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CIN : L24132MH1988PLC049387

AMINES LIMITED

...A Speciality Chemical Company

Regd. Off. : 'Balaji Towers', 9/1A/1,
Hotgi Road, Aasara Chowk, Solapur - 413 224.
Maharashtra. (India)

23rd November, 2024

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

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 : 530999

Symbol : BALAMINES

Dear Sir/Madam,

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

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the Transcript of Q2FY2025 Earnings Conference Call held on Tuesday, 19th November, 2024.

The transcript of the said Earnings Call is also available on the website of the Company at <https://www.balajiamines.com/investor-relations.php>.

This is for your kind information and records.

Thanking you.

Yours faithfully,

For Balaji Amines Limited

Lakhan Dargad
Company Secretary & Compliance Officer

Encl.: a/a



“Balaji Amines Limited Q2 FY25 Earnings Conference Call”

November 19, 2024



MANAGEMENT: MR. D RAM REDDY – MANAGING DIRECTOR, BALAJI AMINES LIMITED

MODERATOR: MR. AMOGH DESHPANDE – ELARA SECURITIES PRIVATE LIMITED

Moderator: Ladies and gentlemen, good day, and welcome to Balaji Amines Limited Q2 FY '25 Earnings Conference Call hosted by Elara Securities Private 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 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. Amogh Deshpande from Elara Securities Private Limited. Thank you, and over to you, Mr. Deshpande.

Amogh Deshpande: Yes. Thank you. A very warm welcome to everyone to discuss Balaji Amines Q2 FY '25 results.

It is our pleasure to be able to bring to you the management of Balaji Amines Limited led by Mr. D. Ram Reddy, who is the Managing Director.

So, with these words, I would now hand over the conference to the Balaji Amines Management for their opening remarks, which shall be followed by a question-and-answer session. Over to you, sir.

D. Ram Reddy: Thank you, Amogh. A very good evening and a warm welcome on behalf of Balaji Amines Limited to all of you who have joined us for this con call to discuss the operating and financial performance for the quarter and financial year ended Q2 FY '25. We appreciate your time and interest in our company's performance.

I hope everyone had an opportunity to go through the financial results and investor presentation, which have been uploaded on stock exchanges.

We are pleased to announce a steady performance in Q2FY '25. The industry environment has remained challenging, impacting our revenue streams with volumes staying flat during the first half of the year.

Despite these pressures, particularly from pricing, our EBITDA margins have improved by 110 basis points over the previous quarter. This positive growth is a direct result of our strategic focus on higher margin products which has strengthened our overall profitability.

Additionally, both the API and agrochemical sectors have demonstrated strong potential for long-term growth presenting promising opportunities as we move forward.

We are pleased to announce the successful launch of our state-of-the-art Methyl Amine plant at Unit IV on 10th November 2024. This advanced facility will provide us with a significant cost advantage over the competitors. We have successfully increased our annual capacity from 48,000 metric tons to 88,000 metric tons representing a close to 100% increase.

However, it is important to note that while the plant is already commissioned, it will take some time to reach optimal levels of capacity utilization. We anticipate achieving full utilization by financial year 2026 and 2027.

Additionally, Unit I and Unit III have successfully achieved BIS Certification for Morpholine, reinforcing our commitment to the highest quality standards. This accomplishment positions us as the only BIS certified Morpholine manufacturer in India, further elevating our reputation for quality and reliability in the industry.

With this, we move on to the updates and the progress of our critical projects reflecting our unwavering commitment to innovation, operational excellence and value creation. The enhancement of our DMC, Propylene Glycol plant with additional equipment is progressing as planned. A majority of the required equipment has already been delivered, and we anticipate commissioning within the current financial year.

Efforts are underway to enable the production and pharmaceutical grade Propylene Glycol by augmenting the existing DMC, Propylene Glycol plant. The commissioning of this capability is also expected within the current financial year.

The installation of the Di-Methyl Ether is advancing steadily. We project the commissioning by the end of this financial year or the first quarter of the next financial year.

The company is undertaking modifications to the existing Ethyl Amine's plant at Unit I to enable the production of Isopropyl amines with a planned capacity of 20 to 21 tons per day. This project will utilize most of the existing infrastructure. The plant is scheduled to commissioning in the next financial year.

Speaking of the N-Methyl Morpholine plant, it is currently being developed at Unit IV with a capacity of 15 metric tons per day. We are in the final stages of detailed engineering and half of the required equipment has already been ordered. civil works are expected to commence by the end of November 2024 with the plant anticipated to be operational in the next financial year.

In alignment with the ESG commitments and Carbon emission reduction goals, we have obtained the necessary approvals to establish a 20-Megawatt solar power plant near MIDC Chincholi, Maharashtra. In the first phase, we are setting up an 8-Megawatt DC of 6-Megawatt AC solar power plant expected to be commissioned within this financial year. This initiative will substantially reduce power cost across all our plants further strengthening our sustainability efforts.

We are also proposing to set up a new plant for the manufacture of NBPT with a capacity of 2,500 tons per annum. This project is scheduled to be undertaken in the next financial year. We are planning to establish a new Acetonitrile plant at Unit III, MIDC Chincholi with a capacity of 60 metric tons per day. Discussions regarding the transfer of the latest technology aimed at reducing production costs are in the final stages. We expect to sign the agreement by the end of

November 2024 and new equipment based on this technology will be integrated with the existing Acetonitrile plant at Unit III.

Balaji Specialty Chemicals Limited is making significant investments across a diverse range of products, which will enhance the portfolio and strengthen our market position. The products include Hydrogen Cyanide, Sodium Cyanide 30% and 100%, Ethylene Diamine Tetra Acetic Acid (EDTA), Disodium salt, Benzyl Cyanide, Phenylacetic Acid, Tri Ethyl Ortho Formate and Tri Methyl Ortho Formate.

In recognition of the scale of potential of this expansion, the industry's Energy and Labor Department, Government of Maharashtra has granted mega project status to our Balaji Specialty Chemicals' expansion under the Packaged Scheme of Incentives 2019. This project involves a proposed phased investment of 750 crores.

I would like to reaffirm our commitment to maintaining a debt-free strategy, which continues to be a cornerstone to our financial approach. We ensure that we remain resilient and well-positioned to capitalize on growth opportunities while minimizing financial risks. We want to strategize on expanding our product range and investing in advanced manufacturing capabilities to set ourselves apart from competitors and seize a larger share of the market. We also believe that this approach will continue to serve us well as we move forward.

Now let me take through the consolidated financial operational performance. Revenue from operations for Q2 FY '25 stood at INR 356 crores as compared to INR 393 crores in Q1 FY '25. Total value stood at 26,345 metric tons for Q2 FY '25 as against 28,071 metric tons in Q1 FY '25.

EBITDA for Q2 FY '25 was INR 70 crores as compared to INR 74 crores in Q1 FY '25. EBITDA margin for Q2 FY '25 stood at 20% as against 19% in Q1 FY '25.

PAT for Q2 FY '25 was Rs. 41 crores as compared to Rs. 46 crores in Q1 FY '25. Diluted EPS for Q2 FY '25 stood at Rs. 12.65 per equity share as against Rs. 13.36 paisa in Q1 FY '25.

For Q2 FY '25 Amines volume stood at 7,660 metric tons and Amines derivatives volume stood at 8,685 metric tons and specialty chemical volume stood at 10,046 metric tons.

On a standalone basis, we are a zero-debt company. Revenue from operations Q2 FY '25 stood at INR 326 crores as compared to INR 338 crores in Q1 FY '25.

EBITDA for Q2 FY '25 was INR 64 crores as against INR 64 crores in Q1 FY '25. EBITDA margin for Q2 FY '25 stood at 20% as against 19% in Q1 FY '25.

PAT for Q2 FY '25 was INR 40 crores as compared to INR 41 crores in Q1 FY '25. Diluted EPS for Q2 FY '25 stood at INR Rs. 12.47 equity share as against INR 12.51 in Q1 FY '25.

Now coming to the consolidated performance for the Q1 FY '25, the revenue from operations for the H1 FY '25 stood at Rs. 749 crores as against compared to Rs. 857 crores in H1 FY '24.

EBITDA for H1 FY '25 stood at 144 crores as compared to Rs. 164 crores in H1 FY '24. EBITDA margin for H1 FY '25 was at 19%.

PAT for the H1 FY '25 stood at Rs. 87 crores as compared to Rs. 104 crores in the H1 FY '24.

Coming to our standalone performance for the H1 FY '25, revenue from operations in H1 FY '25 stood at Rs. 664 crores as compared to Rs. 672 crores in H1 FY '24.

The EBITDA stood at Rs. 128 crores in H1 FY '25 as compared to Rs. 109 crores in H1 FY '24. Our EBITDA margin was 19% in H1 FY '25 as compared to 16% in H1 FY '24.

PAT for H1 FY '25 stood at Rs. 81 crores from Rs. 67 crore in H1 FY '24. The diluted EPS for H1 FY '25 stood at Rs. 24.98 as against Rs. 20.73 per equity share in H1 FY '24.

We remain steadfast in our pursuit of excellence and are confident in achieving these milestones, thereby delivering enhanced value to our stakeholders.

Now I leave the floor for the question answers.

Moderator: Thank you. We will now begin the question and answer session. The first question comes from the line of Rajeev Rupani, an individual investor. Please go ahead.

Rajeev Rupani: My first question is regarding DME. Sir, in the May con call also, you had mentioned about the gazette notification for blending of DME with LPG and it has been, I think, five months. So, when do you think, do we get this gazette notification for blending of DME with LPG?

D. Ram Reddy: It shows, as of now, it has gone for the publication. So, we are just waiting for the publication. Maybe by end of this month, the notification may out.

Rajeev Rupani: And sir, once this DME plan gets commissioned, what kind of capacity utilization can we expect in the first year?

D. Ram Reddy: Too early, Rajeev. See, it's a product first time in the country and introduction as an alternate to the LPG also first time in the country. It will take some time, and it is too early to assume any numbers or any capacities. But definitely, we feel that it should be a game changer.

Rajeev Rupani: Sir, my next question was on DMF. Sir, now that our new Methyl Amines plant is commissioned, can we expect 100% capacity utilization for DMF? And also, let us know anti-dumping duty and exports.

D. Ram Reddy: Definitely. We are aiming for, if not 100%, at least 80%, 85% capacity should be utilized for the rest of the year. And we are trying our level best for the anti-dumping. Maybe for the next

quarter, we will have to initiate again for the anti-dumping if the price tend to continuously grows like this.

Rajeev Rupani: My next question is on the BSCL Unit 2. Sir, last, you had updated us that the CAPEX will be in two phases, Phase-1 and Phase-2. So, I would like to know when does the Phase-1 CAPEX gets complete and when do the plants get commissioned and Phase-2 timeline?

D. Ram Reddy: You can take Phase-1 exactly 11 to 12 months from today. The Phase-1 will be completed. There will be 2 to 3 plants that will be commissioned by exactly 365 days from today you can calculate. And Phase-2 will be another 12 months from the date of commencement of the Phase-1.

Rajeev Rupani: And my next question is in BSC Unit 1. Sir, last time you talked about the de-bottlenecking, and by that we would get produce more quantities of Piperazine and DETA instead of EDA. So, can you update us on that and the capacity utilization in Unit 1?

D. Ram Reddy: Yes, that work is actually going on. Probably, it may take another 4 to 6 months' time whereby you will see not only Piperazine and DETA, we are likely to get the additional new value addition products like TETA also we are likely to get and most of the EDA will be consumed for producing these things.

So, lot of new things are happening Mr. Rajeev. You will be hearing in the next 4 to 6 months on the realistic figures. We will be adding one or two fresh equipments for the existing plant of the Unit 1 where we will get all these new products like increased capacity of the Piperazine, increased capacity of the DETA, then new addition of TETA and AEP also, much better-quality AEP will be getting.

Rajeev Rupani: Sir, is this taking longer than usual the de-bottlenecking? Because we had talked about this in the May con call also.

D. Ram Reddy: See, there is a lot of new development happening, Rajeev. We don't want to take the decision, we want to take the right whatever decision we take, whatever modification we do, it should be the latest as on the date of commencing. So, that is the reason it is taking little time. So, you will hear better only maybe in 4 to 6 months, the new things will happen.

Moderator: Thank you. Next question comes from the line of Devang Mehra with SKP Capital. Please go ahead.

Devang Mehra: Can you give us a guidance of what will FY '25 will look in terms of volumes? And are you seeing any sort of like price increase which is visible across certain segments?

D. Ram Reddy: Yes, definitely. We, as of now for the half yearly, if you take standalone basis, we have done 6% to 7% volume growth when you compare to the last year volumes, and by end of the year we expect minimum 10% to 12% of the volume growth.

And as regards prices, you are well aware that last two quarters, prices were going down and going down. Now we expect one or two, leaving one or two products, majority of the products are getting settling down with the reasonable prices and may be if not in this quarter, definitely you will see the end of the financial year, you will see the actual realistic increase prices.

Devang Mehra: And sir, who are the primary target customers for MIPA and DIPA? And in which industry do you foresee the highest demand? And how we are going to fund our like CAPEX plan for both our like Balaji Amines and our subsidiary company?

D. Ram Reddy: See, MIPA and DIPA is within the same basket. The customers are into pharma and agro dyes. All these actually existing customer base only who are required these materials and CAPEX for this product, there will not be major, because this, we will be using our Unit 1 Ethyl Amine plant, which was old Ethyl Amine plant idle. Same equipment, same catalyst we are going to use, and there will not be much. Only there will be some storages and some modifications required in the clearance like environmental clearance and MPCB. Those things we are already ahead of doing.

And as regards specialty chemicals, we are having almost 750 crores CAPEX totally lined up in the Phase-1 and Phase-2 together, and Phase-1 may be about 300 to 400 crores, which will be met from the mostly internal accruals. At the end of Phase-2, we may need 100 to 200 crores from the borrowing. And Balaji Amines, all the expansions will be done from the internal accruals only.

Devang Mehra: And sir, last question. Like Methyl Amine plant has just been commissioned, right? So, how do you see it is going to impact our top line?

D. Ram Reddy: Top line, see, because this is, you might have heard what I said just now in my opening remarks. Our existing capacity is 48,000 tons, which we have increased to 88,000 tons. So, definitely it will take some time to get into the optimized level of capacity utilization. Maybe in the next year, you will see some 50% to 60%, but we expect in '26 and '27 we should be in a position to utilize more than 70%-80% capacity.

Moderator: Thank you. Next question comes from the line of Mukul Deshpande from Insightful Investment Managers. Please go ahead.

Mukul Deshpande: A few questions from my end. Sir, we were at active discussions with the battery players for some chemicals like 2P, NP, NMP and the others. So, have we received any orders from them, and if not, then when is the same expected, and if you could just tell me what is the situation over there?

D. Ram Reddy: Mukulji, we are also worried on this because battery manufacturers, nobody has started as of now. We are hearing this for last two to three years, we are hearing that today or tomorrow they will start. I thought that somebody said that in November they will start, one will start the actual

manufacturing, but to my observation, nobody is going to start at least the first quarter of the financial year.

We are fully ready. NMP is approved with two, three manufacturers who are going to use this, and even DMC is also approved, and we are going to do much better DMC with this battery grade implementation in the facility. So, we are ready. The only thing is actual they should start the manufacturing. Then we will be with them.

Mukul Deshpande: And on DME, could you quantify the revenues and the margins at 100% capacity from this chemical?

D. Ram Reddy: Which product you said here?

Mukul Deshpande: DME sir.

D. Ram Reddy: Di-Methyl Ether.

Mukul Deshpande: Yes, sir.

D. Ram Reddy: It is also too early because we were expecting some 15%-20% originally, but that depends upon the situation as on the date we commence the production and during that time how the market acceptance will come. And you are well aware whenever any product comes first time in the market, the buyer industry definitely will try to squeeze, will try to take advantage of the new entrants. If you want to hear realistic margins, at least you will have to allow minimum six months to one-year time to ascertain actual margins.

Mukul Deshpande: And can you give an idea of what our second half might look like in terms of the specialty chemicals business, and has the Chinese dumping eased or reduced in the third quarter so far, and when will we be back to our historical revenues and margins over here?

D. Ram Reddy: As I said, we are really facing in one or two products the major dumping from the China. That is, one was the DMF and NMP in the parent and EDA in the specialty, Balaji Specialty. We look to the going forward NMP, once the battery grade thing starts, definitely there will be good opportunity, and DMF since we are thinking of utilizing, going to utilize the 80%, 90%, there we may get some volume advantages even if it is a lower margins also. On standalone basis, I feel that we should definitely reach to with the same prices also 1,300 to 1,400 crores annual turnover. If the prices improve, our top line also may improve to towards 1,700, 1,800 crores also.

Mukul Deshpande: And some CAPEX that we have allotted for each of those divisions as you have shown in the PPT, which is MIPA, DIPA, NMM, NBPT and Acetonitrile. So, each of these categories if you could quantify the CAPEX numbers and the asset turns over here?

D. Ram Reddy: See, as I said, some of the plants we are utilizing, like if you talk about the MIPA, DIPA, we are not going to spend much. Only de-bottlenecking is happening, and Acetonitrile, there may be

40-50 crores we will be spending because most of the existing plant will be integrated with the new equipment. So, that is the reason you will not see much of the expenses there, and NBPT and N-Methyl Morpholine these two together may be about 70 crores. I am telling approximately 70 to 80 crores will be the CAPEX in that.

Moderator: Thank you. Next question comes from the line of Rajeev Rupani, an individual investor. Please go ahead.

Rajeev Rupani: I had a question on ACN. Sir, earlier I believe we had the latest technology, and you were supposed to set the plant in Unit 4, but due to some issues, dumping by China, we didn't go ahead with the plan. Now again, you are talking about the latest technology in your press release.

D. Ram Reddy: Yes, we are modifying the existing plant. That is the reason I am telling you. If you heard my answer to the other question, we are going to a few of the equipment's integrating with the existing ACN plant for the new technology and which can be faster than establishing a new plant.

Rajeev Rupani: And sir, our competitor also has a 30,000-ton capacity and the Indian demand is 30,000 tons. So, how does it look for us? I mean, we will export some and supply Indian?

D. Ram Reddy: No, because when I am talking about the competitive price, so definitely I will have my own share in the domestic market as well as international market share also. We will be having definitely, see, the technology, I am talking the technology on the consumption coefficient. So, it will be definitely totally different from the competitors. I am talking about not in the Indian. I am talking about the international competitors I am talking. So, you will see once we commence that.

Rajeev Rupani: Sir, my next question is, let's say after two years, when the CAPEX in the standalone and the subsidiary is complete, what kind of revenues do you expect to do after 2 years, 2.5 years?

D. Ram Reddy: They should be between 3,000 to 4,000 crores if the prices go to the realistic level. Suppose you know the Acetonitrile used to sell at 170-180 reasonable prices rather than high price up to 400 also, and lower price is 110-120 also. If the product goes to the reasonable level, so we can definitely touch the kind of capacities we are established. We should be in a position to reach 3,000 to 4,000 crores in the two years from now.

Moderator: Thank you. Next question comes from the line of Rohit Sinha with Sunidhi Securities. Please go ahead.

Rohit Sinha: Just in continuation of the participant on this ACN side, I mean, although we started this product quite a long time back and there was some, you can say, issues in the stabilization also of this product, but later we have been also looking at the prices which have corrected. So, kind of lower production was there from this product. Now, what has changed that we are adding up the capacity also and obviously, what kind of demand has changed in the last few months?

D. Ram Reddy: See, you are well aware, Mr. Rohit, Balaji is a company that does not go for the manufacturing for the sake of numbers. The reason we were not very active in the ACN because the margins were very low, the competition for the international market was very high, and we were looking for an opportunity for the technology of the better where we can get the better margins.

Now we could achieve in our R&D and the reason we are talking today, the new technology will give the advantage, and we have already having the plant. Just adding few equipments, integrating, and we are going to launch this new technology with the latest pricing and even you will see the quality of the product also will be like HPLC and all.

Rohit Sinha: And second question on our Morpholine side as we have received that BIS mark on that, but already we are also adding capacity for one-step forward product for Morpholine. So, is it like going to impact in demand also for our new product or we will continue to see a good demand for Morpholine?

D. Ram Reddy: The third plant which we are talking today is for the N-Methyl Morpholine or part of the capacity can be also used for the Morpholine. Today our capacity is almost 10 to 11,000 tons, we have the capacity in both the plants together, and the country's consumption is almost 9,000 to 10,000 tons. So, looking into the next two years' growth, including the domestic and as well as international market, we are adding these capacities whereby partly we will cater for the N-Methyl Morpholine customers and partly we will take care of the upcoming growth of the Morpholine in the country as well as the international market.

Rohit Sinha: And just looking at the overall capacity which we have right now, I mean, lot of capacities are about to commission maybe in FY '26 or some would be coming by FY '27 also. So, after all these capacities coming into commercial stage, I just wanted to know what kind of volume growth we are looking at for Balaji on standalone basis and on consol level for next two, three years?

D. Ram Reddy: See, current year, because the new capacities are only part, like if the DME comes in the end of the financial year, it may give very little. The reason I am talking about the 10% to 12% on annual basis the growth in the current financial year, but definitely after commissioning this, you will see the minimum 40,000 to 50,000 tons of the volume will be added into the total manufacturing in the next financial year after commissioning this Di-Methyl Ether and the other two plants.

Rohit Sinha: And sorry to may be asking again on this DME product. Just I missed out that what is the status right now on the DME side for blending?

D. Ram Reddy: Plant is getting ready. So, the commissioning will be ready may be end of the year or may be first quarter of the next year we will see the product will out. In the meantime, with the blending notification from the Bureau of Indian Standard, which is initiated by the Government of India, is at final stage. It shows on the, if you go to the website, if anybody is listening, you can just go to the website of the BIS and click on the Di-Methyl Ether situation. It shows that gone for the

publication. So, it can be because of the elections in the state and the other activities and even international country level also, we expect minimum by end of this month the notification should out after publication.

Rohit Sinha: And one last question on this DME only. I mean, since we are already adding capacity MA, on this full capacity once this DME would be operational, will it required further addition of Methyl Amine or that would be sufficient whatever we have added?

D. Ram Reddy: There is no Methyl Amine consumption in the DME. It is totally different. So, it is no way related to Methyl Amine, sir. Di-Methyl Ether is totally different.

Moderator: Thank you. Our next question comes from the line of Anil Shah with Insightful Investment. Please go ahead.

Anil Shah: I just wanted to ask a question on, are we not really doing a lot of CAPEX in anticipation of things going the way they should? So, we did a large CAPEX for DME in the hope that the alternative to LPG will happen. We are still waiting for the notification. We did similar CAPEX for a lot of products primarily for battery, but we are seeing that, that is getting delayed quarter after quarter, quarter after quarter. And now we have now planned another 750 crores of CAPEX in our subsidiary, which today is running at 3 crores EBITDA in the last quarter.

I am not able to understand where exactly are we headed in terms of, obviously, I understand China dumping in multiple products. We have seen many other chemical companies also going through the same thing, but nobody has planned large CAPEX is on the hope of a few either in EV battery charging or the government doing something. We seem to be doing completely on that side only, and if these things don't happen, we have seen what happens to our P&L and our profitability over the last two years. So, can you just explain, sir, how...?

D. Ram Reddy: Mr. Anil, first of all, you must understand what is going on around the country, you must understand the government policies. Then you will not talk all these things. There are almost 15,000 crores investment at the verge of end in the EV battery. Do you think that these people not thought of anything and the Government has spent on the PLI scheme, few thousand crores they have allocated for this battery. So, that is number one.

Number two, you are talking about the DME. You know, how much is import today the LPG. There is about 30%, more than 30% of the country's consumption is totally imported today, which goes in millions of tons. And I am not talking about I am going total country. If we think of catering surrounding these districts, it is more than enough my 100,000 tons.

If I go to the commercial level, if we invest some more money on small cylinders, which we are not presently concentrating, we are talking about only bulk, we are talking about only blending. If you go to the commercial, we have all survey, check, there is more than 10,000 to 15,000 tons in the three districts, consumption of the commercial LPG is there.

If we cater to them because the government will not come in the way if we cater this to the private, and there is an aerosol requirement in the country who are presently struggling for the various type of this thing and depending for the imports. So, that is on the DME.

In fact, if many people are thinking if this goes as a 20% blending, we need to go minimum another 10 plants like this, the various part of the country. And if you Google what the government is thinking on the alternate for the LPG, alternate for the fuels, if you see the speeches of the Honorable Cabinet Minister Mr. Nitin Gadkari, so, you will understand all these things what is happening around the country.

And number two, you are talking about the specialty chemicals. Did you heard what I said what are the products? These are the products country is largely depending on those products. We are not producing. Nobody is producing in the country like Tri Ethyl Ortho Formate, Tri Methyl Ortho Formate. And we are struggling for imports. During the COVID, there was an acute shortage of these products, and there is a reason we have selected all these products. And we are not doing any big borrowings, and simply sitting on the cash will not give you any results, right?

We are doing the majority of the expansions from the internal accruals and looking to the future thinking of the government, future policies of the government, we have designed. And not, any product is not taken a decision in single year. These are all taken a year or two years' time for concluding the decisions for taking these products.

Anil Shah: So, coming back to DME, sir, since we have already, obviously, the CAPEX is done, you are talking about COD by latest in the first quarter of next year. At optimum capacity utilization, what do you think will be the possibilities of an absolute EBITDA that we can make in that 100,000 tons capacity in DME that we have, sir?

D. Ram Reddy: Mr. Anil, it is very difficult to assume. That is what you people are looking. Everybody, you will be very hurry. Before starting the plant, you want to know what is the EBITDA and what is the profit.

Anil Shah: But if you have set up the plant, there would be some assumptions that we would have made no, sir? We are just asking on what is the, that is all that we are asking, where do you think on a rational basis that we can make?

D. Ram Reddy: Let me finish my dear. If I say today 30%, immediately you will ask in the next quarter what happened to 30%? That is the reason I am not in a position to tell you.

Anil Shah: So, we are not asking for the quarter. We are asking in a broad year, in a normalized year, and I am presuming even next year.

D. Ram Reddy: Broad year already given. It will be at the par with the existing investment. The EBITDA will be between 18% to 22%, for all the investment what we are doing.

Anil Shah: On the DME side?

- D. Ram Reddy:** Yes.
- Anil Shah:** And so, battery chemicals now, we also believe that some of these companies are going to start their production very soon, probably in the next couple of months. All of them would...
- D. Ram Reddy:** Did you visit them?
- Anil Shah:** Yes, sir, we visited them.
- D. Ram Reddy:** Then how did you ask me, why I am planning for the expansion of the plant?
- Anil Shah:** No, sir, the question to ask here is, sir, what is, they also would have given you.
- D. Ram Reddy:** Don't waste your time and my time, my dear. Let us go realistic. If it is realistic, you should tell, yes, what you have done, then I have to do.
- Anil Shah:** Sir, that is what we are asking you from next year perspective, if these plants actually come in operations, then what is the kind of revenue that we as a company can provide to these people and in the products, particularly going towards battery chemicals.
- D. Ram Reddy:** I will tell you. See, there are one main solvent which is NMP. So, nobody producing. We are only people producing in the country which is required for all the batteries and out of all these 3-4 people, there are 2 people who already approved the sample. And in fact, they said that we will discuss and we will place the order in the November, but when we verified, it is too early. Probably, it may take a minimum of another 4 to 6 months' time, may be in first quarter of the next year only, the realistic commercial things will happen. That is one thing.
- Second thing, they call it as electrolytes. All the carbonates are required in the electrolytes, which are only a couple of companies, not all the companies, couple of companies are going to start this, where we will be catering this.
- And third thing I will tell you, the government has allocated and there are one or two big companies have already jumped into these semiconductors. Again, the same products. So, there are two-three products from our total basket are required in the semiconductor also, with the same little modification in the quality, more of the purity and more of the metals free required. Assuming all these things, looking into all these things, we are ready with the capacities. And we never expected that people will take two years', three years' time for the commencing.
- For your information, there is a company's largest company going for the EV batteries. They asked for the sample and price today. They have not even started the land digging. When we went and verified the site, they did not start even the land digging and they are asking for the price and sample. So, this is the situation with the battery manufacturers. So, the reason we are ready with the capacities, but we are waiting for the opportunity.

Anil Shah: And sir, other than these two, one being DME and the other obviously being more related to the battery chemicals, in general, are we now seeing a little bit more stability in end product pricing? And are we seeing the intensity of China's pricing pressure across the world easing a bit?

D. Ram Reddy: Definitely, because there are few products. Like, see, China, other thing also, you must aware that U.S. and Europe, they started putting the huge anti-dumping on the Chinese products. That is another additional opportunity to going around world like U.S. and Europe where you will get the opportunities for these new chemicals, which you are talking today that like cyanide-based intermediates. In addition to the India, we have an opportunities going around the world.

And yes, you are right that earlier four to six months' time, because prices went rock bottom and now started coming to the realistic. This month we have seen something, but it may not be full of this quarter, but definitely next quarter onwards, we feel that the prices should come to the realistic levels and that will give an advantage to the companies who are having the readymade capacities.

Moderator: Thank you. Next question, the last question comes from the line of Bhagwan Chaudhary with Shubh Capital.

Bhagwan Chaudhary: Most of the questions have been answered. Just one question I have. This is regarding that you had mentioned that the DMA, the new capacity is coming with the new technology as well as the ACN also you are coming with the new technology where you will be more competitive in terms of the pricing and all. So, how should we think that initial capacities, which we are having, will those be obsolete?

D. Ram Reddy: This is the right question you asked me. Number one, the DMA, that Methyl Amine, new technology means as of now, all the plants, even we and whatever competitors are having, those are by nature, you will get the three products, Di-Methyl Amine, Mono Methyl Amine, Tri-Methyl Amine. By default, you will get it. And for selling, like if I am not in a position to sell my Monomethylamine, sometimes even though I do not have the DMA, I will have to shut my plant. That was the situation even for the many people are having the situation.

In this new plant, we can produce single DMA, 100 tons, 110 tons per day without producing other two products. That is the beauty of new technology. What we achieved in the Ethylamine's also, I said, this I was telling for the almost one year that Tri-Ethyl Amine alone we can produce 50 tons, we are producing today without producing other Ethyl Amine's. So, same thing will happen with Methyl Amines. If the DMA demand is there, we can operate only our plant only for the DMA. So, that is the beauty of technology. That is the reason I am talking new technology.

Bhagwan Chaudhary: And same is true with the other monomethyl, monoamine, this?

D. Ram Reddy: Acetonitrile.

Bhagwan Chaudhary: Mono MethylAmine.

D. Ram Reddy: We will not talk about that.

Bhagwan Chaudhary: The same is true with Mono Methyl Amine, means if you want to produce the 100% Mono Methyl Amine, that is also possible?

D. Ram Reddy: No, we can take, plant can be, we can take into the mode of natural, like existing plants. Like that you can get all the three products. You cannot get the single MMA and TMA. Only DMA which is having the demand for the years. So, we have developed the technology, and we have implemented the technology, but the DMA's demand is more or on the wide. There is a reason we thought that single DMA can be produced, and we started that last 10 days. We started on 10th. For your information, yesterday's production was 110 tons, only DMA.

Bhagwan Chaudhary: And you think the initial, the earlier plant will also there be in existence and the requirement for other amines will be there, so that will also be functionally equal.

D. Ram Reddy: Yes, you are right.

Moderator: Thank you. Due to the interest of time, we have reached the end of the question-and-answer session. I would now like to hand the conference over to Amogh Deshpande for closing comments.

Amogh Deshpande: Thanks to all participants and special thanks to the Balaji Amines' management for sharing their views on the company Q2 FY '25 performance. We take this opportunity to thank Mr. Ram Reddy and his team once again. Would you like to make any closing comments, sir?

D. Ram Reddy: Thank you, Mr. Amogh. Thank you. I would like to thank you all the participants, all the investors, stakeholders who have shown the confidence on the company. I am once again thankful to you all. I assure you all the members, company will not let you down for the investment you made and the company will be with you. All the expansions, investments are made by giving the due thought, and I once again thank you all the investors and participants. Thank you very much.

Moderator: Thank you. On behalf of Elara Securities Private Limited, that concludes this conference. Thank you for joining us. You may now disconnect your lines.