

June 03, 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 Q4-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 Q4-FY23 Earnings Conference Call held on Wednesday, May 31, 2023.

The Transcript of Q4-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**

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**Kiri Industries Limited**  
**Q4 FY23 Earnings Conference Call**  
**May 31, 2023**

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**Moderator:** Ladies and gentlemen, good day and welcome to the Q4 FY23 earnings conference call of Kiri Industries Limited. As a reminder, all participants' 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 "\*" followed by "0" on a touch-tone phone. Please note that this conference is being recorded. At this time, I would like to hand over the call to Ms. Purvangi Jain from Valorem Advisors. Over to you, ma'am.

**Purvangi Jain:** Good afternoon, 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 ended 2023.

Before we begin, I would like to mention a short cautionary statement. Some of the statements made in today's conference 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 the management's beliefs as well as assumptions made by and information currently available to the management. Audiences are cautioned not to place undue reliance on these forward-looking statements in making any investment decisions. The purpose of today's earnings conference call is purely to educate and bring awareness about the company's fundamental business and financial quarter under review.

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

**Manish Kiri:** Good afternoon everybody and welcome to the earnings conference call. Let me first brief you on the financial performance of the fourth quarter and then the financial year ending 2023 followed by the operational highlights. On a standalone basis during quarter 4 FY23, the company achieved revenue from operations of Rs. 157 crores which was lower by 52% year-on-year basis, higher by 18% quarter-on-quarter basis and incurred an operating loss of Rs. 15 crores. Net loss for the quarter was Rs. 27 crores.

For the financial year ending 2023, revenue from operations stood at Rs. 602 crores which is reduced by 47% as compared to the financial year 2022 and an operating loss of Rs. 109 crores against profit of Rs. 31 crores in FY 2022. Net loss for the entire year was about Rs. 134 crores as compared to the net loss of Rs. 9 crores in FY 2022. On a consolidated basis, quarter 4 FY23 revenue from operations stood at Rs. 222 crores, a decline of 47% year-on-year basis and increased by 9% quarter-on-quarter basis. During the current quarter, an operating loss of Rs. 5 crores and net loss of Rs. 18 crores. For the financial year ending 2023, revenue from operations stood at Rs. 945 crores, a decline of 37% as compared to FY 2022. During FY 2023, operating loss of Rs. 37 crores as against operating profit of Rs. 121 crores in FY 2022. Net loss before share of profit of associates stood at Rs. 105 crores, as against net profit of Rs. 53 crores in financial year 2022. Revenue and EBITDA of Lonsen Kiri quarter 4 FY23 included an amount of Rs. 61.98 crores and Rs. 10.59 crores respectively. Margins were impacted mainly due to increase in raw material prices, power & fuel costs, and freight & transportation costs during the current financial year as compared to the previous financial year. Prices of vinyl sulphone reduced by at least 9% as compared to FY 2022 in 2023. FY 2023 operational expenses include the majority of legal expenses which should substantially reduce in the coming year FY 2024.

We expect to reclaim the EBITDA margins obtained in previous years by increasing production capacity through optimizing product mix, controlling operational and fixed cost. There is a reduction in fixed cost which is happening in this year and expanding into untapped markets to boost the top line. We have gradually passed on increases in raw material pricing to the end customers, but there is still space to expand material margins which will be achieved as the demand for dyes and dye intermediate prices. We have passed through the time where the demands for dyes and dye intermediates were one of the lowest in many years. We anticipate a modest increase in demand over the next 3 to 4 quarters.

In the matter of DyStar, where the company holds 37.57% equity stake, the company has been very successful and has won against Senda, a wholly owned subsidiary of Longsheng Group wherein on March 3, 2023, Singapore International Commercial Court crystallized and decided the final valuation of company's stake at U\$603.8 million which is increased by U\$122.2 million which is 25% higher than the earlier determined valuation of U\$481.6 million giving an effect of the decision of the Court of Appeal which is Supreme Court of Singapore. The company is taking currently all the necessary steps for execution of buyout of its 37.57% stake by Senda which has been crystallized after a long drawn legal battle with Senda at SICC as well as at Supreme Court of Singapore. Senda has failed to make payment of the legal cost amount awarded to the company and failed to comply within deadlines given till 20th January 2023. The company has filed a writ of seizure and sale of Senda shares held in DyStar to the extent of recovery of legal costs awarded to Kiri by SICC as well as upheld by the Supreme Court of Singapore on 20th January 2023. Recently, the sheriff office of Singapore Supreme Court took possession of Senda shares held in DyStar to the extent of legal cost amount and has already started the process to sell the said shares to recover legal cost for Kiri.

In the coming quarters, the modernization of input costs, reduction in the operation & fixed cost, expected higher capacity utilization, and easing of inflation could enable the company to deliver volume-led profitable growth in the coming quarters.

With that, I would now like to open the floor for any questions.

**Moderator:** We will now begin the question & answer session. Ladies and gentlemen, we will wait for a moment while the question queue assembles.

The first question is from the line of B. Suresh from Vorams Financials. Please go ahead.

**B. Suresh:** Actually, Kiri case's final valuation will come. Enforcement development process has taken Senda's shares. That amount Rs. 50 crores received?

**Manish Kiri:** The shares which were attached and which are in the process of sale right now, where the Supreme Court has directed sheriffs to do the process is to the extent of legal cost, and that was around S\$8.1 million plus interest. That is the enforcement action on the legal cost. As far as the valuation award is concerned, as you are aware, the final decree came on March 3rd. And for the last 6 months, we have been trying and we have been following up. Our lawyers have been in touch with the councils of Senda to execute the buyout. But unfortunately, till date, Senda has not executed the buyout. Senda has not complied with the Supreme Court order, and very soon, Kiri would have no choice but to also file enforcement papers for the valuation award.

**B. Suresh:** Valuation award also is coming shortly, sir?

**Manish Kiri:** The enforcement will need to start shortly because Senda has failed, not honored the court order.

**B. Suresh:** Total amount also, enforcement action started shortly?

**Manish Kiri:** Right. And as soon as that starts, as soon as the documents are filed in the court, we will announce to the stock exchange and you all will know.

**B. Suresh:** Sir, you can give the regular updates and clarity to investors. You are also eagerly waiting and investors are also waiting. You can understand investors' problems. So many years, so many assurances. You can understand. You can give the clarity. Actually, so many rumors about Kiri coming – It is not a clear issue, it is playing something. So many bad rumors are coming in the market. You can give the clarity to investors and regularly you can update the exchanges and you can conduct conference with investors. How much time to take this amount you can receive at least?

**Manish Kiri:** To address your first question, we always immediately update the investors and we make necessary disclosures as soon as the development happens in the court. Or any significant material development happens in Singapore, we have been in the past and we will definitely update. Meanwhile, the company has been doing its job. We have been constantly in touch with our councils in Singapore. And please be rest assured that whatever actions to be taken for the recovery and for the enforcement of buyout, we are on the top of it. That's the highest priority the management is working on. We can update you and let you know as soon as some result comes. As soon as something which is significant or which is material for all to know. If we keep updating the stock exchange and you saying that we are making effort, we are making effort. It's granted, it's a known fact that we are making efforts. But when something comes up which is a development for all of you to know, we will surely make that announcement and update everyone. As far as the rumors are concerned, rumors are meaningless. The reality and the facts would be updated to all of you, be rest assured. And you will know whenever any significant development happens there.

**B. Suresh:** Can any significant development in a short time?

**Manish Kiri:** Yes, the next step which you will know is filing the enforcement applications to the court. And there would be multiple things we will be filing. And as soon as it is done, you will know that we are back to the court now and then it is in the hands of court to take it forward for the recovery and for the enforcement, yes. But you will know very soon.

**B. Suresh:** You can know very soon, sir.

**Manish Kiri:** Yes.

**B. Suresh:** Actually, DyStar result in this quarter is loss. DyStar regular results and dividend amount you have received, sir?

**Manish Kiri:** There is no dividend received from day #1 till now. And DyStar has never paid any dividends. That was also one of the main oppressive acts that got recognized. There is no dividend which has taken place. As far as DyStar's performance is concerned, every quarter we disclose DyStar's performance and DyStar performance even in the year 2022 was a good performance. DyStar ended up with almost U\$166 million of EBITDA, which is a good number. So yes, we continue to consolidate DyStar till the buyout is executed and we will continue to keep reporting the numbers.

**B. Suresh:** You can handle this out of court? Out of court any chances are there in Senda's issue?

**Manish Kiri:** No, nothing out of court. Almost, now we have entered into the 9th year of battle and there is nothing outside court. There is no settlement outside court. Whatever happens will happen through court only.

**B. Suresh:** The enforcement development is coming very soon you can expect it?

**Manish Kiri:** Yes, you will hear very soon from us, absolutely.

**B. Suresh:** Very soon? Best of luck. But you can understand investors' feeling also, sir. So many years of waiting.

**Manish Kiri:** Yes, fully understand. And be rest assured we give you confidence that this is the highest priority to recover this money for the company, and we are on the top of it. Every action which is required to be taken, we are diligently taking those actions.

**B. Suresh:** Sir, in that case, any chances of this case is not winning? Not winning chances are there? Yes or no?

**Manish Kiri:** We have already won. It is not about not winning. We have already won all the way till today. We have got the final decree also with us, which is the final judgment upheld by the Supreme Court. And now it's only the final phase of recovering these funds, recovering money. And that's what we are supposed to do now.

**Moderator:** The next question is from the line of Darshil Pandya from Finterest Capital. Please go ahead.

**Darshil Pandya:** I just wanted to understand if you can give us an update on what is happening in the dye and pigment industry as a whole. I just want to have a thing as what is going on in the industry.

**Manish Kiri:** The industry as a whole has been going through one of the challenging and the toughest periods over many years. There are several factors which have affected the downturn of this industry. Today the demand levels are way down, almost 50% demand in dyes as far as export is concerned that we have observed during the past 1 year. If you look at the India's exports of dyes, which used to be around 16,000 18,000 tonnes of reactive dyes every month, which has come down to almost 10,000 tonnes, so at 50%. That is one. And the biggest concern is much lower demand and almost half demand, which is then combined with the increases that we all have observed throughout last financial year – increase in energy cost, increase in fuel cost. That is compounding the complications. That creates a huge margin pressure. We all are going through a huge margin pressure and that's the reason that we have not been able to pass on enough of the cost increases to the customers. That's why the impact is there on the margins. On the other side, if you look at the Chinese situation, they are also experiencing much much lower demand. Demand is way lower in China and that's the reason that the Chinese prices of intermediates and Chinese prices of dyes are also sustaining at a very low level. Again, that creates indirect pressure on Indian export prices and also prices in the Indian domestic market to be in line with the prices coming from China. These are the factors which have negatively impacted the performance of this industry and which has impacted the margins and going through one of the worst downtimes currently.

**Darshil Pandya:** How do you look at going forward now? As on date when you are speaking today, how does the future look like?

**Manish Kiri:** There are two ways you can analyze the situation. When you look at the sales of the brands and retailers. For example, if you look at the performance of Inditex which is a global textile player, look at the performance of Hugo Boss, look at other retailers' performance, they seem to be now increasing, reporting much higher numbers than we thought. Correct. That's an encouraging sign that when the retailers and the brands and the sales numbers are picking up in a supply chain, our demand would also open up. That's one side of the positiveness. The other side, if you look at the textile industry and dye industry which is heavily linked with textile, the longest downtime historically in the past was around 18 months. We have already passed almost a year. So I would say by the end of the year or towards the end of the year, we should have a rebound, we should have the demand opening up, we should have the supply chain quite empty, and we should be able to revive sales and demand towards the end of the calendar year, which you are looking at around October to December quarter. That's what we believe, that's our opinion. Let's see how the things turn out.

**Darshil Pandya:** One last question, sir. You also said the margins were impacted due to higher raw material prices, power & fuel have gone up, and freight & transportation cost has also gone up. As far as my understanding is there, transportation & freight costs have started coming down in the past so many quarters.

**Manish Kiri:** Yes, the freight & transportation cost has come down. Even the export freights, the sea freights have also significantly come down. That's the positive side of it. In this quarter from this financial year which has started just now, some of the raw material prices have also started going down. For example, the prices of benzene have started going down. If you track the price of sulfur, last quarter around Rs. 18 to Rs. 20 is now around Rs. 13, also started going down. So, certain raw materials have started going down. Freights have been down for more than 6 months now – international sea freights. Those are the positive sides and that should help in improving the numbers, you are right. But please understand in the case of Kiri, if you compare us with other peer-group companies, the one significant difference is the ongoing recurring legal cost. And if you look at the prior numbers, this legal cost has been running for the last 8 years and now in the 9th year we have entered into, somewhere in the range of Rs. 40 crores to Rs. 60 crores a year. That's also quite a big number when the overall business is down. That impact realized is higher if you compare with the prior years and this year. That's what differentiates Kiri's numbers with other peer-group numbers.

**Darshil Pandya:** When do you expect this to get done? The legal cost and all that?

**Manish Kiri:** I think it will continue till money comes. Because, as you have just heard and I mentioned, we will be entering into the enforcement stage. We have strengthened our legal team. We have added a few more lawyers because it's the final phase of the battle. We have appointed a

Queen's Counsel from the UK now to help us. So, legal cost will continue until we realize the buyout funds. We will have to go full haul for the last phase now.

**Moderator:** The next question is from the line of Sachin Gandhi, an individual investor.

**Sachin Gandhi:** I have a few questions. I've been invested for a long time in Kiri and there have been no such fluctuations which have happened in the last 6 months, like it fell down to 50% from 600 to almost 250 or something. What is the promoters' say in this? Or are they trying to increase their stake? Or what kind of a behavior is there from the promoters' side? Because, as of now I've heard and I think 2 or 3 analysts' calls back that promoters are trying to increase their stake. Are they really increasing their stake or they are just thinking about increasing their stake in the company?

**Manish Kiri:** Promoters will definitely increase their stake in the company. I have already mentioned in the last 2 quarterly calls and I'm saying today also. But that is irrespective of what could be the share price. This was the stand 6 months ago and which is the stand now. As far as the movement of share price is concerned, that is market driven, but if you analyze, there were few FII's who exited somewhere around end of January. That could be the reason looking at the situation and looking at the overall shareholding pattern, but beyond that, promoters have nothing to do with the share price level. We will increase the stake in the company and that's what you will see.

**Sachin Gandhi:** Secondly, I wanted to ask about that once they have not followed the instructions of the Supreme Court of Singapore or International Court with respect to paying back the legal cost as well as the money which is to be paid to Kiri for the 37.5% of stake, I think the date was 20th of January 2023. Am I right, sir?

**Manish Kiri:** Let me elaborate a little bit to you that the judgment for legal cost came on November 25, which was last year, and there was a tri-party agreement. There was an understanding and undertaking from Senda that they would pay the legal cost within 21 days from the date of this final order from the Supreme Court. That was the commitment given. That ended actually on December 20th. Then, 1 month extension was given, which ended on January 20th. So, your date is correct. January 20th is the date on which even the extended timeline ended. And then, Kiri had no choice but to file enforcement proceedings against them, which was done, I guess, on January 21st or 22nd. And then the steps were taken since then. That is as far as the legal cost is concerned. For the valuation award, it is really unfortunate that Senda knew the cost, they knew the range, US\$481.6 million number was available to them. There was no stay on it which has been there since June 2021. Almost 2 years passed since then. And 3 months from the final award from the SICC based on the directions of Supreme Court on March 3rd and until today also it has not been honored which is now compelling Kiri to believe that these guys are not going to pay. Their intention is not there. We go back to court and enforce this judgment. There is no other choice left when I speak with you today.



**Moderator:** The next question is from the line of Jay Bhatija from JV Investments. Please go ahead.

**Jay Bhatija:** I have a couple of questions. My first question is on the business front. We have been observing from the past few quarters that the quarter is getting weak every quarter. There is no sign of improvement on the business front in the industry as well as for the company. Can we know the reasons for the same?

**Manish Kiri:** If you look at the quarter 4 of 2023 the quarter which we announced, it is better than the earlier quarter, marginally better. Not much better, but it's marginally better than the earlier quarter on standalone as well as on consolidated basis. But as I mentioned, the dyes and intermediates industry currently is going through a rough time, a tough time. Demand levels are low. If you look at the whole year's performance, it is almost half than the earlier year as far as Kiri is concerned. That has impacted the margin significantly and that has impacted the cost also significantly. That's the reason that the performance has not improved. But we are hopeful that in the next quarter or in the next few quarters, you will see as the raw materials are going down, fuel cost to some extent has also come down, we see some signs of market to improve because the retail sales is becoming better globally, not only in India. And that would probably allow us to first to break even. More than break-even, our target is for this quarter to at least try to achieve a break-even or plus and then improve thereon.

**Jay Bhatija:** What are the utilization of our plants currently in this quarter and the current quarter which we are going?

**Manish Kiri:** The dyes capacity utilization was only 27%. Dyes intermediate capacity utilization was only 34% throughout the year. It's less than 50% utilization.

**Jay Bhatija:** Quite under utilization of our plants. Any specific reason for it? Maybe China is dumping dyes or we are not getting orders, it is something like that?

**Manish Kiri:** Even at a lower price, demand is less. We try to hold on to certain price levels, but overall demand, as I said, is around 50%. Dyes is almost 46% down in general as an industry and intermediates is also around 40% down from the normalized levels from the demand which were there in earlier years. It's more driven by the market factors, by the industry factors. And please also note that we added certain capacities on certain intermediates on certain products in the last year. When we added some capacities and those capacities are not filled up, again the utilization level on a whole, on a totality, is lower.

**Moderator:** We will take the next question from the line of Aditya Chirania, an individual investor. Please go ahead.

**Aditya Chirania:** My question is regarding the court case that we are currently fighting. I wanted to know whether DyStar has sufficient cash in hand to execute the buyout. And if yes, is there any way Senda could extract this money from DyStar?

**Manish Kiri:** Just to give you certain numbers, yes, DyStar has significant cash. DyStar has zero bank loans, not even working capital. DyStar's cash position is almost \$370 million plus sitting on excess inventory which is tied up cash in excess inventory, is around \$150 million based on our analysis. Cash, cash equivalent, and the encashable inventory put together is more than \$500 million in DyStar that is there. As far as that funds can go to Senda and Senda can pay to Kiri; of course, that could be one of the options. And Kiri has been open with this option. In fact, Kiri had already proposed this option to Senda that Kiri would cooperate, Kiri would pass the necessary resolutions, Kiri would support such actions and initiatives, and Kiri has recommended this kind of initiative to comply with the buyout order. So, when we go to court, the court is going to see this that Kiri has cooperated to the extent even though 38% of that cash and the retained earnings belong to Kiri, still Kiri has opened up these kind of options and avenues to help Senda to comply with buyout order.

**Aditya Chirania:** When you mentioned the value of 370 million plus the other cash in the form of inventory or receivables coming to 500 million, is this 500 million US dollars?

**Manish Kiri:** Yes, \$500 million. Aditya, you also know that Longsheng, China, has a huge cash. And the cash in Longsheng, China, and cash equivalent is more than \$900 million. That's a big number.

**Aditya Chirania:** My question here again is that Senda is in the Chinese jurisdiction. Now if DyStar passes the money to Senda which is in China and Senda does not bring the money back, then that will be completely a part of the Chinese jurisdiction which means a different volume altogether. Could you shed some light on this also?

**Manish Kiri:** 1) Senda is a Hong Kong company, not a Chinese company. 2) Kiri's proposal which was given, which encapsulates the way of transferring money directly to Kiri on behalf of Senda.

**Aditya Chirania:** I understand that there is no way that we can get these funds out of DyStar through Senda without Kiri's confirmation.

**Manish Kiri:** No way. And that fund has to go to the escrow account.

**Aditya Chirania:** My second question is you mentioned that you may have to liquidate the shares of DyStar in order to get this money. In terms of liquidation of shares, would you be buying it as a first option or will it be sold in the market? And secondly, what is the valuation of DyStar?

**Manish Kiri:** Kiri is the recipient of money. Kiri is not going to buy anything. No shares of Senda, nothing. So, it would be a public auction, public sale in the open market. And the value of the shares of

DyStar already decided by the court, which was U\$1.632 billion. That is the number court had confirmed in its judgment and that's where the valuation stands.

**Aditya Chirania:** Just one quick question on this front. If this goes for the public auction and it does not raise the amount of money which the court is expecting it to achieve, then what happens, sir?

**Manish Kiri:** Based on the legal advice that we have, more shares of Senda would need to be sold to fulfill Kiri's amount.

**Moderator:** The next question is from the line of Rishikesh Ojha from Robo Capital. Please go ahead.

**Rishikesh Ojha:** Firstly, just wanted to know regarding the case. Now that you have won the case but can Senda file a review or anything else in the court?

**Manish Kiri:** No, there is no such provision in Singapore to file a review. There is no such provision there.

**Rishikesh Ojha:** So, they compulsorily just have to pay, there is no other thing now?

**Manish Kiri:** No, there is no other thing now. Either they comply with the order and.... Already 3 months have passed by the time we speak today from March 3, 2023. All the legal means have ended. All the legal proceedings have ended now. So, either pay or go on a default and face the consequences. There is no third choice now for Senda.

**Rishikesh Ojha:** When we say that we will be filing enforcement against them, can you explain what exact actions are we going to take? And since you would be in touch with all the legal advisors, what is the broad sense? How much time would this process take?

**Manish Kiri:** As far as the details of enforcement is concerned, I can share broad things with you, which would require the alternate remedy. That's the main theme. Alternate remedy and alternate relief would be several options that Kiri would be suggesting. That's one area. How Kiri's U\$603.8 million can be paid? What are the options for the court? And then it is up to court to decide. Kiri would also be presenting the precedences and the earlier cases as per the normal legal process. And Kiri would also look at all the enforcement options that the law provides to Kiri which may include contempt, which may include few more actions like seizure and sell is one of the actions of shares, and then you have alternate remedy and things like the contempt. A number of things Kiri would be doing on this front. And as far as the timeline is concerned, which was the second part of your question, this may take by the time the court looks into the applications and the affidavits and the responses, you are looking at somewhere between 4 to 6 months' time.

**Rishikesh Ojha:** Sir, my last question. What was the legal cost for FY23 and what legal cost are we expecting for FY24?

**Manish Kiri:** We can give you the exact number, but this has been somewhere plus or minus 2-3 crores; it has been hovering around Rs. 40 crores to Rs. 50 crores around that number per year.

**Moderator:** We will take the next question from the line of Yogesh Tiwari from Arihant Capital Markets. Please go ahead.

**Yogesh Tiwari:** Sir, my question was regarding some balance sheet item. There has been a decrease in basically the plant and other costs from Rs. 540 crores to Rs. 500 crores. What would be the reason for the decline on the consolidated level?

**Manish Kiri:** It's only at a consolidated level. It's the depreciation. Nothing else that has happened on the balance sheet of the fixed asset.

**Yogesh Tiwari:** So, it is basically depreciation. No sell off or something like that?

**Manish Kiri:** Nothing. No sell off, nothing like that.

**Yogesh Tiwari:** And my next question is on the non-current assets, the investment part. There has been a jump from about Rs. 1,800 crores to about Rs. 2,000 crores. What would be that related to?

**Manish Kiri:** That would be probably the consolidation of DyStar's profit. I think that is more related to capital work in progress. That's where the difference of close to.... Can we give you this breakup by email if that works for you? The line items can be provided to you.

**Yogesh Tiwari:** Yes, sure. That will do.

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

**Manoj Kumar Bhura:** My question was regarding the share of profits of associates accounted for using the equity method. You have shown a loss of around Rs. 43 crores in this quarter whereas in all previous quarters, there were substantial credit amounts of Rs. 87 crores in the last quarter and March '22 there was an amount of Rs. 81 crores. What is the difference? Whereas we have earned in DyStar.

**Manish Kiri:** I think that relates to the DyStar's performance.

**Manoj Kumar Bhura:** DyStar has earned profit in this quarter also.

**Manish Kiri:** Right. What DyStar has done is DyStar had made certain provisions in this quarter and those were the exceptional provisions on account of foreign exchange differences. They booked US\$33 million of the foreign exchange difference in this quarter, which is non-operational item which they booked. We went and we have asked the details to look into it, but that difference is due

to that one item which DyStar has booked in their books and that is what is reflected in the reduction this year.

**Manoj Kumar Bhura:** That is a substantial amount basically. \$33 million is a substantial amount.

**Manish Kiri:** Yes, \$33 million is a big number.

**Manoj Kumar Bhura:** Because there is a difference of Rs. 87 crores plus Rs. 43 crores. It means around Rs. 130 crores difference in a quarter.

**Manish Kiri:** Correct.

**Manoj Kumar Bhura:** Rs. 130 crores is a very huge amount.

**Manish Kiri:** Yes, that's a non-cash item they have booked and they have made this, again, as a provisioning in DyStar's books. It's not the actual expense incurred. But they have made this provisioning looking at the market conditions and looking at the certain currency differences and the devaluations and things like that. We will see how this number actually gets reflected into reality or not in the next quarters.

**Manoj Kumar Bhura:** Don't you think this can be a case of financial manipulation by DyStar?

**Manish Kiri:** If they try to do any financial manipulations, the auditor would need to look at it and we would need to look at it. And if there is any fraudulent or siphoning of funds, if we find any of such things, it will right away go to the court. We won't wait even a single day in case if we are able to find evidences that substantiate any such manipulation.

**Moderator:** The next question is from the line of Archit Koti, an individual investor. Please go ahead.

**Archit Koti:** I would just want to understand a couple of things. The first thing is with regards to profits what we are taking into consideration of the associate, that is of DyStar in our books. Our valuation and what we would be getting is as of 2018, as per the court order, right?

**Manish Kiri:** Right.

**Archit Koti:** After 2018, what is the rationale? Is it prudent to consider DyStar's profit in our profit after 2018?

**Manish Kiri:** Yes, because as long as we are continuing to be the shareholder of DyStar, we are not beneficiary either to DyStar's profit or DyStar's loss. Kiri has nothing to do with it. Kiri is not entitled to get the economic benefits of DyStar after 3rd July 2018. That is as per the court order. Kiri is supposed to receive U\$603.8 million irrespective of DyStar's profit or DyStar's value today. DyStar may be valued U\$5 billion today or DyStar may be valued U\$1 billion today,

DyStar's profit could be loss or could be profit, it doesn't matter to Kiri. Kiri is only entitled to receive U\$603.8 million as of today. And if interest is awarded, it will be added to it. But we don't know as of today whether that will be added or not. So, we are consolidating it and putting in our books which is a legal statutory requirement for us still continuing to hold the equity of DyStar till the buyout is executed. So, you are right. The numbers are there, but for Kiri's economic benefit, these numbers are senseless, to be honest with you.

**Moderator:** The next question is from the line of Sukhbir Singh from SMIFS Limited. Please go ahead.

**Sukhbir Singh Saini:** Sir, can you please provide us some color on the Capex for FY24 and FY25?

**Manish Kiri:** Right now, there is no Capex planned for FY24. There might be maintenance kind of routine Capex but nothing beyond that. And neither in 2025. Nothing has been planned. Nothing has been budgeted actually.

**Sukhbir Singh Saini:** And also some color on the export market like how it will be growing or your view on the export market?

**Manish Kiri:** I think the export market has been too much depressed too long. We have passed almost a year. And we strongly believe now with interactions with many players outside India that the export demand should revive. Export demand and export numbers should change and probably we should see in the next quarter or two. I strongly believe that towards the end of the year, we might have some rebound in terms of the demand from the international market.

**Moderator:** The next question is from the line of Jay Bhatija from JV Investments. Please go ahead.

**Jay Bhatija:** Sir, my question is regarding.... There are some people in the market who are giving some false information regarding the shares claiming it to be a multibagger or something and they claim to be associated with you or very close to you. How do you plan to control them down?

**Manish Kiri:** I don't think there is any such thing what you are saying. There is no truth to this kind of rumor which somebody is telling you. It has no factual truth. There is nothing like that.

**Partic Jay Bhatija ipant:** There is a factual proof. I have found them that before your BSE announcement comes – like 20 or 30 minutes before – they have that information regarding that thing, whatever announcement comes.

**Manish Kiri:** Well, I don't think so. Unless you see the Singapore Court websites, and there could be only time difference when the judgment is uploaded on the Supreme Court portal and we study and announce. I think that's the only time one can have. Otherwise, there is nothing like what you are claiming which is untrue in fact.

**Jay Bhatija:** As you mentioned that you would be going for this liquidation or whatever the process you have, you are thinking that another 6 months are going to take place for the actual funds to come into Kiri's account. Am I right?

**Manish Kiri:** Yes, we believe at least enforcement process will take that much time.

**Moderator:** Ladies and gentlemen, that was the last question for today. I now hand the conference over to the management for closing comments.

**Manish Kiri:** Thank you all of you for participating today and we will talk again next quarter. Thank you so much. Take care. All the best wishes.

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