

August 20, 2024

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

Dear Sir/Madam,

**Sub: Submission of Transcript for Q1-FY25 Earnings Conference call**

In compliance with Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached herewith the Transcript of Q1-FY25 Earnings Conference Call held on Tuesday, August 13, 2024.

The Transcript of Q1-FY25 Earnings Conference Call is also available on website of the Company at [www.kiriindustries.com](http://www.kiriindustries.com).

You are kindly requested to take note of the same.

Thanking You,

Yours faithfully,

**For Kiri Industries Limited**

**Suresh Gondalia**  
**Company Secretary**  
**M No. : F7306**  
Encl: As stated

**DYES**

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:** +91-2662-273 444  
**Fax:** +91-2662-273 444  
**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-391 450 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**  
**Q1 FY'2025 Earnings Conference Call**  
**August 13, 2024**

---

**Moderator:** Good day and welcome to the Q1 FY25 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 star, then zero on your touchtone. Please note that this conference is being recorded.

At this time, I would like to hand over the conference to Ms. Purvangi Jain from Valorem Advisors. Thank you and over to you, ma'am.

**Purvangi Jain:** Good morning, everyone, and a warm welcome to you all. My name is Purvangi Jain from Valorem Advisors. We represent the Investor Relations of Kiri Industries Limited.

On behalf of the company, I would like to thank you all for participating in the Company's Earnings Conference Call for the First Quarter of the Financial Year 2025.

Before we begin, I would like to mention a short cautionary statement. Some of the statements made in today's earnings call may be forward-looking in nature. Such forward-looking statements are subject to 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 the Management. Audiences are cautioned not to place any undue reliance on these forward-looking statements in making any investment decisions. The purpose of today's earnings conference call is purely to educate and bring awareness about the company's fundamental business and financial quarter under review.

I would like to now introduce you to the Management participating with us in today's conference call. We have with us, Mr. Manish Kiri – Chairman and Managing Director, Mr. Jayesh Hirani – Vice President (Accounts and Finance) and Mr. Suresh Gondalia – Company Secretary.

I now request “Mr. Manish Kiri to give us his Opening Remarks.” Thank you and over to you, sir.

**Manish Kiri:**

Good morning, everybody, and welcome to the Earnings Conference Call for the First Quarter of Financial Year 2025. I hope you are all keeping safe and well.

Let me first Brief You on the Financial Performance for the First Quarter of Financial Year 2025, followed by the Operational Highlights.

On a standalone basis during the First Quarter of financial year 2025, revenue from operations was INR 168 crores, which grew about 19% on YoY basis and incurred an EBITDA profit of INR 13.64 crores, including the dividends received from Lonsen Kiri Chemical Industries Limited.

The dyes industry is still bearing a brunt of tough geopolitical situation and the gross material margins are yet awaiting recovery to its peak of around 32% which are currently hovering around 23% to 30%. It has been gradually passing over the increase in raw material prices to its end customers. However, there still exists headroom to increase material margins which shall be attained on increasing in demand, improving product mix and better price realizations for the dyes and dyes intermediates. Net loss post depreciation for the quarter was about Rs.2 crores.

On a consolidated basis, revenue for the 1st Quarter stood at INR 265 crores, which grew about 17% YoY basis with EBITDA of around INR18.08 crores as compared to EBITDA of INR 10.93 crores in the previous quarter. A comparative analysis of consolidated gross margins in the three quarters clearly indicate that the margins are under control

within the range of 26% to 30%. Net loss before the share of profit of associates for the quarter again was around Rs.2 crores. The operational expenses have reduced mainly on account of proportionate reduction of revenue and reduction in legal fees during the first Quarter of FY 2025 as compared to preceding fourth quarter of FY 2024.

The consolidated net profit after tax of the company for first Quarter of FY 2025 amounts to Rs.78.19 crores including share of profit of DyStar amounting to about Rs.80.54 crores. It is important to highlight that the share of profit of DyStar is not relevant anymore to the company because of the Singapore court orders of July 03, 2018.

Now, with regards to the update on DyStar case, the judgment of SICC on May 20th, 2024, with regards to enforcement proceedings wherein end block sale of DyStar has been ordered by SICC without a reserve price with long-stop date for end block sale decided as December 31st 2025 and the company to receive \$603.8 million in priority and the balance amount of sale proceeds of DyStar to be paid to Senda. The company has filed an appeal against this SICC order dated May 20th, 2024 for not awarding interest on the buyout amount to Kiri. Senda has also filed an appeal against awarding priority payment to Kiri out of proceeds of en block sale. As per the court directions, both the parties are required to file their written submissions by 29th August, 2024, which is by end of this month and hearing on appeals at the Court of Appeal at the Supreme Court of Singapore is likely to take place in October or November 2024 within this year.

With that, I would now like to open the floor for questions. Thank you very much.

**Moderator:**

We will now begin the question-and-answer session. The first question is from the line of Venkat Suresh Kumar from Berman Financials. Please go ahead.

**V S Kumar**

**Berman Financials:** Actually, En block sale proceeds is going on. Is there any updates on En block sale?

**Manish Kiri:** Yes I think the En block sale process is going on quite efficiently. Deloitte as the receiver has taken a number of steps to commence the sale of DyStar and several activities have been completed by them. And what I believe is in a week or two, the information memorandum of the sale process will be officially launched in the market. The due diligence are completed almost by Deloitte. These are the vendor due diligence is done by the receiver to help the prospective buyers. At the same time, for the last two months, Deloitte has been in touch with number of prospective bidders and it is quite heartening to see that the numbers of the interested parties are quite good and they are almost 70-plus. So, that's a good sign. We believe that the process will continue at the same speed which has been going on and hopefully as per the stipulated timeline, the sale process should get completed.

**V S Kumar**

**Berman Financials:** Actually the auction officially launched or launching in shortly?

**Manish Kiri:** Launching very shortly. We are expecting within this month in the next week or two the official auction will be launched, because Deloitte has done very extensive preparation over the period of last three, four months. So, now they are all prepared ready to launch and to support with the requisite information to the prospective buyers.

**V S Kumar**

**Berman Financials:** Before this month launching, How much time bidders take?

**Manish Kiri:** I think the entire process is divided into two steps. The first process is the non-binding offer that the receiver is going to receive, which is like any usual sale process and the interested buyers and the selected buyers would be given the first set of information and then they would be given the second phase of information or the second set of information and then the binding offer would be invited. And once the binding offer is invited, then whoever has the best offer, it's up to

Deloitte, the receiver, to finalize whatever is the best offer. And I think the whole process should get completed by somewhere between March 2025 to June 2025, and that is how the long-stop date is decided by the court, providing six months additional cushion in case if there is any extension or if there is any delay in any regulatory approvals or any unforeseen events. Otherwise, the timelines to conclude the sale should be around June 2025.

**V S Kumar**

**Berman Financials:** In this launching, once all bids will receive, how much time to tenders will be allotted?

**Manish Kiri:** I think as per the normal practice, the due diligence time which would be allowed to prospective buyers, would be ranging around three to four months?

**V S Kumar**

**Berman Financials:** Around August to December?

**Manish Kiri:** Yes, around that time. So, that is the timeframe the prospective buyers will have to conduct their due diligence on DyStar.

**V S Kumar**

**Berman Financials:** What is the appeal, sir -- only for interest amount or any En block related issues is also allowed?

**Manish Kiri:** Let me clarify to you. There is no appeal on the En block sale. There is no appeal on the appointment of the receiver, correct. So, En block sale, an appointment of receiver are not subject to the appeal in the Supreme Court. The only appeal from Kiri side is the appeal for not awarding interest to Kiri and the only appeal from Senda side is the appeal relates to the priority payment award to Kiri. From the sale proceeds of DyStar, Kiri is to be paid first before payment to Senda. So, that priority payment is appealed by Senda. So, only two points on the appeal; one point of interest from Kiri side and one point of appeal from Senda side which is priority payment. Now, as we have already disclosed, August 29<sup>th</sup> is the date on which both the sides would need to file their grounds of appeal as well as their objections on the other

side appeal. So, both would be filed in one single document and then the hearing would take place either in October or in November. So, based on the current stipulated directions given by the court, seems that the appeal would be concluded before the end of November actually and then the judgment would be awaited after that.

**Moderator:** The next question is from Arun Malhotra from CapGrow Capital. Please go ahead.

**Arun Malhotra  
CapGrow Capital:**

Manishji, wanted to check two things. One is how has been DyStar performing in the last two quarters, that will also reflect on the possible valuation of the En block sale? And second you have come out with a big project in copper and fertilizer business and also taken approval for 5,000 crores, big numbers for a company like ours. So, what is the rationale for it? I know you have taken the shareholder approval, but we do not have any past experience in this business. Why we go into an unrelated business?

**Manish Kiri:**

Let me answer your first question first and then the second question, correct, Now, the first question, which relates to the performance of DyStar, correct. So, in the first six months of the financial year of DyStar, right, the performance has been good and as we declared the EBITDA for the 1st Quarter and the second quarter, both put together is around \$55 million, correct. So, DyStar is running today at the EBITDA level of \$100 million-plus and maybe \$110 million at the current run rate, but the important point is this, this EBITDA is post Senda, and Longsheng's claiming their Management fees and their usual extraction of money from DyStar. So, this is a reported number. The non-Management fees and the adjusted number would be higher than this number. So, still a strong performance and the EBITDA margin as a percentage wise is still above 15% for DyStar. So, it's running well. Just to also update you on the cash position of DyStar, the last number we had is \$570 million cash in the company. Last 2-3 months have not been added yet. The net current asset not only the current asset, but the net current asset is also

worth of \$850 million, which is like one-time one-year annual sales. So, a very strong financial position, again zero loan. So, you can understand that the financial strength of DyStar is still very good. So, that's your first question. Your second question regarding our announcement of the next phase of investment. So, let me just take your question into two parts. #1, why we are entering into this project? We ourselves and the board of Kiri has decided to diversify the core business line of the company, not from dyes intermediates, but also to sector, which are rising, upcoming and futuristic sector. So, what you have seen the decision which overwhelmingly approved by the shareholders is to enter into renewable energy space, EV sectors and infrastructure sectors and fertilizer sectors. These are the sectors where you might have seen or you must have read the research reports that I mean the future 10, 20 years compared to last 10 years would be quite a growth oriented especially in India. That is the first reason. The second reason is that these are the sectors in which India is heavily dependent on imports as on today. So, every of the products that we will be producing in this new project would be replacing India's import. So, that's the second reason, having the home market, domestic market and growing market in India to cater and to serve this demand in India. As far as the size and the non-related field is concerned, as we have announced earlier, this would be the transformational changes for Kiri. Now, anywhere we invest on large scale amount with the upcoming funds, right, it would be a new sector. And we are all geared up, confident to execute these sectors by developing the Management bandwidth that we need. So, for example, for this sector, we have already taken onboard the ex-Birla Corp. CEO and CFO to lead the project. This is the heads of the team. It would be run by the independent CEO and independent executive director. So, as far as the new sector and the Management bandwidth is concerned, we have already started putting in place, we have started developing that. But I agree with you, this is the sector in which we are entering, it's a new sector for the company. But it is not new sector for the country, it is the need for the country



and the futuristic requirements for the country. So, I think we are trying to align ourselves with the economic growth of the country and we hope and we are confident to deliver success to the shareholders in this project too. And please remember, the investments are happening in phase wise. So, the risk is also measured to implement the whole project in three or more phases. So, you will see periodical announcements as and when we make progress on each phase of the development of the capital investment and we'll keep you updated.

**Moderator:** The next question is from the line of Keval Gandhi from CapGrow Capital. Please go ahead.

**Keval Gandhi**

**CapGrow Capital:** So, basically you mentioned that almost 70-plus investors showing interest in the bid. So, like any large domains of the strategic or the financial investors which are actually showing interest in DyStar. Any few names which you can actually give us?

**Manish Kiri:** I think it would not be appropriate to announce the names because this is not in the public domain. But let me just give you the highlights of the kind of interest that has been received. The major pool of investors who have shown interest are the private equities and finance investors and those are who's and who's globally, right. So, if you pick any major private equity global fund, they have shown interest and they have approached the receiver and confirm their participation in the bid. So, I think the interest is quite significant. And these are the big names that you know, we know, all of us know, many of them are American private equity firms who have jumped into. And I believe that the financial strength of the company and very strong balance sheet of the company has attracted these financial investors to come and to invest.

**Keval Gandhi**

**CapGrow Capital:** I just had one more question on the Senda appeal. So, basically the appeal is now that we shall receive the payment on the priority basis. Earlier it was actually believed that Senda has a problem with the ratio

or the actual amount. So, like what is the situation on the earlier positions like the ratio and the amount of the total consideration for the DyStar?

**Manish Kiri:**

Very important point. As you know, even in SICC, Senda did argue that the proceeds of sale of DyStar should be divided proportionate to the shareholding. That was the argument from Senda, and that is what was presented to the court by Senda, that whatever DyStar sale proceed is realized it should be divided between the shareholders as per the shareholding pattern but court decided otherwise and court accepted Kiri's argument that whatever sale proceed is realized and at whatever value DyStar is sold, Kiri's valuation for the buyout order has been crystallized based on the valuation of DyStar as on dated 3rd July, 2018. So, based on that valuation number, Kiri's crystallized amount is \$603.8 million, which has been appealed in the Supreme Court. So, then whatever is the value of DyStar as on today is actually not relevant to Kiri as long as Kiri is able to receive \$603.8 million. And that is what court has decided in favor of Kiri and that is what Senda has now challenged in the Supreme Court. So, Senda's position for the appeal is the distribution as per the shareholding pattern and Kiri's defense on the appeal is whatever SICC has decided giving Kiri money first from the sale proceeds before giving to Senda is the correct decision and it's the right decision by the Singapore International Commercial Court. So, that is what is going to be argued now in the Supreme Court of course from Senda side. And from Kiri side, as I just mentioned is we will argue that we have a right to receive interest and court should award interest to Kiri. So, that would be the arguments we will be presenting in the Supreme Court now.

**Moderator:**

The next question is from the line of Bhavesh from Aditya Birla Money. Please go.

**Bhavesh**

**Aditya Birla Money:** Now, with regards to En block sale, what could lead to further delays? It's been delayed in many years. At this stage what are you worried about the most if I may ask you?

**Manish Kiri:** I think the delay could be if the interest in DyStar sale or the prospective buyers. The worry that we had earlier that because it's a litigated and it's a disputed company, sometimes there is a low interest from the prospective buyers or from the market. But actually it has done other way round. And thanks to the ability of Deloitte as the receiver and their network globally. They have attracted and they could attract a large pool of prospective interested buyers in fact. Besides that, there could not be any foreseeable reason to delay because the timelines are almost there as per the targets given by Deloitte. Court has decided long-stop date as December 2025. So, it wouldn't stretch beyond that. The only other delay is any prospective buyer may go through some regulatory approval such as approval related to anti-competition and things like that. So, if such a strategic buyer is about to acquire DyStar and if they have to go through certain regulatory approvals in multiple jurisdictions because DyStar has a large and vast network, I mean there are 26 countries in which DyStar has subsidiaries and many plants. So, if that is the case, then that could be a kind of formalities and kind of procedural that may take few months. Otherwise, we don't see any other reason for delay in this phase actually. This is an enforcement phase, please remember, since February 2024 what we are now into is the enforcement phase. Earlier, it was a phase where we had to prove ourselves and now it is the court which is enforcing the judgment. So, there is a difference between the earlier times and the current enforcement time. So, we expect not to have any other extraneous reason for the delay in fact. And if you read the judgment carefully, court has curtailed powers or the rights from both the shareholders to apply for any extension on these dates. Neither Kiri nor Senda has any right from the court or any permission from the court to apply for any delay or to apply to extend the time. It's only the receiver has been

given a permission and given consent in a situation where receiver thinks that there is a legitimate reason to apply for extension, only receiver can apply for an extension in this timeframe. No shareholders can apply any extension in the timeline decided by the court. So, that that also shows that court is vigilant, court is prudent and court has taken that measure not to have any delays now onwards. So, I think that helps the overall situation to avoid any delay.

**Bhaves**

**Aditya Birla Money:** Secondly, on standalone business, are we seeing any improvement in terms of demand because it's been made since maybe 1.5, 2 years now. So, what is the way?

**Manish Kiri:**

Yes, yes, I think if you look at the 1st Quarter of this financial year at least on a standalone basis, we have turned into profitable. So, that that is the positive sign. You have seen that there is an improvement in revenue and we have seen that the demand has also picked up, the supply chain has become quite active now to buffer the inventory and to place more orders, export from India for dyes has also increased in the last quarter and the earlier quarter. So, I think we see overall recovery in the export market as well as domestic textile industry. Another important factor I must highlight is the reduction in cotton prices. So, if you look at globally, the cotton prices have reduced and when cotton prices go down, usually there is a trend that the reactive dye's demand picks up and we have seen that happening now, because the cotton prices seem to be bottoming out and that has also spurred certain increase in demand. So, we hope that the recovery continues in the next few quarters. Now, another improvement operationally which you see is the reduction in legal cost in the 1st Quarter. But that may not be necessarily continuing in the next two quarters, because now we are heading for the submissions of the appeal because the lawyers activity was down in the 1st Quarter. But in the current quarter and the next quarter till the end of November, till the hearing gets completed, the legal activities are going to pick up again. So, we might see in these

two quarters that the reduced legal cost may go up a bit this quarter and the next quarter, and then from December onwards, then the legal cost is expected to drastically again go down.

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

**Abhishek Nayak**

**Hexagon Assets:** Sir, I just have one question. Correct me if I'm wrong, but I believe this appeal is the final stage of litigation and there shouldn't be any more further litigation regarding the DyStar sale process, right? So, with that being said, we know that your partner is a particularly litigious partner and they would try to delay the process as much as possible. So, in your experience, has there been any precedent that where an enforcement order like this has been passed after a sale has been done, has there been any precedent where the other party can say that the sale was not done in a fair way and a proper way and there needs to be further review of the sale and could be start a litigation after the sale has been done, is there any possibility of that?

**Manish Kiri:** There is no such possibility and there is no such precedence. Once the sale is completed, once the appeal is completed, there is no review process at all, there is no review of any enforcement judgments earlier in Singapore. So, there is no chance of any way to reopen legally the concluded decision of the DyStar sale. Now saying so, one could always try to basically put a blame on the receiver. Let's say, for example, if Senda is bidding in this auction and Senda is also participating probably in this auction and we are quite confident that they would do so because that's the only way they can acquire DyStar. But if they do not get through auction and somebody else, the other buyer, which Deloitte's transparency and efficient process win the bid, then if they wish to choose to file suits against the receiver, it is their choice. But I don't think they can go that far. That can reverse the sale order, that can reverse the decision, we don't see anything like this happening. On the

other way round you would be now understanding that the way the Supreme Court has now expedited the trial by cutting short the appeal process and giving the hearing date earlier in October and November, it seems that the Supreme Court wishes and wants to conclude this appeal before even DyStar sale has been completed. So, that the receiver has clear direction on how to distribute money, whether to give Kiri interest or not from that proceeds or whether to give priority or pari-passu, whatever receiver has to decide finally without any pending litigation that can be done if the appeal is concluded before the sale process is completed and this is exactly what the Supreme Court is doing as we speak and the dates speak for itself. So, I think court is quite vigilant, court is also understanding the seriousness, court has expedited the appeal and these are all the signs that the Singapore judiciary wants to conclude this at the earliest.

**Moderator:** The next question is from the line of Amit Mehendale from RohoCapital. Please go ahead.

**Amit Mehendale**

**RohoCapital:** Manish bhai, I have a question on the new venture. Assuming that we get money by next year, say by December or so and then gets invested in the new venture, what type of investments are we looking for in terms of either revenue or some type of monetary, some indication on that? And then how much is revenue or ROE are we targeting or profitability, some indicative ballpark numbers now that we have some plans right for that?

**Manish Kiri:** So, let me answer your question very simplistically. The investments will go phase wise and let me just explain you the numbers on the first two phases. So, the first phase of investment would be around 2,400 crores and the second phase of investment would be close to 4,000 to 5,000 crores, which will be having a total investment of around 6,000 to 7,000 crores in the first two phases. Now the first phase would generate revenue of almost somewhere close to 15,000 crores and the second

phase would generate around 25,000 crores. So, when both the phases are completed, you are looking at the numbers which are significantly higher and transformative so that would bring the total to 40,000 crores. On the first, 15,000 crores of sales, we are expecting at least 1,400 to 1,500 crores of profit after tax, and also for the second phase, we are expecting at least another 2,000 crores of profit after tax. So, to be on a conservative side when we complete both the projects, we are expecting the profits in the range of around 3,000 crores with the revenue of 40,000 crores. So, that is what we are trying to contemplate. Of course, it will take time. By the time all these numbers get reflected into our P&L, it may take starting from two years to five years time. So, this would be next five years window and the numbers and the targets that as a shareholder you can look for.

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

**Pradeep Rawat**

**Yogya Capital:** So, I have one query. So, do we maintain an order book for dye and dye intermediate?

**Manish Kiri:** Yes, yes, we do maintain an order book for both. For example, for dyes, our order book is now almost one and half month and the intermediates, it's not that high, but intermediates is less than a month right now. So, order books are slowly growing, but not like what the time we used to have earlier, while we have three to four months of our capacities booked, which is not the situation currently. And please also note that our current operational capacities and the way we have scaled down our expenses is about 50%. So, even last quarter, our overall capacity utilization has been 50% and we like to increase that. So, the moment we increase the capacity utilization from 50% to 70-75%, our order book in number of days, the number of months will further reduce. So, in the next six months time, our order book in terms

of number of days may range less than 30, but our attempt would be to keep increasing our capacity utilization now.

**Pradeep Rawat**

**Yogya Capital:** So, my next question is regarding the CAPEX. So, you said that in phase-I CAPEX, we would be spending around 2,400 crores. So, can you give like a high level talk on this where would this money be spent?

**Manish Kiri:** So, it would be basically spent for the first phase of our CAPEX, our total investment, and that would be the one product line for manufacturing copper. So, that would be copper rods, copper cathodes, copper coils and things like that. So, various varieties of copper. And that would have somewhere around 200,000 tons of the finished product production of copper. That is what we are looking at in the first phase of investment. And the second phase would be around 300,000 tons of copper along with 900,000 tons of fertilizer, right? So, that is what you are looking at. So, first phase of CAPEX would be around 200,000 tons and I think today the price of copper is close to Rs.10,000 - Rs.10,500 a ton, something like that. So, you can put an estimate and the numbers would be in the range of what I just mentioned.

**Moderator:** The next follow up question is from the line of Venkat Suresh Kumar from Berman Financials. Please go ahead.

**V S Kumar**

**Berman Financials:** Any promoter stake increase in the Kiri in near future?

**Manish Kiri:** Yes, yes, I have been saying this for almost a year now, but you can understand that we are trying to be under the arrangement, but the answer is yes, correct.

**V S Kumar**

**Berman Financials:** Sir, can it take more time to increase the stake or planning shortly?



**Manish Kiri:** The answer is yes. Sorry we got disconnected and the appropriate disclosure would be made at the appropriate time. But yes, the answer is yes, what you just asked.

**V S Kumar**

**Berman Financials:** You can tell me timeframe at least once -

**Manish Kiri:** I think it would be appropriate once the execution is made and then we will make the appropriate disclosure. But the intent I have already expressed in the last two quarters, from the promoter side, from the family side, yes, and then when the time comes, when the execution takes place, we'll definitely inform the shareholders.

**Moderator:** The next follow up question is from the line of Keval Gandhi from CapGrow Capital. Please go ahead.

**Keval Gandhi**

**CapGrow Capital:** Just wanted to understand how would you reward the minority shareholder once the proceed of DyStar sell is received. Second, on capital allocation you mentioned about capex. How are we looking on the capital allocation strategy for Kiri.

**Manish Kiri:** So, just to answer your first question, as we have just announced and disclosed and decided to embark on one of the largest CAPEX which we have ever done in the history and the profits and the numbers which I have just mentioned, over the next five years, is expected to be like double the market cap, which is today. So, when the actual numbers unfold, when the performance is proven by the Management and the company, I think the shareholders would be rewarded immensely, I would be as a shareholder awarded immensely because that would show the significant value creation in the company. Whether this value creation has been reflected in terms of the market capitalization, that only time will say, but these are the kind of numbers that we are aspiring to generate and to create value for in future, correct? So, that's where the value creation and the shareholders reward. Now, when you

talk about reward in terms of the dividend or the buyback, I must say that such kind of amount if it is, if the Kiri board decides would be quite smaller and the major chunk would be reinvested for the better value creation, that is #1. That was your first question. #2, what you mentioned about the capital allocation, out of \$604 million, what Kiri would invest in this new announced sizable project would be an equity and almost half of that amount. So, the allocation out of \$600 million would be around close to \$300 million as an equity and there would be matching debt which will be taken for this CAPEX. So, that's where this amount would be allotted. Remaining \$300 million is going to remain with the company and the prudent use of that amount would be discussed and decided in future course of action. Right now, that amount would be kept in the company as kind of a buffer or as kind of a safety net to ensure that nothing goes wrong when we are executing one big project. On the way in the next three to five years, if some good opportunities come, this amount would also be deployed and we'll see how the opportunities come in future.

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

**Abhinav:** My question is how much can we expect to pay legal fees between now and June 2025?

**Manish Kiri:** June next year, right? Now, at least if I can give you the approximate number based on the quarterly running, we can at least expect close to 15 to 20 crores around that range.

**Abhinav:** That is cumulatively, correct?

**Manish Kiri:** Yes, cumulatively. So, on the conservative higher side, you are looking at somewhere around 20 crores we need to spend till our funds are in.

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

**Amar Chand:** Please take my question with a pinch of salt. We were talking about all the extensions since last 3-4 years. I remember back in 2020-21 you said you are introducing lot of measures in terms of having the new Management in place, having a new company in place with a new product line which will generate at least 200 crores per annum. But looking at all that, which hasn't materialized, how would we as shareholders will foresee that the big project is coming up? Is there any lacking in terms of the execution or are we just talking about it? Because for the past few quarters, the numbers just doesn't reflect whether it's consolidated or a standalone. I wouldn't consider consolidated at all, as you rightly said, DyStar money has never come through our books, it's just the number that's reflecting, which if I would see that it's nothing, consolidated you should not even see that. And when we talk about the standalone numbers we are not doing any better although India is growing at a very fast pace, we're doing very well in a lot of industries. With so much experience for the past decade where are we?

**Manish Kiri:** So, let me address your questions and also give certain corrections what you just said, Company and we have never announced any CAPEX of new project or new investment in the last three years. This is the first time that the new investment has been announced, right, and that new investment to a significant size, that is #1. #2, why this decision has been taken now to announce it and to embark on it? Because we see the feasibility and we see the possibility of our sale proceed of DyStar to be coming. And if you look at as a matter of fact five years, company was not able to generate enough profits or neither company had raised any funds from outside, right, to be on conservative side to invest for any expansions or anything, Company has not done it because company was not able to avail funds from the sale proceed of DyStar. As a matter of fact, #3, company could not grow for 10 years because company has spent lot of funds on the account of legal cost and on the Singapore litigation, correct. Because of lack of the equity required to grow and

expand and incur new CAPEX, we couldn't do it. Even when we are announcing this project today, there is no equity which has been received as on today from the DyStar sale proceed. What we are expecting is to receive in the next one year time, correct. The reason we are trying to save time for one year is we can have availability of certain advanced funds, certain external raise funds, right now as I speak to you, which has already been arranged and that's why we are embarking on this project and the new CAPEX. So, you are right, I am hundred per cent align with you that company could not grow, could not expand, could not put more CAPEX on the lack of funds. But now in the final stage and the final phase when we have visibility of our money coming, we are able to raise funds, we are able to arrange for capital investment requirements and now we will start this. Again, we have taken people onboard for almost three years and we have been incurring that cost also. So, there are certain people on the projects, you are right, have been there on the board and hopefully this new Management bandwidth should be able to now function, should have adequate assignments to proceed with their work and we have been able to retain certain good talent for the last 2-3 years. Again, it has costed us. but hopefully next two to three years time when we go through this project implementation, it might be able to help us to expedite. But, you are right and we hope to give you good numbers in the next one or two years.

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

**Ashwini:** Just have a couple of questions. Firstly, during the due diligence process which Deloitte has performed, has there been anything which has come to their notice which might be different from the whole books which were presented, or which might hamper then in block sale process?

**Manish Kiri:** Nothing at all actually. And as far as the financial numbers are concerned, the cash in the company is concerned, the balance sheet

items are concerned, not at all. Actually, there is nothing which has come across which could be surprising or which could be unknown or which could be falsifying on the numbers, nothing like that has happened actually. So, the numbers which have been there on the books are the correct numbers. The only thing which we have seen is last two, three, four DyStar does make provisioning on one year to sometimes to declare lower profit, but in the next year or a year after, they are reversing the provisioning, correct? So, making provisioning, reversing provisioning, these are the activities that we have seen. But in overall numbers on the balance sheet side as well as on P&L side, there's nothing surprise, there's nothing which can hamper or which can delay the end block process, nothing like that, absolutely nothing.

**Ashwini:** The Management of DyStar is still in the hands of Senda. So, what kind of measures are being taken right now by Deloitte or the SICC or the Supreme Court in order to ensure that no mala fide practices will be done by them during this process also?

**Manish Kiri:** Absolutely. So, today we have seen that Deloitte as the receiver is doing an excellent job since their appointment to make sure that the value of the company is protected. That is #1. So, there are certain notices, there are certain observations, there are certain directions Deloitte is giving in terms of related party contracts, in terms of overall preserving cash, location of the cash of the company. So, it has been really prudent in the sense to ensure that the value of the company that the Deloitte is selling is preserved. So, that work is done by Deloitte. Deloitte is not interfering in the day-to-day Management or operations of the company because that is not the job given by the court. Their job is to sell the company and to sell the shares of the company, and for that perspective, they are trying to maintain the value of the company, that is #1. Now saying so, #2, another important aspect which has been taken care by Deloitte is the process in which the company is being sold. So, the process is being run as a confidential process, the process will have for example, the bidders who is bidding, how much for DyStar

would not be given to the shareholders and that confidentiality would be maintained, those data would be confidential with Deloitte and they will treat shareholders as well as the external bidders all at par at a same level. So, there would be a same level of disclosure. For example, DyStar directors are not supposed to or should not use that information to pass on to the shareholders to help them for the bidding. So, these kind of measures have been taken by Deloitte. And for example, whenever the binding offers come, it would be only the discretion and decision of the receiver to decide whose is the best offer, the highest offer and with the proof of funds, and then they are going to make a decision discretely without giving information to Senda or to Kiri as a matter of fact. So, I think the process is being run is quite confidential process. So, it's not an open auction where everyone can see each other's way.

**Moderator:** Ladies and gentlemen, we'll take this as a last question. I now hand the conference over to the Management for closing comments.

**Manish Kiri:** I thank all of you for participating in today's conference call. I wish you all the best and we'll meet and discuss in the next quarter. Thanks a lot.

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