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Kiri Industries Limited
- Q3 FY22 Results Earnings Conference Call

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Mr. Suresh Gondalia
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Q&A PARTICIPANTS:

Aditya Bagaria - Aditya Trading Company

Amarchand Goel - Individual Investor

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Ashit Kothi - Individual Investor

Suyash Saraogi - Fast Capital Markets

VP Rajesh - Banyan Capital Advisors

Jay Bathija - Individual Investor

Sanjay Mahajan - ProfiBook Capital

Hemant Kanungo - Rajeshwar Impex

Namit Mehta - KC Capital

Mahendra Naik - CMS Investments

Mayan Kak - Tata Consultancy Services

Moderator

Good afternoon, ladies and gentlemen. I'm Moumita, moderator for the conference call. We welcome you all to Q3 FY22 conference call of Kiri Industries Limited, hosted by Aditya Birla Money. This conference call may contain forward looking statements about the company which are based on the belief, opinion, and expectations of the company as on date of this call. These statements are not the guarantees of future performance and involve risk and uncertainties that are difficult to predict. As a reminder, all participant lines will be in the listen only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing * and then 0 on your touchtone telephone. Please note this conference is recorded. I would now like to hand over the floor to Mr. Sumeet Shah of Aditya Birla Money. Thank you and over to you, sir.

Sumeet Shah

Thank you and good afternoon, everyone. On behalf of Aditya Birla Money Limited, we welcome you all to the Q3 FY22 Earnings Conference Call of Kiri Industries Limited. From the management side, we have Mr. Manish Kiri, Managing Director, Mr. Jayesh Hirani, Senior Manager Accounts and Finance, and Mr. Suresh Gondalia, Company Secretary. So, without much delay, I hand over the floor to the management for opening remarks, followed by the Q&A session. Thank you and over to you, sir.

Manish Kiri

Good afternoon, everybody. It's a pleasure to welcome you to the Earnings Conference Call of the Third Quarter of Financial Year 2022. I hope everyone is keeping safe and well. Kiri Industries Ltd was able to stimulate its business performance in Quarter 3 FY22 due to improved volumes across its diverse product portfolio and also due to our fully integrated plants for dyes and 2-stage backward integration of dyes intermediates, specialty intermediates as well as basic chemicals. For Quarter 3 FY22, the company achieved a consolidated turnover of Rs. 429.41 crores, which was 38% higher year on year basis and 20% higher on quarter-on-quarter basis.

The EBITDA reported for the quarter was Rs. 48.5 crore and the net profit was Rs. 24.5 crores. The contributors to consolidated net profit after tax of Rs.106 crores in Quarter 3 FY22 include

share of profit of DyStar, associate company of Kiri, to the tune of Rs. 81.49 crores and Rs. 13.44 crores from Lonsen-Kiri Chemical Industries Limited. We were able to pass the increasing input cost to the customers in Quarter 3 FY22, allowing material margins to improve. Consolidated gross margin has improved to 33%, a 3% increase from the previous quarter and is expected to continue to improve in the coming quarters.

After the initial hesitant pickup of demand in first half of FY22, the global markets have experienced good demand in Quarter 3, FY22. Kiri's standalone turnover during Quarter 3 FY22 was Rs. 345.75 crores, which was 47% higher on year-on-year basis and 31% on quarter-on-quarter basis. The EBITDA during Quarter 3 FY22 was Rs. 29.34 crores, as compared to break-even EBITDA during Quarter 2 FY22 and negative EBITDA of Rs. 3.30 during Quarter 1 FY22. During Q3, FY22, Kiri experienced a significant increase in power and fuel costs for the second consecutive quarter. With gas prices increasing by 46% and coal prices increasing by around 23% in the current quarter, compared to the previous quarter.

Furthermore, the upward trend in the raw material prices continued in the second quarter, which could be absorbed by pursuing a right product mix to provide the company with sustainable margins. Material margins improved to 31.5% in Q3 FY22, an increase of 4.7% over the previous quarter. With a diverse product portfolio and strong demand growth, there is still room for further improvement in material margins, which will be seen in coming quarters. In Q3 FY22, the intermediates accounted for 63% of sales, up from 43% in Q2 FY22. The increase in share of dyes intermediates is due to the production of specialty dye intermediates, which commenced operations from January 2021.

The rise in coal prices, gas prices, and lignite prices have impacted power and fuel cost, while rising crude oil prices have increased the freight cost. Additionally, the ongoing high legal costs on account of litigation in Singapore Court against Senda for the valuation of DyStar and buyout of stake of Kiri by Senda, and also Kiri's claim against DyStar for not treating Kiri as its preferred supplier, also impacted the financials. So, the financials which you are looking at are including these legal expenses that company has been paying.

During Q3, FY22, working capital cycle has gradually improved and is expected to improve further in the coming quarters. Inventory turnover has stabilized at 31 days from 36 days on quarter-on-

quarter basis. Similarly, trade payables have been reduced to 97 days from 107 days on quarterly basis. Recovery from receivables has also improved to 34 days from 47 days on quarterly basis.

Coming to Kiri's minority operations suit, as you may already know by now, that the Singapore International Commercial Court has awarded a final valuation of USD 481.6 million for Kiri's 37.57% stake in DyStar. Hearing at Court of Appeal which is Supreme Court of Singapore took place on 26 January 2022 and 28 January 2022 and completed in relation to the appeals filed by the company as well as by Senda international Capital against the Singapore International Commercial Court's judgement dated 21st December, 2020, 17th March 2021, 21st June 2021 regarding company's minority operation suit SIC/4 against Senda. So, all the appeals, which were filed on various judgments were all got completed now, and the hearing covered all these various orders which came for the period from December 2020 to June 2021. The judgement of Court of Appeal is awaited because the judgement is reserved.

In another case against DyStar, SICCC has delivered judgement on 24 September 2021 on Kiri's counterclaim against DyStar in SIC/7, has dismissed Kiri's counterclaim and awarded all costs of Singapore Dollar 1.13 million to DyStar. The company has already filed appeal with Court of Appeal, which is Supreme Court, against the said order and the Court of Appeal has fixed hearing on 13th and 14th July 2022. Again, SIC/7 is totally a different case, which has nothing to do with the valuation main case.

Lastly, coming to future outlook, as you may be already aware, that the Indian chemical sector is on the cusp of very high growth trajectory in the coming years. Kiri's entire product range of dyes, specialty dye intermediates and other value-added specialty chemicals is poised to provide impetus to its order book for exports and the domestic market in the coming quarters enabling Kiri to achieve larger volume sales and better margins enhancing bottom line of the company. It is important to highlight that, specialty intermediate plant has been operational since January 2021, and which will be one of the main growth drivers, which shall also enhance volume and margins of the company in future quarters. Now, I would like to open the floor for questions. Thank you.

Moderator

Thank you, sir. Ladies and gentlemen, we will now begin the question-and-answer session. If you have a question, please press * and 1 on your telephone keypad and wait for your turn to ask the question. If you would like to withdraw your request, you may do so by pressing * and 1 again. Our first question from Mr. Aditya Bagaria from Aditya Trading Company. Please go ahead, sir.

Aditya Bagaria

Yeah. Hello sir. Thanks for the opportunity and congratulations for the numbers. Sir, my main question is once the valuation comes through and the verdict is announced, and we get the amount in our accounts, what kind of taxation are we looking at and also again regarding the disposal of the funds, hasn't there been more clarity regarding that.

Manish Kiri

Just to address your first question, a 20% tax, if we do indexing of our investments since 2010. And answer number two, what are we going to invest and in which areas we are going to invest, I would only say that we have now made our efforts even more aggressive, in deriving many further options, and as soon as the decision is made by the Board, we will inform you. Recently in just last Board meeting, we have tried to make an investment committee including few board members and once the decisions are crystallized, we'll definitely announce.

Aditya Bagaria

All right. Thank you.

Manish Kiri

Thank you.

Moderator

Thank you, sir. We have the next question from Mr. Suyash Saraogi from Fast Capital Markets. Please go ahead, sir.

Suyash Saraogi

Hello sir, congratulation on great set of numbers. Sir, my question is how much legal expenses have been incurred in this quarter first, and when do we see these legal expenses waiving off. And, my second question, Sir, what is the industry position in China right now? Is the industry a little unattractive because of the higher costs that were imposed by Chinese authorities, so how is that shaping up right now? Thank you.

Manish Kiri

Yes, Suyash, the first question regarding legal costs, this quarter due to heavy legal load, because of the Court of Appeal hearing, the bills and the invoices would come; but till December, the quarter in which you are seeing the results, it was close to 11 crores. So, you can add to EBITDA, if those legal costs had not incurred to Kiri.

Suyash Saraogi

Sorry, just to understand, the 11 crores are for the entire nine months?

Manish Kiri

No, for the quarter of December. And now from March onwards, it should start tapering down. So, from next quarter onward, even this quarter would be heavy legal fees because of the Supreme Court case involved, but from next quarter onwards, from April onwards, we expect it to be lower. Let's see how much lower it can come, but at least 50% lower would be there. Let's see.

Suyash Saraogi

Okay and the second question regarding China.

Manish Kiri

The second question which relates to China, you see the major issue in the whole industry, in addition to dyes and intermediates, overall industry, you see power and fuel costs have increased and which I just mentioned in my speech also. China is experiencing the same thing, so their cost of coal, cost of power, cost of gas, all have been going up, and the same experience we see by

a lot of our clients in various countries, whether it's Bangladesh, its Turkey, everywhere you see the cost increases. And due to the larger phenomena, we are able to pass on the cost to customers and that is exactly what happened in Quarter 3.

So, if continuing trend is there of increase of cost, I think that we should be successfully able to pass on to the forward chain in the value chain. So, to that extent, temporarily, we might have to absorb, if there is further cost increase, but eventually in a few months such increases get passed on to the customers.

Suyash Saraogi

Okay, all right. Great. Thank you, sir.

Manish Kiri

Thank you.

Moderator

Thank you, sir. The next question from Mr. V.P. Rajesh from Banyan Capital Advisors. Please go ahead, sir.

VP Rajesh

Yeah, thanks for the opportunity. My first question is, if you can give us a little more colour on the process with respect to the Supreme Court judgement. It's reserved, you said, but how soon do we expect it to come out?

Manish Kiri

Right. Now, the judgement was reserved on 28th of January and if we look at our prior experiences, the earliest time we received the judgement was 22 days, and the longest time took around two months. Now, good thing is that out of three judges on the bench, two judges were the same judges who heard our prior appeals, in three appeal cases since 2018, right. So, judges were quite familiar with the history of the disputes. They had earlier given several judgments also, and when we had the arguments on 26th as well as 28th, judges were fully prepared. And we

could make out from the way questions were asked by them and also the debates took place between the counsels and the judges, they knew in detail about the facts of the cases.

Now, when we have such a situation, it's expected that the judgement would come earlier rather than later, okay. So, our lawyer's advice is that, at least practically, we can say by end of March or before end of March, it should come. This is our expectation looking at the situation with the case, and the familiarity of the case with the judges. Now, there won't be any further filings. Case is officially announced as closed and we just need to wait for the judgement. So, it's only a speculation, but we should practically expect judgement to be out before March.

VP Rajesh

Got it. And my next question is that in the prior calls, you had mentioned that you will return some capital to the investors and then obviously, there are plans to ramp up the business in this specialty chemical side. So, is that still stands correct or?

Manish Kiri

Yeah, it still stands correct and post this hearing, we are optimistic, and we believe that there might be positive news for Kiri, which may change number, okay. So, once the final number is known, of course, both the plans still remain valid, how much proportion, what is allotted for each objective, we'll come to know once the Supreme Court judgement is out, and the board decides. So, let's say the next quarter or two, you will have that breakup also.

VP Rajesh

Wonderful. And my last question is, you know, you had talked about the margin improvement getting to around 14% or so, and this quarter obviously is moving in that direction, so, if you can comment on the trajectory, by when do you think you will get back to those kinds of margins?

Manish Kiri

I think, we see some effects and some improvements in the numbers also, because of the product mix change on account of starting this new specialty intermediates, and that was one of the triggers which would allow us to have a better product mix margin. On one side, once we have

legal costs start going down from April onwards, hoping for that, may be April to June or the quarter afterwards, we should be optimistic to reach to that number. So, the second quarter of next financial year, or may be even before that, our target is to get to that number.

VP Rajesh

Understood. Thank you so much.

Manish Kiri

And my request to you would be that sometimes, you would need to look at the results on consolidated basis, because there are raw materials which are sold from Kiri to JV, Lonsen-Kiri and then the finished products are sold from there. So, in a standalone result, you would not see Kiri's portion of the profit of the finished products.

So, once you look at the consolidated number without DyStar, only between Kiri and Lonsen-Kiri, you will see a total picture and the EBITDA margin which includes raw material margin as well as the dyes margin with the finished product margin. So, if you look at that, you will see a better number and close to 11%, and if you take out a couple of percentage of legal effect, we can relatively, in a short time, reach the 14% number that that we desire to achieve soon.

VP Rajesh

Got it. Thank you so much.

Manish Kiri

Thank you.

Moderator

Thank you, sir. So, the next question comes from Mr. Jay Bathija, he is an individual investor. Please go ahead, sir.

Jay Bathija

Hello.

Manish Kiri

Yes, Jayji.

Jay Bathija

Am I audible to you?

Moderator

Yes, sir, please go ahead.

Jay Bathija

Congratulations for the good set of number. My question is regarding the amount which we are planning to receive from DyStar case. I wanted to know how fast it is possible to get the amount, like once the judgement is announced then.

Manish Kiri

Right. So, if you look at the situation as on today, the valuation judgement which came in June 2021, there is no stay on this judgement. Court has not given stay to Senda on that judgement. So technically, the enforcement of that judgement is on, and as on today as we speak, Senda is technically at default in honouring the judgement. Even though the Supreme Court and the appeal has got completed now, but they never had a stay on the enforcement of the valuation judgement, so the amount is due to pay is already as on today day, as far as 482 million is concerned.

Now, when the Supreme Court judgement comes out, the due is on the day they receive the judgement. And they have already passed by that time close to nine months since June 2021. That's a fairly long time. And not only that, but they also knew the buyout order is in place since July 2018. So, by March, you are almost near to four years since they have been proved guilty and have, they have been ordered to buy out.

So, it's a very long time and Kiri would need to exercise all its legal rights if this amount is not paid within a very short time after the Supreme Court Judgement is out and even now also. So, we'll

do whatever is possible with us, but only thing I can say that there cannot be much time that Kiri can allow Senda, post the Supreme Court judgement is out.

Jay Bathija

Okay, thank you.

Manish Kiri

Thank you.

Moderator

Thank you, sir. Ladies and gentlemen, if you have any questions, please press * and 1 on your telephone keypad. Our next question from Mr. Sanjay Mahajan from ProfiBook Capital. Please go ahead, sir.

Sanjay Mahajan

Good afternoon, sir.

Manish Kiri

Good afternoon, Sanjayji

Sanjay Mahajan

Congratulations on good set of number.

Manish Kiri

Thank you.

Sanjay Mahajan

We are seeing that we are moving in the direction **[inaudible 00:23:25]**.

Moderator

Sanjay sir, sorry to interrupt. If you could repeat the question, your voice is breaking, sir.

Sanjay Mahajan

Yeah, my question is related to the SIC Case Number 4, the main case, what are the recourses for the enforcement of the judgement, because what we have been hearing and going through the judgement pages also, it doesn't look like there is any further to be debated from the minority suit and valuations also have been very contested. So, what are the challenges in enforcing and how we can safeguard our interests for that. And in a hypothetical scenario, can court also say that in case Lonsen is not in a position to pay the money, can Kiri ask for ask for controlling stake of DyStar?

Manish Kiri

Right. Yes, very important question, Sanjayji and how it would unfold, is that Supreme Court number would be crystallized number. Whether it's same number or higher or lower, whatever numbers Supreme Court gives, is the final crystallized liability on Senda to pay to Kiri and execute this buyout order. Now, not doing so, would allow Kiri and then Kiri would need to take steps of such as alternate remedy.

So, Kiri would then need to go to the court and apply to alternate remedy, saying that they have conducted the contempt of court, they have not honoured the judgement, and for that, why can't DyStar be sold, be auctioned? And, then Kiri's crystallized liabilities to be paid. So, when Kiri makes this application, it is then up to the court and there are standard processes that court follows, and it would be an ongoing sell of DyStar of ongoing business, correct.

So, then the entire process of the sale of company would be then conducted by the court, and then Senda would not only lose control of the company, they would also lose their own shareholding, if the company is sold, and they would be held liable for much more amount than what amount that a third party or anybody is ready to pay, because the oppressive acts which is conducted by Senda is to be paid by Senda. So, then whatever consequences of contempt of court happens, will happen at that point in time.

Sanjay Mahajan

But is this a remote possibility that an investor can have to think of, or it's a very less likely possibility. Just it's a hypothetical, just to wonder.

Manish Kiri

Well, even if it happens, if you look DyStar's number in 2021 also, its profit after tax, after Lonsen taking out money in form of management fees and other fees. So, even after they are extracting money out, still the profit after tax is more than \$115 million, correct. Based on my understanding that the cash balance in DyStar today would be more than \$450 million dollars, again no loans, no borrowings. Now, with such a strong fundamental, such a high level of cash and no borrowing, selling this company would not be a difficult task. You see what I mean, you know. I personally believe that the third party would pay for this company, much higher even amount than what court has crystallized on the basis of the valuation date of 2018.

So, four years from now, consistent performance, even higher profits, huge amount of cash, naturally the valuation in these four years has gone up, correct. So, Kiri should not be you know, worry too much, yes. Only thing is that there would be some further time gap because selling the company would take some time and the court process would be followed. So that's about it. I would suggest that the amount that the Supreme Court declared, Kiri should definitely get, and will definitely get eventually; either Lonsen pays in the form of buyout, or the company is sold, and third-party will would pay to court, and the court will complete its responsibility to pay Kiri's crystallized liability.

Sanjay Mahajan

Okay, but sir, hello!

Manish Kiri

Yes, I'm here.

Sanjay Mahajan

Would Kiri be interested and contest in taking DyStar, because DyStar is a global giant with 21% market share, and that's our turf, so would that also be a possibility for Kiri, and would it look for that also?

Manish Kiri

Sorry, missed your question.

Sanjay Mahajan

Sir, the currently the operating stake or operating controls are with Lonsen, as they are holding it higher. We are a minority.

Manish Kiri

Right.

Sanjay Mahajan

If it's a contempt of court by Lonsen, then can Kiri ask for controlling stake and take on the management, and run the show? Would Kiri be interested?

Manish Kiri

Yeah, see when the companies are starting the sell process through the court order by, you know, by appointing a court representative or an administrator to sell the company, I think company would be controlled by the court's representative neither by Kiri nor by Lonsen, that's what the normal process is when we apply to sell the company. But, of course, if they are a defaulter, they would not have a say in the company and Kiri's Directors sitting on the board, protecting interest of Kiri's shareholders, and to ensure that the buyout is executed, Kiri's Directors would be involved because they are concerned with the amount that the DyStar is going to fetch by selling its entire stake.

So, Kiri would definitely, Kiri's Directors would be involved in the process. But if you ask that, Kiri take over the majority share, partial share and Lonsen continue as a minority share, that kind of possibility, I don't think it's possible. That means that essentially you are continuing partnership, which is not what the court order says. So, that kind of possibility would not be there.

Sanjay Mahajan

Sir, I have one more question. Could you please give some colour on the MOU signed in vibrant Gujarat 2022 expressing our interest of investment of 2900 crores?

Manish Kiri

So, it is one of the aspiration projects and that project comprises of various products with integrated product mix of aniline, nitric acid, nitrobenzene, and related products plus annulenes various derivatives which includes a number of products, around 14 products which are produced from aniline. So, that's the aspiration project. And that's the project that has been you know, studied in detail.

And that is also in line with our AatmaNirbhar policy that the country is trying to embark upon. So, then you know, the 82% of current requirement of aniline is imported. So, there is a great opportunity if we are able to put together this project with the proper technology, it's a promising project.

Sanjay Mahajan

Sir, but is it linked to the cash that the money that we are going to receive from Senda or DyStar?

Manish Kiri

Of course, any new project that Kiri would do with such size, definitely the equity portion with adequate debt equity ratio, the equity portion will come from that, absolutely.

Sanjay Mahajan

Thank you, sir. I'll come back in.

Moderator

Thank you, sir. We have the next question from Mr. Hemant Kanungo from Rajeshwar Impex. Please, go ahead sir.

Hemant Kanungo

Thank you for the opportunity. Sir, last call you had mentioned that we are basically applying asking or requesting the Registrar to you know, open an Escrow account and asking Senda to deposit \$323 million as to what amount they have agreed. So, what is the status on that like any update on that?

Manish Kiri

They didn't agree till date. And they didn't accept proposal to put Escrow account and put funds there. And probably that is the reason that they don't have a stay also as on today, correct. On the enforcement of its order since June 2021, so that has not taken place. And that I would say would go against their intention to pay or not and that is the reason that Kiri has a doubt that they would pay or not. There is a chance that after Supreme Court Judgement also, they may, till now they are not saying that they don't pay.

They have informed court that they are going to honour the court order. They are going to pay to Kiri. Till now all the submissions to the court and communication with Kiri has been in this direction. But, if Kiri has the doubt on this intention, then Kiri has no choice but to go to Court and ask to sell DyStar as an alternative. So, which has not happened yet. And that's the reason that they don't have a stay also.

Hemant Kanungo

Okay and did they make the payment of the court order, which was, you know, like on the December 27th order, so, they had basically shown their intention. So, were they able to make the payment or it was again, you know, appealed?

Manish Kiri

Exactly, that's the test of it. Okay. If Senda doesn't pay cost of \$9 million, how can Kiri believe that they will pay the whole buyout, right? It's just very simple logic, right? And the demand notices have been sent whatever legal notice is required for that has already been taken place, as we see. And now we are waiting for the funds to transfer. So, within certain weeks, few weeks from now, if they are not transferred, then naturally Kiri will take further steps to get Court involved, but till now, that fund has not been transferred to Kiri, correct.

Hemant Kanungo

Okay sir, so I wanted to ask like, till the decision comes up the Supreme Court, so is there not a way where we can, you know, actually put a stay on, you know, Senda liquidating any type of assets or withdrawing cash, because since their intention is not clear yet, so we might know, I mean, I'm not, I'm just assuming, to like how, we can actually put a hold in terms of indirect management in terms of cash withdrawal, or maybe selling or liquidating some assets? Or I mean, there might be a possibility, but I'm not sure though.

Manish Kiri

See, till now, nothing that sort, we have seen, or we haven't observed any movement in that direction. So, we cannot speculate when we approached court. If Kiri sees any slightest sign of, they're doing or getting to indulge into such kind of activities, right, Kiri would definitely immediately approach court, okay to get a stay on any such activities when we see it happening. Kiri cannot approach Court, you know, on a speculative theory, saying that this might happen, then the Court would say, where is the evidence.

So, if they tried to pass to do to try to, you know, do such activities and pass board resolution from the majority or any, any such action or any such movement, if we see, of course, we will immediately go to Court right away and say that this has to be stopped.

Hemant Kanungo

Okay sir, one last question is, on a standalone basis, we were targeting about in next couple of years, once the COVID thing settles down, about 2000 Crore revenue, so can we expect you know, EBITDA margin of 15% which we had actually historic run rate like pre-COVID. So, can we do better than that? Or can we actually on conservative basis can do at least 15%, like everything, like after a couple of years, when everything is settled down and business goes as usual?

Manish Kiri

I think we should be conservative and try to calculate, you know, our projections based on even 14 to 15%. If it becomes 18, you know, it would be fantastic, 20, we would be very happy. But I would suggest we should keep the projection somewhere around 14 to 15%.

Hemant Kanungo

Okay, sir. Thank you for answering all your queries.

Moderator

Thank you, sir. The next question from Mr. Namit Mehta from KC Capital, Please, go ahead sir..

Namit Mehta

Hi, Manish bhai, hope all well.

Manish Kiri

Good to hear from you.

Namit Mehta

Just a couple of questions from my side. One is in the event that there is a positive Judgement and that is followed by a contempt of Court, in that, hypothetical timeline, what is the duration that you expect the process to take? And is that the most delayed timeline in your conception today?

Manish Kiri

So if we enter into a situation where eventually the company is to be sold, ongoing business basis, then you are looking at that sell process may take somewhere between 6 months to a year time, that's the stretch period, one should consider assuming that there is a contempt of Court assuming that the company is put up for sale, and an auction is being done, so that's the timeframe that we should consider.

Namit Mehta

Understood thanks. And then, second question on a completely different note. You know I know over the last few quarters, and maybe over the past year, you've been really building up your organization to become future ready. Can you discuss a little bit more about what happened over the past quarter and how that initiative has continued?

Manish Kiri

See, past quarter and now, next several quarters, we are trying to strengthen the project team, we have added few more people of various backgrounds. And currently we are trying to build as many options as possible on our investments, which means that we like to have 2,3,5 or maybe 10 options where to invest, where maximum margins and where maximum return that the company can earn from its further investments in future out of Dyes intermediate area, which is not the area in which Kiri is going to invest in future.

We have also basically hired few more very senior project people who have joined the project team now. So overall, we continue to strengthen. So earlier, we had 3 to 4 people in the project

team, now we have close to 10 people in project team and some of very senior people, who have years of experience along with young team. So, we are expanding and once we crystalize on a particular project or on a product group, we would then build that organization chart separate from the existing. Of course, there would be few top-level people involved. But the operations would be then handled by a separate team.

Namit Mehta

Understood, got it, and would those costs be sitting in the standalone P&L?

Manish Kiri

Yes, it is there in the standalone, correct.

Namit Mehta

Would that be a significant component, if you have any ballpark number regarding, you know, future project costs sitting on the current P&L?

Manish Kiri

In the current P&L, if we add the, I'll give you a rough estimate. It should be around because, see we also appoint external agencies to do feasibilities and all sorts of things, you know, we try to. So, on a quarterly basis, we would be currently spending somewhere around 1.5 crore.

Namit Mehta

Understood, great. Thank you so much.

Manish Kiri

So, that is sitting there. It's not a big number right now. But that's the number that we are spending right now.

Namit Mehta

Understood, thanks so much and all the best, Manish Bhai.

Manish Kiri

Thank you.

Moderator

Thank you, sir, participants are requested to restrict to two questions per person in the initial rounds and may come back in the queue for further questions. Our next question from Mr. Mahendra Naik from CMS investments. Please, go ahead sir..

Mahendra Naik

Good afternoon. Thanks for the opportunity. My question is regarding the FICC Judgement, since, as you said nine months have already passed since the Judgement has been delivered. And yet, Senda has not made the payment. Is it not amounting to content already?

Manish Kiri

Yes, exactly. So, it's amounting to content already. It shows the intention that maybe they may not pay, and Kiri has already raised red flags. But, once the Supreme Court Judgement is out, and then if they don't pay maybe in few weeks' times, that confirms the doubt that we have currently. So today, if we go with contempt of Court and ultimate remedy, what amount we would be demanding for 482, Isn't it, correct? Once the Supreme Court revised this number or upheld this number. Whatever Supreme Court would be doing then, that is the number that we would be taking to court for alternate remedy.

Mahendra Naik

Okay, that makes sense, which means you're just waiting for the final figure to crystallize before pushing for contempt.

Manish Kiri

Yes. So, when I go and apply contempt or alternate remedy, my amount needs to be crystallized and Supreme Court Judgement will crystallise that amount.

Mahendra Naik

Okay, got it. My second question pertains to payment of costs and interest. So, as I recollect, the SICC judgement has not made any mention of awarding interest and costs. So, in the argument made before the Supreme Court, as regards to the costs and interest reimbursement.

Manish Kiri

Yes, absolutely. So, Kiri essentially argued on four points. You're right one of the important points was the interest and Kiri must be rewarded from 2018 July onwards, because that, since then, Kiri has not received any dividend from DyStar or any other financial benefit from DyStar. On the Kiri's part of earnings of Kiri's proportionate profits that DyStar has made, definitely we have asked for that enhancement, and at an interest rate of 5.33%. Those arguments took place. Kiri also argued on DLOM - discount for lack of marketability.

Kiri also argued on the patent license fees, because patent license fees was another important element where Kiri argued for account of profit, or higher license fees and not the nominal license fees. These are the three main points Kiri argued for. And we also argued on the effects of patent expiry. So, these are the four points, and few other points that we argued on 28th, correct. On 26th their points and their appeal were argued and our oral replies to place. On 28th we presented our arguments, and their oral replies to those arguments to judges took place. Yes.

Mahendra Naik

Okay, that's all from my side. Thank you very much.

Moderator

Thank you, sir. So, the next question from Mr. Mayan Kak from Tata Consultancy Services. Please go ahead, sir.

Mayan Kak

Sure. So, sir, you know everybody's talking about if we don't get the share. My question is that let's say the amount is settled by DyStar in the future, what I observed was that 90% of the profit that we publish, is our share in DyStar. And this would mean in case later on, you know, we will not publish this particular share in our report, the current valuations of the company may not stand, right, because we will be publishing minus DyStar profits. Is there a concrete plan to offset this devaluation?

Manish Kiri

Well, this the first answer to your question, do we know that the valuation of DyStar is incorporated into Kiri's values or not? That's that we don't know or if it is, how much it is? That's anybody's guess, okay. Because of all these years of legal battles and rightfully so, with uncertainties and still uncertainty on when, how much amount you know, what is the timeline? So, whether the DyStar's value is fully captured in Kiri's valuation today are not, it is your assessment and it is your Judgement, correct based on which you can take a call.

Number two, of course, so, whatever funds come when the DyStar results are not being added to Kiri's books, you will have cash, and that cash would be, I'm just going with the number which has been already given by SICC which is close to 482 million; close to 3700 Crore. Even if you consider interest of that amount, correct. You won't be at a negative compared to whatever you are adding annually, number one.

Number two, our plans to invest in future in projects that can earn at least 25% IRR if not less, correct. So, when those projects are implemented or if or till that time the projects are commenced, company would invest also meanwhile, to make sure that it has a decent earning, which would be risk free, but at least in that number, if you compute, it's the current published number, that number, even if the decent liquid earning numbers would not be too far that you can compute. So, it will impact actually.

Mayan Kak

Got it, Sir. And for the second question was, are we on track with the sales that we expected in this financial year? You know, in our last call, you had told us that you had made some Capex, during the pandemic, however, we couldn't utilize it. So, are we on?

Manish Kiri

Yes, and these 345 crores of standalone sales include that, which is I think this is quarterly sales, probably one of the highest numbers in last three years. So that includes that, and that will increase further in coming quarters.

Mayan Kak

All right. Thank you so much.

Moderator

Thank you. So, we have the next question from Mr. Amarchand Goel. He's an individual Investor. Please go ahead.

Amarchand Goel

Hello, good afternoon.

Manish Kiri

Good afternoon.

Amarchand Goel

Hi, sir. I'm an individual investor. Please take my query with a pinch of salt. But my query is why isn't the share prices reflecting. After all, we won the Judgement. The new products have started from January 21. It's not reflecting on the share. So, there's something which is missing by the shareholder community, that it's not reflecting what the way it should be. Do you have any reason?

Manish Kiri

I think that question would be I will not be in position to answer this question. Because I myself have those questions, which you exactly just said. And only investors community or the shareholders community can have answer to those questions.

Amarchand Goel

Absolutely, sir. Because we have been projecting from a quarter-by-quarter basis, we have an incremental increase, although I have certain queries about the standalone numbers. And but I'll come to that in my second question. But yeah, this is just something we have been struggling to find out. I've been a shareholder for many, many years for Kiri. But something which is what making everyone's edge about the numbers or the credibility of the company or something that's been missing. So, I along with you has the same questions, I'm sure many, who's on the call has the same question as well.

Manish Kiri

And if you get some answers, please let me know you will be helping us, to improve and strengthen ourselves we can you get some feedback.

Amarchand Goel

So, I will do that if I get more information on that. But coming to the question number two, I see there is a lot of other expenses which is about 66 crores. Do you have any visibility on those numbers? Why there is such a high other expense?

Manish Kiri

I think those other expenses numbers which you are looking at include manufacturing expenses, I mean manufacturing cost is included in that, a part of conversion cost is also included in that. And two major component is power and fuel and legal fees.

Amarchand Goel

Yeah, so even if I take the 11 crores out of those 66 crores that amounts to about 55 crores.

Manish Kiri

Yes, which includes the manufacturing cost.

Amarchand Goel

Do you have a breakdown of those numbers?

Manish Kiri

We do have breakdown in case if you need can be given.

Amarchand Goel

Absolutely. Because there's a consistent increase on other expenses. So, I would definitely be interested to find out those numbers and breakdown of those numbers.

Manish Kiri

Sure, definitely. You please send an email on that today and you will see on Monday.

Amarchand Goel

Absolutely, thank you for that.

Manish Kiri

Thank you.

Moderator

Thank you, sir. We have the next question from Mr. Ashit Kothi. He is an individual investor, Please, go ahead sir..

Ashit Kothi

Thank you, Manish sir, for this opportunity.

Manish Kiri

Thank you, Ashit,

Ashit Kothi

I hope everyone fine at Kiri.

Manish Kiri

All well and hope the same with you.

Ashit Kothi

Yeah, yes. Now a couple of things which I have queries or questions. One is what has been our capacity utilization on the plant which got operational on January 21. That is one thing and second thing which I wanted to know once this is out, I mean, say assuming that we received the cash also, but in terms of profitability and turnovers, how we would replace that in the Kiri's Lonsen part of it that is DyStar part of it, which is contributing the maximum as of now, to our bottom line. So, how are we going to replace that? And do we intend to, or do we have wherewithal to manage DyStar on our own by buying 14% equity and making our stake as 51%?

Manish Kiri

Right. So, if I answer your last two question, and then go to capacity utilization. So, you know, taking over their 14% stake and become majority shareholder is not possible, that is not what Court has attempted or that is not what the Court order says, right. Either they buy out the 100% share of the company taking you know 38% of Kiri and executing the buyout order and if not, then alternate remedy would be to sell the whole company, 100% stake in the Company, correct.

Now, if 100% stake is going to be sold of the company, Kiri would not have that kind of an option to hold 51%. Neither they have option to remain in minority. I don't think both the shareholders would be interested or have, you know, we have broken trust with them. So, I don't think there is any way this partnership can continue. So, that possibility is not there, legally, as well as commercially and operationally. Now the capacity utilization which you have asked about the intermediate capacity utilization was at 78% overall. The new specialty intermediate plant, which has just started we are operated only 27%.

So still, we are 1/4th and dyes were 38%, basic chemicals were 90% as far as the utilization of plants were concerned. Now, once DyStar goes away and Kiri receives this cash, and I just mentioned that this cash would be invested into future projects prudently, where it can earn much more than what DyStar was giving Kiri in terms of its profits. So, idea is to even expand that DyStar's portion multifold by alternate investments in various projects. So, that is what our next job would be once the funds are realized in our account.

Ashit Kothi

Okay sir. Again, coming back to what you just now said, there'll be a gestation period of at least 2 to 3 years.

Manish Kiri

Of course, yes. As I just mentioned earlier within this gestation period, even if you consider, you know, this money which is coming and sitting as cash, even if you consider putting in the liquid right, that profit would be equivalent or more than what we are considering from DyStar today. You see what I mean, so you are as a shareholder, not at all at a loss, even though that cash comes here and sits in liquid funds gracefully.

Ashit Kothi

If Lonsen is not willing to give convincing time or they are deferring in that case, can we takeover Lonsen-Kiri Baroda, that is India?

Manish Kiri

No, because it's a separate legal entity. So, if they do not pay, then it would be a contempt of court. And in that case, our remedy is to come from DyStar, not from Lonsen-Kiri. Because Lonsen-Kiri is a separate entity. It is a separate legal entity, an Indian company, which has nothing to do with this court case, which has nothing to do with DyStar from the shareholder structures perspective.

Ashit Kothi

Okay sir. Thank you.

Manish Kiri

Thank you.

Moderator

Thank you, sir. Participants are requested to restrict to two questions per person in the initial round and may come back in the queue for follow up questions. Thank you. Sir, we have a follow up question from Mr. Suyash Saraogi, from Fast Capital markets, Please, go ahead sir..

Suyash Saraogi

Sir, just a point that you mentioned about two con calls back, you had said that you'd hired people from GNFC and other chemical companies to chalk out a plan for the funds that are going to come into Kiri. So, have you had more people?

Manish Kiri

Yeah, I just addressed this question a few questions back, where we have hired now almost 10 people and for this project team, we are spending right now every quarter close to one and half crore, which may increase a little bit, you know, in coming quarters.

Suyash Saraogi

Okay. And you mentioned in the last question that the recourse will go to DyStar and not Lonsen-Kiri. How would it go to DyStar and not Senda?

Manish Kiri

Lonsen-Kiri is not Senda. Senda is the shareholder of DyStar which is a Hong Kong Company which is 100% subsidiary of Lonsen China and that Senda holds 62% of DyStar. Okay? So, recovery can come from DyStar in the sense that by selling DyStar and recovery can also come by winding up Senda who is the shareholder of DyStar, but it has to come either from Senda or from DyStar, and not from Indian JV, which is Lonsen-Kiri, because it has no relevance with the

court case. Court won't allow that company to be part of the dispute, which is not in fact, so it's not there.

Suyash Saraogi

Understood. Thank you.

Moderator

Thank you, sir. We have another follow up question from Mr. VP Rajesh from Banyan Capital Advisors. Please go ahead.

VP Rajesh

Actually, all my questions have been answered. Thank you.

Moderator

Thank you. So, the next follow up question from Mr. Sanjay Mahajan from ProfiBook Capital. Please go ahead.

Sanjay Mahajan

Sir, I have a question regarding the product mix. What is really changing? Could you just elaborate on the specialty intermediates and are we referring disperse dye as a specialty intermediate or is there something I missed on?

Manish Kiri

No, there are range of intermediates that we make which we were not used to make earlier. Those intermediates started in a new building and there are several products which were not in the earlier product portfolio. So, those products are comprising of specialty intermediates, which are small in quantity for the niche requirement, replacing China's imports serving not only to dyes

intermediates, but few other sectors such as performance chemicals, agro chemicals. So, those are the intermediates used in other sectors also, which we have started the first phase. And now we are one by one starting products. There are about 26 products.

Sanjay Mahajan

Okay, and going forward, how much would be the contribution from this that you'd like to see as a total part of the basket of product they do.

Manish Kiri

So, on an annual basis, for the first phase, based on the price of the market, at least we plan to get around 300 to 400 crore per year. And once the second phase is complete, which is on hold right now, but we would complete it at some point in time. And then that would bring another 300 to 400. So total, on an annual basis, we should be able to get around 700 to 800 crores.

Sanjay Mahajan

Okay. And sir, if I'm not wrong, Bangladesh and Turkey are the key export market for dyes, and recently there has been currency turmoil in Turkey. So, what is the prudent decision management is taking that we don't take a hit on that account or anything, just to see.

Manish Kiri

Right, actually, we had taken decision several years back, that Kiri would not sell any products to Turkey on credit, alright? So, only risk is that our sales will go down, but there is no risk from money point of view, from receivables point of view. Because we don't give credit to customers in Turkey or to the companies in Turkey. We either sell in LC- Letter of Credit terms or we sell cash against documents. But we don't give open credit in Turkey, which we stopped several years ago, because of the exactly such kind of reasons which we experienced in past.

This is not first time that the Turkish Lira has devaluated heavily. It has happened earlier too, so we made this decision and I think it's beneficial for us looking at the situation where we are already seeing few bankruptcies of certain distributors and trading companies in Turkey.

Sanjay Mahajan

So, would the sales get impacted due to this turmoil?

Manish Kiri

We will not have any impact. On the sales there could be some impact because of the slowness of market but not risk on the receivables, correct.

Moderator

Thank you. We have a follow up question from Mr. Amarchand Goel, he's an individual investor. Please go ahead.

Amarchand Goel

Hi again, thank you for explaining last time, I just have a query about those FCCB conversions that we have. Do we know the profile of those companies?

Manish Kiri

See, we know them from the shareholders list point of view and from the participations on the conference calls like this, point of view. Otherwise, we don't have any one-to-one interaction till now. I mean, it has happened recently. But hopefully, we expect to have in this month interactions, with them, because we may have interactions and if it is you will see in the public domain. Like every time we announced with interactions with investors, you will see that.

Amarchand Goel

Are those FIIIs or are those companies?

Manish Kiri

FIIIs.

Amarchand Goel

Okay. And one last question on that, are we going to receive any money out of those conversions?
Are those going to reflect on the accounts?

Manish Kiri

Sorry, money from where?

Amarchand Goel

When we make those conversions, FCCB conversions, did we receive any outstanding money or was everything paid initially?

Manish Kiri

No, it was all paid earlier. So, nothing is to come now.

Amarchand Goel

Okay. That's all. Thank you

Moderator

Thank you. Sir, we have a question from Mr. Dir Yadav, he's an individual investor, please go ahead.

Dir Yadav

Sir, I just wanted to check that profit share from the DyStar performance. Are we eligible to get that or this is just in the book, and we will get only the valuation that been awarded by the Court of Justice?

Manish Kiri

So, we would get the valuation sum, which is awarded to us on the buyout execution, and as I mentioned earlier, we have argued in appeal to get return, post July 2018, in the form of at least interest cost. So, if Supreme Court orders in our favour, then we would get some enhancement on that part, and we would get the interest. So, it would not be sharing profit in sense of giving dividends because it is not in court's control. But we hope that the court will reward us at least on the returns that we should be getting, because the valuation date and the transaction date are so far apart for, you know, almost three and a half years.

Dir Yadav

Okay.

Manish Kiri

So, we respect that.

Dir Yadav

That's it. That's it from me. Thank you.

Moderator

Thank you. Sir, we have a follow up question from Mr. Hemant Kanungo from Rajeshwar Capital.

Hemant Kanungo

Now, after considering the FCC bond conversion, now promoters shareholding is approximately 28% or maybe 27 plus percent. So, do the promoters not intend to increase the shareholding considering the current valuation and before the money coming in, because that would you know, actually send a very positive signal in the market as well not for the future of the company as well not only from the DyStar point of view.

Manish Kiri

Definitely the promoter intense.

Hemant Kanungo

Okay. Anytime soon? Do we expect before the Supreme Court order or something like that?

Manish Kiri

I cannot comment right now but you will see.

Hemant Kanungo

Yeah, because considering the market price and the valuation friendly at Kiri Industries trading at [inaudible 00:13:20]

Manish Kiri

Of course.

Hemant Kanungo

It would actually send a very positive signal in the market that even the promoters are interested in the future of the company. Thank you.

Moderator

Thank you. And sir, we have a follow up question from Mr. Ashit Kothi, he is an individual investor, please go ahead.

Ashit Kothi

With regards to the previous questions where you just said that you're asked for the interest on the whatever amount has been ordered to be paid to us. Suppose if the court does not agree to pay that interest in that scenario from 2019 to 2022, whatever we have considered as profit shares from DyStar we'll have to reverse that in our books.

Manish Kiri

No, we don't have to reverse in the books because we are consolidating till the date Kiri is able to sell and transfer its shares to Lonsen, to Senda correct? So, since that date, Kiri continued to be shareholder. And that's a reason Kiri continue to have that share of profit which factually belongs to Kiri even though not transferred to Kiri, right? So, that is not to be reversed, so that cannot be reversed?

Ashit Kothi

But, if it does not come in, then what?

Manish Kiri

Profit comes or not, is a matter of giving dividend from DyStar, okay? And that dividend from DyStar is not in Kiri's control, but it is in majority shareholder's control and when court looks at that the dividend has not been given for these years, it is court's duty to ensure that we are rewarded, you know, for this time gap correct, because the dividend has not been paid to Kiri and court has recognized this. So, I hope that court justice in the order from the Supreme Court, but how can you reverse the accounted profit?

You cannot reverse it, isn't it? Because Kiri actually owned that share. Kiri is legitimate owner and Kiri's profit of that books belong to Kiri, but it has not been given and transferred to Kiri in terms of liquidity by them. But that is what the minority operation is and not paying dividend to the minority operations from the beginning. Right?

Ashit Kothi

Your point is 100% right. But in case, if the court does not recognize this part of 2018 to 2022. In that scenario, what is the remedy in the hands of Kiri?

Manish Kiri

Well, in that scenario, our 482 number, which is 482 million awarded to Kiri is going to remain the same.

Ashit Kothi

So, that's what my point is. So, whatever the profit we are accrued income basically taken into our profitability for last four years, which has not been realized by us.

Manish Kiri

It has not been received in terms of actual cash, correct?

Ashit Kothi

That's right.

Manish Kiri

Receiving actual cash and earning profit, these two are different.

Ashit Kothi

But once we do not receive it, then it becomes very clear. Unfortunately suppose, in that scenario, what would be the effect in our accounts?

Manish Kiri

Our account has no effect. Our accounts are going to remain same, because the court whatever orders, right, would enhance the value of 482 number and 482 number when it was decided as the valuation on the date of 2018, 3rd July, right that valuation took place on that particular date and that's what Kiri is to receive, nothing else can be done in that case.

So, then the enhancement of that valuation at least by the interest amount, since the date, if the court doesn't agree with Kiri, then that portion will not be added to this 482 that's the only thing happened. Accounting entry are not to be reversed.

Ashit Kothi

Okay.

Moderator

Thank you. We have a follow up question from Mr. Sanjay Mahajan from ProfiBook Capital, please go ahead.

Sanjay Mahajan

It is a request to the management that if they can have a presentation only for the standalone business and a roadmap for that. Because our competitors are able to show good numbers on Vinyl sulfone and H-acid. So, even if we see the possibility of trending our standalone business, and if we discount, whatever is happening on the Senda side, still, we seem to be pretty undervalued on that side.

So that's one of the things we can request management. And the second part, could you just let us know what are the current prices for H-Acid and vinyl sulfone?

Manish Kiri

For your first part, if I elaborate a little bit, you know, we give you both standalone and consolidated right. Now, when you compare us with Bhageria or others who are only intermediate producers, the intermediate sale is their final sale, isn't it right? While Kiri sells its intermediates to Lonsen-Kiri which is our own JV, which we consolidate line by line and then JV sells to end customers further from there as a finished product. If you look at only consolidated, you will not be able to capture that part of profit which is 40 percent profit into Kiri's books.

So, that can only give you a correct picture when you look at Kiri sale to Lonsen-Kiri plus Lonsen-Kiri sale to customers. So, that will capture the sale of final customer. So, that's the reason that in our case, because we are integrated into both intermediate and dyes, if you look at these two, you will see the correct picture. Now your second part of your question was regarding what, I'm sorry.

Sanjay Mahajan

So, I asked the current prices for vinyl sulfone and H-acid.

Manish Kiri

So, vinyl sulfone right now, our management node would give you the price in the December quarter what we actually realized, but now vinyl sulfone prices have increased to around 380 to 390 rupees maybe shortly it will touch 400 rupees. The trend is going up. H-Acid is somewhere around 475 to 485. Again, we expect H-Acid to cross 500, you know, any time in the next month or so. So, these are the current levels.

Sanjay Mahajan

And any uptick on disperse dyes that we had where we are putting our Capex.

Manish Kiri

Disperse dyes also gradually and slowly we are increasing. So, step by step we would also be adding more and more sales of disperse dyes on quarter-to-quarter basis, but it is coming out nicely. Our sale nowadays accounts are more domestic and less exports. So, there is a push that we can also increase our exports of disperse dyes. And if we are able to also capture some of the exports market of China, we may add another 100 to 150 crores on sales only on the existing capacities that we have put up.

Sanjay Mahajan

Okay. Thank you.

Moderator

Thank you. Sir, we have a follow up question from Mr. Jay Bathija, he's an individual investor. Please go ahead.

Jay Bathija

I may be repeating my question, I have already got an answer, but I wanted to know, like on 21st June, we got an award of \$481.6 million and as you said that should be repaid to Kiri, but the same amount hasn't been paid. So, isn't that a contempt of court has been made in that case? And what is the action that are we taking for that part or is there any provision to take any action for that part?

Manish Kiri

Right. As I explained earlier, 8 to 9 months have passed, and they have not honoured that order. That means that Kiri can go anytime to court and request for alternate remedy to sell DyStar and pay off obligation to pay to Kiri, right? So, that alternate remedy requires Kiri approaching the court and asking for that. Now, what amount would you ask court to pay to Kiri, 482 is already

there, but Supreme Court has completed the case, reserved the judgement and there are chances the Supreme Court may change that number.

So, when supreme court gives the final number, this 482 would be crystallized. Either it is 482 or upper or lower whatever supreme court's final decision is and based on the legal advice, that would be the right time that we have to take actions. Once Supreme Court crystallizes this amount.

Jay Bathija

Okay, so we don't have to wait for some window, we have our window opened.

Manish Kiri

Let us say, if you go now and tell court that well sell DyStar and pay me 482, fine. Now, tomorrow court gives you 600 instead of 482, what would you do then?

Jay Bathija

Okay. Well, that explained my question. Thank you.

Moderator

Thank you. Sir, we have a follow up question from Mr. Ashit Kothi. He is an individual investor, please go ahead.

Ashit Kothi

With regards to Lonsen-Kiri, are we reselling in terms of dividend, how exactly we are being paid by Lonsen-Kiri?

Manish Kiri

Yeah, in terms of dividend or the profit distribution, no that has not been done till now, right. So, Lonsen-Kiri has not paid dividend and the profit of Lonsen-Kiri is accumulated in Lonsen-Kiri.

Ashit Kothi

Lonsen-Kiri has any plans of distributing the same or again another fight on the cards?

Manish Kiri

Right. So, once this fight is over or maybe I don't know before that, because Kiri has been putting up request to the board to pay the dividend and Lonsen-Kiri by the way is also debt free and sitting on good amount of cash, so there is no reason not to pay dividend. If it is not paid in a reasonable time, again, it would not be correct for Kiri shareholders and then we'll need to take appropriate actions like what happened at DyStar.

Ashit Kothi

Thank you

Moderator

Thank you. There are no further questions. Now, I hand over the floor to the management for closing comments.

Manish Kiri

Thank you everyone for joining today. Thanks a lot. We'll see you in the next quarter. Thank you for participating.

Moderator

Thank you, sir. Ladies and gentlemen, on behalf of Aditya Birla Money, this concludes the conference call for today. Thank you for your participation and for using Door Sabha's Conference Call Service. You may all disconnect your lines now. Thank you and have a good evening, everyone.

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- Note:**
1. This document has been edited to improve readability
 2. Blanks in this transcript represent inaudible or incomprehensible words.