

June 06, 2025

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

Sub: Submission of Transcript for Q4-FY25/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 Q4-FY25/FY25 Earnings Conference Call held on Monday, June 02, 2025.

The Transcript of Q4-FY25/FY25 Earnings Conference Call is also available on website of the Company at 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
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Kiri Industries Limited
Q4 FY-25 / FY-25 Earnings Conference Call
June 2, 2025

Moderator: Ladies and gentlemen, good day, and welcome to the Q4 FY '25 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 '*' then '0' on your touchtone phone. Please note that this conference is being recorded.

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

Purvangi Jain: Good evening everyone, and a very 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 4th Quarter and the financial year ending 2025.

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 beliefs, 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 introduce you to the management participating with us in today's conference call. We have with us Mr. Manish Kiri – Chairman and Managing Director; Mr. Jayesh Hirani – Senior Manager, Accounts and Finance; and Mr. Suresh Gondalia – Company Secretary.

I would now request Mr. Manish Kiri to give his opening remarks. Thank you, and over to you, sir.

Manishbhai Kiri:

Good evening, everyone, and welcome to the earnings conference call for the 4th Quarter and Financial Year 2025. I will begin with a brief overview of our Q4 FY '25 performance, followed by key operational highlights and strategic updates.

On a stand-alone basis, in the 4th Quarter of the financial year 2025, the company delivered a strong sequential performance with revenue from operations increasing by 19% quarter-on-quarter to INR 186.22 crores, driven by improved business momentum and operational throughput.

EBITDA stood at INR 8.4 crores against EBITDA loss of INR 10.6 crores in the same quarter of the previous year. The company reported a profit after tax of INR 1.8 crores, delivering a complete turnaround from the loss of INR 29 crores in quarter 4 FY '24. This performance highlights the company's robust financial discipline, operational agility and focus on long-term value creation, positioning it well for sustained profitability and growth in the coming quarters.

For the financial year ending 2025, the stand-alone revenue from the operations was INR 655 crores, which grew by approximately 4% on a year-on-year basis and EBITDA loss was INR 44 crores against INR 63 crores of EBITDA loss in the last financial year. The company reported a profit after tax of INR 4.4 crores, a sharp reversal from the loss of INR 94 crores in the previous year.

On a consolidated basis, the revenue from operations for the 4th Quarter stood at INR 205 crores, a decline of about 6.5% year-on-year basis with an EBITDA loss of around INR 5 crores as compared to EBITDA loss of INR 10 crores in quarter 4 2024. Net loss for the quarter before share of profit of associate was about INR 64 crores against INR 29 crores in the quarter 4 of FY 2024.

For the financial year ending 2025, on a consolidated basis, the revenue from operations was INR 740 crores representing a growth of 4.4% of EBITDA. The EBITDA loss was INR 54 crores against EBITDA loss of INR 60 crores in the first financial year. The net loss was INR 108 crores versus a net loss of INR 91 crores in the last financial year. In the consolidated statement, the share of profit of associates includes INR 373 crores of share of profit of DyStar, which does not have any impact on the valuation of the stake of Kiri in DyStar.

During this quarter, we made a significant breakthrough in the long-standing DyStar matter by signing and share purchase agreement on 29 May 2025 to sell 37.57% stake to Longsheng for the base consideration of \$676.3 million, with an additional \$20.3 million potentially payable.

As per the Singapore Supreme Court ruling dated January 31, 2025, we are entitled to \$603.8 million plus 5.33% annual interest from September 3, 2023, until the payment is made. The deal is expected to close by October 2, 2025, subject to conditions precedents from the sale, which will be strategically deployed for a new investments and shareholder returns.

Our greenfield project in copper and fertilizer under Indo Asia Copper Limited is progressing well with Phase 1 requiring around INR 8,000 crores of investment and projected annual revenue exceeding INR 45,000 crores. Land acquisition, regulatory approvals as well as the partnership with technology providers are in place, and we are moving forward for financial closure.

To support this growth, our subsidiary, Claronex Holdings secured \$130 million facility from 2 lenders backed by corporate guarantee and DyStar shares. This provides ample funding flexibility without impacting our debt-free stand-alone operations. Both stand-alone and consolidated financials for FY '25 received unmodified audit opinions, reflecting strong governance.

Looking ahead, we expect margin improvements as legal costs decline and anticipate INR 1,500 crores of annual revenue from our Dyes and Intermediates segment. Our focus on disciplined capital allocation and diversified growth will continue driving resilience and long-term value.

With that, we can now begin the question-answer session. Thank you. Floor is open.

Moderator: Thank you sir. We will now begin with the question-and-answer session. The first question comes from the line of Amit Mehendale from RoboCapital. Please go ahead.

Amit Mehendale: Thanks for the opportunity. Just in the introductory remarks, there was a comment on revenue guidance. Could you just repeat that guidance again, please?

Manishbhai Kiri: Sorry. Can you repeat, please?

Amit Mehendale: Yes, sure. In the introductory remarks, there was a revenue guidance of INR 1,500 crores. If you could explain that, it will be useful.

Manishbhai Kiri: Yes, that is a target that company has set up to achieve for the consolidated performance for the next year, correct.

Amit Mehendale: Right. And what type of margins are we targeting, sir?

Manishbhai Kiri: Well, if we assume that the legal cost is going to go down, which is happening now with a lot of legal work is getting completed with the sale purchase agreement signed, we should be having at least 8% to 10% EBITDA on that.

Amit Mehendale: Okay, great. Thanks. That's it from my end.

Manishbhai Kiri: Thank you.

Moderator: Thank you. The next question comes from the line of Nupur from Aart Ventures. Please go ahead.

Nupur: Firstly, thanks for your opportunity. One thing I would like to ask that if I look at the consolidated figures from the year March 2022, so since last 3 years, the decline has been witnessed in the top line. And accordingly, bottom-line has been increased majorly due to other income. So what constitutes the other income? And why a fall has been witnessed in the top line of the company?

Manishbhai Kiri: Nupur ji, there is a change in the way we consolidate. What has happened is we used to consolidate for years, Lonsen Kiri, which is Indian JV line by line in Kiri's books of accounts. I think from this year onwards, it has not been consolidated line by line, but it has been now added as a one line profit from the associate companies. So that is a major reason for the change in the top line for the consolidated performance because of the change in the accounting practice. So you see increase in the bottom line, which is coming from the share of associates while top line is declining.

But if you look at the top line on the revenue basis for the last 3 years, combining both Kiri and 40% of Lonsen Kiri, it is not wearing more than 10% as a variance. The reason consolidated number makes sense, because lot of raw materials which are produced in Kiri are supplied to the joint venture. And then the joint venture produces finished products, which is sold to the customers. So the profits are captured partly in Kiri and partly in JV. And consolidated numbers reflect the profit correctly, which comes from the entire business of intermediates as well as dyes. So that is why the consolidated number, which accounts for the consolidation of JV.

Now, there is another consolidation at the bottom line, which you see, which is coming from DyStar. Now DyStar consolidation is just for the reporting purpose, and that is not the cash flow to the company. That I must clarify to you. It is not the cash flow to the company. It is the reporting of the share of profits that is earned by DyStar, and 37.57% of that is coming over there.

Now going through the sale process and now crystallizing Kiri's receivable, which is close to \$676 million plus \$20 million on other costs. So that would allow a fixed and the crystallized number that Kiri would receive from the DyStar proceeds. Hence, the consolidated number would not reflect into any cash flow streams. I hope that helps.

Nupur: Yes, I got your point. One last thing I would like to ask is that what constitutes the other income? Because if I look at the financials of March 2025, our EBITDA has been negative, as you already stated in your opening remarks. And I believe to some extent because of other income, our PAT was positive. So our EBITDA margin, we can expect that it's going to improve or it's going to be a bit better as compared to the last financial year

Manishbhai Kiri: I think the next 2 financial years, the numbers are going to improve based on our internal projections. And if I am correct, the other income also includes the dividend income that we received from the joint venture. So that is part of also the operational cash flow that we receive as a dividend from the joint venture company, and which is going to continue to come. And it has been coming almost every year now.

Nupur: Yes, that is fair enough. But I believe as you said that the dividend received by your company will form part of operating cash flow. But as per my opinion, the dividend received will form part of your cash flow from investing activities. How you can classify that as investment activity?

Manishbhai Kiri: Hello. Can you repeat, please, Nupur ji? Yes, your voice is echoing.

Nupur: Okay. So I was saying that you mentioned that the dividend received by your company, you are saying it is cash flow from operating activities. So as per my opinion, dividend received is always classified as cash flow from investing activities. So why you considered this dividend as operating cash flow?

Manishbhai Kiri: Well, I think it is coming from the operations of the JV. But either way, either you consider it as an income from the investment activity or the other income from your analysis perspective, that's an income which is coming in the company.

Nupur: Okay. Thank you.

Manishbhai Kiri: Thank you.

Moderator: The next question comes from the line of Ankit from Fusion Capital. Please go ahead.

Ankit: Yes. So my question was for the DyStar proceeds. So please correct me if I am wrong, like the payment date you mentioned 2nd October 2025, right? Or is it the final date will take some time from that?

Manishbhai Kiri: See the final date, which has been now confirmed is October 2, 2025, correct? And there is an extension period of 30 days. So if it is up to receiver, if receiver thinks that the deal is coming to close and there is only formality left, there is some regulatory approval which are coming, but it's only overlapping to complete the pending matters. Receiver has discretion to give 30 days grace, right, which will bring this to November 3. So either the money to be in place to be paid to Kiri by October 2 or before October 2 or in the worst case, if the extension is given by the receiver, if receiver feels so, then it should be by November 3, Kiri should be receiving.

Ankit: Got it. And secondly, like we were planning to participate auction like there was Deloitte appointed for that. So like why we chose to go with like...

Manishbhai Kiri: No, no, we haven't chose. Ankit, there is a misunderstanding here. It is not company's choice to enter into agreement to sell the shares. Please understand, correct? It is Deloitte who has decided to sell the company shares to Longsheng because Longsheng ended up as the highest bidder at a value of \$1.9 billion. Because Longsheng was also the bidder, right? So they bid at \$1.9 billion. And because of their bid was highest, receiver chose them as the highest bidder to sell the company. It is not Kiri. It is the receiver who has entered into the agreement, and it is the receiver who is the signatory to the agreement, and it is the receiver who has sold the shares of Kiri to Longsheng.

So I think it requires some clarification on your understanding. It is not Kiri's choice or it is not Kiri's consideration, nothing like that. This has come out of the competitive bidding process run by Deloitte, and it is Deloitte's decision.

Ankit: Okay. And for like...

Moderator: I am sorry to interrupt, Ankit. Those were your 2 questions. Could you please fall back into the queue.

Ankit: Yes. I'll join back. Sure. Thank you.

Moderator: The next question comes from the line of Himanshu Dugar from Stylus Holdings. Please go ahead.

Himanshu Dugar: Yes. Hi. Thank you for the opportunity. Sir, first question I wanted to understand was now that the deal between DyStar has happened, is there any understanding on how the cross holding transaction, that is transaction between Kiri and Lonsen Kiri, the Indian JV as well as between Lonsen Kiri and DyStar will continue going ahead? Because I understand all 3 also have transactions in between.

Manishbhai Kiri: See, last 10 years, when both the shareholders, Longsheng as well as Kiri, they're both in the court and fighting in the court in Singapore. And Lonsen Kiri has been the supplier to DyStar for 10 years. even today, and it is continue to supply to DyStar even in future also. So operations of Lonsen Kiri in terms of supplying to DyStar as a relationship between DyStar and Lonsen Kiri as the buyer and the seller, as the customer and supplier is going to continue. It is not going to change anything. So JV status, JV's operations and JV supplying to DyStar is not going to change. It is going to continue irrespective of whoever is a shareholder of DyStar. So that is one part.

And JV is not a part of any transaction here. It is DyStar, which is getting sold. So JV is nowhere relevant here. As far as the supplies are concerned, they are going to continue to DyStar. I hope I answered the questions.

Himanshu Dugar: Yes. Thanks for the clarification, sir. Last question from my side. On the interest expense, I think we are recording almost INR 50 crores to INR 55 crores quarterly interest expense on our borrowings of around INR 1,100 crores. I understand that would work out to 19%, 20%, but we have borrowed at a much lower rate, right. So what is the difference if you could elaborate on that?

Manishbhai Kiri: You are talking about interest, where? Interest on the borrowing of INR 1,100 crores?

Himanshu Dugar: Yes.

Manishbhai Kiri: Sorry, can you clarify your question, please?

Himanshu Dugar: Sir, my question is, for example, for the March '25 quarter, we have recorded an interest expense of INR 54 crores. On the balance sheet...

Manishbhai Kiri: That you are referring to the consolidated number, correct? Consolidated P&L.

Himanshu Dugar: Right. Yes, yes.

Manishbhai Kiri: So it's not a stand-alone. That consolidated P&L number is coming from the borrowing of USD 130 million, which I mentioned in my opening speech, which has been done by Kiri's subsidiary in Singapore, right? And that USD 130 million is currently being invested into IACL, Indo Asia Copper Limited for the copper fertilizer project. So that is the borrowing, which is related to the new project, and that is in the subsidiary of Kiri. And that is what is coming here on a consolidated basis.

It is not an interest-bearing loan on the operations of the dyes and the chemical business that the company is operating, right? That borrowing is an advance taken against the judgment order in the Singapore subsidiary of Kiri, and that interest is payable as and when the DyStar funds are received and as and when those funds are paid to settle that borrowing, correct? So even though it is accrued in the subsidiary, it has no relevance with the operations of dyes and chemicals of the company. I hope that gives you some clarification.

Himanshu Dugar: Just a small follow-up question on this, sir. So my only question here is till the time the funds from DyStar finally received in the books of Kiri, will we be having this INR 18 crores monthly interest expense to be recorded or the number is related to something else as well? Is it INR 18 crores...

Manishbhai Kiri: No, no. Every quarter, the accrual will be done, correct, in the Kiri subsidiary, which you will see on a consolidated basis in consolidated P&L in India. Correct? So it will accrue every quarter, whatever you have seen in the last quarter.

Moderator: The next question comes from the line of Rohan Shukla from Anand Rathi Financial Services. Please go ahead.

Rohan Shukla: Thank you for the opportunity. Sir, my question was broadly about the CAPEX. Can you briefly guide about what CAPEX are we expecting over the next few years? I think I missed the opening commentary and how much will that be contributing to the overall top line? Also the full year CAPEX for FY '25, what was that? Thank you.

Manishbhai Kiri: So over a period of next 2 to 2.5 years, company is going to invest something close to INR 8,000 crores in a new project. And out of that INR 1,100 crores equity investment is going on as we speak. So till the DyStar funds are received, company is going to continue to invest into CAPEX even in this financial year. But over a period of the next 2 to 3 years, we will be investing somewhere close to INR 8,000 crores in CAPEX, and which will generate, as I mentioned, almost INR 45,000 crores of revenue on the full operation basis of the copper and fertilizer facility.

Rohan Shukla: Thank you, sir.

Manishbhai Kiri: Thank you.

Moderator: Thank you. The next question comes from the line of Bhavishya Daluka from Aventus Capital. Please go ahead.

Bhavishya Daluka: So my question is regarding the copper segment. So you told that the revenue that is projected over the course of years is INR 45,000 crores. However, I wanted to understand that you guided 8% to 12% EBITDA margin for the copper segment. However, peers such as Hindalco and Vedanta are usually at around 5% or lower. So can I understand how this 8% to 12% margin is coming from?

Manishbhai Kiri: See, the margins are coming from 2 major factors. Number one, company is investing into manufacturing of copper, including value-added products. So it is not only sale of copper cathodes, but all value-added products such as rods, tubes, foils. So value-added products is part of the investment, which we have announced. And that value addition gives us 3% to 4% better margins, compared to selling only pure copper. So that is one area.

And second area being a new plant, being a new technology, there is an improvement in the process. And the new facilities now require lesser energy compared to before, lesser recycling of the refined copper compared to before. Smelters are more efficient, correct? And those factors also play a role, and whenever the new technology and new smelters are being set up, those are operating at a little bit better efficiency, giving better margins.

Number three, the important factor is also we have 2 product lines here. One is the smelting and second is recycling. And 2 feeding systems are being planned that would allow the recycling

of copper to be done. And the higher the portion of recycling, better the margins would be. So these are the 3 factors which we have envisaged, which allow us to have a bit better margins than the peer group companies. So we hope that we are able to implement this successfully. Yes.

Bhavishya Daluka: Another question with regard to copper that sourcing copper concentrate is one of the biggest risk that the company faces right now. So where are we in terms of the contracts that we have built up with mines to get those supplies? And what geographies are you targeting and what areas these miners from just a look on that?

Manishbhai Kiri: See, that is the most challenging and toughest part. The highest work that we would need to make is to do offtake contracts for copper concentrate for the entire facility. And we have been focusing on this part. Our team has been in touch and in connect with so many miners, including the major MNCs to have majority of our concentrate tied up.

With certain contracts which we have executed till now, we are at 50% tie-up from Chile, Africa and Peru, but we are still 50% away, and it will still take us another 6 months to a year before we have 100% or 125% of our requirement is fully tied up with offtake agreements. So that is in process. That is the most challenging part of the entire business model.

As you rightly said, we are on top of it. And on an annual basis, we would need around 1.8 million to 2 million tonnes of copper concentrate. And hopefully, we should be able to tie that up.

Bhavishya Daluka: And would grade...

Manishbhai Kiri: We would be able to use, because of the improvements somewhere from 20% to 25%. We would not require to have more than 25% strictly. So even if lower grade of copper concentrate, our process would be able to use it.

Bhavishya Daluka: Got it. Thank you so much.

Moderator: Thank you. The next question comes from the line of Yash Dantewadia from Dante Equity. Please go ahead.

Yash Dantewadia: Yes. So I have 2 basic questions. Post taxes and everything, based on today's Forex price, what amount are we expecting to come into the balance sheet post we receive the money from Longsheng?

Manishbhai Kiri: So, yes, it is \$676 million, which you have seen in the announcement, and also the there is another \$20 million addition in that. That \$20 million includes additional interest, because the interest is running and also includes in part the fees to the receiver. So when you convert all this into Indian rupee, you are looking at somewhere close to INR 6,000 crores pretax.

Yash Dantewadia: And post tax, do you have the number?

Manishbhai Kiri: Post tax, the tax workings are still not final, okay? You take 12%, 12.5% of this number, so which would be around, let us say, INR 75 crores, INR 80 crores.

Yash Dantewadia: That is a taxable amount...

Manishbhai Kiri: Sorry, INR 700 crores is a taxable amount, I am sorry.

Yash Dantewadia: Right. So you are saying in a ballpark number, we expect around INR 5,200 crores to INR 5,500 crores. Is that a fair assumption?

Manishbhai Kiri: Yes, INR 5,200 crores to INR 5,300 crores, correct. That's a fair assumption.

Yash Dantewadia: And my second question is...

Manishbhai Kiri: These are the preliminary numbers. And I am not a tax expert. So even if tax reduces from that, you should not...

Yash Dantewadia: No. Definitely. No, that's why I just wanted a preliminary number from you. Don't expect the exact number, because I know that's complicated. And also depending on the Forex changes that happen during that time, right? My second question is...

Manishbhai Kiri: And also what are the tax expenses that we would be able to claim for tax optimization, which our tax and accounts team will be working on. But you can take this as a ballpark number.

Yash Dantewadia: Right. And sir, my second question is, who's going to be heading the copper entity? I think it's the Director of Aditya Birla or Hindustan Copper. No, I think Hindalco Copper, right, Hindalco Copper. So from when will he be attending the con call, because I know he's already hired, right?

Manishbhai Kiri: I think, yes, there is a team which is in place, correct, right now, and the team is getting built. Every month, we have more senior people joining. So in a 1 or 2 quarter, we will have the Head of Business, who will come and also brief you on the conference call. But still, it will take 1 or 2 quarters till we reach to a stage where we start reporting you numbers.

Yash Dantewadia: No, sir, my question is who is heading the entity? Is it the same director of the Hindalco Copper or it's not decided?

Manishbhai Kiri: No, it's not decided yet. It's not decided yet, right?

Yash Dantewadia: So by when will we understand clarity on this portion because as you know, this is one of the most important things, right, that who is going to be heading copper entity.

Manishbhai Kiri: Right. Correct. So you will have that picture clear in quarter 1 or 2 quarters from now. And because right now, there are a few sensitive matters which are going on. And that is the reason that we are not announcing the full management team of Indo Asia Copper Limited. We will make that announcement. And since then, you will see the competent people will come in and briefing you on the progress of the project.

Yash Dantewadia: I am not asking a question. I just have some...

Moderator: Sorry to interrupt, Yash, could you please fall back in the queue? You are done with your 2 questions.

Yash Dantewadia: No, I just wanted to convey something. It's not a question really. I just wanted to tell them that if it's possible, please give us clarity on the management as soon as possible.

Manishbhai Kiri: We will give you clarity...

Yash Dantewadia: We are really looking forward to that, right? It is very, very important as an investor.

Manishbhai Kiri: And at the same time, we also want to ensure that we are a very competent and capable team, and not only one person, correct? So you would need to have competent team. It's a large project, which cannot be driven by one person, correct? So when you look at the management bandwidth of the new business, you will look at all operations are covered with respective heads who have enough experience. So it would be a team of 6, 7 people and not 1 person. And we will give you that information.

Yash Dantewadia: Yes. I will come back in the queue. Thank you so much for taking my question.

Manishbhai Kiri: Thank you.

Moderator: The next question comes from the line of Sandeep Raj from Oculus Capital Growth Fund. Please go ahead.

Sandeep, please go ahead with your question, and unmute yourself in case if you are on mute.

Sandeep Raj: So my question is regarding the INR 1,500 crores revenue guidance. So we did around INR 750 crores revenue this year. So how do we plan on doubling our revenue from here?

Manishbhai Kiri: Yes. So what we are planning to do currently is trying to add more and more value-added products without incurring any CAPEX. Our current capacities are underutilized. We are utilizing only 42% capacity of entire installed capacity of Kiri on stand-alone basis on all plants. So we will be ramping up our capacities, and ramping up with value-added products with improvement of product mix. So that product mix improvement would actually drive the revenue as well as profit growth, both.

And we are adding a lot more dye intermediates, which are replacing Chinese imports, and that will also help us to increase our capacity utilization. So it is pure capacity utilization and product mix improvement. There is no investment which is taking place in the company for the Dyes and Intermediates business.

Sandeep Raj: Okay. And this INR 1,500 crores is complete top line, right? This does not include the other income, which is the share from JV, right?

Manishbhai Kiri: No, no. No, it's a top line of the company, correct.

Sandeep Raj: Okay. And what is the profit share that we expect from JV in FY '26?

Manishbhai Kiri: Profits from JV?

Sandeep Raj: Yes.

Manishbhai Kiri: JV will make EBITDA somewhere in the range of INR 150 crores to INR 200 crores.

Sandeep Raj: INR 150 crores to INR 200 crores. And we have a share of 40%, if I am not wrong, right?

Manishbhai Kiri: Yes, we will have 40% share, correct.

Sandeep Raj: Okay, sir. That's it from me. Thank you.

Manishbhai Kiri: Thank you.

Moderator: The next question comes from the line of Ankit Bagrecha from Bagrecha Advisory. Please go ahead.

Ankit Bagrecha: Hello, thank you for the opportunity. I had a question regarding DyStar sale. So by what time is the management expecting to receive the amount in the account?

Manishbhai Kiri: So there is a fixed date, which has been decided by the receiver and the fixed date is October 2, 2025. So the amount has to get credited to Kiri's account, either before October 2 or last date is October 2, 2025.

Ankit Bagrecha: Okay. Thank you. And any plans to reward the shareholders from the amount to be received?

Manishbhai Kiri: Yes. Yes, yes. As we have informed earlier, there would be certain parts which will be rewarding to the shareholders, yes. Thank you.

Ankit Bagrecha: Okay. That's it from my side. Thank you so much.

Manishbhai Kiri: Thank you.

Moderator: Thank you. The next question comes from the line of Apeksha Agarwal from Intellect Capital. Please go ahead.

Apeksha Agarwal: Thank you for taking my question. Sir, one thing want to understand on the copper business, your sourcing is commodity driven and it has been quite volatile in terms of pricing in the recent past. I wanted to understand when we go through production and selling, do you intend to have a pass-through model or absorption of this cost, if you could give me a broad level understanding of how copper price volatility will reflect on our company's EBITDA guidance of 8% to 12%?

Manishbhai Kiri: As I mentioned earlier, if you look at the copper pricing over a longer-term trajectory, you know better than me that it is upward. So when you talk about 3 years, 5 years from now, you are talking about \$15,000 a tonne, \$18,000 a tonne. So it's expected to go on a long term. It may fluctuate short term. But overall, the trajectory could be positive for 10, 20 or 25 years, number one.

Number two, as I explained earlier, the way we have tried to disconnect with the volatility is to sell value-added products and to produce value-added products. So there are 3 buckets of profitability that we try to capture. One is the value addition by selling the value-added copper products, the consumer products and not pure cathodes.

Number two, with the improved technology with a new investment. And today's technology is energy efficient, lesser power consumption, more yields, lesser recycling and all those benefits, right? So these are the 2 main drivers, right?

And third driver would also be how efficiently we are able to source and how we are able to generate precious metal recovery. So copper plant is not only a copper plant. Copper plant produces quite a lot of gold and silver, as you know, correct? So the higher the amount of recovery we make on gold and silver, that would also be the third element that will add to the profitability of the entire business.

Apeksha Agarwal: Right, sir. And sir, a follow-up on the question which was answered earlier. INR 1,500 crores of top line predominantly is utilization of the existing capacity, and ramping up the products such that you have value-added products adding into it. So if you could entertain my question, sir, what was the bottleneck of ramping up till now? Like why were we not being able to do it? Was there a macroeconomic into play or something where we were not able to do this earlier, which you envisage doing it this year?

Manishbhai Kiri: I think certain series of products which we couldn't introduce in the market earlier, we could not develop those dye intermediates. And if you are aware, there are certain products on which now QCO has come. So quality control order would make the import of certain intermediates quite difficult in India, right? Because the BIS has been made mandatory, and that has allowed

us to have more sales in domestic market by increasing our capacity and selling more quantity into domestic markets, which would be basically replacing Chinese imports of intermediates into India. So certain policy changes, which are helping now, certain product ranges, which we could not develop and add before, which are being added now. So these are the combination of factors which allowed us to keep the ambitious target.

Apeksha Agarwal: Right, sir. Thank you so much, sir.

Moderator: Thank you. The next question comes from the line of Bhavishya Daluka from Aventus Capital. Please go ahead.

Bhavishya please go ahead with your question, and unmute yourself if you are on mute.

Bhavishya Daluka: In terms of the fertilizer segment, what industry outlook are we looking at in terms of top line and the EBITDA margin? And how much of the residue from the copper will be used for the raw materials to make fertilizers or something upon that?

Manishbhai Kiri: So just to answer your question, copper smelter makes a lot of sulfuric acid, and that sulfuric acid is being converted to phosphoric acid and phosphoric fertilizers. So with 0.5 million tonne of copper, we expect to produce 1 million tonne of fertilizer and fertilizer profit is minimum. It is not the profit driving element for the entire business model, but it is more of a byproduct and more of a disposal of sulfuric acid in the form of manufacturing of fertilizers, correct?

So current business model has less than 5% of EBITDA from the fertilizer sales. And the revenue number is also much, much lesser, right? So you are not looking at a profit contributor from the fertilizer, but you are looking at byproduct sales generating some revenue and recovering all the cost of manufacturing of fertilizer. So that is how we look at the business angle of fertilizer along with the copper smelter.

Bhavishya Daluka: Thank you, sir.

Manishbhai Kiri: Thank you.

Moderator: The next question comes from the line of Vignesh from Sequent Investments. Please go ahead.

Vignesh Iyer: Thank you for the opportunity, sir. So my first question is, wanted to understand if in Q4 at stand-alone level, have we incurred any further expense related to legal charges?

Manishbhai Kiri: Yes, yes, there were legal expenses and significant legal expenses in this quarter also, correct? So whatever numbers you see are post legal expenses, correct?

Vignesh Iyer: So since the resolution has been reached, can we expect that this number to go to minimum at least in the further quarters?

Manishbhai Kiri: Yes. Yes, yes. Of course, from this month onwards, from June onwards, we are actually expecting the legal expenses to go half. So to give you a number perspective, right, we were running between somewhere close to INR 12 crores to INR 15 crores, INR 16 crores, including receivables cost, okay? So that is the number that we have been looking at every quarter. So that may reduce to half.

Vignesh Iyer: Okay.

Manishbhai Kiri: Right. So that would still incur around INR 7 crores, INR 8 crores per quarter. Receivers cost is going to continue to incur from the liquidity perspective, right, because both the shareholders are paying today half-half, correct? As per the court order, we will get it fully paid along with 5.33% interest. So whatever we have paid to receiver, everything is going to come back with interest from the sales proceeds.

Vignesh Iyer: Right. Perfect. Perfect. So if I understand it right, since we have been debiting our expense, we are putting it through our regular P&L, all the legal expenses, would it be fair to say that the accumulated loss for last 5 years has been around INR 250 crores at stand-alone level. So it would be fair to say that whenever we receive these legal expenses interest, that will be a pass-through and there would be no tax on that part at least to the tune of INR 250 crores.

Manishbhai Kiri: Exactly, exactly. So we would be able to offset that, our liability of tax also.

Vignesh Iyer: Right sir. I get it perfect. So only second thing. So I thought the legal expenses might not have come in this quarter, but still we have ended up with 4.5% OPM. So just wanted to understand, is this primarily because of backward integration of sulfuric acid or has the product mix changed a bit in this quarter?

Manishbhai Kiri: I think product mix has made a major contribution. So the product mix has given us little better margins. And because the prices didn't improve in this quarter. Prices, in fact, the average sale price has reduced in this quarter, correct. But still we got better profitability because of the product mix.

Vignesh Iyer: Got it. Got it. Just one last question from my side, sir. I wanted to understand are we considering Lonsen Kiri does have better product mix compared to what our stand-alone does. Have we ever considered to buy out that 60% stake from the proceeds that we are getting?

Manishbhai Kiri: We have already tried, we attempted. We sent a proposal to the partner on the other side. But I think it would be a separate negotiation. We would be 100% interested to buy out the partner stake in Lonsen Kiri. Absolutely. But it all depends on how things unfold and how negotiations take place post closure of DyStar.

Vignesh Iyer: Thank you, sir. That's all from my side, and all the best.

Manishbhai Kiri: Thank you.

Moderator: The next question comes from the line of Nitin Sharma from Seeberg Please go ahead.

Nitin Sharma: Thank you for taking my question. I am not sure if you what happens in case Longsheng backs out from acquiring lower stakes?

Manishbhai Kiri: So let me try to highlight a few things here, okay? Currently what receiver has done is considered Longsheng, a listed company of China as a signatory and as a purchaser as highest bidder to buy DyStar, correct? And that gives Longsheng to be responsible and accountable to close the deal as per the commitment they have given to the court, giving commitment to the receiver is as good as giving commitment to the court.

So either they honor their commitment to the court and complete the transaction before October 2 or if they don't do it or if receiver sees that certain conditions subsequent, which they have to deliver, if receiver is seeing some delays in that or some lacuna in terms of compliance or inability from Longsheng side, let us say, they monitor July, they monitor August.

And they realize that, well, they don't think these guys are going to be able to meet the October 2 date or they haven't gotten the regulatory permission. There is a denial, there is some issue. Then receiver can decide to terminate this also and hand over to the second bidder, correct? Or on October 2, if they fail, then this will go to the next bidder, whoever is the second bidder is going to get this, and they are going to then come in. So that is how this is going to happen. And if Longsheng default, they will face the consequences.

Nitin Sharma: Understood. And second question related to this, what is the...

Manishbhai Kiri: And please remember that DyStar's cash is almost \$650 million today, which is as good as the amount that Kiri has to receive.

Nitin Sharma: Understood. Understood. Fair enough. Second question, what is this additional amount that could also come mentioned in the release, if you can just explain that?

Manishbhai Kiri: Yes, the additional \$20 million accounts for 2 things, right? Some part of it will come to Kiri as an additional interest, because today, interest is already running on \$604 million, correct. So if the interest amount exceeds the award plus interest of \$676 million, let us say, along with the interest amount, it comes to \$685 million. So then this additional \$20 million will be used to pay the additional interest amount to Kiri, and it will also be used to pay the cost to the receiver, whatever receiver has to receive from this. So it will account for both.

Nitin Sharma: Understood. Thank you.

Moderator: Thank you. The next question comes from the line of Amit Mehendale from RoboCapital. Please go ahead.

Amit Mehendale: Thanks for the follow-up. Sir, my question is on the earlier comment that the BIS has become mandatory now. Just wanted to check what is the effective date for that? And do you see any positive impact on overall dye intermediary space because of this?

Manishbhai Kiri: I think it is going to be having a positive effect for overall Dyes industry in general. That is my belief, for a fundamental reason that intermediate prices have been very low over a long time. And imports, especially imports from China used to put a cap on the prices in India. Now with QCO in place and BIS already implemented, right, there would be a mandatory compliance on the quality.

And for h-acid and vinyl sulphone, it was to start from May 13, but the government has extended it for 3 more months. So August 13 is the exact date on which the QCO would be enforced in India for dyes and intermediates. So that will give a positive impact on the price improvements of intermediates, and also price improvements on the dyes as well. So I think there would be some changes in the overall price structure in India as well as for exports.

Amit Mehendale: Right, sir. Thanks. And my second question is could you share some details of like the second highest bidder?

Manishbhai Kiri: Well, I don't have it actually, because it's a confidential information that receiver has not also shared us. But what I learned from the market, because the Longsheng bid was around \$1.9 billion, okay? Now my market information and market intelligence suggest that the next one is in the range of \$1.6 billion.

Amit Mehendale: Perfect.

Manishbhai Kiri: Okay. But anyway, it is much higher than what Kiri has to receive. So, it doesn't matter.

Amit Mehendale: Yes, yes. I was just looking to see the size. I was hoping that it is higher than \$1.3 billion, \$1.4 billion, just ballpark number.

Manishbhai Kiri: Yes. Yes, yes, it is higher.

Amit Mehendale: Yes. Thank you very much.

Manishbhai Kiri: Thank you.

Moderator: The next question comes from the line of Ankit from Fusion Capital. Please go ahead.

Ankit: So I wanted to understand like we mentioned in the last con call for 31st of March, so is it postponed it to 2nd of October. So like what was the reason for that?

Manishbhai Kiri: See, this binding bid closed at March 7, okay? So that was date which was the firm date and that date was not extended. So March 7 was the date on which binding bids ended, okay? Then the receiver negotiated or receiver communicated with several bidders. And I suppose if I am not wrong, there were 4 binding bids, okay? And then receiver tried to negotiate or try to discuss with every one of them.

And then based on the receiver's judgment, they decided to go with Longsheng as the highest bidder, close to \$1.9 billion. And that took them from March 7 to, I believe, May 2 or May 7. So there were 2 months they took in this process, correct, scrutinizing bid and deciding the bid, and then coming to a final bidder and then they started to negotiate an SPA with them, conditions with them. So that took another month or so.

So I think the receiver's internal target was to complete the sale purchase agreement and execute it by end of May, which they did, okay? And even in original process, there was a 3 months to 4 months requirement when Deloitte submitted their original plan to the court. So signing of SPA and then completing the conditions and closing would take another 3 to 4 months' time.

And I think with some leniency they have given 4 months' time, because I remember there was a legal opinion received by the receiver that Longsheng would need Chinese approvals and Chinese capital control approvals and ODI approvals for buying especially 37.57% of Kiri shares. So those approvals requirements actually contemplated even if there were some other bidder, noncompete approvals, lot of other things. So 3 months was already stipulated. And I think 1 month additional is given. And that is how October 2 date has been decided with the negotiation between the parties, parties were receiver and the purchaser. We were not involved in the negotiation process.

Ankit: Okay. Understood. And in the case, let's say, this first bidder does not get on time, then for the second bidder, they will again give 4 months or what time to the second bidder?

Manishbhai Kiri: I think the receiver has kept the competitive spirit alive, okay? So the second bidder would also have at some point in time, access to the information, SPA negotiations, and closing conditions, right, parallel to when the Longsheng is concluding. So I don't think receiver is going to wait, because let us say, if Longsheng fails on October 2, receiver has to close it by December 31, because December 31 is called long stop date, it cannot extend beyond it. So the second bidder has to be prepared, ready and closed before 31st of December.

Ankit: Okay. Got it. And lastly on...

Moderator: Sorry to interrupt, Ankit. Those were your 2 questions. Could you please...

Manishbhai Kiri: So Ankit bhai, that is the termination. That is the close. That is the date that cannot be changed.

Ankit: Yes. Got it.

Moderator: Thank you. The next question comes from the line of Vivek Joshi from Bandarpooch Capital LLP. Please go ahead.

Vivek Joshi: Thank you for all the clarification. So I wanted to know what are the conditions in which we get the \$20 million. And in your press release, you also had a line that this amount could be further adjusted. So is it like it could be downward adjusted also or upward adjusted? And does this amount include all the legal costs and also it's a total amount or those costs will come anyway?

Manishbhai Kiri: Yes, yes. Yes, yes, yes. Please understand. So there are a few things. Why it is adjustment mentioned, because adjustment if you look at the number, number is the precise number, okay? And why it is a precise number, because the number is estimating \$676 million, is only \$604 million of the main award and the interest on the main award. When you put that together, it becomes \$676 million, correct? So that is one part, correct?

Then what is left for Kiri to receive is the legal cost and the interest on legal cost. So legal cost and interest on legal cost at 5.33% per year is running from 2022. So '22, '23, '24, so all these years and the legal cost itself was SGD 8.5 million plus interest, so all put together. So legal cost plus interest. And then if there is any additional interest, let us say, if it is 2 weeks more, then more interest than the computation date, then another interest to be added, plus the receivers amount to be given to receiver fees is to be paid to receiver. So all this additional is part of this \$20 million.

So let us say if it is not enough, then this is all closed and it is to be another \$3 million, okay, added or \$4 million added, then it to be adjusted upward. Let us say when the computation come precise and Longsheng concludes the deal maybe earlier, maybe they phase in August, let us assume, right? So then there would be some reduction. So instead of then \$20 million, it would be \$18 million or \$19 million or whatever the number it comes to. So that is \$20 million could be either upward, right, if the fees of receiver is more or the cost of the interest amount is more or it could be downward if Longsheng pays earlier than the due date. That's the adjustment of \$20 million, up or down.

Vivek Joshi: Okay. That was very clear. Just one more thing I wanted to know. On the balance sheet, you have a consolidation asset of around INR 2,800 crores, which you have been consolidating the profit of DyStar. Will that be sold as an asset? Like will that be the cost of the asset and we will get the tax benefit or no?

Manishbhai Kiri: No, we don't get a tax benefit on that. I think our advice was no, because that was the asset and it was the book value of the asset that is there in the company's books. Correct?

Vivek Joshi: That amount will just get removed from the balance sheet, right?

Manishbhai Kiri: Yes, it will. Exactly. It will remove from the balance sheet, and replaced by the proceeds of sale of assets, exactly.

Vivek Joshi: Yes. But that asset will not be treated as cost of asset. The cost of asset will be the original one only.

Manishbhai Kiri: No, no. That won't be treated, because cost of asset would be the original one, and then because it would be capital gain that we will have to pay on the original...

Vivek Joshi: So sir, just to finally confirm the INR 676 crores is confirmed, it would be after plus something. Yes. That amount has to be decided, right?

Manishbhai Kiri: So \$676 million is \$604 million plus interest cost.

Vivek Joshi: And interest cost has been calculated till which date?

Manishbhai Kiri: Interest cost is calculated till October 2nd.

Vivek Joshi: So if they give earlier, so if the INR 676 crore could also be less. Is that right? Is that correct?

Manishbhai Kiri: Yes. So if they pay earlier, so instead of reducing \$606 million, the idea that receiver has, they kept fixed to be paid to Kiri, but the \$20 million will be adjusted.

Vivek Joshi: So the sale amount for the DyStar would be \$603 million only. The rest will be as other income, right?

Manishbhai Kiri: No, no, yes, exactly. Rest would be the other income, exactly. So that would be the interest income.

Vivek Joshi: Okay. So the operating gains would be applicable on only the \$603 million, whatever rest...

Manishbhai Kiri: Only on \$603 million. Yes, it will be fully, and our losses of 3 years would be adjusted against it, against that income.

Vivek Joshi: Okay. Thank you so much.

Manishbhai Kiri: Thank you.

Moderator: Thank you. Ladies and gentlemen, in the interest of time, we will take that as the last question. I would now like to hand the conference over to the management for the closing remarks.

Manishbhai Kiri: Thanks to all for participating in today's conference call. I wish you all the best. Stay well, stay healthy, and we will see you in the next quarter. Thank you.

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