



# Alkyl Amines Chemicals Limited

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May 24, 2022

To,  
**BSE Limited**  
P. J. Towers,  
Dalal Street, Fort,  
Mumbai – 400 023.  
**SCRIP CODE: 506767**

**The National Stock Exchange of India Limited**  
Exchange Plaza,  
Bandra Kurla Complex, Bandra (E),  
Mumbai – 400 051.  
**SYMBOL: ALKYLAMINE**

**Sub.: Intimation under Regulation 30 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 – Submission of transcript of earnings conference call**

Dear Sirs,

With reference to our letter dated May 16, 2022, please find enclosed the transcript of the earnings conference call held on May 20, 2022.

Kindly take the same on your records.

Thanking you,

Yours faithfully,

For **ALKYL AMINES CHEMICALS LIMITED**

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**Chintamani D. Thatte**

**General Manager (Legal) & Company Secretary  
& Compliance Officer**

Digitally signed by CHINTAMANI  
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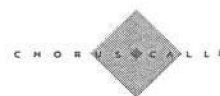
Alkyl Amines Chemicals Limited

“Alkyl Amines Chemicals Limited  
Q4 FY2022 Earnings Conference Call”

May 20, 2022



Alkyl Amines Chemicals Limited



**ANALYST: MR. NILESH GHUGE — HDFC SECURITIES**

**MANAGEMENT: MR. YOGESH M. KOTHARI — CHAIRMAN & MANAGING DIRECTOR - ALKYL AMINES CHEMICALS LIMITED**

**MR. KIRAT PATEL — EXECUTIVE DIRECTOR - ALKYL AMINES CHEMICALS LIMITED**

**MR. K. P. RAJAGOPALAN — CORPORATE ADVISOR - ALKYL AMINES CHEMICALS LIMITED**

**MS. KANCHAN SHINDE – CFO - ALKYL AMINES CHEMICALS LIMITED**

**MR. CHINTAMANI THATTE — GENERAL MANAGER (LEGAL) & COMPANY SECRETARY - ALKYL AMINES CHEMICALS LIMITED**





**Moderator:** Ladies and gentleman good day and welcome to the Q4 FY2022 earnings conference call of Alkyl Amines Chemicals Limited hosted by HDFC Securities. 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. Nilesh Ghuge from HDFC Securities Limited. Thank you and over to you sir.

**Nilesh Ghuge:** Thank you Steven. Good afternoon all. On behalf of HDFC Securities, I welcome everyone to this Alkyl Amines conference call to discuss the results for the quarter ended March 2022. It is pleasure of having with us top management team from Alkyl Amines represented by Mr. Yogesh M. Kothari – Chairman & Managing Director, Mr. Kirat Patel – Executive Director, Mr. K.P. Rajagopalan - Corporate Advisor, Mr. Chintamani Thatte – General Manager (Legal) & Company Secretary, and Ms. Kanchan Shinde — Chief Financial Officer, Alkyl Amines. Without further ado, I will now handover the floor to the management for making the opening comments. Over to you sir.

**Yogesh M. Kothari:** Thank you Nilesh. I welcome you all to the investor's conference for the fourth quarter of year 2022. This was a very challenging year for Alkyl Amines and our results are showing that. Most of our raw materials and energy input costs went up by a large percentage. We managed to pass some of the increases in our price to our customers, but that was not enough. Things have started looking better with many of the raw materials prices coming down to some reasonable levels.

We have put more capacity on ground for one of our products, that is, Acetonitrile. We are also in the process of establishing a new large amines plant at Kurkumbh, which would come on-stream in the next nine months. I will ask Mr. Kirat Patel to take over.

**Kirat Patel:** Good afternoon everybody. As Mr. Kothari has said, it has been a challenging year. We have grown on the top line by about 25%, as you have seen, year-to-year and most of that growth has come from price rises. But the price rises have not been sufficient to keep our margins intact because the raw material prices or rather, input prices including the energy costs like coal and ammonia and all the other raw materials have gone up considerably especially in the last six months. Fortunately, they have stabilized now and slowly we are able to pass on some of these increases onto our customers. Looking forward we are a little optimistic that the worst is over. However, it is difficult to say because there is a lot of volatility in the market due to the Chinese issues and Ukraine war and all the logistical issues people are facing. With that I think we can open up for questions from the participants. Nilesh could you lead the discussion.





- Moderator:** Thank you very much Sir. We will now begin the question and answer session. The first question is from the line of Karan Khanna from Ambit Capital. Please go ahead.
- Karan Khanna:** Thanks for the opportunity. Sir my first question is on your gross margin. We have seen last one year has been challenging and now given the uncertainties with crude oil prices remaining at more than \$100 a barrel, is it fair to assume that we have seen a similar scenario or a similar phase in around 11, 12, 13, 14. So is it fair to assume that your gross margins also should be closer to the range which we are in 11 to 14 or you think that possibly with a lag of one or two quarters margin should revert closer to 50% that we were seeing earlier?
- Yogesh Kothari:** Good afternoon and the margins as you see are stabilizing and probably will improve as we pass on some of the increases in our costs on to customers. The process has begun towards the end of last year and continues. Looking forward we are not able to say how much the raw material prices will go up or down, but at the moment we are optimistic that the margins will improve as we go along.
- Karan Khanna:** Second we have seen that INEOS has recently announced Acetonitrile capacity expansion by around 15000 tons and also we have seen your domestic competitor also increasing their Acetonitrile capacity by another 15000 tons. So to what extent do you foresee this could possibly impact the realizations for the product?
- Yogesh Kothari:** Well I can tell you one thing that Acetonitrile is a growing product and I do not foresee any issues in capacity because a lot of material is imported now and it is going to be challenging, but we are very confident that the quality and the service which we have will definitely give us an edge. So we have already established a market and we will continue to do better in Acetonitrile.
- Karan Khanna:** Lastly can you give us some sense of what was the volume growth for FY2022 over 2021 and now with the new Acetonitrile plant getting commissioned what have been the utilizations for the quarter for the new plant that is my last question? Thank you.
- Kirat Patel:** Most of the 25% growth rate on the top line has been largely due to price almost 2/3rds to 70% has been price and the rest has been volume. As far as Acetonitrile is concerned, we have begun the plant in the last quarter of the last year January to March and slowly it is being ramped up. Looking forward we think between the two plants we will probably hit 60% to 70% of utilization of our capacity and we are hoping to push it to even further because there is a market out there, but as you can appreciate that introducing a new plant, new market it takes a little time. So we hope to get to the 60%-70% capacity utilization both plants put together.
- Karan Khanna:** Thank you. That is it for my end. Thank you and all the best.





- Moderator:** Thank you. The next question is from the line of Rajiv Rupani, an individual investor. Please go ahead.
- Rajiv Rupani:** Thank you for the opportunity. My first question is regarding the price of Acetonitrile what is the price per kg right now and yes please answer this then I will ask my follow-up question.
- Yogesh Kothari:** The price of Acetonitrile is varying between Rs.250 to Rs.280 and it depends also on how much imports have come in and how much stocks are there, but it is varying in that range.
- Rajiv Rupani:** Three, four years back the price used to be 120 a kg and then there was a demand for it, it shot up to 300 to 400 a kg. So with Balaji also adding a new plant and so do you see that the price of ACN going down below 200 a kg.
- Yogesh Kothari:** Well it is always possible if there is more supply than the demand it could happen and also there are imports also. So there is always a possibility to it. Then you have to see at what rate you can operate at and what is your cost of production and how you manage your plant.
- Rajiv Rupani:** One more question if the prices of ACN drops do we have capabilities to produce tetrahydrofuron.
- Yogesh Kothari:** We do not have THF in our portfolio.
- Rajiv Rupani:** I have another question, in last con call you have said that you would be doing Capex for higher amine. So could you tell us what products exactly you will be launching and going forward and what new specialty chemicals will you be producing?
- Yogesh Kothari:** We are putting up a very large plant at Kurkumbh for making ethyl amines and our capacity will be quite high compared to whatever capacities are there and for our existing plants also we have technologies to change them over to other amines. So we do not foresee any issues as far as our plants are concerned.
- Rajiv Rupani:** Okay thank you.
- Moderator:** Thank you. The next question is from the line of Manish Kumar, an individual investor. Please go ahead.
- Manish Kumar:** My only question is about the market share. Is there any market share loss because our other competitor, the domestic competitor has done the volume of about 34% up and we have only done 10%-11%.





- Yogesh Kothari:** I think it is one of the products which we do not manufacture is what has really aided our sort of co-producer we do not make Dimethylformamide which is what has to a large extent helped our co-producer.
- Moderator:** Thank you. The next question is from the line of Senthil Kumar from Joindre Capital. Please go ahead.
- Senthil Kumar:** Thanks for the opportunity Sir. Can you please give the breakup of other expenses for the full year because it has increased significantly in the fourth quarter?
- Kirat Patel:** Yes, the "Other expenses" includes our power, water, fuel. As you all know, that energy costs have substantially increased over the last six months and in fact the last three months much more. Coal, which we use for heating, has almost tripled from what it used to be a year ago. So that is to a large extent where the other expenses have gone up. The rest of it has not really changed that much. Power, water, fuel which you see has significantly changed the other expenses.
- Senthil Kumar:** Okay thank you Sir.
- Moderator:** Thank you. The next question is from the line of Rajiv Rupani, an individual investor. Please go ahead.
- Rajiv Rupani:** Sir thank you once again. You had said our competitor produces DMF. So I would like to ask do we have capabilities to produce DMF.
- Yogesh Kothari:** Currently we do not have the capability but we have the process and at some stage we may do it. Before that we will be adding some more methylamine capacity because dimethylamine is needed for making DMF and that is what is going to be needed in future. So at the same time we will be planning a new methylamine plant maybe two years down the line.
- Rajiv Rupani:** What is our current ethylamines capacity and how much are we adding.
- Kirat Patel:** Ethylamines currently we are about 22000 tons to 24000 tons and we are looking to increase that by about 35000 tons.
- Rajiv Rupani:** And any other new specialty chemicals in the pipeline apart from ethylamines.
- Kirat Patel:** Yes, there are a few, but currently we are not disclosing those names once we are at a stage where we can disclose it we will come back to you. But they are at the development stage and at the feed marketing stage. So once they become to an extent where we can start producing we will be coming in the market.





- Rajiv Rupani:** And lastly your outlook on acetic acid prices.
- Yogesh Kothari:** Acetic acid also has given us a lot of problem last year in fact it has gone up substantially it really affected us, now since they are starting to stabilize but still it is on the higher side compared to what it used to be a year ago.
- Rajiv Rupani:** So what is it currently and going forward do you expect it to come down.
- Yogesh Kothari:** Yes currently it is around Rs.65-Rs.70 in that range per kilogram.
- Rajiv Rupani:** And going forward what is the outlook.
- Kirat Patel:** That is difficult to predict just now but I hope it remains in this range at least. It has gone up to over 90 and it has been as low as 35. So it has been very volatile in the last year and a half.
- Rajiv Rupani:** Thank you that is it from my side.
- Moderator:** Thank you. The next question is from the line of Harsh Shah from Marcellus Investments Managers. Please go ahead.
- Harsh Shah:** Hi! Sir, my question was regarding capital expenditure. So in Q2 we had guided for a Capex of around 170 to 200 Crores for the whole year of FY2022 however we have ended up spending around 250 Crores of Capex. So have we preponed our Capex of FY2023 to FY2022 or is there some other reason.
- Kirat Patel:** It is a combination of two things. One is we have been slightly ahead of schedule in our implementation and also prices have gone up. Steel, cement, all the inputs have gone up. It is a combination of both. So we have spent about 240 Crores against the targeted about 210 Crores and going forward in the next year we hope to spend maybe about 300 Crores provided further escalation and prices does not happen and we are able to implement our projects within budgets.
- Harsh Shah:** My second question was regarding the Kurkumbh Capex so we are doing almost 300 Crores of Capex for around 13000, 14000 tons of ethylamine capacity. So are we planning to do something else as well in this Capex because this Capex seems to be a little bit on the higher side given the 15000 tons capacity of ethylamine.
- Kirat Patel:** It is not 15000 tons, it is 35000 tons.
- Harsh Shah:** So we are setting up 35000 incremental.
- Kirat Patel:** Yes 100 to 125 tons a day.





- Harsh Shah:** Okay got it. Thank you.
- Moderator:** Thank you. The next question is from the line of Reena Shah from Elara Capital. Please go ahead.
- Reena Shah:** Thank you so much for the opportunity. I wanted to know that in which products because what I understand is majority of the products like Acetonitrile, Ethylamine, methylamine these are the products where prices are driven by market forces. So in which products do you think you can actually pass on this higher prices of raw materials to customers and that can improve your margin?
- Kirat Patel:** Almost everything is market driven. However, the issue is that the market is set up by all the producers and the competitors and all of us, as it happens, have the same or similar cost structures given that our technologies are similar. So sooner or later the prices settle to a level which is acceptable to the market. Yes, once in a while, if somebody becomes a little more aggressive or new player comes in, there is a temporary setback. But otherwise the market play itself takes care of the margins. Sometimes there is an overhang, sometimes there is a shortage. So you do have the margins going up and down, but by and large because all the competitors have similar technologies or similar exposure to their cost structures, the market forces prevail.
- Reena Shah:** And one more question what are the capacity additions that have come in last year and what are expected to come in terms of volumes in next year.
- Kirat Patel:** Last year the capacity expansion has been on acetonitrile which got commissioned towards the end of the third quarter and actually the production started in the last quarter it is an 18000 tons plant in Dahej making acetonitrile. The next year we hope to commission towards the last quarter of 2022 to 2023 or the first quarter of 2023-2024 and ethylamines plant of about 30000-35000 tons as we just mentioned earlier. There are a few smaller other capital expenditures which are what we might call expansions to our existing range wherever we find a little tightness in the capacities.
- Reena Shah:** As we see that there are a lot of companies which are going under very specialized chemicals wherein they can actually drive the margins and direct the prices. So are you looking for something on those lines or you are looking only for those products which are right now in your portfolio.
- Kirat Patel:** We are largely in the business of what we call intermediates, which means we are not commodities and we are not what you might call performance or specialty chemicals which are sold on performance or formulations. But we have a few products which are unique and where we are able to set prices, of course within limits which are







comfortable. But, by and large, we would define our company as an intermediates company rather than a performance chemicals company.

**Reena Shah:** Okay that is it from my side. Thank you.

**Moderator:** Thank you. The next question is from the line of Bhargav from Kotak Mutual Fund. Please go ahead.

**Bhargav:** Good afternoon team, good to talk to you once again. Sir, my first question is if I look at your gross block in the last five years it has almost tripled and we are looking at another 50% increase in our gross blocks over the next couple of years. Just wanted to know from a fundamental perspective that is this entire Capex which we are going to incur going to get consumed in the domestic market to improve substitution or are we also looking at an export market opening up big time for us.

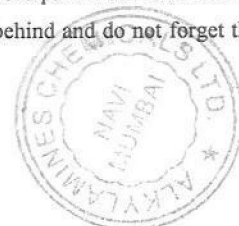
**Kirat Patel:** The expenditure is on capital expansion of our capacities normally we have seen that about 20% of our sales are international and about 80% are domestic. Perhaps that ratio may move a little more towards export going over but not significantly, I do not think. But largely it is on the growth of the domestic market that we are trying to catch up with and sometimes we are just behind the growth and sometimes we are ahead of the growth but by and large there is growth in the market.

**Bhargav:** And fair to say that most of our domestic competitors expanded capacity will also get consummated in the domestic market.

**Kirat Patel:** No both of us have I think both have a mix of export and domestic different products and we have an overlap of about maybe 40% in each other product ranges but given that we are in some products which he is not in and he is in some products which we are not in the competition is in about 40% to 50% of our sales top line and both of us have exports and domestic sales.

**Bhargav:** Because so the fear is that the commonality between both is now sort of meaning earlier the commonality was not that high now the commonality is sort of rising by the day and if both the companies are looking at selling this much in the domestic market then is there a fear that there could be some price wars in order to get your capacity utilized or you do not envisage that kind of a scenario.

**Kirat Patel:** It is always a possibility there have been periods of time when there has been an overhang of capacity and there have been periods of time when both of us have been behind the curve and there has been a shortage but this is part of the business and it is a cycle sometimes you are ahead, sometimes you are behind and do not forget there is a third player also: RCF.





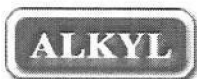
- Bhargav:** Is RCF also adding a lot of capacity?
- Kirat Patel:** No, they are not adding capacity but they are still a significant player in the methylamines market and they do overlap some of their products, more with Balaji then with us.
- Bhargav:** Lastly many congrats good to see your senior management team also expanding so given that you guys have done very well so good to see the senior management team also expanding so well done. Thank you very much.
- Moderator:** Thank you. The next question is from the line of Dhruv Muchhal from HDFC Asset Management. Please go ahead.
- Dhruv Muchhal:** Thank you so much. Sir just to clarify the methyl capacity was expanded in FY2021 where I believe taken from 30000 to 46000 tons that was already done in FY2021 if my numbers are right.
- Kirat Patel:** Yes you are right.
- Dhruv Muchhal:** And so broadly across capacities what would be the utilization in FY2022 be excluding the acetonitrile new expansion I believe that was only for the last quarter.
- Kirat Patel:** You are talking about methylamines right.
- Dhruv Muchhal:** Across chain so methyl, ethyl and acetonitrile.
- Kirat Patel:** They are very differently placed, each of them. Because acetonitrile we have just expanded the capacity, so obviously there is a lot of headroom. In methylamines we have expanded a year and a half ago in Dahej and that is likely to be used up. Next year or so we will be probably using some part of the Patalganga plant. If you remember we have a plant in Patalganga which is a swing plant between ethyl and methyl and we will probably be using the methyl plant and maybe as Mr. Kothari just mentioned two years, three years down the line we will need another methylamines plant. That leaves us with the ethylamines which we have just now mentioned that we are expanding that capacity because we feel we are reaching the limits of capacity of existing plants by the end of this year. So we will be expanding the capacity at the end of this year which hopefully will last us for another five years at least.
- Dhruv Muchhal:** And Sir currently methyl will be probably what 80%, 85% utilized ethyl will be somewhere in the range of 90% and acetonitrile except the new expansion is largely fully utilized for FY2022.
- Kirat Patel:** Before the expansion, yes, it was fully utilized.





- Dhruv Muchhal:** For the FY2022.
- Kirat Patel:** Yes.
- Dhruv Muchhal:** And the next was on the ethyl expansion now that is a significant expansion the 30000 tons that you mentioned. So how does this process work is it a batch process, is it a continuous process that you have to run the full 30000 at one go or I mean that flexibility is available for you.
- Kirat Patel:** It is a continuous process but you can run it in campaigns like when you start a plan you run it for say 20 days of the month then you wait for the inventory to go down and start again 20 days later so it is a kind of a combination of continuous and well not exactly batch. It is continuous but in campaigns.
- Dhruv Muchhal:** So at a time it runs to the full extent but you have the flexibility to run it for 15-20 days to manage the cycle and start, stop is not an issue in terms of operating a significant issue I believe somewhat but not a significant issue.
- Kirat Patel:** No.
- Dhruv Muchhal:** And the last thing was so the acetonitrile product that we had, I mean, we have spoken about it earlier. So there was not much competition here some imports were coming but it is a product which find application in growing segments so my thing was, I mean, as the costs are rising I understand the lag between the cost increase and the price increase but otherwise is there any other reason why the cost increase should not reflect in the price increase and you manage and can you maintain your per kg margin or your percentage margin, I mean, what I am trying to understand is there a competing product to acetonitrile on price where people want to shift to the other alternate product because it is cheaper and which probably holds a cap on pricing.
- Yogesh Kothari:** Not really because acetonitrile has its own properties and usefulness which is increasing now in more uses. It was also used in this vaccine production which was there and the new uses are coming up. In fact, there is a new plant coming up in Germany. it is around 30000 tons capacity which will come on-stream after two years. This is done by INEOS, but they will be making some acrylonitrile where acetonitrile is a by-product. Also the quality and the way we manufacture is different., We manufacture from acetic acid and ammonia which is a much, greener route. You can call it green because really speaking there are no side products. It is all getting recirculated within the system hardly anything goes out. So this is something which h is very positive for our plant, our company and many of the international players also prefer our type of production and since now we have two locations where we make





acetonitrile, it gives more confidence to the customers that they can get their material from two different locations. So that is why we are very positive on acetonitrile.

**Dhruv Muchhal:** So basically to be sure there is no alternate product because of price which can influence its demand it is pure its own individual demand supply patterns which drive its price.

**Yogesh Kothari:** Yes, this is the best of my knowledge because it is used mainly as a solvent and there could be some more expensive solvents also which can replace it but I have not come across anything that is directly competing with acetonitrile.

**Dhruv Muchhal:** Perfect Sir. Thank you so much. Thanks.

**Moderator:** Thank you. The next question is from the line of Neerav Jimudia from Anvil Research. Please go ahead.

**Neerav Jimudia:** Good afternoon Sir. Sir what you have guided in terms of the expansion for ethylamine. So based on our current capacity how much would be the capacity additions we would see over next two years one from ethylamines and probably when we would set up those methylamines new plant. So what sort of capacity increases which we are looking on our current based capacity.

**Kirat Patel:** I am talking only about the amines part not the derivatives or the specialities or anything. The amines part you are looking at something like about 30% increase with this ethylamines plant. The two years down the line we will have the methylamines plant. Two or three years down the line when we set up the methylamines plant, we have not yet finalized what kind of capacity it is but it will again be in that not less than 150 tons a day so not less than 45000 tons, so another 30% increase is likely to happen then.

**Neerav Jimudia:** But that 30% is after the addition of this 30% what we would add for the ethylamines.

**Kirat Patel:** Exactly, so if today was a 100000 tons overall amines capacity, we would add 30000 so it will become a 130000 and then it would add another 45000 tons so it will become 175000 tons. From where we stand you are looking at something like a 75% increase over a three year period looking forward and that should take us reasonably comfortably over the next five, seven years if the market keeps growing.

**Neerav Jimudia:** So basically we can safely see a volume growth of around 15% to 17% percent coming on for Alkyl Amines for next four to five years depending on some of the years where the volumes could be lesser some of the years where the volumes would be higher based on the demand supply dynamics.



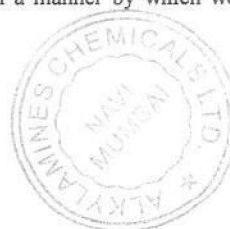


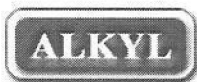
- Kirat Patel:** I agree with you there we have always managed that 10% to 15% increase and I think looking forward I do not see things changing. Of course given all the nightmares that our customers are having with the Chinese intermediates they use, sometimes it is difficult to keep the volumes up but looking forward I think all that will get sorted out sooner or later. People will sort out all that. It is already settling down and people will find alternate sources and move on.
- Neerav Jimudia:** And this methylamines expansion would be coming up in the Dahej only or would we require a new land all together for this expansion. So that would be altogether a new setup of methylamines single location another plant or would be in combination with our existing plant
- Yogesh Kothari:** No, I think we will have to look for some more land because along with methylamines we will put up some derivatives there is other plants also. So definitely we already looking for some land. So maybe in a next six months or a year's time we will have a lot of land which will be suitable for us.
- Neerav Jimudia:** My second question is on the improvements and the learnings probably in this challenging last two years so and some of the years we had the demanded problems some of the years the supply led problems based on the global supply logistic challenges. So we have been proving time and again in terms of reducing our cost of production either through process optimization or let us say through product innovation. So I just wanted to ask that when we had set up our first acetonitrile plant and the learnings whereby we operated at 100% so could this plant be an example in terms of some more improvements happening on the input, output side or let us say some of the process innovations which has helped us to make some sustainable amount of improvements over next four, five years if you can just explain your thought process on the same.
- Yogesh Kothari:** We have done it in our existing plant. We have been doing so right from the beginning because the overall design was that within our R&D and from pilot plant stage to putting up a plant and over a period of time we have been changing lots of process conditions and going on improving the process that has helped us in overall ease of raw materials as well as energy consumption. So we are at the stage where we are producing acetonitrile at a very competitive rate. In our new plant, new plant has been designed accordingly.
- Neerav Jimudia:** So is it safe to assume that based on your process optimization what you have done the cost of production for the expanded plant would be lesser than the existing capacity for acetonitrile.
- Kirat Patel:** Yes. In short yes.





- Neerav Jimudia:** And lastly I would like to ask in terms of our user industry. So I think we were predominantly into pharma agri which predominantly contributes 70%, 75% of our volume so has the mix change towards more from agro side from last two to three years given the kind of challenges what you have seen globally in terms of less material being available for agro intermediates and the growth for which we are seeing on that side so anything the mix has changed over the last one and a half, two years in terms of our revenue combination.
- Yogesh Kothari:** It may not be significant because there is always some new product coming up in agro also. So if you lose some, you gain some. Maybe a 2% points here and there but nothing significant to say that there is a trend in the other direction.
- Neerav Jimudia:** And lastly if I can just touch upon some of the things so I think predominantly ethylamines also goes in the production of rubber chemicals and existing one of the player has also done the expansion of the same so probably this new plant would help us to cater to the expansion of our end user customer or would there be some another user industries and the demand drivers because of which we are setting up such a bigger plant.
- Yogesh Kothari:** Our existing rubber chemicals customers will definitely be buying from us but it is not significant from point of view of a capacity. And it will definitely help us. Overall I think their capacities, whether they have already expanded or they will be coming up, now has to be seen and they are of course doing better mainly because of things happening in China also and a lot of the rubber industry, rather tyre industry have started doing extremely well in India You are correct our requirement is also going up because of that.
- Neerav Jimudia:** Got it Sir. Thank you for answering the questions in detail and all the best.
- Moderator:** Thank you. The next question is from the line of Nilesh Ghuge from HDFC Securities. Please go ahead.
- Nilesh Ghuge:** Sir, you always mentioned that your Kurkumbh plant is fungible and you can switch from methylamine to ethylamines and ethylamines are back to methylamines. So can you guide us on how the difference between the process conditions were very close or what I understand is methylamines and ethylamines the process conditions on pressure temperature are quite different and so how you manage that the plant at plant level and how much time it takes to switch from one product to another product can you just elaborate on this.
- Yogesh Kothari:** In Kurkumbh, we do not have methylamines. We are making only ethylamines and at Patalganga the existing plant we have modified in a manner by which we can do a





swing sometimes maybe ethylamine, sometimes makes methylamine and also sometimes isopropyl amines. So this is our in-house technology, you can call it and we have been very successful in that. We also used to make butylamines also. I mean, butylamines we stopped in between but that is a growth opportunity we may start also.

**Nilesh Ghuge:** And do we have to make modification in the plant in terms of pipelines and some vessel addition or, etc., etc.

**Yogesh Kothari:** Yes, we need to have proper reactors. Depends again on the catalyst but for methylamine the catalyst is different than for the other amines. It is a matter of lining up the thing and there is a clean-out between campaigns. That is a process which takes about five to six days -clean up and line up the plant to make alternate products. Some equipment are meant specifically for one amine and some equipment are meant for the other and a large number of equipment are common to both.

**Nilesh Ghuge:** And then how you manage the temperature and pressures because the reactors require different pressure when you operate the ethylamines plant.

**Yogesh Kothari:** It is a part of the technology your plants are designed to take care of various temperatures and various pressures. So I do not think there is any issues in that.

**Nilesh Ghuge:** Thanks a lot Sir.

**Moderator:** Thank you. The next question is from the line of Jaiveer Shekhawat from Ambit Capital. Please go ahead.

**Jaiveer Shekhawat:** Thanks a lot for taking my question. Firstly in terms of the Capex that you could be doing two, three years out the Greenfield capacity expansion what could be the estimated Capex for that and are you likely going to fund it via internal accruals only.

**Kirat Patel:** Well we can only look forward to maybe next year and a little bit to year after. We do have plans beyond that but they are still not firm. But looking at the next year and the year after, we are trying to do it through internal accruals mainly. Of course there will be some periods, maybe three to six months, where we may have to dip into our working capital limits but at the moment we do not think we will be taking any term debt for the planned capital expenditure over the next two years.

**Jaiveer Shekhawat:** That is helpful and secondly we have also seen your competitors significantly expand capacities across newer product lines which could be a DNC or a DMF or a butylamines as well now to diversify away from some key products now what is Alkyl thinking about in terms of either focusing on the key products where you have competency or are you also looking to go beyond them. So what could be your future plans regarding that and if you could also highlight any of the few new products you





might have introduced over the last few years that today form a sizeable portion of your revenues apart from the key products that you already have.

- Yogesh Kothari:** Well acetonitrile was a new product which has made a sizable part of our revenue that was introduced about four, five years ago significantly. For it was the trial runs were about seven, eight years ago but significantly we expanded capacity about four years ago. we have a product called diethylhydroxylamine which is also a significant product. then there is dimethylaminopropylamine which is also a significant product. Then we have products like DIPEA and there are some speciality products which are not that larger volume maybe a 500 tons but they contribute significantly.
- Jaiveer Shekhawat:** Apart from acetonitrile are there any other products which have a capacity of over say 15000 tons per annum let us say apart from DMAHCL as well.
- Kirat Patel:** Ethylamines, DMAHCL methylamine, acetonitrile all over 10000, 15000 tons.
- Jaiveer Shekhawat:** No I understand that but apart from the traditional one.
- Kirat Patel:** Apart from these four there is not large one 5000 tons but just below 10000 tons. Isopropylamine will be probably be nearing. So there are a few which are significant not as big as acetonitrile or methylamines but significant.
- Jaiveer Shekhawat:** Sure that is helpful thank you so much.
- Moderator:** Thank you. The next question is from the line of Reena Shah from Elara Capital. Please go ahead.
- Reena Shah:** Thank you Sir for giving me another opportunity. I just wanted to ask and say you have seen a significant increase in power and fuel cost are you looking to set up some renewable energy like solar plants or something on those lines.
- Kirat Patel:** We do already have a solar plant. We are adding some more capacity in the solar plant but that will not bring down the cost significantly. The main issue is the coal price which in last six months has escalated. We only hope that in a short time this price will stabilize. As I said about enhancing our solar power generation capacities, which we are doing in the next three months, there will be another 2 megawatts added and perhaps a little later in the year for Dahej we will have maybe another 2 megawatts but along with that we also are increasing our turbine generations of electricity within the sites because we use the coal to create steam at high pressure and then use that with extraction scheme to make electricity. So that is another additional source of electricity. Unfortunately, as it happens the power costs and the fuel costs we are always balancing them out.

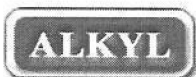






- Reena Shah:** Sir what could be the percentage of your power and fuel cost as percentage of revenue.
- Kirat Patel:** Would be about 14% I think power, water, fuel 13% to 14%. It was down to about 8%, 9% and now it has increased.
- Reena Shah:** That is it Sir, thank you so much.
- Moderator:** Thank you. The next question is from the line of Shanti Patel from Shanti Patel Investment Advisors. Please go ahead.
- Shanti Patel:** Good afternoon Sir. Looking to your expansion plans etc., is it safe to assume that in next three years our profit and turnover will double.
- Kirat Patel:** Yes hopefully I mean that is our plan and are hopes that it will manage it.
- Shanti Patel:** Thank you very much.
- Moderator:** Thank you. Thank you the next question is from the line of Nikhil Jain from Galaxy International. Please go ahead.
- Nikhil Jain:** Sir any new products that we are looking to introduce now, so any significant new products which we have completed R&D and kind of trial runs and looking to introduce in FY2023.
- Yogesh Kothari:** We have several products in pipeline but we will be only sort of talking about it only once they become commercial at this stage we would not try to disclose that.
- Nikhil Jain:** Right but we have several in the pipeline right.
- Yogesh Kothari:** Yes.
- Nikhil Jain:** And just a very small question. When do we anticipate our EBITDA margin to go back to the net 20's the range that you guided earlier?
- Yogesh Kothari:** In fact, I hope to have that as soon as possible but if the cost of raw materials come down a little bit and do not go up further plus the cost of energy that is coal comes down significantly then we are very confident we can bring up the EBITDA to a very decent level.
- Nikhil Jain:** But we are not passing it on to the customers over the last two quarters I think we are taking a hit ourselves but when do we expect that to pass to the customers at least partially.





- Yogesh Kothari:** We are trying to do that but we cannot just increase otherwise they will get into issues and then we have competition from imports also. So we have to be very careful how much we can pass it on.
- Nikhil Jain:** Okay right Sir thank you.
- Moderator:** Thank you. The next question is from the line of Anurag Patil from Roha Asset Management. Please go ahead.
- Anurag Patil:** Thank you for the opportunity. Sir can you share what is the total installed capacity across three sites Dahej, Patalganga, and Kurkumbh separately.
- Kirat Patel:** As I mentioned earlier about the amines because the amines capacity may be about say a 90000 to 100000 tons and by the end of the year we will add another 30000 tons and going forward two, three years down the line another 45000 tons. So currently it would be in that range. The other products are a little more difficult to because there are multi-product campaigns which run sometimes they are at 10 tons a day and sometimes they are 40 tons a day. So depending on the market the capacity will swing. So that is difficult. But acetonitrile being a single product plant, there the capacity, as we said earlier, is between 28000 to 30000 tons both plants put together.
- Anurag Patil:** So can you share just the installed capacity of each of these three sites only total capacity.
- Kirat Patel:** That may be difficult because there are difference in Kurkumbh there are 12 plants in Dahej, in Patalganga there are three plants and all different. So it is a bit difficult to share the capacities across.
- Anurag Patil:** Okay Sir that is it. Thank you very much.
- Moderator:** Thank you. The next question is from the line of Rajiv Rupani an individual investor. Please go ahead.
- Rajiv Rupani:** Thanks for the opportunity again. Sir in the con call just now you mentioned there is an overlap of 40% of the products between Balaji and Alkyl. So I would like to know which products Alkyl mix with Balaji, Balaji does not mix to name a few domain products.
- Yogesh Kothari:** Ones that we make and Balaji does not make: isopropylamine, butylamine, ethylexylamine, cyclohexylamine, these are the amines which we make, they do not make. Mainly in the higher amines in the derivatives we have a few like diethylhydroxylamine, DIPEA, DMAPA number of other things which we make they do not make and the reverse is also true they make DMF NMP DEAE which we do not





make. So there are a range of products which they are into and what we are into and sometimes it is very significant for almost 40%-50% of his turnover is coming from products we do not make we even make.

**Rajiv Rupani:** And my last question is now Balaji has said that that they have new 15000 tons per annum will have a new technology and where they are able to withstand higher acetic acid prices. So I would like to know our ACN plant will their plant be better than our plant and technology.

**Yogesh Kothari:** I do not know what their technology is. It could be, you never know.

**Rajiv Rupani:** What is the consumption of India of ACN because our capacity will now be 30000 tons and their capacity will be about 24000 tons so your comments on this after their expansion.

**Yogesh Kothari:** Yes, the capacity today I mean the demand today in India is about close to 30000 tons between 25000 and 30000 tons but we are at least we are exporting and I do not think Balaji has started exporting yet but perhaps they are planning to do that I do not know.

**Rajiv Rupani:** Okay thank you.

**Moderator:** Thank you. The next question is from the line of Shanti Patel from Shanti Patel Investments Advisors. Please go ahead.

**Shanti Patel:** Sir whether we are protected by government of India having import duty on products which we are manufacturing...

**Kirat Patel:** Yes, there is only one product where we have the duty protection which is isopropylamine, monoisopropylamine and that is also only against the Chinese, three Chinese suppliers There is only one product.

**Moderator:** Thank you. As there are no further questions. I now hand the conference over to the management for the closing comments. Over to you Sir.

**Yogesh Kothari:** I thank everybody for listening to us patiently and I hope we have been able to answer to your queries in the reasonable way and responsible way. I hope you will be happy with our performance in future and we are very confident that we will be doing in a more positive way on now onwards. Thank you.

**Moderator:** Thank you. Ladies and gentlemen on behalf of HDFC Securities that concludes this conference. We thank you all for joining us and you may now disconnect your lines.

