumes and EBITDA margins could be realized in the next couple of quarters we are expecting that the current quarter would be almost near to normalize depending upon the improvements in the market demands and on account of tapering down of COVID-19 pandemic globally which has severely impacted US and United Kingdom as well as other countries amongst others.

The comparative gross margins have strengthened in the current quarter by around 334 basis points and have compared to Quarter 2 FY21. The earnings for Quarter 4 FY21 are expected to improve and strengthen keeping in line with Quarter 3 2021 gradually once exports pick up in the coming quarter. The finance cost has increased by around 11% as compared to the previous quarter primarily on an increase in finance cost of discounting letter of credits and other bank charges. There has also been an unprecedented upsurge in the overseas freight charges which have contracted margins of the company. As you know the company has been incurring legal expenses on ongoing legal cases with Senda and DyStar which has impacted the standalone profits of the company. The working capital cycle has improved in this quarter, the collection period has reduced from 130 days in Quarter 2 FY21 to 57 days in Quarter 3 FY21.

Similarly, payables have also reduced from 248 days in Quarter 2 FY21 to 114 days in Quarter 3 FY21. Inventory holding also reduced from 84 days in Quarter 2 FY21 to 37 days in Quarter 3 FY21 which is in line with Pre COVID numbers. The normalization of business operations in the coming quarters has also normalized working capital cycles which has been distorted because of COVID-19 situation. On a consolidated basis for Quarter 3 FY21, operational income for the quarter was around 310 crore which grew by 77% quarter-on-quarter EBITDA was 39 crore with EBITDA margin of 12.6% versus EBITDA loss in the last quarter and net profit after tax reported as 21 crores. Gross profit margins have strengthened in Quarter 3 FY21 by about 1.3% as compared to Quarter 2 FY21.

Lastly, with regards to the update on Kiri's suit in the matter of DyStar, the court process of valuing 37.57% stake of Kiri Industries carried out as per the directives issued by SICC. The SICC has announced an interim judgment on the valuation of the stake of Kiri in DyStar on December 21, 2020. The court directed the valuation experts to carry out certain adjustments to the confirmed baseline equity value of DyStar of 1.636 billion US dollars. After submission of the

joint statement by valuation experts on the adjustments directed by SICC a full day overall hearing has been called by SICC on March 16, 2021. The final valuation for acquiring DyStar by Senda shall be announced in due course after the conclusion of the hearing on the joint statement. Kiri and Senda both have preferred an appeal against SICC order before the court of appeal at the Supreme Court of Singapore. So both Senda and Kiri have already filed an appeal as of January 20, 2021, against the SICC orders that is the latest update in the case of DyStar and I would like to open the floor for questions now.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Shanti Patel from Shanti Patel Investment Advisors. Please go ahead.

Shanti Patel: Sir my question so do you think it will be in line with what it was prior to COVID?

Manish Kiri: You mean to say the operational performance of standalone business correct?

Shanti Patel: Yes.

Manish Kiri: So if you compare last quarter I mean the quarter for the reported reserves we made 15 crore EBITDA and the same quarter last year we make 20 crore. I am sure that this quarter from January to March we would be pre COVID levels. Our performance in terms of EBITDA, as well as sales and overall would be at a pre COVID level in the current quarter. So we are already there as we speak.

Shanti Patel: And you think it will continue in your future also correct?

Manish Kiri: I think it will continue definitely in 2021-22 looking at the market sentiments, looking at the demand forecast, interacting with customers we see that this is going to continue and probably 21-22 would be better than what we are all are expecting for this industry.

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

Rahul Jain: The matter of Senda and Longsheng by when can we expect a clear resolution like March 16 is the date when you said that there is oral hearing, by when do you think this entire matter which has stretched for so many years will settle down?

Manish Kiri: Now if you look at the current status as I said earlier so the matter is now in two parallel tracks. One track is SICC track with the international court which has called as one day oral hearing on 16th of March and after hearing from both the sides based on the legal advice we expect that within two to three the SICC final order has come. What it means is that by end of March or the beginning of April we can expect a final order with a final number from SICC that is one track. Now second track is the Supreme Court track for the appeal which has already started from January 21st, 21. So Supreme Court will take another 4 to 6 months let us say 6 months

time. So by the time Supreme Court gives hearing to this matter would be somewhere close to July and subsequent to that the Supreme Court would give an order or give a verdict which you can expect somewhere close to maybe September, October. So we can say by end of the year the matter should close. So whenever Supreme Court hears a matter and whenever Supreme Court decides now which is the final leg matter will be resolved at that time.

Rahul Jain: Sir just to understand is the Supreme Court appeal in regard to the valuation only or is this in regard to whether Kiri has been minority oppressed?

Manish Kiri: It is only pertaining to the valuations it is only pertaining to valuation whether Kiri has suffered minority operations or not or whether the buyout order is the appropriate to remedy or not for that Supreme Court has already heard matter long back and Supreme Court has already upheld in favor of Kiri which has already taken place earlier.

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

Rohit Asawa: My question is regarding this FCCB in March, April FCCB was due and was postponed to 2022, and the allocated price was about Rs. 11, Rs. 12 per share, but it postponed and share price was getting at that time around Rs. 85 and then in October 2016 promoters got all the allocated shares warrant of 35 shares of Rs. 363 infusion 130 crores in the company, what was the rationale behind this and why do promoter did not buy out FCCB six months back Rs. 85 also sir even they have been asking FCCB holders, who bring these a holders, who are the holders and where are they oriented Mauritius, Dubai or they are in India this is my question?

Manish Kiri: Well I mean if you talk about 2015-16 you are talking about a different situation at that time when Kiri was passing through a crisis and FCCB were not available at that time for sale. Kiri did restructure I think you do not have complete information that during that period total shares initially issued were more than 6 crores which were reduced down to 6 crores. So just to answer your first question that was also restructured at that time and who are the current shareholders, shareholders keep changing and we do not keep track of those shareholders on daily basis that is not our job actually, but as and when we are informed of what shareholders are converting or what shareholder are existing which are already there and we will inform you if we are informed and if we know about that. So whoever is a bondholder they are not supposed to inform the company if they are changing hands in the exchange. So sometimes they do if they do we have the information we will be pleased to disclose with you.

Rohit Asawa: One more question Unit-1 Vadodara we have started this recent expansion are you going to update the product mix because we have mentioned that the unit has started, but the products that we are going to do only the Brownfield you have explained, but I was especially going to mention the product mix as well?

Manish Kiri: There are 8 to 10 products that are already started in commercial batches. Now particular names of those products are technical names. I do not know whether you would be for example sulfur gamma acid let us say I give you one name. All these products are derivatives of naphthalene and then Benzene and these are various technical names. So I do not know how it would generate interest of which particular name of the product because these are all specialty chemicals with certain technical names for example two amino four sulfur something like that how does it matter.

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

Ashit Kothi: My question is with regards to other expense we have a substantial other expenses 52 crores I suppose one quarter and 9 months it is 129 crores, so if I look at like total raw material cost it is 146 and compared to that it is 50 near about one-third of expenses in other expense, so what exactly are other expenses are?

Manish Kiri: See the biggest expense in other expenses are manufacturing expenses and particularly power and fuel. So the biggest number is how much is power and fuel 60% of other expenses are only power and fuel then it also has freight. There are environmental compliance and pollution treatment expenses. So there are a host of expenses which are clubbed in other expenses, but the biggest one is power and fuel because power and fuel is the main other cause and it also includes by the way legal expenses and the legal cost which are incurring in Singapore court cases.

Ashit Kothi: How much the legal cost we are incurring right now?

Manish Kiri: Well, if you look at the range I can give you every quarter we are ranging from somewhere 4 crores to sometimes as high as 12 crores for a quarter.

Ashit Kothi: Sir this combined installed capacity of first phase of new plant is 6,000 metric tons per annum?

Manish Kiri: Yes.

Ashit Kothi: Now this is a Greenfield or a Brownfield?

Manish Kiri: Now this is a Greenfield. So, in the existing campus, there is a new building which has been set up and, but it is in existing campus. So new plants expansions in the existing premises, but as new buildings.

Ashit Kothi: And this is again 6,000 it is the first phase so all in totality how much it is going to be and by what time that is going to get completed?

Manish Kiri: See the first phase probably next quarter we plan to realize as much as possible. If we are able to achieve 80%-90% of the monthly turnover and monthly sales will immediately start working on the second phase. The second phase also bidding is ready only we will have to have some machinery equipment to be commissioned. So, once we start it will take us six months so our plan would be by the end of the year if we do the second phase provided the first phase is operational giving results and generating numbers if not we would till wait till we get results from the first phase.

Ashit Kothi: But then on the second phase how much, what would be capacity addition?

Manish Kiri: It would be another approximately 5,000 tons depending on the product mix.

Ashit Kothi: And this would be the last or there would be phase three also?

Manish Kiri: No it would be the last only it is specifically intermediate expansion that has only two phases.

Ashit Kothi: Other than that any other expansion which is already on the drawing stage and which is going to get implemented in the next one year?

Manish Kiri: No nothing else.

Ashit Kothi: Sir with regards to Senda and all the legal hurdles what we have been going through what are we looking at because current year consolidated figures also take into account certain amount as our shares assuming that FY22 there would not be any, so that fall in the numbers how are we planning to compensate?

Manish Kiri: Let me just elaborate a little bit on your question even though we consolidate numbers today being a shareholder and continuing shareholder of DyStar it is not entitled to any benefits from the performance of DyStar. It is the valuation for buyout orders has been fixed as on July 2018. So whatever is the value of the company as on July 2018 that is what it is going to receive through buyout order the value of the company for which court has already given a baseline of \$1.6 billion. In the final order, we are expecting that the court would also reward interest on the valuation number which means July 2018 onwards what Kiri would be entitled to till the shares are transferred and bought by Senda to earn interest whether in terms of 2018 which is the judgment day or whether it comes from 2015 it is just to the court which was the date of the filing the petition. So whatever court decides if the court avoids from whichever date interest Kiri would get interest till the transaction gets completed. So once the transaction get completed Kiri would realize the entire value of this book the money will come to Kiri.

Ashit Kothi: What I just said that with regards to completion of this court dispute and then how we would increase our turnover and profitability to compensate for this profitability?

Manish Kiri: When whatever funds realized from Singapore company would use in two forms. One would be distributing some dividends, but the majority of the funds would be used in futuristic projects. In future projects invest into the future platform that Kiri is going to create for which we have a special team which has been working since last three years there were number of projects have been done a feasibility study for and we will make a prudent decision where we would invest, but it will have a better platform we aspire to have more than a billion-dollar turnover and more platform of new business to be added in the field of chemicals and specialty chemicals.

Ashit Kothi: And sir what happens to LonsenKiri in Indian joint venture?

Manish Kiri: Well we do not know about it currently because it is not part of court proceedings yet. There is nothing it is a separate entity and there was some discussion in the past for separation and I believe that we will have with the same shareholder Longsheng some level of discussion to get separated from there.

Ashit Kothi: And what will be the current turnover of that currently?

Manish Kiri: Pre pandemic it was 900 crore plus maybe 2021-22 it would be at least equal or close to 1,000 crores.

Ashit Kothi: And post pandemic?

Manish Kiri: Post pandemic it is also coming up well. So this year 2021 it may end up close to 700 crores this is our projection, but 21-22 would be close to 1,000.

Ashit Kothi: And our stake is 50% in that?

Manish Kiri: 40% in that. So when you look at our consolidated statements it has been consolidated line by line in our financials.

Ashit Kothi: And that joint venture is purely on specialty is it dyes or?

Manish Kiri: You mean the LonsenKiri?

Ashit Kothi: Yeah.

Manish Kiri: LonsenKiri is a product portfolio is only dyes it does not produce any intermediates or basic chemicals that are supplied by Kiri.

Ashit Kothi: And those are quite good in demand?

Manish Kiri: Well it is the beauty in the JV is a range of products there are certain highly specialized products in JV also there is a product name Indigo in JV. So there are certain products that are unique for which the competition level is less and those products are getting premium also from the markets and that provides a little better margin for JV.

Ashit Kothi: So you doing a lot of sense if a company thinks about us?

Manish Kiri: So our aspiration our desire have already been expressed to the Chinese partner that we wish to acquire that stake when the opportunity comes. It is well managed and operated by Kiri by the way management control is with Kiri.

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

Ketan: This is regarding valuation, the valuation already decided and things are going on I just want to know the components of that valuation which all costs or the parts which are to be recovered from DyStar that are included in that valuations?

Manish Kiri: Sorry I could not understand your question so you mean the valuation which has been confirmed by the court let us explain the valuation of \$1.632 billion.

Ketan: In that what are say the legal cost is included then each time there we show the dividend or profits coming out from that and we show in our books results there so that which are the components are all are included and which other than this valuation which is the cost we should recovery from DyStar or we will recovery from Dystar?

Manish Kiri: So 1.6 billion includes the basic value of DyStar as on July 3rd, 2018. It does not include legal cost, legal cost is additional and legal cost from 2015 till the end of whenever the final trial gets completed entire legal cost has to be paid to Kiri by Senda which has already been ordered by the court. So legal cost is not included in that and interest is not included in that. So if the interest is awarded post whatever date court decides so interest part and legal cost these two components are not there in the value that would be additional.

Ketan: The decision was done on the previous date after that whatever DyStar has earned and we are also showing in our results as a profit that part we get or we do not get that?

Manish Kiri: We do not get that part. Since July 2018 onwards we do not get that profit share of Kiri as the dividend to Kiri we do not get it we are not entitled to, but what we are entitled to as I said if court award is interest on the whole equity value of Kiri. So, let us say if it is 500 million or whatever then the interest component on it on a yearly basis we would get.

Moderator: Thank you. The next question is from the line of Anurag Patil from Roha Asset Managers. Please go ahead.

Anurag Patil: So, my first question is on the H-acid and Vinyl Sulphone prices, can you throw some light on the current prices versus the last couple of quarters and the outlook going forward given that the textile related demand has been strong in the recent quarters?

Manish Kiri: Currently the prices of H-acid and Vinyl Sulphone are close to Rs. 240 to Rs. 410 to Rs. 415 respectively for VS and for H-acid those are the running prices as on today. The last quarter prices right were for H-acid about Rs. 370 and for VS Rs. 174, so from 174 VS it has now closed to 240 and H-acid 370 it is 410 to 450, but please also understand this increase in the prices are having two components. One you are right because the demand is increasing and because of the demand the prices are going up, but at the same time the cost of production has also increased. The basic raw material such as annulene, ethylene oxide even sulfur has also increase. The sulfur increase from last quarter to this quarter by about 29%. So, some portion of these price increase is just passing on the cost increase to the customers and there is also an incremental margin to me.

Anurag Patil: Next question for this new multipurpose plant phase 1 and phase 2 what will be the total CAPEX and what will be the asset turns on this CAPEX?

Manish Kiri: The further phase 2 investment based on our current estimates would be less than 40 crores and the turnover on annual basis would be somewhere depending on the price between 600 to 800 crores including phase 1 and phase 2 put together.

Anurag Patil: In phase 1 CAPEX what was the amount?

Manish Kiri: Phase 1 CAPEX was already completed, and which was more than 80 crores.

Moderator: Thank you. The next question is from the line of Sasha D'Souza an Individual Investor. Please go ahead.

Sasha D'Souza: Sir, I just wanted to know the capacity utilization for LKCIL in the current quarter plus how do we see the utilization going ahead, how do we see these numbers to be in Q4 the preceding financial year which is FY22 how do you see the utilization going ahead sir?

Manish Kiri: Capacity utilization for Quarter 3 in LonsenKiri is 47%.

Sasha D'Souza: And what about the future utilization level?

Manish Kiri: Well we expect that in this quarter in the current quarter it could touch at least 60% and please understand that if we are able to reach the LonsenKiri capacity almost to 80%, 90% we can go our turnover as high as 1,300 to 1,500 crore which we have not achieved in the past because we could not reach to that level of capacity utilization because of market factors, but hopefully without any new CAPEX if the business is good, demand is good and this specific products are

having more requirements we might be able to increase in the next coming quarters even higher than that.

Sasha D'Souza: Also, another question that I had was on the status of the outstanding FCCB, so if you could just give an update on the conversion price of these FCCBs and also what would be the equity dilution, so overall post conversion what would be the holding of the promoter as well as the FCCB holders after the conversion?

Manish Kiri: So, the conversion will take place at Rs. 12.03 which was the original issue price and the post valuation if you look at our fully diluted disclosure every quarter you will see 5.18 crores that would be the total number of shares and promoters holding would be 27%.

Sasha D'Souza: This would be post the conversion right?

Manish Kiri: Post conversion yes.

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

Ashit Kothi: Sir the question with me in terms of whatever valuation has been put in at 1.6 million does that include with regards to the patent valuation and loss on that revenue and everything?

Manish Kiri: Yes, it includes patterns it is a business valuation of DyStar so it includes everything, it includes how DyStar is valued as an ongoing concern. So, court that number which includes tightened, which includes R&D, which includes all business operations of DyStar actually.

Ashit Kothi: Once that amount comes to us whatever be the x,y,z amount at that point in time in that particular year whatever type we have taken into consideration from FY18 onwards in consolidated figures that amount would get reduced?

Manish Kiri: Yes.

Ashit Kothi: So, it would be restating of the profit?

Manish Kiri: Shareholder of DyStar we would not consolidate DyStar profits.

Ashit Kothi: I understood but as far as once we get that amount will there be any reinstating of the profit FY19 on a consolidation basis or no?

Manish Kiri: No there is no need. It would be profit of the company and whatever is the capital that company would receive by exiting from DyStar that is what would be added to the company's balance sheet.

Ashit Kothi: The tax component on that would be paying only in Singapore or we would be paying on both?

Manish Kiri: No, this tax would not be in Singapore tax would be paid only in India because the shares are held by Indian entity, the owner of the share is Indian company and the capital gain would realize in the books of Indian company. So capital gain tax would be paid only in India, not in Singapore.

Ashit Kothi: And the current capacity utilization of Kiri industries is how much because you said LonsenKiri is 60% Kiri industries is how much?

Manish Kiri: Kiri industries for reactive dyes the current quarter we use 39% for disperse dyes 54%, for Vinyl Sulphone and H-acid 75% capacity utilized and basic chemical 60% capacity utilized.

Ashit Kothi: So, there is enough room for improvement in that?

Manish Kiri: Correct.

Ashit Kothi: And with regards to the trend which is happening in the US and Europe on using dyes or color pigments which is soft on the scheme or vegetable dyes or whatever, so what kind of impact it can have on the business and what is company planning to do as far as future is concerned?

Manish Kiri: Well, the dyes or pigments or colors and materials currently all are applied on all kinds of fabrication or synthetic organic products those are synthetic organic chemicals and those are going to continue with certain improvements on their ecologic profiles. So, for example Kiri products many products which are ecologically higher standards which means that the parameters on the products which are like skin sensitivity, carcinogenic behavior of the products those are significantly improved. So, in the future synthetic organic dyes in pigments would be continued to be used even with increasing quantum with better ecologic profiles with better ecologic characteristics. The natural dyes made from vegetables or agriculture are small quantity and they cannot be commercialized to be the extent that the global requirements of dyes and pigments can be served it is not possible in any foreseeable future that it can become a threat to the conventional synthetic organic chemicals which are being sold as dyes and pigments. So, there is no existential threat to the existing business. In those vegetables and agriculture waste dyes also are having lot of compromise with food or this kind of coloring material what would you prefer. So, there is not a big future for dyes and pigments made from vegetables and agriculture, but there is a future for the dyes and pigments and products which are made with the higher and higher ecological profile for example the carcinogenic compound in one of the dyes called Para Chloro Aniline. So, in Para Chloro Aniline previously allowed to 200 PPM which is strengthened to 250, and possible in future you would have zero or nil percentage or nil content in the future product. So, you will have strengthening of the specifications of products that would make more ecological friendly that is what the future would be.

Ashit Kothi: What would contain a higher premium?

Manish Kiri: That would contain higher premium, that would contain better margin, it would require little complex process to produce and that will give you differentiation compared to other players in the market.

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

Vijay Bhatia: My question is what is the carrying cost of Kiri's investments in Senda?

Manish Kiri: You mean the original investment?

Vijay Bhatia: No as on date the balance including...

Manish Kiri: Kiri's investment into Senda or Kiri's investment into DyStar what you are referring to?

Vijay Bhatia: In DyStar.

Manish Kiri: So, Kiri's percentage stake is 37.57% and Kiri original investment in 2010 was 95 crores.

Vijay Bhatia: What is the current investment, what is the amount reflected now 95 crores has become how much now with all the accumulated profits?

Manish Kiri: With our accumulated profits 1,300 crores.

Vijay Bhatia: So, if you are looking at beginning of 3,500 crores benchmark probably that is the figure which is there in your mind and you will be having a city with again a clearly 2,200 crores?

Manish Kiri: Yes, that is true.

Vijay Bhatia: And do you have any dividend policy in mind because amount you receive is much more in market gap and you have any dividend policy in mind that?

Manish Kiri: So, there would be a dividend of course and but the portion of dividend would be smaller compared to the investments that the company would make.

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

Pramod Kataria: Sir I have a query on FCCB the FCCB were allotted in the range of Rs. 10 to Rs. 12, Rs. 15 if I am not wrong?

Manish Kiri: Yeah Rs. 12.

Pramod Kataria: Actually, the thing is in April 2016 the FCCB are postponed to 2016 to 2022?

Manish Kiri: No nothing like that. This was issued somewhere in 2012.

Pramod Kataria: No actually it was on redemption in 2016 March, April, but it was postponed to 2022 right at that point in time?

Manish Kiri: This was all issued in 2012 which is almost 11 years ago when Kiri's price was it was part of the CDR when Kiri was going through so it was one of the conditions to bring in.

Pramod Kataria: But was due for redemption on 2016 April, but it was postponed to 2022 if I am not wrong?

Manish Kiri: There was never a redemption.

Pramod Kataria: But it was postponed to 2022 in 2016 FCCBs are postponed right?

Manish Kiri: There is nothing was postponed it was restructured as I said it was restructured. So, remember I mentioned to you that there was a restructuring which took place and we reduced to almost one-third than the original issue.

Pramod Kataria: Actually, what I was thinking, when it was restructure say for 2022 at that time share prices spiking at Rs. 85 to Rs. 100 and after 6 months the promoter gets allotted for warrants at 35 lakhs share are Rs. 362 what was the rationale behind that move?

Manish Kiri: There was no buying clause by the promoter or by the company. When we restructured the debt at the same time we also attempted and tried hard to restructure and cut it for in the interest of the shareholders of course also in the interest of the promoters. So, we had a marathon to reduce it if I had an opportunity to buy I as a promoter I would have been happy even today also our company would be very happy to buy if there is an option.

Pramod Kataria: I was surprised because in the six months time promoter increased to 127 crores when the restructuring was happening it was at Rs. 85 to Rs. 100 so the promoters would have absorbed all and equity would not be diluted?

Manish Kiri: And we would have been much happier in that situation, but they were not ready to give up. So, we could only reduce it with lot of struggle at that time in fact.

Pramod Kataria: So basically, they are not belonging to any promoter entities?

Manish Kiri: Otherwise, there was no need for me to invest so much money why should I.

Pramod Kataria: But basically from 2017 to 2021 as of now why promoter has not increased the equity because we know that as we are going to receive 4,000, 5,000 crores of may be 3,000 crore whatever be the amount where exports will decide?

Manish Kiri: Let me answer you I would be happy to invest even today myself. Promoter whatever had promoter sale their whole asset and put money in the company promoters do not have any assets plan. If we had any avenues of funds even I would buy today myself if you allow me as a shareholder to increase my salary or compensation I promise I will put everything back in the company and buy shares today itself.

Pramod Kataria: Because we know what is going to unfold in the future?

Manish Kiri: Yeah, promoters have no funds left.

Pramod Kataria: And how much cost we are incurring on the legal expenses it is taking a lot of toll on the company now in the balance sheet?

Manish Kiri: Company is trying to perform its best I do not think understand taking toll on what.

Pramod Kataria: Toll on the legal expenses I am talking of the legal expenses?

Manish Kiri: Yes, legal expenses have been terrible it has been my nightmare. . The legal expenses have been continuing during pandemic too. So, when there was a lockdown even though I had to make sure that I pay lawyers otherwise there would be problem. So even when the company was incurring losses there was no choice, but to continue to pay for legal expenses which we will continue to do till today even.

Moderator: Thank you. As there are no further questions, I would now like to hand the conference over to Mr. Manish Kiri for closing comments.

Manish Kiri: Thank you very much all the participants for participating in today's call. I wish you all the best. Thank you very much.

Moderator: Thank on behalf of Valorem Advisors that concludes this conference. Thank you for joining us and you may now disconnect your lines.