

February 16, 2023

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

**Sub: Submission of Transcript for Q3-FY23 Earnings Conference call**

In compliance with Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached herewith the Transcript of Q3-FY23 Earnings Conference Call held on Monday, February 13, 2023.

The Transcript of Q3-FY23 Earnings Conference Call is also available on website of the Company at [www.kiriindustries.com](http://www.kiriindustries.com).

You are kindly requested to take note of the same.

Thanking You,

Yours faithfully,

**For Kiri Industries limited**

**Suresh Gondalia**  
**Company Secretary**

Encl: As stated

**DYES**

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

**INTERMEDIATES**

Plot No: 396/399/403/404 EPC Canal Road, Village: Dudhwada,  
Ta: Padra, Dist: Vadodara - 391450 Gujarat, India.  
**Phone:** +91-2662-273444  
**Fax:** +91-2662-273444  
**Email:** [intermediates@kiriindustries.com](mailto:intermediates@kiriindustries.com) **Web:** [www.kiriindustries.com](http://www.kiriindustries.com)

**CHEMICALS**

Plot No : 552, 566, 567, 569-71 Village: Dudhwada, Tal.: Padra,  
Dist. : Vadodara-391450 Gujarat, India.  
**Phone:** +91-2662-273724, 25  
**Fax:** +91-2662-273726  
**Email:** [intermediates@kiriindustries.com](mailto:intermediates@kiriindustries.com) **Web:** [www.kiriindustries.com](http://www.kiriindustries.com)

**Kiri Industries Limited**  
**Q3 FY23 Conference Call**  
**February 13, 2023**

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**Moderator:** Good morning ladies and gentlemen, welcome to Q3 FY23 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 Mr. Anuj Sonpal from Valorem Advisors. Thank you and over to you, sir.

**Anuj Sonpal:** Thank you. Good afternoon, everyone, and a very 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 call for the third quarter and nine months ended of financial year 2023.

Before we begin, let me 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 risks 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 any undue reliance on these forward-looking statements in making any investment decision.

The purpose of today's earnings call 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 and hand it over to them for opening remarks. We have with us Mr. Manish Kiri, Chairman and Managing Director; Mr. Jayesh Hirani, Senior Manager of Accounts and Finance; and Mr. Suresh Gondalia, Company Secretary. Without any further delay, I request Mr. Manish Kiri to start with his opening remarks. Thank you, and over to you, sir.

**Manish Kiri:** Good afternoon, everybody, and welcome to the earnings conference call for the third quarter and nine months ended financial year 2023. I hope you are all keeping safe and well. During quarter 3 FY23, recessionary trends for dyes and dyes intermediates industries continued with product takeoff remaining subdued. Since the outbreak of COVID-19 pandemic with an exception of a few quarters, the industry has experienced very sluggish demand, not allowing industry players to pass on the increase in cost to its customers. Governments and central banks globally have been implementing countermeasures against inflation, but the impact

thereon has been gradual. Basic raw materials for dyes intermediates are benzene, toluene, xylene, naphthalene, etc., which are crude-based materials, which have remained volatile with an upward trend. Due to volatile crude oil prices, this has impacted the margins in dyes intermediate industries negatively. During quarter 3 FY23, Kiri Industries Limited attained consolidated sales revenue of Rs. 204 crores, which was lower by 16% on a quarter-on-quarter basis and lower by 53% year-on-year basis.

In current quarter, EBITDA was Rs. 17 crores, net loss was Rs. 34 crores. The negative EBITDA on a consolidated basis was due to higher legal cost and on account of low demand, conversion costs not getting fully absorbed and being able to pass on to the customers. Except the higher litigation cost of Singapore cases accounted in quarter 3 FY23, operational expenses have remained under control during quarter 3 FY23 and have remained in line with operational expenses of previous two quarters.

The share of profits of associates includes share of profit of DyStar of Rs. 88 crores during the quarter, which does not have any impact on the valuation uptake of Kiri in DyStar. The value of Kiri's stake in DyStar is \$481 million, which was earlier awarded plus the amount of patent license fees for wrongfully using patents of DyStar by Longsheng, plus the amount of 19% discount for lack of marketability, which ought to be reversed.

Coming to the nine months numbers, Company attained consolidated sales revenue of Rs. 723 crores, which was lower by 33% year-on-year basis and EBITDA loss of Rs. 33 crores. Net loss for the nine months was Rs. 87 crores after depreciation. During this quarter, Kiri attained standalone sales revenue of Rs. 133 crores, which was lower by 6% on a quarter-on-quarter basis and by 62% on a year-on-year basis. EBITDA stood at Rs. 30 crores negative. Net loss for the quarter was Rs. 36 crores. On a standalone basis, due to sluggish demand and volatile raw material prices, as I explained earlier, the payment cycle has lengthened, inventory churning has decreased. The company anticipates that liquidity will improve in the coming quarters and that the payable cycle will normalize in FY24.

Quarter-wise, gross margin saw improvements in quarter 3 FY23 as compared to quarter 2 FY23, but it still suppressed as compared to quarter 2 FY23. With flat outlook for margins in quarter 4 FY23, other income includes dividend of Rs. 6.86 crores from Lonsen Kiri Chemicals Industries Limited. For the nine months, Kiri earned standalone sales revenue of Rs. 445 crores which was lower by 45% on a year-on-year basis and EBITDA loss was Rs. 94 crores. Net loss for the nine months was Rs. 108 crores.

In the matter of DyStar, Longsheng Group's wholly-owned subsidiary, Senda International Capital Limited, appeals have been dismissed earlier during quarter 2 FY23 by the Supreme Court of Singapore, vide judgment dated 6th July 2022. Importantly, Kiri has prevailed on the issues in the Supreme Court with regard to 19% discount for lack of marketability and the

quantum of notional license fees payable by Longsheng to DyStar for its wrongful exploitation of the patents.

The Supreme Court had earlier remanded the matter back to Singapore International Commercial Court to give an effect to the decisions and to determine the quantum of notional license fees based on available evidences submitted by both the parties and reversal of discount for lack of marketability. As per the direction of Supreme Court of Singapore, SICC has pronounced its judgment on 8th February, 2023 and as per the order, notional license fee now shall be calculated for the period from 31st August 2010 to 23rd March 2019, considering annual production of 53,550 tons by Longsheng which was the quantity misused by Longsheng for DyStar's patent to arrive final valuation of Kiri's stake in DyStar. As per SICC directions, the parties have to submit the agreed final valuation considering notional license fees and 19% DLOM within 21 days from 8th February 2023. Hence the amount of value of stake of Kiri in DyStar for buyout order execution from Senda shall be increased.

Senda's appeal with respect to legal cost judgment of SICC was dismissed by court of appeal, the Supreme Court of Singapore vide judgment dated 25 November 2022. Senda failed to make payment of legal costs awarded to Kiri within deadlines, which were extended up to 20th January 2023. Hence, Kiri had filed writ of seizure and sale of Senda's shares held in DyStar to the extent of recovery of costs awarded by SICC and the Supreme Court of Singapore. Kiri has been monitoring the global dyes market and has been continuously taking steps to mitigate challenging market conditions and reduce cash losses.

Markets anticipate improvement in margins in FY24 and beyond after strengthening of demand. The coming quarter, quarter 4 FY23, the industry performance and that of the company would possibly not see much change as compared to previous three quarters. With that, I would like to open the floor for any questions.

**Moderator:** Thank you. We will now begin the question and answer session. The first question is from the line of Manan Shah from Moneybee Investment. Please go ahead.

**Manan Shah:** Sir, you mentioned that Senda has failed to meet the payment of legal costs, so if you can just quantify what is the amount involved and how much has Kiri spent on the legal proceeding so far?

**Manish Kiri:** Well, the amount which was awarded to Kiri for the legal cost was S\$ 8.11 million and that is the amount which they failed to honor the court's judgement. The cost that Kiri had spent so far since 2015 is much larger number than this, but this is the award which was given to Kiri and which was upheld by the Supreme Court of Singapore. So, that was, as I mentioned, by end of November and Senda didn't honor that order. So, then Kiri has taken enforcement actions against Senda on the basis of not paying legal cost.

**Manan Shah:** Sir, if you can just highlight what will be the next process involved in this when you file a writ for seizure and sale of the Senda's share?

**Manish Kiri:** I think the next process would be the court would give the appropriate directions to the Sheriff of the court to attach their shares and sell their shares to pay this cost.

**Manan Shah:** Then secondly, on our notification on the 8th of February, where we announced that SICC has delivered a quarter judgment on the valuation, so is this the final part of the legal proceeding or there are further any proceedings that are involved?

**Manish Kiri:** No, this is the final part of court's direction in which court had decided the important number on the quantification of the basis to decide patent license fee, which was the number which was awaited and court has already directed to reverse DLOM and within 21 days, the parties will submit the final number to the court. So, this would be the final number and post that, the court will deliver the final judgment on giving the final numbers. So, that may happen maybe a week or 2 weeks from March 1, which is the deadline to submit this final number from both the parties to the court.

**Manan Shah:** And once this happens, any timeline for the buyout process? And any approximate number that we have calculated what this number would be?

**Manish Kiri:** Number, as we all know, based on the basic calculations, it would be north of \$600 million, but the exact number, we will come to know when the court announces it, but yes, it would be more than \$600 million and we believe and what we understand is the amount is due to pay to Kiri to execute the buyout the day the order is announced. So, we don't believe that there is any timeline and we suppose that Senda execute the order. That is what we believe as soon as it is out.

**Manan Shah:** But if at all they don't end up paying or there is further delay, so what is the remedy that is available to us? I mean, is there any other way how we can enforce them on executing?

**Manish Kiri:** So, assuming that Senda is going to default on the buyout, Kiri is going to file all its available enforcement actions against Senda. So, there are several actions which Kiri will be doing, which is available legally to Kiri to enforce this order, so all those enforcement actions will start.

**Manan Shah:** If you can just highlight what would these measures be?

**Manish Kiri:** I think it would not be appropriate for me to mention in a public forum because it would be the part of legal strategy, but be rest assured that it would be the strictest enforcement actions that we are going to file.

**Manan Shah:** Because the value of our company is much below than what the sum we have been awarded. So, I mean is it that investors feel that the recoverability of this amount, they are not very sure how will they be able to recover this amount?

**Manish Kiri:** See, the case has been going on as you know since almost more than 8 years, we are into 9th year of legal battle. So, it is obvious that the amount is going to come, but there could always be a question mark of when it is going to come, when finally money comes to Kiri's account, right? That is what counts and whatever legal processes to be done, till now the entire legal process was to prove ourselves, right, to get an award or to get justice, let me put it this way, from the Singapore International Court as well as Singapore Supreme Court on the merits of our case. The finality of the number would be there next month in March and then only enforcement and recovery will start. So, the next phase for the courts is to recover this award and to enforce this award. So, that process is going to start now. I don't think that process will take too much time like years or so, but it would be sooner rather than later, in fact and you can see the Singapore records, earlier track records, the Singapore courts on enforcement side have been very strict in the past and we have confidence that the courts will take appropriate actions.

**Manan Shah:** No, I completely agree, but my question is because we have failed to make a payment of small sum of \$8 million and here where they are required to pay almost \$600 million?

**Manish Kiri:** So, we have to go by the assumption that if they haven't paid, they do not have intent to pay it, why should they pay \$600 million, correct? So, let us go by the theory that they might not pay \$608 million or whatever is the final number. They might not pay it and then we have to be prepared and ready to file the next steps and take all the necessary actions to enforce, so that they can pay. We will have to make them pay. The court will have to make them pay even though they may not intend to or willing to and then we would seek supports from the court, the judgment do not remain paper judgments and the justice is actually delivered. So, court, I am very sure will look into this aspect.

**Moderator:** Thank you. We have the next question from the line of Vaibhav Bajdatya from Morris Integrity. Please go ahead.

**Vaibhav Bajdatya:** So, about this award, I just want to understand, the Longsheng Group have any assets in Singapore or they don't have anything apart from the asset in question? So, do they have anything else in Singapore?

**Manish Kiri:** The assets in Singapore are their shares of DyStar, right? So, that is the main asset they have in Singapore. When you talk about any physical assets like plant, machinery and things like that, no, it is not there and the Singapore entity, which is DyStar Global Holdings Singapore, is the holding entity of all DyStar assets globally, correct? So, those assets of DyStar Global Health

Holding will have the entire DyStar networks assets, particularly in Singapore jurisdiction, the asset which they have is Senda shares of DyStar.

**Vaibhav Bajdatya:**

And secondly, slightly longer-term fundamental question, so on the dyes intermediary market, we have seen in the last 10-12 years, there is quite a revolution in the sense that a lot of things have shifted from China to India because of pollution control strictness in China and then somehow post 2017-18, that incremental flow has slowly reduced, that tailwind is still with us, but do you think going forward, given that the China will be opening up completely sooner rather than later, do you think there is a risk of the competition coming back again in terms of the dye intermediaries like HCZ and vinyl sulfone, all this kind of things? Do you think that there will be price pressure? I am just not talking from a short-term perspective, obviously, demand is a challenge in short term, but I am talking from longer-term 4-5 year's perspective, do you see the competition from China coming back in a sustainable manner?

**Manish Kiri:**

I think very true. Actually, Chinese are also sitting on overcapacity supplies as we speak and currently, there is a pressure from China, as we all know, the imports into India of intermediates from China are still coming at lower prices and in future, it is going to remain so. In the next 2 to 3 years, we don't see that pressure is going to go down. Unless Chinese domestic textile and domestic industry improves to have enough consumption for the dyes which are produced in China, this pressure is going to continue, in fact. And so one side, you see the pressure from Chinese companies and one of the main reasons, which you rightfully said is that there was a lot of strictness in terms of environment compliances earlier, but somehow our information indicates that post 2019, post-pandemic, they have adopted relaxed approach. So, they are now less strict in implementation and that has also fueled the oversupply because they wanted to probably help their industries and because of their soft approach on them, the cost not only reduced from the environment compliance point of view, but also excessive supply has affected prices negatively. And for example, like I said, the prices from China are absolutely lower than the cost of manufacturing in India and that is across the units, it is the product itself. Similarly, there is other product named Meta phenylenediamine 3-Sulfonic acid, all Indian plants are closed as on today. Entire production has been closed and it is coming from China. So, there is a pressure and also, there is a flow which is coming. Now whether this flow is reduced once Chinese local consumption increases or this flow continue as it is, we will come to know, but yes, I think we have to go by the assumption that the things are going to be challenging from China front.

**Moderator:**

Thank you. We have the next question from the line of V. P. Rajesh from Banyan Capital Advisors. Please go ahead.

**V. P. Rajesh:**

Just want to make sure I understand the this DyStar situation better, so you are saying that the legal fees they haven't paid, they have defaulted on that you said, I think, S\$8 million and then there is a \$600 million, which is the value of the shares we own in DyStar and that is in Singapore dollars or U.S. dollars?

**Manish Kiri:** That is U.S. dollars.

**V. P. Rajesh:** And then there is a third thing, which is related to the patent and what is that amount?

**Manish Kiri:** So, the \$600 million, what we are expecting plus should be the total value that would include the patent license fees. Earlier award was \$481 million by SICC, which was given in June 2021. So, post-appeal proceedings in Supreme Court of Singapore, that \$481.6 million is now going to end with increased amount of more than \$600 million. I hope I am able to explain to you that \$600 million-plus include the patent license fee number in it.

**V. P. Rajesh:** So, earlier in the concall, in one of the prior con-calls, you had mentioned that Singapore is \$500, so what I am hearing is that \$500 figure including the patent settlement has now become \$600 million plus, is that right?

**Manish Kiri:** Yes, from \$481.6 million, like \$482 million, it has become now \$600 million-plus, correct. You are understanding correctly. So, the award has increased.

**V. P. Rajesh:** So, my question is that you talked about that these guys are not paying and how much time will it take to recover that small amount of S\$8 million? And to the extent they don't pay it, what can the courts do in Singapore to expedite the recovery because the small amount in dispute is going to hang around for a long time, then the \$600 million could potentially also hang around for a very long time? So, that is question number one. Question number two, relatively, the DyStar holding is held in Singapore, have we made sure that they can't change the ownership of that out of Singapore? And then to the extent the underlying assets, where are they located? Are they located in China or in other jurisdiction where perhaps the Singapore Court orders may not be respected?

**Manish Kiri:** So, number one question, \$8.11 million was confirmed and appealed by Supreme Court on November 25, 2022, so that was the date on which it was announced. After that, 21 days were given to them, which was coming to end somewhere around December 20, 21st. Then one month extended, which was around January 20<sup>th</sup> and post that, the actions already started. So, let us say, over the span of, from 20<sup>th</sup> January till now, it is close to 17 days, and the court is already progressing and proceeding on seizure and sale of their shares of Senda. So, you can see the actions were not quite delayed, but it is about a couple of months and the court is already in action. We also hope that the actions will be taken by the court faster once we also submit the enforcement applications after that nonpayment of 600. So, first, the \$600 million-plus number has to be announced. After that, we will demand them. They would not pay, then we will go to court and file enforcements.

**V. P. Rajesh:** And then my other question on the underlying assets of the DyStar where are the actual assets?



**Manish Kiri:** So, the shares of Senda are subjudice shares as you know and shares of Kiri are also subjudice shares right now. And the Senda continue to remain a subsidiary of Longsheng and selling Senda shares in such a situation, what we believe would be the fraudulent and criminal act if that is what going to happen from their side. We don't know at the moment, but irrespective of that, ultimate remedy would be to sell DyStar, isn't it, irrespective of who owns it, right, so if nonpayment from their side would then result into selling their shares, Kiri's shares for the award, the finality would be selling the DyStar shares and selling the company through the auction. So, that is what the court would probably request it to do from our side.

**V. P. Rajesh:** And where are the underlying assets of DyStar?

**Manish Kiri:** So, underlying assets were about 16 plants in 12 countries and close to, I think, if I remember, 26-27 subsidiaries in almost 22 countries. So, it is a large network.

**V. P. Rajesh:** And then is there a possibility for you to sort of seize the shares of their joint venture with you in India? Or that is something you can't enforce?

**Manish Kiri:** See, the enforcement will have all options and very good question you asked, so wherever their assets lying, India, outside India, ultimately, it is one corporate entity. So, if you lift the corporate veil, it all boils down to Longsheng, isn't it, right? These are all the subsidiaries. So, when you lift the corporate veil and you start enforcement, you would be able to reach out to wherever they are.

**Moderator:** Thank you. We have next question from the line of Ashit Koti, an individual investor. Please go ahead.

**Ashit Koti:** Manish sir, two questions, one is this 53,000, what has been mentioned, 53,000 tons, right?

**Manish Kiri:** Yes.

**Ashit Koti:** Now that patent charges would be for how many years?

**Manish Kiri:** So, they are from 2010 to 2019, so almost for 10 years. In the quantum, court has given in the judgment is 53,550 tons per year. That means that this much quantity of products, which Longsheng produced and sold, misusing DyStar patent, correct?

**Ashit Koti:** That is 53,550 tons every year?

**Manish Kiri:** Every year, so considering that quantity every year from 2010 to 2019, there are specific dates to give you, I already, I think, covered this dates in my speech, though which was from 31st August 2010 to actually 23 March 2019. So, these are the specific dates. The time period is defined and for this much quantity, for each ton, what would be the license fee for each year that is going to computed, calculated and added back for these years. And that would be for

DyStar and 38% of that would be what Kiri would be entitled to and would be added in Kiri's valuation. So, that is the calculation.

**Ashit Koti:** But this 53,550 tons, is it one product or multiple products?

**Manish Kiri:** There are many products, including.

**Ashit Koti:** So, the valuation-wise, what would be the value at what price it has been sold and percentage of that would be as a royalty or a license fee?

**Manish Kiri:** So, based on the royalty or license fee for products, there is a model which was used by both the valuers. So, there are datas with them. They will use those available data in evidences and then come out with the final number. So, there are per ton per kilo, what should be the license fee per product. All that has already been defined and already been there in the valuation model, so this would be added to it and then the calculation would be final after that.

**Ashit Koti:** What has been the difference between their figure and our figure?

**Manish Kiri:** Their figure earlier was like, if I remember correctly.

**Ashit Koti:** I am talking about only the license fee, sir?

**Manish Kiri:** Yes, that is what I am talking about. In our side, we presented 120,000 tons per year, correct? Their amount, there was 19,000, there was less than 3,000 tons per year. So, the court had two numbers, 3,000 tons per year, 120,000 tons per year and court used neither numbers. Court actually came out based on the existing evidence, a number of 53,000, which is somewhere in the middle.

**Ashit Koti:** No, but value, I mean to say.

**Manish Kiri:** Value was ranging from earlier amount of \$1 million for Kiri's part to \$40 million.

**Ashit Koti:** So, on Kiri's side, it was \$240 million?

**Manish Kiri:** So, till \$1 million to \$40 million, it will fall somewhere.

**Ashit Koti:** Sir, assuming that Chinese competition is going to increase further on, what is the way out and assuming that this money will take some more time, so for us to sustain?

**Manish Kiri:** We would be able to sustain. If you look at the last quarter, our consolidated EBITDA was Rs. 16 crore and our legal fee of last quarter was about Rs. 13 crores, right, so we would be able to sustain. There won't be any issue on that.

**Ashit Koti:** Sir, we will not be able to take into consideration a consolidated basis because till the time that DyStar money comes, we can assume that this is our share, but it is not in our hands. So, if I have to look at only my operations that will be domestic operation.

**Manish Kiri:** Yes I am not talking into DyStar. I am talking about the domestic only. Consolidated means that is the Kiri, Lonsen Kiri combined together.

**Ashit Koti:** Lonsen Kiri, that is Baroda unit you are talking about?

**Manish Kiri:** Yes, which is consolidated on India.

**Ashit Koti:** India operation, they are giving us anything out of that? Or there also, we have an issue?

**Manish Kiri:** No, we are getting from them. We are getting payments of supplies, dividends and things like that.

**Moderator:** Thank you. We have the next question from the line of Kashyap. Please go ahead.

**Kashyap:** You said the corporate veil way, if we see the FPIs or if we look at corporate veil of the FPIs, three of the largest shareholders of Kiri Industries are named in the Hindenburg report that they are controlled by a single entity called Montrosa, which is very close to SEBI and Adani Group, so are you aware of three large shareholders of Kiri, having similar address and similar holdings and overlapping directors, holding large amounts of shares in Adani and Kiri?

**Manish Kiri:** We are aware the shareholders who are there with us and beyond that, we are not aware. So, what we are aware is the shareholders who hold our shares and who participates with us, but we don't know beyond that.

**Kashyap:** Are there any similar overlapping addresses, phone numbers, directors? And have you heard anything from Montrosa Group or Adani Group during this....

**Manish Kiri:** No, we haven't heard anything, neither we have seen any overlapping.

**Kashyap:** And one more question is that they hold 49% in Kiri. This is much higher than promoters and they are the largest group, what do you think in the future life if this money comes, will there be like any takeover or anything of Kiri and what like the promoters have as a shield against the 49% of the FPI's holding, which is suspicious and listed in the Hindenburg report?

**Manish Kiri:** Number one, I don't think anybody holds 49% of Kiri's shares to begin with. There is nothing like that.

**Kashyap:** One of the FPIs, Cresta, Lotus and MTS Global, they all together, the FPI is listed as 49%, right, shareholding?

**Manish Kiri:** Yes, that is 48%-49%, but those are all the FILs together, everyone holds....

**Kashyap:** The Hindenburg report is saying that they are all same entity based out of Mauritius with similar directors, which is Montrosa.

**Manish Kiri:** We neither have gone into it, nor we are aware of any such details.

**Kashyap:** No, in future if they all combine and they come as a hostile takeover, do you have any?

**Manish Kiri:** No, we don't have any such threat. I don't see at all.

**Moderator:** Thank you. We have the next question on the line of Saumya Kumar from Ambit Capital. Please go ahead.

**Saumya Kumar:** Sir, couple of question from my side, sorry if I am repeating it and you have already answered it. So, on 23rd Jan, you announced that Senda has failed to make payment on legal costs, so if you could disclose what is that amount?

**Manish Kiri:** You mean the amount of legal costs, that is what award?

**Saumya Kumar:** Yes.

**Manish Kiri:** It was S\$8.11 million.

**Saumya Kumar:** And sir, the announcement also states that Kiri filed a writ of seizure from sale over Senda's share in DyStar, so what does this process involve? And is there a chance Kiri will not be able to recover this amount?

**Manish Kiri:** I think there are full chances that we would be able to recover this amount and after our enforcement filing actions are already in progress as we speak.

**Saumya Kumar:** Sir, how long will it take as expected?

**Manish Kiri:** Well, let us see. Actually, the progress and the court is moving faster than we thought. So, we hope that in the next few months, we should have some outcome of it.

**Saumya Kumar:** And sir, how much Kiri has spent on the legal proceeding so far? And are we expecting to recover that as well?

**Manish Kiri:** Well, Kiri had spent much larger than this amount since 2015 till now, but this was the award which was given to Kiri to recover part of what we had spent, so court didn't award this entire amount that Kiri had spent, but out of that, the amount which we spend was much more than \$8.11 million since 2015 till now.

**Saumya Kumar:** Sir, one more follow-up to this. On 8 February, we announced that SICC has delivered a further judgment on valuation of DyStar, so if this 53,000 tons, is this a final part of the legal proceeding or thereafter, Senda will buy out Kiri's share? How is it like?

**Manish Kiri:** This is the final part of the deciding the final number, correct? So, this was the only one pending issue which was reverted to SICC from Supreme Court and they have delivered judgment on that. With this decision and the DLOM, which Supreme Court has already announced to be reversed, if you read the last page of the order, these two amounts would be added and the final number would be decided now by the court. So, that will be available somewhere in the beginning or middle of March because 21 days is given for computation of final numbers and submitting to the court. So, that is due on March 1st. Suppose that the court is going to decide and give the final number. After that, then the Senda will have to pay that amount.

**Saumya Kumar:** The final number is not as of right now?

**Manish Kiri:** Not as of now. So, it will be somewhere beginning or middle of March. You will have this number and as soon as that number is available, we will announce, we will disclose that number.

**Saumya Kumar:** Is that any risk that this may not go through or is there any probability that this deal may not go through? Is there any such risk?

**Manish Kiri:** See, Senda has not paid legal cost. So, when they have not paid such a small amount of legal cost, why should we believe that they would pay \$600 million of buyout order, right? So, there is a doubt we have. There is a suspicion we have and we do not have evidences because of they have already defaulted on legal costs, they may default on this one too. So, we will have to file enforcements and we believe that we will have to proceed as soon as possible post final amount is given by the court to take whatever actions we need to take to start enforcement of these awards.

**Moderator:** Thank you. We have the next question from the line of Amarchand Goel, an individual investor. Please go ahead.

**Amarchand Goel:** You mentioned about the enforcement thing, but last time, you also mentioned about like DyStar has about \$500-\$600 million cash on their accounts?

**Manish Kiri:** Yes.

**Amarchand Goel:** So, Senda shouldn't have any issue paying back without even going to a liquidation of these assets?

**Manish Kiri:** So, DyStar is having enough cash and also DyStar is a debt-free company, financially very strong, very healthy. Balance sheet is extremely strong and so if there is an intention to pay, there is enough financial strength of DyStar even from the accumulated profits to pay Kiri.

**Amarchand Goel:** And if in case it has to go to the other route where they have to liquidate to the court for proceedings, how long does it take for that to happen? I am not sure, first of all, is DyStar a publicly limited company or is that a private company?

**Manish Kiri:** No, it is a private company and the order is not against DyStar. The order is against the other shareholder of DyStar, which is Senda, correct? So, the court will take actions of not honoring the court order against Senda, which is the majority shareholder who is directed to buy our shares, right? So, actions would be taken against Senda.

**Amarchand Goel:** What I mean is there is only one asset which is two majority shareholders like Kiri Industries and Senda, so the liquidation has to happen at the DyStar level where the DyStar stake had to be liquidated to the market.

**Manish Kiri:** Very true and it may take according to court process, once the court decides to do it, if you look at, we try to look at the cases and the precedences and it may take between six months to a year. We try to evaluate the earlier cases and the winding up cases in similar cases in the courts where how long it takes to actually go through the cycle of selling the assets, the selling the company.

**Amarchand Goel:** And would that be to like you mentioned about auction as one option, but would that be like a strategic partner that might getting as shareholders?

**Manish Kiri:** I don't think so. I think it all depends on how court exercises the selling option and as DyStar is profitable, whether there is somebody wants to buy the whole company or it depends on how the sale process proceeds in fact and I am sure the court would look into appointing experts to oversee the process, which we believe.

**Amarchand Goel:** And then one last final question is, I think that the judgment was based from 2018 and I believe you are not getting any profit, although we have that in the account every quarter in consolidated basis?

**Manish Kiri:** Yes.

**Amarchand Goel:** We will be getting those back as well and the interest amount from 2018 when it was getting to the big at least the valuation for the plant?

**Manish Kiri:** Yes, we tried to get interest from 3rd July 2018 and that was also one of our points in appeal. Unfortunately, court dismissed that point of our appeal and didn't award us interest from 2018, so earlier interest has not been awarded to us. So, we are not entitled to get that. Only thing

what we are entitled to get would be what we believe currently based on the judgment till now would be the buyout amount, the award and whether DyStar's value today is higher or lesser or whatever it is, I think our liability, what we believe based on legal opinion has been crystallized. So, even if DyStar is sold at \$3 billion or \$1 billion or whatever amount, we are supposed to get what we have right to get is the court award amount. That is the amount that we would get.

**Amarchand Goel:** And what about the profit share since 2018? Would we be able to get that?

**Manish Kiri:** No, nothing more than that. So, in case, if the court awards interest now onwards, knowing that they have defaulted, see, the situation changes when enforcement starts where the other party has defaulted and it is because of their fault, it has been defaulted, maybe going onwards, in case if the interest is awarded, that would be the additional amount in case.

**Amarchand Goel:** Because that is the question every investor has and that is why as you can see from the share price, it has not based on consolidated basis based on the standalone basis.

**Manish Kiri:** Yes and I understand, you were right, because the value has not been captured in Kiri's shares and because of these ambiguities, because of not knowing what would eventually happen, because of too long, too many years it has taken and this could be the legitimate reasons for that.

**Amarchand Goel:** But is it not like a delaying tactics from their side? Or are we giving too much attention to like \$1 million side cases where it is just getting delayed by months and months, rather we should have just taken the money and get it closed ASAP because it has been quite a lot of time, and it just doesn't give really a picture about what the company is doing and the actions being taken so far.

**Manish Kiri:** This was one of the most complicated cases if you go through all the judgments that Singapore International and Singapore High Court has ever experienced, one of the most landmark cases also. And the entire file was bifurcated into two parts, first part was to confirm and to uphold the minority operation and second part was to value the company. So, because the entire legal process happened in two tranches, it took so many years and now when the enforcement is starting, when the final award amount has come, the timeframe what we believe could be much lower and stricter compared to the time which has taken till now to prove ourselves, but from their side, there would always be delaying tactics. From their side, it has been consistent performance by them to delay out whatever they can, but ultimately, it is up to the court to tolerate how much delay because of their tactics and not because of the court process.

**Moderator:** Thank you. We have the next question on the line of Namit Mehta from KC Capital. Please go ahead.

**Namit Mehta:** Just a few questions from my side, so one is I noticed that you haven't had a dividend from Lonsen Kiri in this quarter, has anything changed over there? Are these the first dividends that we are actually receiving from the company? And what do you expect going forward?

**Manish Kiri:** You were talking about from Lonsen Kiri, correct?

**Namit Mehta:** Correct.

**Manish Kiri:** Right. I think some senses have prevailed, okay? And I think it has started now. So, looking at the DyStar experience, what happened, probably they are trying to be doing differently at Lonsen Kiri now, so that is why, of course, the dividend was requested by Kiri and approved by the Board and then given, so at least there is a beginning there, yes, you are right.

**Namit Mehta:** And what was the quantum received this quarter?

**Manish Kiri:** Quantum was Rs. 6.86 crores, a small amount.

**Namit Mehta:** And do we expect the next dividend from them at end of year?

**Manish Kiri:** We hope so, of course, in next financial year, we believe that the practice would continue. We just hope that the amount should be decent. So, we will try to propose and see what finally is agreed to. It is peanuts. It is a small amount compared to the profitability of that company that we have been having since years.

**Namit Mehta:** Second question on the court process, since filing the write of seizure in the Singapore court, how long do you now expect to get the next court verdict or court direction with regards to that particular filing? I am just wondering if somebody is in default of the court here, shouldn't there be a very quick and prompt response from the court in terms of at least withholding the shares or there has to be some direction going forward there, right?

**Manish Kiri:** Absolutely right and we are seeing the actions from the court very swiftly. And thanks to the court that the moment we filed, they have taken the required actions very timely. So, looking at the corresponds with the court, we are hoping that by the end of the month, we should have something from them.

**Namit Mehta:** And then the last piece is on promoter ownership, so obviously the share price today is even lower than it was a few months ago, it looks very strange that it should not be a good time to increase promoter ownership, right? So, we have been hearing about potential increases in promoter ownership, but just wanted to get some guidance there as well?

**Manish Kiri:** Right, I would be very much happy and do it. It is about promoters having enough funds arrangement to do this and I also discussed this with you earlier and still promoters are working



on it. So, I am not denying. We are very keen as promoters to increase and work in progress is there from family side as we speak.

**Moderator:** Thank you. We have the next question from the line of Harsh Gupta, an Individual Investor. Please go ahead.

**Harsh Gupta:** I just want to understand, obviously, the holding entities in Singapore that is Senda, which owns DyStar Global, but the actual assets as you were telling earlier are in 12 countries, 40 subsidiaries, so if they are clearly of a bad will, let us assume bad intention and the whole point here is minority oppression. Then is it not at least thinkable that they can make the company hollow from inside that even if the court then decides to auction the holding shares, there is not much market value of it?

**Manish Kiri:** Well, the legal case has been going on for 9 years and to do such kind of activities would be fraudulent and would be damaging on their part and till end December 2022, nothing that sort has happened and as you can see the numbers, DyStar has ended up having \$166 million of EBITDA by December 2022.

**Harsh Gupta:** I was just wondering because obviously DyStar is not paying any dividend, so ultimately its accounting is basically what they are saying was of course.....

**Manish Kiri:** DyStar is not paying dividend because Senda as the majority shareholder is operating Kiri, that is why. It has the ability to pay. It can pay.

**Harsh Gupta:** But I think the results are real. The results are not problematic.

**Manish Kiri:** No.

**Harsh Gupta:** Then also because the Supreme Court has given this final valuation, basically adding that discount, which they had done for the 19% and now whatever amount they pay for the license fee, they have given it back to SICC, so SICC will now come up with a number and then what can they appeal against and which court will it be appealed in it, SICC or Supreme Court?

**Manish Kiri:** Actually, the SICC is exercising the Supreme Court's decision, so whatever SICC is doing now is to give an effect of Supreme Court decision. So, that is actually Supreme Court directives they are working on the appeal. The appeal has already been completed, finished.

**Harsh Gupta:** So, there is no way that the other company, Chinese company can actually now appeal the valuation number?

**Manish Kiri:** No, we don't think so because this number is coming out of the appeals court decision.

**Harsh Gupta:** And there was also on the small case, SIC-7, a very minor case, which has gone against us actually.

**Manish Kiri:** Yes.

**Harsh Gupta:** How will that be collated because that might further delay the timeline?

**Manish Kiri:** SIC-7 and these both have nothing to do with each other. They have no interconnectivity or relevance or dependency on each other. SIC-7 also got completed in September and judgment was reserved in September, in Supreme Court in the appeal and we are waiting for the reserved judgment to come any time. It may come from the Supreme Court anytime, but that has nothing to do, no relevance with SIC-4.

**Harsh Gupta:** And one final question before I pass on is that you were saying this is a landmark case in Singapore jurisprudence, this kind of buyout for minority operations and they are relatively strict even though not very fast always, what precedent is there of an auction of a holding entity? And specifically, I want to understand because if you hold 37% and that is the valuation is now being valued at \$481 million plus \$100 million, etc., and it is auction, the balance amount still goes back to Lonsen's holding company Senda?

**Manish Kiri:** Yes, that is what it can happen because the Kiri's award is based on the value of DyStar on 3rd July 2018. So, that is the award. That is the crystallized liability to pay to Kiri. Now today, DyStar's value would have been \$5 billion or \$1 billion, Kiri has nothing to do with it, isn't it? Kiri would get what it is entitled to get, which is the number given by the court after 5 years of exercise of confirming minority operations. So, this number after the valuation exercise of SICC as well as Supreme Court and end of 5 years, the number has been given by the court. I don't think that number can change.

**Harsh Gupta:** So, I was just wondering, why are they taking so much risk because if they get auctioned and you still get the money, they just have to remain.....

**Manish Kiri:** Right, so well, I don't have that answer. Actually, any rational shareholder coming to an end by losing all the appeal points and entirely dismissal of their stand in the court and still dishonors the judgment, then one can face the consequences, but I myself also not surprised, but find it irrational and knowing that DyStar is a strong company, world's largest dye company, one of the most profitable entity, 0 debt, cash-rich and still one wants to dishonor the court's judgment is quite damaging for them, I would say.

**Moderator:** Thank you. We have the next question from the line of Virendra Pai from GunanSing and Company. Please go ahead.

**Virendra Pai:** Sir, I have two questions. My first question is in 2019, you mentioned in the concall that company will be paying regular dividends, but it stopped after 2 years? And my second question is, sir, is there any chance of settlement out of the court with the Senda?

**Manish Kiri:** Sorry, let me understand your first question. 2019, the dividend, you are referring.

**Virendra Pai:** You mentioned in your concall the company will be paying dividends to the investors regularly.

**Manish Kiri:** You mean Kiri would be paying dividend to its shareholders?

**Virendra Pai:** Yes, so I am talking about the Kiri.

**Manish Kiri:** Yes, so if you look at the financials post-COVID, post-2019, 2021 and 21-22, you will see that the ability to pay dividend was not there and the company started actually losing for the last one year. So, because of the financial inability, it couldn't pay dividend on a standalone basis, number one. Number two, your second question was about the settlement out of the court. After nine years, I don't see such things because the court process already completed, court final number is already coming. We have come to an end of the legal journey and number is crystallized and finalized by the court. There is no room now to do anything, any settlement or anything. Whatever the court's numbers, they will have to either give or dishonor, it is up to them and then the next actions will follow.

**Moderator:** Thank you. We have the next question from the line of Ashwini Agarwal, an Individual Investor. Please go ahead.

**Ashwini Agarwal:** Just wanted to know about the time limit of the latest order, I mean they have asked us to present the agreed calculations in 21 days?

**Manish Kiri:** Correct.

**Ashwini Agarwal:** So, like the agreement on the calculation has to be between us and Senda? Or how does this work?

**Manish Kiri:** See, the way it works is we will estimate and we will calculate the final number, \$481 million plus patent license fee, plus 19% DLOM and whatever number which comes from Kiri's side, correct, or from the valuer side, which will be exchanged with them and it is pretty simple formula. It was the financial model which was accepted by the court and by changing those numbers, it will come out with a final number and that would be exchanged between the parties. So, Kiri and Senda will exchange and there is nothing difference in the arithmetic. The basis has been given by the court, so hopefully there should not be any differences in the calculation in the arithmetic because arithmetic is going to just a mathematical addition, so hopefully, there won't be any differences. In case there is any, then both the parties will submit the respective submissions in 21 days and court will decide accordingly. When \$481.6 million

number came in June 2021, it was also an agreed number, which was submitted to the court by both the parties. So, that is why the court is following the similar process now that \$481 million was an agreed, so this should also be an agreed because it is just an arithmetic and mathematical calculation.

**Ashwini Agarwal:** No, my question is in case it is not agreed, then we will both file our different calculations and then the court will decide which one is correct? Or will there be hearings and submissions?

**Manish Kiri:** No, then the court will decide. No, nothing like that. The court will decide.

**Moderator:** Thank you. We have the next question from Manoj Bura from Aadinath Financial Services. Please go ahead.

**Manoj Bura:** My question is regarding if auction takes place for DyStar, whether you will be willing to participate in the auction?

**Manish Kiri:** No, we will not. We don't need to. We are the recipient of auction awards. So, we will not be.

**Manoj Bura:** You can't be or you won't be?

**Manish Kiri:** No, we won't be. We will not be.

**Manoj Bura:** My next question, in the last conference call, I had asked you question regarding increasing promoter stake, you had categorically stated that you will be increasing your stake?

**Manish Kiri:** Right.

**Manoj Bura:** What is the right time to increase the stake?

**Manish Kiri:** I strongly believe it is the right time. Because of the lack of funds, we couldn't do it or we are not able to, but we are working on it as a family, yes.

**Manoj Bura:** Because you will be getting in excess of Rs. 5,000 crores which gets converted to Rs. 1,000 per share and the price of share is Rs. 300?

**Manish Kiri:** Of course, yes.

**Manoj Bura:** It is a very good business proposition for you. Why don't you pursue it?

**Manish Kiri:** We know that, but as I mentioned, the promoters should have funds, correct, so the funds, how to utilize and promoters are already in the arrangements in progress currently, but yes, we are very keen and we should be increasing our stake. I fully agree with you. We are in line with your thinking.

**Manoj Bura:** Manishji, there are a number of high-net-worth individual in the market who are willing to put their money into any shares provided they are certain of the outcome of the proceeding. It means people are uncertain of the outcome of the proceeding.

**Manish Kiri:** And the uncertainty has been there because of the long-going legal battle. It is almost nine years, so naturally.....

**Manoj Bura:** No, I agree. Your shares are at almost 3, 4, 5 years low and all shareholders are very worried. The share prices fell from around Rs. 500 to Rs. 250 level in the month of January itself without any apparent losses or apparent reason for that. So, you should support your shareholders by buying from the market. You can. You should.

**Manish Kiri:** Understand your point, sir.

**Moderator:** Thank you. That was the last question. I would now like to hand it over to the management for closing comments.

**Manish Kiri:** Thanks to everyone for participating in today's earnings call and we will see you next quarter. Thank you very much. All the best wishes. Thank you.

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