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18th May, 2022

To,
The General Manager-Department of
Corporate Services,
BSE Limited,
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai - 400 001.

Scrip Code : 530999

The Manager-Listing Department,
National Stock Exchange of India Limited,
"Exchange Plaza", 5th Floor,
Plot No.C/1, G Block, Bandra-Kurla Complex,
Bandra (East), Mumbai – 400 051.

Scrip Code : BALAMINES

Dear Sir/Madam,

Subject: **Submission of Earnings Call Transcript under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

With reference to the above cited subject, please find attached enclosed the transcript of Conference Call held on Thursday, 12th May, 2022.

Copy of the said Conference Call invite is enclosed for your record.

Thanking you.

Yours Faithfully,

For Balaji Amines Limited

Lsdargad

Lakhan Dargad
Company Secretary & Compliance Officer

BALAJI AMINES LIMITED

Encl.: a/a

"Balaji Amines Limited Q4 FY22 Earnings Conference Call"

May 12, 2022

Disclaimer: E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchanges on 12th May 2022 will prevail.

MANAGEMENT: **MR. RAM REDDY – PROMOTER & MD, BALAJI AMINES LIMITED**

MODERATOR: **MR. APURVA SHAH – PHILLIPCAPITAL (INDIA) PRIVATE LIMITED**

Moderator: Ladies and gentlemen good day and welcome to Balaji Amines Limited Q4 FY22 Earnings Conference Call hosted by PhillipCapital (India) Private Limited. This conference call may contain forward looking statements about the company, which are based on belief, opinions and expectations of the company as on the date of this call. These statements are not the guarantees of future performance and involve risks 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 '*' then '0' on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Apurva Shah from PhillipCapital. Thank you and over to you sir.

Apurva Shah: Thank you Lizann. On behalf of PhillipCapital (India) Private Limited I welcome all of you to the Q4 FY22 Earning Conference Call of Balaji Amines Limited. We have with us today Mr. Ram Reddy – Promoter and Managing Director of Balaji Amines. I request Ram sir for his opening remarks, post which we will open the floor for Q&A. Thank you and over to you sir.

Ram Reddy: Thank you. Ladies and gentlemen, a very good evening to all of you and welcome to the conference call to discuss the Q4 FY22 Financial Performance of our company Balaji Amines Limited. I hope you have got a chance to go through the press release and the financial statements submitted to the stock exchanges and uploaded on our website.

First kindly let me take you through the consolidated financial and operational performance for Q4 FY22:

We are glad to have generated respectable quarterly results in an environment where the chemical industry is facing severe margin challenges due to rising raw material prices and other costs. We recorded 87% growth in total revenue which stood at Rs. 781 crores in Q4 FY22 as against Rs. 418 crores in the corresponding quarter of previous year. Total volume stood at 33,780 metric tons (MT) for Q4 FY22, up by 18.3% as against 28, 547 MT in Q4 FY21. For Q4 FY22 volumes of basic amines stood at 7,284 metric tons, amines derivatives volume stood at 9,411 metric tons and that of specialty chemicals stood at 17,085 metric tons. Greater volume offtake as a result of increased capacity utilization of our DMF and new ethanol plants contributed to the rise in revenue.

EBITDA was up by 50% which came in at Rs. 199 crores in Q4 FY22 as compared to Rs. 133 crores in the same period last year with EBITDA margin at 25.50% in Q4 FY22 as compared to 31.7% in the same period last year. Despite the challenging inflationary environment, we were able to restrict the fall in our operating margins due to improved operating leverage from increased volume offtake and stronger price realization, especially for products of our subsidiary company.

We expect operating margins to inch upwards in coming quarters on back of moderation in prices of key raw materials, favorable product pricing and better product mix going ahead. Profit after tax recorded an increase of 47% at Rs. 131 crores in the current quarter under review as against Rs. 89 crores in Q4 FY21. PAT margin stood at 16.8% in Q4 FY22 as against to 21.3% in Q4 FY21. Diluted EPS for Q4 FY22 stood at Rs. 33.56 per equity share as compared to Rs. 26.08 per equity share in Q4 FY21.

Now coming to our consolidated performance for FY22:

Revenue from operations in FY22 stood at Rs. 2,328 crores, up by 77% as compared to Rs. 1,318 crores in FY21. EBITDA witnessed the growth of 68% from Rs. 379 crores in FY21 to Rs. 637 crores in FY22. Given the inflationary conditions, our EBITDA margin narrowed by 141 basis points to 27.4% from 28.8% in FY21. PAT for FY22 witnessed a jump of 72% to Rs. 418 crores from Rs. 244 crores in FY21. Diluted EPS for FY22 stood at Rs. 113.71 per equity share as compared to Rs. 73.52 paisa per equity share in FY21.

Total volume stood at 1.15,349 metric tons for FY22 as against 1,06,057 metric tons in FY21 recording a jump of 9%. For FY22, volumes of basic amines stood at 24,999 metric tons, amines derivatives volume stood at 37,170 metric tons and that of specialty chemicals stood at 53,180 metric tons.

Our subsidiary company, Balaji Specialty Chemicals Limited, continue to see strong demand as well as robust price realization. We logged sales volume up 4,903 metric tons in Q4 FY22 at our subsidiary plant as against 3,669 metric tons in same quarter last year and 3,887 metric tons in Q3 FY22. We have recorded the capacity utilization of about 56% in FY22. Accessibility for raw material required for manufacturing products of the subsidiary plant continued to remain a major challenge in FY22. However, the supply bottlenecks have eased and we expect to operate the subsidiary plant at 70% to 80% capacity in a FY23. Non-agri chemical clients constituted about 50% of total sales of ethylene diamine in FY22 from about 10% in earlier quarters of operations. We have increased the share of exports from our subsidiary plant from 15% in H1 FY22 to 25% in FY22. Our endeavor is to increase it to about 30% going forward. We anticipate achieving annual turnover of about Rs. 700 to 750 crores in FY23. We expect the margins to sustain at the current elevated levels at the subsidiary level.

The construction of new plant for dimethyl carbonate in Phase-1 of Greenfield project Unit 4 is almost complete and we hope to commence operations by the end of June 2022. With few tweaks to the manufacturing process, this plant will be able to produce around 15,000 tons of DMC per year. The company would be India’s only manufacturer of this product with annual domestic demand currently ranging from 8,000 to 9,000 tons which is currently entirely met by imports. DMC has major application in the manufacturing of polycarbonate. It is also used as a major solvent in the production of lithium batteries. The consumption of which will exponentially grow in India backed by various government incentives. At the same time, we believe there's a potential for DMC to be exported to international markets. Additionally, this plant will also produce 15,000 tons of Propylene Glycol per year which has major application in pharmaceutical and agrochemical industry. This facility will be able to generate revenue of Rs. 300 to 400 crores per year at full capacity utilization. We expect our DMC facility to reach capacity utilization about 60% in the current financial year FY23.

The demand of DMF continues to remain healthy. With the completion of the bottlenecking exercise, the capacity utilization of this plant has increased substantially, the full impact of which is likely to be visible in FY23. In Q4 FY22 the DMF plant's capacity utilization was around 65%. We expect the capacity utilization of DMF plant to increase from about 42% in FY22 to 70% to 80% in FY23.

In terms of our future expansion goals:

We plan to begin CAPEX under Phase-2 of our 90 acres Greenfield project for the installation of the following plants in FY23 and FY24; #1, is a new N-Butylamine plant with a capacity of 15,000 tons per annum. #2, acetonitrile plant with a capacity of 15,000 tons. #3, methyl amine plant with a capacity of 40,000 tons and DMF plant with the capacity of 30,000 tons. The total CAPEX for FY23 and FY24 will be about 300 to 400 crores. The production of the above plants will commence between mid FY24 and the end of FY25.

N-Butylamine is a new product that will be introduced to our already diverse product offerings and N-Butylamine is used as an ingredient in manufacturing of pharmaceuticals, API, dyes. water treatment chemicals, pesticides and emulsifiers. Annual domestic demand is estimated to be at 8,000 tons which is currently met entirely by imports.

We will manufacture acetonitrile at our new facility using a new improved technology which will provide us the cost advantage and allow us to address the impact of increased acetic acid prices enabling us to maintain healthy operating margins. By the mid of FY24 this plant should be operational.

Methyl amine is the key raw material and the base product for value added derivatives required by pharmaceutical and agrochemical companies. We are currently the market leader in methyl amines production in India and 80% our methyl amines production is captively used for manufacture of value-added products. Pharmaceutical applications segment and agrochemicals are expected to drive significant demand for methyl amine in India as well as global markets. To meet our increasing captive requirements, we plan to set up a separate plant for methyl amines with capacity of 40,000 tons per annum for which the company has already received environmental clearances.

We aim to construct a separate facility for DMF with a capacity of 30,000 metric tons under Phase-2 expansion, based on the existing scenario which suggests the growth of API and pharmaceutical industries under 'The Atmanirbhar Bharat package'. The annual total domestic demand for DMF in India is about 90,000 tons of which about 70,000 tons is met by imports. In India demand of DMF is increasing at a rate of 7% to 10% per year.

In the coming quarters we expect to see an improvement in capacity utilization of our legacy products due to easier access to raw materials for matching products at our client's end. In FY22-23 we expect substantial improvement in volume offtake from improved capacity utilization of our ethyl amine, DMF and acetonitrile plant as well capacity addition on account of our new DMC plant.

That's all from our side. We now leave the floor open for question and answers.

Moderator: Thank you. Ladies and gentlemen, we will now begin with the question-and-answer session. We'll move on to the next question. That is in the line of Dhagash Shah from Motilal Oswal.

Dhagash Shah: Which are the products which are facing raw material supply issues?

Ram Reddy: That is only the subsidiary plant, one is monoethanolamine. I think it has started easing out. I think in the coming quarters we should be in a position to get a sufficient required raw material. The other one is ammonia; prices have gone up but we are getting. Availability has become easy now.

Dhagash Shah: The revenues for the subsidiary have been close to 500 Cr and you still mentioned that next year the capacity expansion would increase, is the understanding correct that the prices would go down as raw material costs moderate?

Ram Reddy: It may be, see present we have almost 500 crores, the capacity of 56%. If we reach 70% to 80%, so we are saying it will be between 700-750 crores and then there may be correction of some 5% to 7% of the prices also, all put together we have given the guidance of 700 to 750 crores.

Moderator: The next question is from the line of Rohit Nagaraj from Emkay Global.

Rohit Nagaraj: First question is on methanol, how has been the availability and the challenges in terms of gas price increase which are happening in Europe, so are we facing any challenges from pricing as well as availability perspective?

Ram Reddy: Methanol is not anyway; it is not sourced from Europe and availability is there. Only the price was the issue but I think the price is also we feel that if it is stables around Rs. 30-31, last 3 months we are seeing this price below is 28 and up is Rs. 32-33. I think we should feel that it stabilizes at 30 plus level.

Rohit Nagaraj: The similar question on ammonia. The prices have increased and have we been able to pass it on completely to the customers and are there any issues in terms of volume offtake because of the increase prices of our product?

Ram Reddy: Yes, we are in a position to pass on. Actually, last quarter there was an impact on the margin because of it is a transit period for passing on the increments. Now that phase is completed and we are in a position to passing on this and the availability also become little stable now.

Rohit Nagaraj: Second question is in terms of operational parameter. How are we placed from the HSE perspective that we are producing most of the solvents and given the fact the temperature condition when we have been hearing a lot of incidences happening in the industry. How are we placed for our facilities from the totally environment perspective?

Ram Reddy: Thank you for your valid question and yes, we are much alert. Not only now, very unfortunate that we have seen a couple of incidents in the industry and we are right from the initial itself we have the number of controls in the various places in the plants. Definitely we have all the systems in place for the safety point of view. Secondly in the environmental point of view yes, as we have said earlier, our all the sites are zero discharge plants. We are maintaining to that and we can say that we can maintain forever these types of things. Normally whenever we select the products, we look all these points. One is a safety and a second is environment which is utmost important thing for us while operating the plants.

Moderator: The next question is from the line of Dhaval Shah from Swan Investments.

Dhaval Shah: Question on acetonitrile. INIOS Nitriles is expanding acetonitrile capacity in Germany by 15,000 tons and the management says that they want to get the acetonitrile production back to Europe which has shifted to Asia sometime back. So, what are our thoughts on this? Does it create over capacity kind of situation in the global market, just your thoughts because you are also expanding on acetonitrile?

Ram Reddy: Yeah. See the growth is also there. We must realize that what is happening around world growth point of view that is number one. Number two, I think earlier also I said, earlier people used to take this as a final solvent while being the API. Now the people have started because its availability and its user friendly. Normally they call it as rich solvent. There is every possibility to have the rapid growth in the solvent of the API industry. If any new molecule comes definitely someone will prefer to go acetonitrile instead of going for the any other cheaper solvent. Secondly, regards our capacity why we are coming, as I said we have it totally different technology and we will have the price advantage definitely. We don't see that the current competition and all those things, we will be definitely comfortable with our price once we start this new technology. The reason we were not very keen to expand the old plant, we are sticking to that only 12 tons capacity. We are continuing that till we get this new plant; we want to test this new technology. We want to prove ourselves with a very competitive pricing. Then we will think of any new expansions on that.

Dhaval Shah: Secondly now in terms of our volume growth for FY23 and FY24, this 1,50,000 tons is what we remain confident for the next year?

Ram Reddy: It should be, 1,15,000 is the actual figure. We are coming up with a new like we are talking about the DMF full capacity utilization in the coming years. Ethylamine we have seen only 9 months in the past year, current year we will see full capacity and DMC, propylene both are coming in stream. So, definitely there we will see better or more than 115. We should see same like 10% to 15% minimum growth in this.

Dhaval Shah: How is the trend in terms of the spreads and the EBITDA per kg, what we are making currently because we are one of very few companies especially in this quarter where we have maintained very healthy EBITDA per kg and we hear that some prices have started correcting overall in chemical basket. What is your thought process in terms of over next couple of quarters what sort of EBITDA per kg trend do you see? Can we maintain it near to this level or how do you see the different spreads across the product basket?

Ram Reddy: Actually, I can say the good numbers and the bad period. What we can say, this has only happened when you have the multiple products of basket. One product is not doing well then another product in helping you, that is a specialty with the Balaji Amines where we have number of products and number of applications of the products. That is how it has helped us. Going forward yes, you're right there are some pressures but with the same time we are coming up with the new products also which are introduced just this year which are coming in the coming years also. Definitely as I said earlier 24% to 26% EBITDA is sustainable. As I said earlier in our case you cannot calculate per kg EBITDA because our product mix is much different than any other company.

Dhaval Shah: In terms of using methyl amine captively like 4 years back we were at 30% captive usage. Now we are at 80% captive usage, so this shows while our volume has not been that huge in last 3-4 years but our EBITDA per kg has improved because of the large move to the value-added products. Now over another 2-3 years down the line post our CAPEXs are over, will we be at same 80%-90% captive utilization of methyl amine?

Ram Reddy: It should go because that depends upon both. Especially when we are talking about the DMF and the methyl amine plants, the methyl amine plant total capacity will be utilized for our DMF and for some of our existing unutilized capacities of the derivatives. So, there will not be much of volume going out from the methyl amines, maybe very nominal 10,00 to 12,000 tons may go out for the marketing directly in the methyl amines. Regarding the new products yes, that DMC and propylene glycol volumes definitely will be adding for the total existing capacities of the volumes.

Moderator: The next question is from the line of Kishan Gupta from CD Equisearch Private Limited.

Kishan Gupta: Given this volatility in raw material prices and short supply of some materials which you've talked about, so how much do you think your backward integration has helped in scaling your business?

Ram Reddy: These result numbers are saying Kishanji. Because in the bad period also we have done better because of our product mix and backward and forward integration has helped us a lot. In one step bringing the raw material and doing a single step always will not be much competitive. When you do the number of steps, suppose if you talk over the one up my product N-Methyl-2-Pyrrolidone, we do from the BDO. We buy the BDO, BDO to GBL, GBL to NMP. These are the two steps we do where you get the leverage of the margins. See volatility is not with us, it is with the entire world is facing the situation today. We can say we are in much advantageous stage than comparatively the European countries because who're more dependent on the gasses from the Ukraine and Russia. We are well aware that what is happening with those two countries and how it is impacting the Europe. We may be impacted indirectly but definitely we are at advantageous stage in the availability point of view.

Kishan Gupta: Has your integration increased over the years like what it was 5 years back?

Ram Reddy: I did not get your question.

Kishan Gupta: The level of backward integration, so has it increased over the years for you like what it was?

Ram Reddy: What we have we defined before going for the integration. It's not happening without having any master plan. Just now as I said that we are going for the DMA and DMF means it is integration between both the plants. The DMA plant is built for the manufacturing of DMF. So, these are only planned. It's not unplanned integration. These are only one or two steps, not very major.

Kishan Gupta: You have talked about growing your exports both in subsidiary as well as the standalone. Will it be from existing markets or newer markets?

Ram Reddy: Both, existing also sometimes we are getting the advantage but like today China is not in a position to reach some of the parts of the world where we are getting some advantage in exporting our products to that particular area. That is one area which is existing I can say and new which are coming up like just now I said the DMC we have a lot of opportunity to go outside country. We are talking about new product that N-Butylamine that is also there's a lot of opportunity to go outside the country. With all this our main aim to reach at least 30% to 35% of the total revenue should be from outside the country which will help in having the net sales edge for any of imported raw materials.

Moderator: The next question is from the line of Ishmohit Arora from SOIC LLP.

Ishmohit Arora: What is our current capacity utilization of ethyl amine?

Ram Reddy: The new plant which we have done almost using about 80% of the capacity utilized as of now. So, it is just half of the year. Last year we have done only 9 months but this year we feel that we should be in a position to do now 80% and going forward we should do 80%-85% by end of the year.

Ishmohit Arora: One question on the products that you've been launching is that on the Dimethyl Carbonate, what is the right-to-win in export markets? Secondly in Acetonitrle with the technology we are coming up with so, is it first of a kind in the world technology or someone else's also manufacturing using the same technology?

Ram Reddy: I have not seen if anybody is manufacturing, domestic nobody's making it but outside country yes definitely one or the other people must be using similar technology. But for the country it the first time which I think. We will be producing DMC and propylene glycol together; the total capacity I think I have cleared. I don't know how many people understood. The total capacity of this plant will be 30,000 tons. Out of which, there will be 15,000 tons of DMC and 15,000 tons of propylene glycol.

Moderator: We'll move on to the next question. That is from the line of from Naresh Vaswani from Sameeksha Capital.

Naresh Vaswani: On EDA there was some force majeure by some of the players. I wanted to know how is the situation now because that led to increase of EDA prices. In DMF if I look at the last 4-5 years, so this year our utilization has suddenly started to pick up. I wanted to know what is driving this demand in DMF this year and particularly next year you are guiding for almost close to full utilization and we are also expanding, so these two questions?

Ram Reddy: EDA, I can say you're right that outside country that is Europe one or two or maybe two to three plants in the force majeure reasons well known that because of the gas availability from the Ukraine due to natural gas shortage in the European region. That could be the reasons. Yes, it is continuously in demand, even now also same demand trend is going on. We see that next 3 to 6 months we can see the similar demand for the EDA. As regards DMF you are right, even we also want to know what went wrong with the DMF. We have waited for 6 months with this demand. The reason we have taken a decision that at least in India we need more than 90,000 tons, 90,000-96,000 tons of the consumption of this particular product and we have only existing plant is 30,000 tons out which we were doing only 20,000 hard. Probably this year we'll do total 30,000 tons. And coming year, we are looking for this existing demand is 96,000 plus if you take some 6% to 7% growth also it will cost 1,00,000 tons. Even after adding our additional capacity of 30,000 tons also, it will be only 60% of the country's demand. I'm not talking about world’s demand. So, definitely there's a room. That’s the reason the decision taken by the management to go with the second plant of the DMF.

Moderator: The next question is from the line Amar Maurya from AlfAccurate Advisors.

Amar Maurya: Number one, EDA I believe your utilization had also gone up in this quarter as well as the prices obviously the prevailing. So, is it like your competitors cost of production like majority of competitors were European and their cost of production has also gone up? So, because of this, these prices are there for EDA and till the time situation doesn't normalize, this kind of prices can continue? This is one. Second question is DMC. As you said that Rs. 150 crores can come from DMC. The by-product which you are saying that can contribute another Rs. 150 crores so the total project will contribute Rs. 300 crores of revenue. These are two questions from my side.

Ram Reddy: Yes, EDA you're right. Currently situation is the same as I said in my earlier answer and it will be continued. At least to me the visibility is over next two quarters looks like this in the price point of view and as well as demand point of view. And for your second question DMC and propylene glycol together, if both runs at peak level, I think I have given the guidance of Rs. 300

crores. What Rs. 150 crores what we talked about current year part operation. Part operation, lower capacity utilization because being a first year.

Moderator: The next question is from the line of Anshul Vaidya from Edelweiss Wealth Research.

Anshul Vaidya: First on the Butylamine plant which we are planning. I see we are putting out 15,000 tons of capacity. So where these additional volumes apart from the domestic you think would be absorbed? What are the key raw materials we are looking for producing this particular market?

Ram Reddy: Again, here the raw material is butanol and ammonia and butanol is available in the country. There are two-three manufacturers and even import also available like a commodity product. And in the country as of now the consumption is almost 8,000 to 9,000 tons which is totally imported. Apart from this, we have seen around world there's a good demand for this product. Probably a part of our production will go for the exports out of total 15,000 and first year of operations we may do around a 60%-70% capacity utilization whereby, by the time we reach to the 70-80%, even country's consumption also may go up, the way the things are happening for the new molecules and the new things are happening. We feel that there should be some incremental growth in coming years in the butylamine also.

Anshul Vaidya: Just a follow-up. Can you give me some ballpark asset turnover on the new CAPEX which we have announced? The four new ones and on the DMF we are saying that we will be running on the improved capacity. Is it fair to assume 80 tons per day for 300 days for DMF?

Ram Reddy: Yes, we should. If everything goes well subject to raw material availability of course which is available as of now but if everything goes like this, definitely, yes, we will be doing 80 to 90 tons per day.

Moderator: The next question is from the line of Jatin Damania from Kotak Securities.

Jatin Damania: The question on the subsidiary. Now you are guiding that probably we'll do Rs. 700-750 crores of revenue in next year. Beyond Rs. 750 crores what is the company that we are looking at, to I mean another molecules that we are going to add in the subsidiary that will drive the growth? The first one and second again on the subsidiary but couple of quarters back that we had indicated that as a company we had formed a credit committee to evaluate the options in terms of merging your company with Balaji Amines. So, what's the status on the same?

Ram Reddy: Number one regarding the new, see we are talking about today is only 56% and coming year we are talking about 70%-70% to 80% whereby 700 to 800. If it goes to 90%-95%, I think it should reach to Rs. 1,000 crores. We are working on the debottlenecking. We have seen some opportunity, doing some debottlenecking. That we are evaluating. We do some equipment adding and probably this capacity may grow another 10% to 15% in the existing 30,000 tons, that is number one. We are also looking the opportunity if we can do some derivatives by adding some small equipment. That is also we are doing it. But as regards to the committee and the merging and all there's a subsidiary board is evaluating the options for doing these debottlenecking and other things; fundraising, whether we can do some fundraising or whether we can do the merging whatever they are. They're working on it on and the board will evaluate and in the coming one or two quarters you will hear the exact what is going to happen.

Jatin Damania: As of now we are focusing more of EDA only that will be doing a debottlenecking and that will probably drive the revenue for next 2 years beyond which the derivatives will come in place?

Ram Reddy: Yeah, you are right.

Moderator: The next question is from the line of Darshil Trivedi from Crown Capital.

Darshil Trivedi: I just wanted to ask around roughly we did nearly Rs. 780 crores revenue this quarter so what can we think about in terms of FY23? Will this run rate sustain or can we even do better with new capacities coming up?

Ram Reddy: Current financial years I think in a standalone we should be in a position to touch Rs. 2,200 to Rs. 2,300 crores and consolidated we should be in a position to reach Rs. 2,500 crores.

Moderator: The next question is from the line of Tanvi Bhandari from Hem Securities.

Tanvi Bhandari: Just one thing, continuing the same question, can you give guidance for your EBITDA margins also on a consolidated level for FY23 that you guided a top-line, will we be able to touch Rs. 2,500 crores? And also, in Rs. 2,500 crores to what extent would be the additional revenue that has come in from the new capacities?

Ram Reddy: See this 2,500 just now I think in my earlier questions have answered. One is the full capacity utilization of DMF and full year operation of ethyl amine and new products like DMC and Propylene Glycol sales from the next quarter onwards almost nine-months or 8 to 9 months will be available for this. All these things will add to the revenue of the current revenue. Second thing, yes, we should be in a position to do minimum 24% to 26% EBITDA. We should be in the position to maintain. Whenever we do any new product, we need to do some aggressive marketing to catch up the market. That time in the first year of the operation, first year of the entering in the market, we will have little lower EBITDA but definitely in the following years, we should go these whatever we are giving now 26%-27% should be in a position to maintain.

Moderator: The next question is from the line of Anubhav from MC Pro Research.

Anubhav: My question is a little generic in nature. I wanted to understand on the end-market part, both key end-market, agro-chem and pharma. What are your views on the demand side? How are they holding up? I mean how they channel new entries for both? Are you seeing any case of over stocking from areas? So, maybe on absolutely or relatively if you can give some view on that?

Ram Reddy: Thank you for this specific question. Even though it may not be fully related to our company but I just would like to share whatever little knowledge I have from the day-to-day working market. What has happened this China lockdown. It is I think almost 6 to 8 weeks is passed for this lockdown. Because of the volatility, people started maintaining the 1.5 to 2 months inventory, I think which have been completed and the lockdown started, that time the people would have booked the material, would have arrived now, this month maybe this week or maybe next week, that period has come. People have started pinching that non-availability of booking and non-receipt of the material. Majority who are depending on the China at least in India. Even outside of India all over world, the people who are depending on the China will be pinching more of the effect of this lockdown. For our company it may not be direct impact. There may be some indirect impact because of the matching raw material availability but going forward the government encouragement that the PLI scheme, the Atmanirbhar Bharat many people are working on these alternate products and removing the dependability on China. That will definitely help in coming years. But this quarter definitely the pharma and agro will be having some pressure to some extent. This is my personal view.

Moderator: The next question is from the line of Punit Mittal from Global Core Capital.

Punit Mittal: Just two quick questions. One is the CAPEX that you are planning. Is it all from internal accruals? Second, more importantly on the DMF. How big is the risk of, few years ago China was dumping quite a lot and there was a lot of price pressure? How big is that risk now going forward?

Ram Reddy: I think number one the question is I think I already answered in my opening remarks saying that majority, I am saying majority of the CAPEX will be internal accruals maybe few crores at the lag end of the completion, if required, we may go for some borrowing**.** DMF China, there is a reason we have waited almost 6 to 9 months to understand whether the China will take U-turn or how long they will do like this or whether they will again re-enter with the new prices here. But we could see that this is not a temporary. The people understood realistic price is this and maybe some of the plants because of the gas prices all over world including China have come to a realistic level. Because I want to tell you one thing all the plants in China and other places, their COs is produced by the natural gas. The natural gas around world has come to a particular price. I don't think that will come down. Whereas our CO's manufacturing is basing on the CPC, Calcinated Petroleum Coke which is available in the country and which is not likely to go that high what is happening in natural gas. So, that is one thing. Second thing the capacity point of view. As of now the 96 to 1,00,000 tons is country's consumption and we are talking about this new plant coming up in coming 2 years. That is 2024, that means another 2 years we can add another 20,000 tons of the growth in the DMF consumption in the country whereby the total demand will go to 1,20,000 to 1,25,000 tons and we are talking about 50% of the capacity. That is 30,000 existing and adding 30,000 so that means it's not a big risk. It's a very calculated risk.

Moderator: The next question is from the line of Vinayak Mohta from Stallion Asset.

Vinayak Mohta: I broadly wanted to just understand the growth numbers that you have been talking about. Like you have done Rs. 2,300 crores in this year and you will be moving towards Rs. 2,500 crores in next year. Is it because of the higher pricing realization that has come through or is it also and lower volume growth that you had in the current year or like I'm just trying to understand there were so many capacities coming in? How would the growth numbers be so low? Also just wanted to understand where do you see the company moving in the next 3 to 5 years given you would have multiple capacities coming on stream and you'll be announcing more capacities adding when they come to you. Like what is your vision for the company for the next 3 to 5 years?

Ram Reddy: You're right. You can take that as a conservative point of view I have taken this Rs. 2,500 crores because one can easily calculate that there the new capacity adding in this year and some of the low capacities, even plants will be running at higher capacity in the current year. Definitely one can understand it should be more than Rs. 2,500 crores. But you're right that some of the products maybe because of the raw material price and finishing product price is higher. Those may come down even though your bottom line may not impact but revenues may impact. That is the reason 2,500 is correct. The answer for your second question is as regards to the coming 2 years. Yes, the total I think we have taken up four plants. Half of the part of the work is already done. One is the N-Butyl amine number two Acetonitrile, number three Methylamine, number four is a DMF, all these four plants will be commissioning one by one in coming 2 years. The commencement of production will complete all the products by end 2025. The moment we operate all these existing plants and these four plants we aim and we dream our top line should be around Rs. 4,000 crores.

Vinayak Mohta: And that would be around FY26 probably?

Ram Reddy: ‘25 to ’26, yes.

Moderator: The next question is from the line of Anurag Patil from Roha Asset Managers.

Anurag Patil: What are the current prices of DMF, Acetonitrile and N-Butyl Amine?

Ram Reddy: The DMF price was 190 but it has come down to 165 to 170 level as of now. And Acetonitrile is it came down to 245 to 255 and N-Butyl it went up to 400-500 also sometime back but it is somewhere Rs. 180 to 200 per kg.

Moderator: The next question is from the line of Dipen Sheth from Buoyant Capital.

Dipen Sheth: I just wanted to ask a question about the balance sheet. Particularly when I look at the receivables that show up this year, they seem to be a little out of whack and disproportionately higher versus last year even accounting for the rise in revenues. So, any color on that can you give us?

Ram Reddy: I can tell you. You might've seen some of the creditors for the expansion also already there. I have to check and proportionality if you see the sales have been increased. Last year sales if you see 1,311.46 total year and current year is Rs. 2,320 crores. I think proportionately it should be in track only. But still if you can drop a mail, I can give you the total exact picture.

Moderator: The next question is from the line of Amar Maurya from AlfAccurate Advisors.

Amar Maurya: Just wanted to understand that this Rs. 2,500 crores guidance. I mean this seems to be a very conservative one given that whatever we are?

Ram Reddy: I think Amar I have asked that just one question back only I answered for this. Yes, you are right. It is little conservative only. Looking into the peak prices, we have tried that if the prices come down even though the bottom line may not impact. But the revenues may impact and adding the new products will add. All put together I have taken this conservative number of Rs. 2,500 crores.

Amar Maurya: But you're saying the absolute EBITDA value wise will continue to remain same, so we should not focus on revenue, we should focus on absolute EBITDA value?

Ram Reddy: Yes, EBITDA and EPS that will be intact.

Moderator: Thank you. Ladies and gentlemen that was the last question. I now hand the conference over to the management for their closing comments.

Ram Reddy: Thank you all. Thank you for taking out time and participating in our conference call. The overall outlook for Indian pharmaceutical company and agrochemicals is expected to improve further as companies in Western economies support the 'China Plus One' policy and the pharmaceutical and agrochemical industries account for the vast majority of our end-user clients' needs for Aliphatic Amines and specialty chemicals. Given the strong correlation between demand for our products and demand for products from our end-user industry; we anticipate a strong growth potential for our company in the coming years. At the same time, we are constantly working to expand, diversify our product portfolio in order to address more segments of our end-user markets. Thank you once again to all the investors, stakeholders for showing confidence on our company. Thank you once again.

Moderator: Thank you. Ladies and gentlemen on behalf of PhillipCapital (India) Private Limited that concludes this conference call. We thank you for joining us and you may now disconnect your lines. Thank you.