

June 04, 2022

To, BSE Limited 1 st Floor, Rotunda Building, B.S. Marg, Fort, 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-FY22 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-FY22 Earnings Conference Call held on Wednesday, June 01, 2022.

The Transcript of Q4-FY22 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
Encl: As stated



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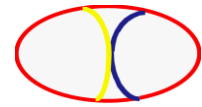
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Kiri Industries Limited
Q4 & FY22 Earning Conference Call
June 01, 2022

Moderator: Ladies and gentlemen, good day and welcome to the Q4 & FY'22 Earning Conference Call of Kiri Industries Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing '*' followed by '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 Mr. Anuj Sonpal from Valorem Advisors. Thank you and over to you, sir.

Anuj Sonpal: Thank you. Good afternoon, everyone and a very warm welcome to you all. My name is Anuj Sonpal from Valorem Advisors. We represent the Investor Relations of Kiri Industries Limited.

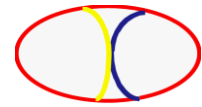
On behalf of the company, I would like to thank you all for participating in the company's earnings conference call for the fourth quarter and financial year-ended 2022.

Before we begin, I'd like to mention a short cautionary statement. Some of the statements made in today's concall 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 management. Audiences are cautioned not to place any undue reliance on these forward-looking statements in making any investment decision. The focus of today's earnings call is really to educate and bring awareness about the company's fundamental business and financial quarter under review.

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

Without any further delay, I request Mr. Manish Kiri to start with this opening remark. Thank you and over to you, sir.

Manish Kiri: Good afternoon, everybody and welcome to the Earnings Conference Call for the Fourth Quarter and Financial Year ending 2022. I hope you are all keeping safe and well. Kiri Industries Limited has remained focused on its goal to achieve growth under tough business conditions and hence adopted and concentrated in penetrating global markets and retaining market share to beat economic contraction in this weakened global business environment.



The company was able to attain revenue growth on sustained volumes and also improving profitability as compared to the previous financial year. On a consolidated basis for financial year ending 2022, operational revenue was Rs.1,497 crores, which grew by 56% against the previous year and EBITDA was Rs.121 crores, an increase of 47% year-on-year with EBITDA margins reported at 8.1% while net profit was Rs.53 crores, which grew by more than 100% year-on-year basis, with PAT margins standing at 3.53%. The margins were impacted due to increase in key raw material prices; power, fuel cost, freight and transportation cost during current financial year as compared to the previous year. The company has been striving to regain EBITDA margins which is earned prior to pre-COVID times by optimization of product mix and gradually passing over the increase in raw material prices to its end customers.

Since March 2022, the momentum of passing on the increase in prices has slowed down. Since company experienced further increases in the raw materials prices in the backdrop of Russia-Ukraine war and lockdown in China after resurgence of COVID. As you may know globally, prices of commodities have shot up and crude oil has remained volatile while upward trend.

The dyes industry has been impacted with average raw material prices having increased by 50% and cost of power and fuel have increased by 45% during FY'21-22. For the fourth quarter of FY'22, the consolidated operational revenues were Rs.417 crores, the growth of 15% year-on-year basis. EBITDA reported for the quarter was Rs.25 crores, EBITDA margin stood at 5.97% and net profit was Rs.9.2 crores, with PAT margin 2.21%. Again, Ukraine-Russia war broke out in February '22 impacting revenue from operations in Q4 FY'22 which were 3% lower on quarter-on-quarter basis. Spiraling of raw material costs, power and fuel prices, freight and transportation costs impacted EBITDA of Q4 FY'22 negatively for both year-on-year and quarter-on-quarter basis.

On a standalone basis, the operational revenue for the financial year ending 2022 was Rs.1,137 crores, representing 65% increase year-on-year. EBITDA stood at Rs.31 crores versus EBITDA loss of Rs.1 crore in previous year. Net loss for the financial year after depreciation was Rs.9.3 crores compared to the net loss of Rs.37 crores in FY'21. Operational expenses have increased during FY'21-22 on account of increase in raw material cost, power and fuel cost and especially legal expenses being incurred towards litigation of minority interest in DyStar at Singapore.

In coming times, the legal expenses should reduce since the decision on the value at which the stake of the company has to be bought by Longsheng is expected anytime from the Supreme Court of Singapore which is the appeal judgment. Once the decision is out, company would be paid by Longsheng Group which means Senda and major litigation would come to an end.

For the fourth quarter, on a standalone basis, revenues from operations were approximately Rs.328 crores, which grew by 19% year-on-year. EBITDA was Rs.6 crores which there was a net loss of Rs.34 crores for the quarter.



The trend line below demonstrates the path of growth in revenue. EBITDA is sluggish in Q4 FY'22 mainly on account of sharp increase of 66% in raw material prices on year-on-year basis, increase of 59% in power and fuel cost which were due to the result of Ukraine-Russia war, as I mentioned earlier, lockdown in China and the effects which were out of control of the company.

The situation today is that the manufacturing cost of raw materials for key reactive dyes, intermediates such as H Acid, vinyl sulphone in India are higher as compared to the selling prices of such materials from China, and the same are being imported in higher quantities in India rather than being manufactured in India. Prices of Sulphur, caustic soda, soda ash, aniline, excessive key raw materials for manufacturing of H acid and vinyl sulphone which are two key intermediates have increased by 22% to 27% in this quarter. Inclining manufacturing to reduce or curtail production temporarily and thereby to operate at lower capacity to absorb fixed cost.

Secondly, cotton textiles are currently experiencing record high cotton prices which has lowered the demand for reactive dyes, impacting the volume growth of reactive dyes in short-term.

Amid portrayal of gloomy business environment, the company is moving cautiously in short-to-medium term with key focus on sustaining volume growth and strengthening margin growth by optimization of product mix from its diversified product portfolio and by controlling operational cost.

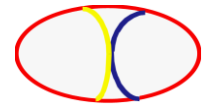
Company's core strength is its fully backward integrated manufacturing facilities. Secondly, the production of certain types of naphthalene and aniline-based intermediate sale support the strengthening of margins. In addition, manufacturing of disperse dyes which is already on stream now, shall support the company to expand its foothold and further penetrate market in near future.

Lastly, the decision of Supreme Court of Singapore on the value of DyStar buyout order for the company stake by Longsheng Group which is Senda which is expected any time which will allow us to take a leap forward in enhancing intrinsic value of the company and focus on sustainable non-dilutive growth with strong focus on return on equity and free cash generation.

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

Moderator:

We will now begin the question-and-answer session. Our first question is from the line of B. Suresh from Buram Financials. Please go ahead.



B. Suresh
Buram Financials:

Good afternoon sir. Thank you for giving me the opportunity. In last conference call, you told the legal issue is expected to end in March. What is the present status? Actually after case is declared, you will be getting the amount in how much time it takes and can utilize the expansion or paying the dividend?

Manish Kiri:

Let me answer your first question first. Regarding the final judgment from the Supreme Court of Singapore, we were expecting somewhere around March end as per the earlier call to get the judgment. Somehow it has delayed and already May ended and beginning of June. We expect the judgment at any day, any time. Just to give you some more information, we were trying to follow what are the judgments coming in Singapore Supreme Court and last one week there are several judgments which have come for the cases which ended in January 2022. So sequentially also, it seems that the substantive cases are coming for judgment now. So we expect that any day or any time Supreme Court judgment should be out and we are eagerly waiting for that, we are following up on daily basis as soon. As we receive the judgment it will be announced. To answer your second question to when the funds would come and where the funds would be utilized, so the payment from Senda to execute this buyout order would be due the day they receive the judgment. So then then we would try to ensure that the funds come as early as possible and Senda honors the court order at the earliest possible. There will be a reasonable time we would give with the legal actions post the judgment is out and then our attempt would be to have this buyout order executed at the earliest possible, but we cannot tell the definitive timeline what kind of further legal actions that we would be taking to ensure that we have the enforcement faster. Now regarding the utilization of funds, as I mentioned earlier, the utilization would be both for the future projects and for the future investments which are not decided yet and not crystallized yet and also some part to pay the dividend. So both will be there. And once the final amount is known, then at appropriate time, we will also disclose the breakup after the deliberations at the board of the company. Thank you.

B. Suresh
Buram Financials:

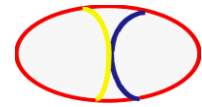
One doubt sir. Actually after this judgment, payment execution time is given by Supreme Court or Senda can decide?

Manish Kiri:

The Supreme Court is not going to stipulate any time. That means the time is due and the payment is due the day Senda receives the judgment. So Senda has to pay immediately on receipt of the judgment. So no time has been given to Senda by international court and no time would be given to Senda by Supreme Court. It has been almost a year since the international court judgment is out. It has been a year Senda knows the range of amount which is to be paid to be precise and there is no time given for them, it is due with immediate effect to execute the buyout order with immediate effect. That is what the interpretation of order would be.

Moderator:

Our next question is from Srinivas Kashyap, an investor. Please go ahead.



**Srinivas Kashyap
Investor:**

My question is given that going concern is because of huge losses of USD 4-lakh odd amount. My second question is any more FCCB pending or ECBs are all converted into shares now?

Manish Kiri:

All are converted, no more pending.

**Srinivas Kashyap
Investor:**

Last time you said we will communicate with them soon. So are you able to communicate with private equity?

Manish Kiri:

Whoever are the shareholders of the shareholders and they participate, they also approach companies sometimes like what you participate like a common call like what we have today or also sometimes individual calls or individual meetings that are being arranged. But yes, they do participate.

**Srinivas Kashyap
Investor:**

The promoter holding is too low now after all the conversion and more stakes have been sold by you people recently. So what is like the intention of Mr. Pravin Kiri and yourself, like you are increasing the stake or -?

Manish Kiri:

Let me just clarify a few things to you that our intention of promoter is to increase stake definitely, there is 100% interest to increase stake in the company and we will see in the next future months, but number two, certain disputed shares were there. Once the disputes were addressed, the disclosure were made. None of the promoters have sold any shares. No doubt, the disclosures were delayed and the reasons were the earlier disputes on the shares. So there is no share has been sold.

**Srinivas Kashyap
Investor:**

The disputes between you people on a court like Ahmedabad high court?

Manish Kiri:

No, it's a private dispute between the people.

Moderator:

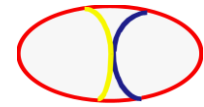
The next question is from the line of VP Rajesh from Banyan Capital. Please go ahead.

**VP Rajesh
Banyan Capital:**

Thank you for the opportunity. Just one clarification. On the last concall you had mentioned that Senda owes us \$9 million and that payment has been delayed for quite some time. I did not understand what was the reason for that \$9 million payment, is that some interest payment or if you can just make me understand that?

Manish Kiri:

Rajesh, that cost order which Kiri had received, Senda filed appeal against it and supreme court took little longer time to decide whether to admit or not, and then supreme court admitted their appeal against the cost order of \$9 million and then the supreme court proceeding started after that and the hearing has been fixed on September 15th and 16th 2022. Another thing which we have learned just to let you know that an assurance has been taken from Senda that as soon as the appeal judgment is out, within 21 days Senda would need to make a payment to Kiri for the cost. So the delay is because of the appeal and now hearing of the appeal has been fixed on September 15th and 16th 2022.



**VP Rajesh
Banyan Capital:** This 21-day window is only with respect to this \$9 million dispute, not \$482 million, correct, that's a separate case?

Manish Kiri: Yes, 21 days assurance and undertaking was given by Senda for this \$9 million, you're right.

**VP Rajesh
Banyan Capital:** I'm just curious, when we had the last call, the expectation that was that it will come out by March and it has been obviously delayed much further. So what your lawyers told you why there's so much of delay because Singapore is known to be very efficient?

Manish Kiri: You are totally right. This has been delayed as per Singapore standard and there are two reasons explained to us by the lawyers; number one is that overall sequentially the orders have been delayed in Singapore supreme court recently, so for example, the orders which came in April were pertaining to the cases which got closed and judgments were reserved in November, December and it is the substantive cases, not the minor cases but the substantive cases have overall delayed in Singapore court. The January cases which got closed, judgments have started coming in last two weeks. So that is one reason. Second reason what lawyers explained to us that we might expect changes in the judgment because it's a complex matter, there were number of issues involved on the valuations. Appeal was from both the sides not only one side. This may not be just a dismissal of appeal. If there is a dismissal of appeal, it would not have taken this much longer time. So we might expect some substantive changes or something which would come in this judgment would be different from the international court order, that is what they are saying, which might have taken longer time among the judges to deliberate and decide. So complexity plus delays in terms of having certain changes expectations that we have in this order and those two are the reasons that we are experiencing this delay.

**VP Rajesh
Banyan Capital:** But the most important point is what you said that there is a systemic delay in the whole Singapore appeals court, right, that's really what I'm gathering?

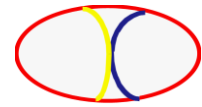
Manish Kiri: Singapore judgments if you look at and review for last one month, two months they are running two, three months delay.

**VP Rajesh
Banyan Capital:** On the business side, My question is that how much revenue did we get from the specialty intermediates side this quarter?

Manish Kiri: In fact, we got much lesser from specialty intermediates side, around Rs.35 crores.

**VP Rajesh
Banyan Capital:** So why is it so low because I think last time you mentioned that your capacity utilization was around 27%, so has that gone up or down?

Manish Kiri: Actually, what happened is capacity utilization reduced to some extent because this quarter was a different quarter in which we have further increase the raw material costs, for example, caustic which was Rs.40 plus increased to almost Rs.60, 65. Similarly, soda ash, a lot of other



raw materials have increased and gone up substantially. So that change the overall complexity, in the sense that the sales prices in fact for VS and H acid reduced in this quarter instead of increasing. So on one side there is a reverse effect of raw materials going up and the sales prices going down. Specialty intermediates also suffered due to increase sharp increase in the raw materials, demand has also shrunk. So certain product lines which we expect to utilize in last quarter, we couldn't utilize because we wanted to ensure that we sell products with certain secured margins. Unfortunately, Chinese prices became somehow more attractive in this quarter due to their basic chemicals and intermediates prices being lower compared to India prices and that created kind of a tough and challenging situation in this quarter. So we couldn't achieve what we expected to achieve in this quarter.

VP Rajesh

Banyan Capital:

Would you say that the EBITDA margin has bottomed out in this quarter and from thereon we can only see uptrend or you think it will be subdued let's say in the current quarter and a few more quarters in this financial year?

Manish Kiri:

I think the situation is such that almost 80%, 90% of certain intermediates products in India has reduced. Everyone has slowed down. This is not going to resolve soon. So we are expecting that a couple of quarters of this financial year are going to remain subdued. Unfortunately, that is what it seems and this is the situation in which we are. So it is not going to come back soon, it is going to remain flat for a couple of quarters to be cautious.

VP Rajesh

Banyan Capital:

Then in terms of the legal expenses this quarter related to the Senda litigation, what is that amount?

Manish Kiri:

Now, major litigation charges are over. So from the first quarter of this financial year, there is a reduction and there would be continuing reduction also because major arguments and everything is over, there are few side cases like one related to this cost and another small side case, nothing to do with the buyout order, those are going on but would be less cost, the major cost is over.

VP Rajesh

Banyan Capital:

What was the number in Q4 or for the last financial year whichever is readily available?

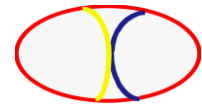
Manish Kiri:

Q4 when you add up the legal expenses as well as legal cost plus the valuer cost, it is almost touching Rs.10 crores, but if you look at the entire financial year, we would be touching almost Rs.35 crores.

VP Rajesh

Banyan Capital:

Just a small request. Since the last call I've been trying to arrange a meeting with you to come and see you in Ahmedabad. It has not been made possible somehow by Valorem folks. So can



I just request you to give me your number or e-mail id so that I can get in touch with you to arrange the meeting.

Manish Kiri: Sure, sure, you are most welcome, visit us, visit our facilities.

Moderator: Our next question is from the line of Harsh Gupta, an investor. Please go ahead.

Harsh Gupta

Investor: You are saying we can expect it any time, so does that include the summer break till 24th June or it will happen only after that?

Manish Kiri: It can come in this summer break also. As you know, it is from 30th May to 24 June and several judgments have come even our earlier times from Singapore courts during December and June. So definitely it can come in June. There won't be any hearings taking place but the judgments can definitely come during the summer break.

Harsh Gupta

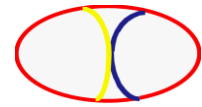
Investor: On the complexity of the valuations being slightly rejigged based on appeals from both you and Longsheng Group, that only the judges can say, but are the arguments for a larger increase from your side or a larger decrease from their side, just to get a sense of the probability what does that play here, if you could throw some color on it?

Manish Kiri: There was a two days of arguments and from our side the major push was to increase the valuation on certain points, for example, DLOM, there were quite a long arguments on DLOM and there was a huge debate among the judges and the councils on DLOM, then detailed debate and arguments also took place on interest factors, because it's again very genuine arguments because Kiri's economic interest has been suffering in DyStar from the valuation date and transaction date is too far away from the valuation date. So, genuinely, Kiri has been suffering and out of pocket, not earning any return on its investment during four years period. And there was no earlier precedence in Singapore where the valuation date and transaction data are so far away. So again, there was a detailed discussion on that. So on increased part I would say there were major discussions and the arguments took place rather than the quantum of arguments on the decrease side.

Harsh Gupta

Investor: What is the DLOM Manish ji?

Manish Kiri: That is discount for lack of marketability. Because Kiri is not a willing seller for the DyStar stake, right. Kiri is a forceful seller and suffered by operation from Senda. So the arguments are around how you can have unwilling seller should be further punished by putting discount on its stake in the valuation. So that that was the major argument from us. Plus the there is a known buyer, in this case, it is not a free market sell. The buyer is also defined by the court who



is the majority shareholder who is getting a control of the company. So control premium and discount for lack of marketability usually cancels out with each other.

Harsh Gupta

Investor: On the same increase point, have legal expenses to be reimbursed, been discussed as part of the judgment or as part of these arguments?

Manish Kiri: Yes, whatever legal expenses which have been awarded by the court are up to the international court legal proceedings. So the cost which has been incurring from international court proceedings till the supreme court proceedings ended, that is to be still awarded by supreme court in the judgment.

Harsh Gupta

Investor: My point is like in Indian supreme court there is something called a review petition. Is there any possibility of reviewing this judgment whenever it comes out by let us say a party it is unhappy, for example, -?

Manish Kiri: We have categorically asked and it is not possible, there is no such provision.

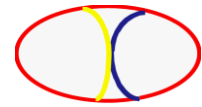
Harsh Gupta

Investor: Similarly, to the question by the last gentleman, you said for smaller case of \$9 million pocket, there's a 21 day kind of lock-in, what are the real kind of legal remedies plausibly available to you if they kind of hold up on the payment of \$450 million plus whatever amount is?

Manish Kiri: The international court awarded this amount and decided on the valuation of the company in June 2021. Post that Senda has not been able to get a stay on the enforcement and execution of that order. So technically as we speak now, Senda has already defaulted in honoring the order for one year without securing the stay. So, by the time supreme court judgment is out, they have passed enough time and that is the reason that they are already at a stage where Kiri would perceive this as an intentional non-payment if they do not pay within a few weeks from the judgment of the supreme court. They had enough time to collect money. They are sitting on enough cash in Longsheng books. There is too much cash on DyStar's books also. So their financial strength of both the companies are good and Senda is only a vehicle, Senda is not an operational entity, it's only a vehicle and an SPV through which the investment has been made. So both the operational companies are cash rich. No reason for them not to dishonor. So in a short time, if the judgment is not honored, then Kiri's option to go to the court and file for the alternate remedy and contempt of court is already there.

Harsh Gupta

Investor: Alternate remedy, just to understand is there any precedent in Singapore?



Manish Kiri: Alternate remedy is to sell the company as a running business and as a going concern and let Court take charge of it.

Harsh Gupta

Investor: So on that note, how is DyStar's business been doing?

Manish Kiri: DyStar business has been doing very well. DyStar December ended again earn more than 150 million profit after tax even after they are taking away some money as all kinds of fees and things like that. Still DyStar had booked quite significant profits even in December 2021.

Harsh Gupta

Investor: The JV you have within India, Longsheng and Kiri, has there been any discussion of feeler on how will that be resolved or that is only after this thing gets resolved?

Manish Kiri: Unfortunately, there is no negotiations on that and I think both the sides are waiting for DyStar to get resolved.

Harsh Gupta

Investor: Because you are controlling it effectively even though you are the minority shareholder in that JV?

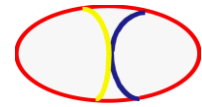
Manish Kiri: Yes, correct, Kiri has the management control of that company and that company is operated by Kiri very professionally, that company is also doing well and its value has also been built well all these years.

Moderator: Our next question is from Amal Goel, an investor. Please go ahead.

Amal Goel

Investor: My question is regarding the promoter stake. I know we did explain a little bit on that. I just wanted to find out what is the dispute and who is that dispute between? What I've seen is the promoters have offloaded some shares which is what has been on NSE and BSE as well. Was it just the revoking of the pledge shares or was there more to that? I think we just want some clarity on those.

Manish Kiri: The issue goes back almost 10-years which is 2012-13 and during those times Kiri went through financial distress, so this issue is not a recent issue, it's 10 years old issue, number one. Number two, at that time few lenders who had given loan to the company actually, even after that debt was paid off, they sold promoters shares. There was a dispute with them that they should not have sold the shares and those shares they have to give back to promoters. And we didn't accept that. So we have been demanding that this has to come back to the promoters and it was not a part of the agreement with the promoters that they would sell the shares. And they did invoke at that time. Their intention was to put pressure on the promoters when the



company was in financial trouble. And with that intention they did sell certain which they were not supposed to do. So then we have been demanding and asking from them, they should put back the shares to promoters account buying from the market which they didn't do for all these years. And then we realized that there is a mismatch and then we have to resolve that, so that is why it was disclosed, that's the reason.

Amal Goel

Investor: So there's no actual share been invoked or sold in the market?

Manish Kiri: This issue is a dispute issue, it's an old issue, there are no shares even pledged of promoters in the market. Shares of promoters are unpledged.

Amal Goel

Investor: Are we foresee any more disputes like that, that's completely a surprise to everyone all of a sudden?

Manish Kiri: Not at all.

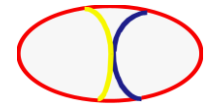
Amal Goel

Investor: I have is about the other expenses of Rs.77 crores and that's a significant amount when you look at the amount of sales we did the expenses we have. Would you provide some light on that what those Rs.77 crores are? I know you mentioned about the legal cost which is about Rs.10 crores out of that, but still there is about Rs.67 crores in other expenses. Is there any big numbers that you can just give some light on?

Manish Kiri: The other expenses actually include the four major breakup points; one is the power and fuel and you know power has increased substantially almost three times because the coal prices went up substantially. So power and fuel is one of them. Then it also includes the labor charges for the workers, that also included in that. It has legal expenses, I just mentioned earlier which is close to Rs.10 crores and it also has all freight and transportation charges. So that is also included in that. So these are the four major heads. It also has maintenance expenses, it also includes CSR and social welfare, it also includes the traveling expenses, all marketing expenses, all are part of other expenses.

Amal Goel

Investor: Are we going to see any reduction in those costs because I think that the proportion of expenses to the sales we did is quite high and is it sustainable or do we have any plans in place because we are living in an uncertain world, so if not Ukraine war there might be something else in next quarter, so we can't just piggyback on those, right, do we have any plans for that, that we don't have any excuses for that.



Manish Kiri: We are trying to reduce our fixed cost currently which means that we would be reducing some of our employees cost, some of the contracts cost, so that is where we are taking steps. Legal expenses will go down anyway because major legal cases are now over. Freight and transportation cost again basically relates to the sales. So if we continue sales at a level, we have freight in transportation looking at the current petrol and diesel prices plus the export freights, sea freights still continue to be higher, there are chances to reduce those. But whatever we can do at our site and manufacturing level like maintenance, we have put a huge cut on the maintenance currently. We are trying to fix only which are essential and urgent. We are trying our best to reduce those costs which are in our control, legal costs will go down anyway, I'm just repeating as a summary and freight and transportation cost again would be directly linked with the sales. The major problem with us is the sales price have not increased to the extent that the cost of increase of fuel, power, energy along with the raw materials can be passed on. So that is where the real challenge is how to increase sales price on those products. And meanwhile whatever we can cut, we are cutting already at the moment.

Amal Goel

Investor: Just one quick question on that. are we the competitor to DyStar anymore?

Manish Kiri: We do not compete DyStar because we serve and cater two different markets currently. They are at a very high end market while Kiri is serving at a medium or a lower end market. So there is a market segmentation that that defines the market for DyStar and market for Kiri and other producers like Kiri from India and China.

Amal Goel

Investor: One last question on that. Are we going to see any promoters increasing their stake because right now what we have heard so far is, it's all looking rosy pictures and the judgment might come anytime, so that gives a good indication across the shareholders folks?

Manish Kiri: Absolutely, promoters are right now already working on and promoters are trying to arrange whatever best way they can and doing their best and would definitely increase their shares, yes.

Moderator: Our next question is from the line of Anurag Patil with Roha Asset Managers. Please go ahead.

Anurag Patil

Roha Asset Managers: Sir, on leather and paper industry, how is the demand scenario currently?

Manish Kiri: Currently, paper industry has been on a downfall over the last few years from demand side as far as dyes is concerned, because less and less publications and papers are being printed. So if you look at the paper dye segment which has been quite stagnant or not growing I would say. On the other hand, laser is also facing a lot of challenges. So leather, dyes business and leather market is also stagnant, not growing, while if you look at the textile in general globally is having



a growth of at least 5% to 6% CAGR which you don't see in leather and paper dyes, they are almost at the same level, but again we don't know how the future will change but this is what has been there since few years.

Anurag Patil

Roha Asset Managers: Can you share the H acid and vinyl sulphone prices currently versus the last quarter average difference?

Manish Kiri: For example, last quarter average realization of vinyl sulphone which was Rs.274 while H acid was Rs.465. If I give you the number of earlier quarter realization, vinyl sulphone realization was Rs.312 while H acid realization was Rs.502. So the average realization has gone down, on the other hand the cost has gone up. As we speak now vinyl sulphone price is continuing to be around Rs.270 and H acid price is in fact reduced from Rs.465 to Rs.450 as we speak as on today.

Moderator: Our next question is from the line of Srinivas Kashyap, an investor. Please go ahead.

Srinivas Kashyap

Investor: Wanted to ask about Chemhub - Dubai subsidiary. CA is saying like there's a 4 lakh loss and the going concern is a problem. What is the loss and how is it going to go forward?

Manish Kiri: That comes on historical earlier losses which has been accumulated and carried forward. If you look at the operations for at least five to seven years, there is no loss on that. So what auditor has mentioned is coming out from the earlier times and if you look at the Chemhub as a trading company, it is not booking profit, it is 100% subsidiary of Kiri and the transfer pricing have been arranged in a way that the profits are being booked in a parent company in Kiri. So when you look at our consolidated numbers, all the profits which has been made by Chemhub, it all comes to Kiri, but again the operational profit has not been kept there. So standalone profit would represent the profit of that trading company also.

Srinivas Kashyap

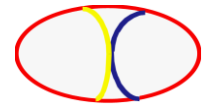
Investor: So now USD4 lakh, Kiri has to take Chemhub or what is the USD4 lakh that he has highlighted?

Manish Kiri: USD4 lakh he has highlighted was the losses incurred in the earlier transactions with the company –

Srinivas Kashyap

Investor: It had to be paid from Kiri to Chemhub?

Manish Kiri: Not need to be paid, no. So when Chemhub over a period of time gradually generates profit would balance out that 400,000, there is nothing to be paid from Kiri.



Srinivas Kashyap

Investor: What is your outlook for this whole year March to March. Like from 33 it is nine. So next year same time how much will be the profit or will it be a loss?

Manish Kiri: To be honest with you, it would be a speculation if I give you the one year figure.

Srinivas Kashyap

Investor: Can you assure at least green like it won't be minus?

Manish Kiri: Yes, that is what our attempt is. If I tell you the next six months, we want to ensure that we remain profitable and at whatever level we operate, at whatever cost we operate, we remain profitable for the first half of this year, that is what our target is and that is what we will achieve.

Srinivas Kashyap

Investor: This legal expenses you said it will reduce. So it was Rs.10 crores this quarter. This year how much it will reduce, Rs.5, Rs.7 crores?

Manish Kiri: I think it would be less than half than the yearly spending that we have been having.

Srinivas Kashyap

Investor: Every quarter it will be just half right now?

Manish Kiri: The current quarter is already less than half. It would be –

Srinivas Kashyap

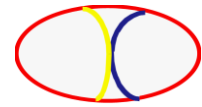
Investor: All the cases are resolved, but if there are further appeals and appeals and appeals will it go further on or you are expecting this year will be the last for all legal expenses?

Manish Kiri: There are no further appeals for the buyout and for the major case which we had. For other two side cases, appeal were already admitted and appeal hearing dates are already fixed. All are getting completed by September 2022. So by September '22 onwards, there would be nothing, zero.

Srinivas Kashyap

Investor: No-no, how is this legal expenses done like every time they go and argue, you need to pay or you want some appeal to be done, they tell that this is the charge or how is it or for the whole case they take amount, for this case you need to give us this amount?

Manish Kiri: The way the legal cost functions is that Kiri has appointed one of the best lawyers of Singapore, probably number one law firm of Singapore. There is a team of at least eight lawyers are there on board and each lawyer's fees are charged based on the hours and timing that they spent on the cases. So that ranges maybe starting from S\$200 per hour to as high as S\$3,000 per hour. So it depends on how much work has been put up, how much legal work is involved and how



much time all these different levels of lawyers are spending on all cases that are being fought there. So those are the legal expenses for the Singapore lawyers. In addition there are Indian lawyers involved who work along with the Singapore lawyers and Indian lawyers are based in Mumbai, named DSK Legal. So DSK Legal work hand-in-hand in Singapore. Again, DSK Legal work is also involved based on hourly basis starting from a junior lawyer to their managing partner.

Srinivas Kashyap

Investor: Why are you paying like for Indian lawyers in Mumbai? Can't you pay like directly to the Singapore people?

Manish Kiri: No, because there are two different law firms. Indian legal law firms as well work along with the Singapore law firm. They both work together on preparing drafts, preparing prints and Indian lawyers also work with us to explain us better, to coordinate with Singapore lawyers better, they would present Kiri's interest to Singapore lawyers also. So that's why the two law firms are involved from day one since 2015.

Moderator: Our next question is from the line of B Suresh from Buram Financials. Please go ahead.

B. Suresh

Buram Financials: Sir, actually other cases can be expected in September. This case actually for Singapore court when is the holidays?

Manish Kiri: Singapore court vacation already started from Monday which is from May 30th and it is till June 24th, these are the exact dates for court vacation. But during court vacation judgments are disclosed. So during this vacation time, court hearings do not take place but the judgments continue keep coming.

B. Suresh

Buram Financials: Holidays will not affect the judgment?

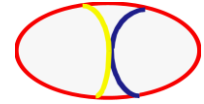
Manish Kiri: YES, holidays affect the hearing dates because they don't give the hearings in holidays, but it doesn't affect the judgments.

B. Suresh

Buram Financials: But you can expect happy colors in the month of June?

Manish Kiri: Highly expecting.

Moderator: Our next question is from the line of Manoj Bhura with Adinath Financial Services Private Limited. Please go ahead.



Manoj Bhura

Adinath Financial Services: Manish ji, in totality how much legal cost we have incurred till now on the Singapore case and what amount is expected to be recovered from Senda?

Manish Kiri: If you count from 2015 till now, every year we have incurred cost of around Rs.30 to Rs.40 crores. So in this seven years we have incurred you can say more than Rs.200 crores on the legal cost. And we have been awarded S\$8.11 plus close to S\$9 million till now and we will have another supreme court order will have another amount in it, correct. I'm just giving you a number without any basis. If Singapore court had another two, three, four million, the maximum you would be able to get back would be around close to \$13 million, \$14 million.

Manoj Bhura

Adinath Financial Services: Is it Singapore dollar or US dollar?

Manish Kiri: Singapore dollar which would be less than half of what we spent.

Manoj Bhura

Adinath Financial Services: Rs.65 crores?

Manish Kiri: Rs.65, 70 crores, correct.

Manoj Bhura

Adinath Financial Services: This we are expecting to realize in this financial year?

Manish Kiri: That would come as undertaken from Senda that within 21 days from the court judgment date. So if judgment hearing date is already fixed which is 15th, 16th of September and after that if the judgment comes by December, January then it is highly possible, it will be for this financial year before March '23.

Manoj Bhura

Adinath Financial Services: That means in March '23 we will be having this windfall in our financial and which translates to around Rs.12, 15 EPS this year?

Manish Kiri: Yes, correct.

Moderator: Our next question is from the line of VP Rajesh from Banyan Capital. Please go ahead.

VP Rajesh

Banyan Capital: Manish, you mentioned earlier that all the FCCBs have been converted. So can you tell us the number of shares outstanding now after the entire conversion?

Manish Kiri: So total number of shares of the company is 5.18 crores.



VP Rajesh

Banyan Capital: I noticed that you paid more than Rs.50 crores of debt. So what is the plan for this year?

Manish Kiri: If you look at our financials for the last two quarters, the quarter ending December and quarter ending March, we paid Rs.60 crores which was which was pre-settled debt. right and another Rs.68 crores would be paid in the next two quarters which means the current quarter and the quarter after. So by September the company's debt would not be there, it would be gone.

VP Rajesh

Banyan Capital: You still have Rs.100 crores of debt. So if you pay Rs.68 crores, then there will be still some Rs.30 crores left?

Manish Kiri: Yes, 30-odd crores, very small amount.

VP Rajesh

Banyan Capital: That's very comforting that you're incrementally moving towards becoming a debt-free?

Manish Kiri: Yes, we already have made plans to ensure that we fulfill our commitments before September.

VP Rajesh

Banyan Capital: Just on the new project as and when we get the money from DyStar you had talked about a big expansion. So that will include taking us some term loan, etc., is that a reasonable assessment?

Manish Kiri: Yes, absolutely, it would be an appropriate debt-equity. Otherwise I would not be able to provide you the desired return on equity. So it has to be both.

VP Rajesh

Banyan Capital: I hope the result from Singapore court comes sooner than later and all the best.

Manish Kiri: Thank you, Rajesh.

Moderator: Our next question is from the line of Manoj Bhura from Adinath Financial Services Private Limited. Please go ahead.

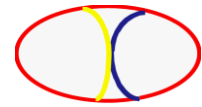
Manoj Bhura

Adinath Financial Services: Manish ji, can you throw some light on the composition of these FCCB persons, who these persons are, are they related to you in any way?

Manish Kiri: There are no FCCBs anymore and they are not related, they are all shareholders.

Manoj Bhura

Adinath Financial Services: Shareholders are there, around 2 crores shares have been converted last year. Who are the underlying beneficiaries of the shares?



Manish Kiri: They are in the public domain who are the shareholders.

Manoj Bhura

Adinath Financial Services: Name is there, but who the ultimate beneficiary is?

Manish Kiri: That I would not be aware.

Manoj Bhura

Adinath Financial Services: They are not related to you in any way?

Manish Kiri: No-no, not at all.

Manoj Bhura

Adinath Financial Services: Can you throw some light on the specific projects which you want to undertake once this money comes in?

Manish Kiri: There are several projects that we have been evaluating, number of feasibility studies have taken place across the spectrum. There is a special Kiri's team which has been working for now almost three years, certain people have been onboard. Once we know the final amount, once the Kiri's board will debate, there is a special team has been arranged and there's a special committee has been formed to review the investments and whatever Kiri's board would choose out of ten, maybe one, two or three we will definitely inform and announce at appropriate time, but nothing crystallized yet.

Manoj Bhura

Adinath Financial Services: You did some MoU with the government of Gujarat last year.

Manish Kiri: Correct, those are also part of the aspirational projects.

Manoj Bhura

Adinath Financial Services: You must have selected some specific project?

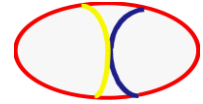
Manish Kiri: Correct. Those are expression of intent, but not crystallized yet.

Manoj Bhura

Adinath Financial Services: Do you have any proposal to buy back of shares?

Manish Kiri: We will see. That is also quite active on discussion because as I mentioned earlier, we will have to increase our stake and we are working on it. So if buyback takes place, we will not give our shares, correct.

Moderator: As there are no further questions from the participants, I now hand the conference over to Manish Kiri for closing comments.



Manish Kiri: Thanks to all for attending today's conference call and we'll see you next time. All the best to you

Moderator: On behalf of Asian Markets Securities Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines.