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*Balaji*



CIN : L24132MH1988PLC049387

**AMINES LIMITED**  
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No. 9/1A /1, HOTGI ROAD,  
AASARA CHOWK, SOLAPUR - 413 224.  
MAHARASHTRA. (INDIA)

Date : 02/11/2016

To, The Listing Department National Stock Exchange of India Limited, 5 <sup>th</sup> Floor, 'Exchange Plaza', Bandra -Kurla Complex, Bandra (E), MUMBAI – 400 051	To, The Department of Corporate Services - CRD The BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, MUMBAI – 400 001
Script code : 530999/ BALAMINES	Script code : BALAMINES

Dear sir,

**Sub: Intimation of schedule of Analyst / Institutional Investor Meeting under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.**

Pursuant to Regulation 30 (6) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 we would like to inform you the following details of Con call scheduled with Institutional Investor:

Date	Particulars	Type of meeting	Timing
28 <sup>th</sup> October 2016	Systematix Institutional Equities	Con call	12.00 PM(IST)

You are kindly requested to take the same on record. Further pursuant regulation 46(2) the transcript of the same is being disclosed on the website of the company.

Thanking you,

You're Truly  
For Balaji Amines Limited

Mrs. Arati V. Bandi  
Company Secretary



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Balaji Amines Limited  
October 28, 2016



## “Balaji Amines Limited Q2 FY17 Earnings Conference Call”

**October 28, 2016**



**MANAGEMENT:** **MR. D. RAM REDDY – JOINT MANAGING DIRECTOR**  
**MR. ARUN MASAL – BALAJI AMINES**  
**MRS. ARATI V. BANDI – COMPANY SECRETARY**

**MODERATOR:** **MR. ANKIT GOR – AVP, (MIDCAPS INSTITUTIONAL EQUITY RESEARCH), SYSTEMATIX SHARES & STOCKS**



*Balaji Amines Limited  
October 28, 2016*

**Moderator:** Ladies and Gentlemen, Good Day and Welcome to the Balaji Amines Limited Q2FY17 Earnings Conference Call hosted by Systematix Shares & Stocks 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 the operator by pressing '\*' then '0' on your touchtone phone. Please note that this conference is being recorded. I would now like to hand the conference over to Mr. Ankit Gor from Systematix Shares & Stocks. Thank you and over to you, sir.

**Ankit Gor:** Thank you. On behalf of Systematix Shares, I welcome you all in Balaji Amines Q2 FY17 Results Conference Call. I thank the management for giving us an opportunity to host this call. From management side, we have Mr. D. Ram Reddy – Joint Managing Director. I would request Mr. Reddy to give details on Q2 results which can be followed by Q&A session.

**D. Ram Reddy:** Good afternoon, everybody. Happy Diwali to everyone. And I am sorry for delay of five minutes since I was having one call extended unexpectedly. I have with me my finance team head, Mr. Arun Masal and Ms. Arati, Company Secretary with me.

So, the result for the September ending, we have done gross sales of 353.94 as against 346.77 crores. There were some people who were sensing the numbers, there was some change, but as per SEBI guidelines now we have added excise duty, inclusive excise duty we have given the results. And profit, if we take six months last year to this year if we take, there is increase by 75% for September ending that is before tax about Rs. 67.75 crores as against Rs. 38.67 crores for the same period of the last year six months ending September 2015. And the same way, the profit after tax has also increased by 95% half year ended September 2016 Rs. 48.07 crores as against Rs. 24.63 crores for September 2015. And if we talk about the quarter sales, Rs. 172 crores for this three months ended September as against Rs. 173.18 September 2015, three months ended. Profit before tax has also increased around 74% for three months ended September 2016 i.e. Rs. 33.22 crores, as against last year same period Rs. 19.13 crores. Profit after tax has increased around by 84% three months ended 30th September, Rs. 21.73 crores as against Rs. 11.81 crores for the same period of last year. Exports for the half year ended, we have done Rs. 53.68 crores and three months ended if you take Rs. 27.48 crores. EPS, if we take for the September ended it is Rs. 6.71 as against last year Rs. 3.64.

I think the results highlights are this only. And as regards the company's future plans, I would like to say that as discussed and declared earlier, the Acetonitrile plant is in the pipeline which may come on stream next quarter end. And also, as of today we are taking up a Morpholine expansion which will be coming by first quarter of the next financial year. And there was some decline, a little decline in the sales; one reason is that there is change of catalyst in Ethylamine due to which the plants were closed during this quarter for more than 10 to 15 days' time.

Now we can go for any specific questions, I would love to answer all your queries.



*Balaji Amines Limited  
October 28, 2016*

- Moderator:** Thank you. Ladies and Gentlemen, we will now begin the question-and-answer session. We will take the first question from the line of Abhinav Ganeshan from Canara Bank Securities. Please go ahead.
- Abhinav Ganeshan:** My basic question is, sir just wanted some color on the specialty chemicals piece, what do you foresee in the next two years, what do you think would be the growth rate that this sector could clock? Specifically, because the Chinese are slowing down in this sector and we believe that it is a golden opportunity for Indian companies to capitalize. And the second question is, what is our company strategy going to be to fill up our space in this regard?
- D. Ram Reddy:** See, in a normal course there what we see there is between 18% to 20% growth in the specialty chemicals in our company. I do not know what you are seeing from China, what is the reason for slowing down specialty, but in our company, as I said in my introduction that we already planned for the expansion of one product that is Morpholine and one new product of Acetonitrile. And there are few products which we are just debottlenecking like Diethyl Amino Ethanol which we were doing only small quantities, now we are doing almost 7 tons per day without adding any CAPEX because of some debottlenecking in equipment's. In the same way we are also thinking for going for a product called Dimethyl Amino Ethanol which is also we were doing every small quantities, which is 1 tons - 1.5 tons per day will go now to about 4 tons to 5 tons, maybe another two months' time will take. So, all these things we are gearing up considering the future of the specialty chemicals from other companies. Definitely in the normal course it is 18%-20% what you say the China situation if it is correct, yes, it may go another 5% to 10% more into the growth like it may go to 25% to 30% also.
- Abhinav Ganeshan:** If I could ask one last question that just one thing that how are we seeing the DMF prices?
- D. Ram Reddy:** DMF prices are still a problem, that is only one of the weak points of the company as on today I can say, because we are facing lot of problems with the imported material like China and Saudi Arabia. There is a little increase in the prices, to that extent raw material prices also have gone up, it does not help anything in the bottom-line or to sustain us to start in full swing. But we are just trying to seek help from the government which will go well if that support comes, probably that will give good support for the top-line as well as bottom-line of the company.
- Moderator:** Thank you. We have the next question from the line of Runjan Jain from Nirmal Bang. Please go ahead.
- Runjan Jain:** Sir, what is the CAPEX we have emphasized for Morpholine expansion and how much the capacity would be now?
- D. Ram Reddy:** See, the CAPEX for this, we originally planned for about Rs. 25 crores to Rs. 30 crores which we will be meeting from our internal accruals. But what we can see while working, it may go



*Balaji Amines Limited  
October 28, 2016*

down also because of some balance equipment's which we have, like acetonitrile here also we will get those benefits. And capacity, current capacity is about 3,000 tons, and after adding this new capacity it will go to 10,000, means we are adding additional 7,000 tons of Morpholine capacity per annum.

**Runjan Jain:** Sir, what is the normal market demand for this? And are the Chinese players also present in the segment?

**D. Ram Reddy:** As of now, in the country we are only people. If you allow me to say that, other than China, in the world there are only three people for these products like one is Huntsman, other one is BASF Germany and third is Balaji, other than China I am talking. And for India, as it is today's India's consumption is more than 600 tons per month as it is where we are catering to about 200 tons to 250 tons only from our side, rest is still coming from outside countries. And once we start these 10,000 tons, probably we may see 70% to 80% of the country's requirement and rest we may go to neighboring country wherever possible. And in current this year also we have some 40 tons - 50 tons export every month outside country.

**Runjan Jain:** What are the Chinese players, I mean, how is the market share range in this versus the Huntsman and BASF in India?

**D. Ram Reddy:** Actually, today's figures if you take it is little difficult because all these years there were anti-dumping for this product.

**Runjan Jain:** Which has been removed now?

**D. Ram Reddy:** Just maybe a month back, about 15 - 20 days back it is removed. Actually, we also did not say anything because since we are getting the prices almost three, four years these people have started giving us level playing prices, unlike olden days. Olden days we used to sell below the RM cost, after the dumping prices were improved, every company it's in good level. But quality point of view, people who want in the pharma and some specific grade, they are preparing for Huntsman and BASF which accounts almost 40% to 50% of the import and balance is coming from China.

**Runjan Jain:** But don't you think sir now that anti-dumping duty has been removed the Chinese players will become more active and more aggressive in this area?

**D. Ram Reddy:** I will give you the answer for your specific question. Actually, what has happened in last one year, for your information anti-dumping is not applicable for the people who import against the export. There are few customers who used to import to export their end product whereby this anti-dumping is not applicable for them. For them also we were in position to compete. That means, without duty also our price was competitive. So today, that means this does not give any impact of this anti-dumping, we have removed or kept because we have not taken the



*Balaji Amines Limited  
October 28, 2016*

advantage of anti-dumping all these days, without duty the price is suppose Rs. 140 - Rs. 150 per kg, without duty I am talking, we were selling at say Rs. 155 level only. So if you add, even without that also I think it should not come, last 15 - 20 days almost we are selling at same level and outside country also, specifically China I do not know what went wrong with them, they have increased prices of Morpholine more than 10% - 15% in last two weeks.

- Runjan Jain:** And it is normally used in the pharma industry?
- D. Ram Reddy:** Actually, majority quantity goes in water treatment chemicals, biological cleaning chemicals and rubber cleaning chemicals, this is major stake.
- Runjan Jain:** And sir other question is, you have said that you have seen the 10 -15 days plant shut down during this quarter, that was due to the maintenance?
- D. Ram Reddy:** No, it was catalyst change.
- Runjan Jain:** If you then would quantify it, what would be the impact of this?
- D. Ram Reddy:** It has already come in the results, you might have seen it is part only, if you compare it with Q1 and Q2 results there is no much change. It would be little better than the current what we declare within the catalyst we have not changed during this period.
- Runjan Jain:** Kind of a 5% - 10% sale?
- D. Ram Reddy:** Yes.
- Runjan Jain:** And sir what are the volume growth we have seen in this quarter?
- D. Ram Reddy:** This quarter we have not seen anything, that is what I am telling.
- Runjan Jain:** No volume growth?
- D. Ram Reddy:** Yes. If you see the six months last year and this year if you compare, there is more than 9% to 10% volume growth is there.
- Runjan Jain:** But sir that isn't a little less than what we have been emphasizing since last year.
- D. Ram Reddy:** You are right; there are two, three reasons. Number one, DMF we are expecting something will go up and we thought that acetonitrile is there into this thing, these two did not take place there is a reason, we expected more than 20% - 25% but we did not take them, only 9% to 10% growth has taken place.



*Balaji Amines Limited  
October 28, 2016*

- Runjan Jain:** Sir, so going forward in the second half, so you think that we should cover up this kind of some volume growth from this?
- D. Ram Reddy:** We dream actually.
- Runjan Jain:** Sir, I should ask then, what is the full year guidance you think we can achieve in terms of volume?
- D. Ram Reddy:** If you compare with last year it should be around 18% - 20% definitely it should be there because ethylamine, I mean whatever we have seen we have already taken that shutdown, that is we will run continuously it will run continuous. DMF started running if is something comes positive. Sometimes adds, by acetonitrile that also will come and the DMF is running well. So, I think...
- Runjan Jain:** You still believe sir that 18% - 20% is possible, if that is the case than our second half would be much better than our first half.
- D. Ram Reddy:** It should, what we are thinking, but if something goes wrong than we cannot help it. But with normal conditions there should be 18% minimum growth should be there.
- Runjan Jain:** And are the prices in general have been bottomed out, like we were seeing the value decline and the volume were increasing. So, you think that that has been...
- D. Ram Reddy:** that phase is already gone now, it started going up like methanol prices. We used to talk maybe first quarter, second quarter somewhere \$160, \$170 to \$180, during last two, three weeks we are seeing more than \$230, \$250.
- Runjan Jain:** So, this, the 18% - 20% growth you are talking about FY17, is that value growth you are talking about or volume?
- D. Ram Reddy:** Value, value I was telling 17% to 18% and volume also should grow same only because this thing has taken, now from this quarter onwards we also see how the prices pass on, how we can pass on the prices.
- Runjan Jain:** So at least for this year we cannot rollout because it is weak, sir volume at least is 18% - 20% and we can assume the same for sales value also and there would not be any decline in the prices?
- D. Ram Reddy:** I think according to my expectations and whatever we have planned, if not the growth there should not be any decline, whatever we have done in last two quarters it should go same with next two quarters also, it is my expectation.



*Balaji Amines Limited  
October 28, 2016*

- Runjan Jain:** And sir, what you have talked about exports, how much it is? I missed that number.
- D. Ram Reddy:** It is about Rs. 53.68 crores for the half year ending out of the total sales of Rs. 354 crores.
- Runjan Jain:** And sir, Acetonitrile what is the point why we are not able to start it? We were waiting for environmental clearance, but why it has been stuck and is taking so much long time to get the clearance?
- D. Ram Reddy:** Cannot help it, we have certain systems in performance where it is going on,
- Runjan Jain:** So for you there is nothing wrong, it is bureaucracy delays?
- D. Ram Reddy:** Nothing wrong but actually for this specific, normally state government will have the environmental clearance board in all the states, but in Maharashtra, specifically for Solapur we have bird century nearby our industrial area, that is the reason we are forced to go to Delhi, that is the reason it is taking time. But it has already come on the board and it should go through by the next meeting, we got the notices saying that it is cleared by the board; they had some queries , answer to which we have already submitted for Acetonitrile.
- Runjan Jain:** And sir, any update on the Balaji Greentech subsidiary?
- D. Ram Reddy:** I think we have already given the outcome of the board meeting, I think as I told earlier we already suspended all the manufacturing activities in the Balaji Greentech whereby to stop the losses which we were making all these years. Now, at least losses will not be there and to make the assets compilation of both the companies, anyway money is already poured into that so we are just merging both the companies where we are just taking possibility that we can get income tax benefits like we have some losses there whether we are paying heavy taxes and having losses, that thing we are checking. And other important thing, we have submitted some papers, i cannot disclose what are the products, next question will be what are the products. We have submitted papers for that site also to the government of India for environmental clearance and even government of Telangana. If that gets faster and that gets positive, then probably we may start some products there also.
- Runjan Jain:** But, I mean earlier I think we were thinking that...
- D. Ram Reddy:** It is related to chemical and not Greentech.
- Runjan Jain:** Yes. Sir, earlier we were thinking that in some point of time we would like to sell the company also, so is that process still on?
- D. Ram Reddy:** It is there, it is not taking place there is a reason we cannot keep quiet, we just wanted to do something. If somebody comes today at this level after doing something we did some paper





*Balaji Amines Limited  
October 28, 2016*

positive from government of India and government of Telangana, then we may look at dispose of only assets and use the sites for some of the new products.

- Runjan Jain:** And sir, any update or anything on hotel business, how it is doing?
- D. Ram Reddy:** Hotel is doing well, like every time as we said there is some improvement in the room occupation. And second thing, the cost is coming down because of the finance cost we are reducing quarter-by-quarter, month-by-month we are paying the term loan. The reason, in both ways it is getting benefit. So, it is really adding something to the bottom-line.
- Moderator:** Thank you. We have the next question from the line of Ruchi Mital from CD Research. Please go ahead.
- Ruchi Mital:** Sir, I would like a clarification. Sir, earlier you had said that you are planning to increase the capacity of your new plant to 10,000 MT which then you revised down to 7,000, any particular reasons?
- D. Ram Reddy:** See, we have just checked the economics with our technical team while discussing for the 10,000 ton there is cost versus benefit has been analyzed by technical and commercial team and they came to a conclusion that better to go for 7,000 tons instead of 10,000 tons, that is the reason we just changed in this board meeting. So now finally we have been adding only 7,000 metric tons for the existing 3,000 tons by making total of 10,000 tons.
- Ruchi Mital:** But sir, like you said that you are already supplying 200 tons to 250 tons of the demand of 600 tons and if your capacities increase you are planning to cater to almost 70% to 80%. So sir, wouldn't this increase in capacity would have been beneficial?
- D. Ram Reddy:** You are right, but I am talking about expenses and the total setting of the plant, capital investment versus benefit. All those accounts are being calculated and also dependence upon, see this plant is coming up in Unit 3 where we are going to use some of our utilities. So that also we will have to see if we go for 10,000 tons, 20,000 tons the revenues can cater with existing plants like steam or you can say some water or certain types of thingbut I think we have benefits looking into all those benefits this decision has been taken.
- Ruchi Mital:** And sir, I would like to understand your pricing model, like do you charge a fixed margin or is your margin variable?
- D. Ram Reddy:** Ruchi, you must understand our Indian market condition. I can bargain my raw material; my finished product price is decided by my competitor, not by me. So like that it depends on the situation every time wherever we get some opportunities we grab it, whether or sometimes we have to lose you will have to lose to continue to be in the market.



*Balaji Amines Limited  
October 28, 2016*

**Ruchi Mital:** And sir, what is your status on this PVP K-90 and Crospovidonethe plant's R&D which you are taking?

**D. Ram Reddy:** For this we have done R&D, we are ready with that there is a product called PVP Iodine, but looking into the current requirement strategy, that as of now it is in the next bench, not on the front bench, these products. R&D is done, everything is ready, we may come as and when situation asks for these products, because these are PRT products like Morpholine we have already in market we have some advantage in existing plant the reason we have done immediately.

**Ruchi Mital:** This is why you will need to add new capacity for these products or will the existing capacity...?

**D. Ram Reddy:** We have to add some of the equipment for some time; we may also be feeling that the place is also not sufficient for adding this PVP K-90 and all.

**Ruchi Mital:** And sir last question, sir you said that you lost almost 5% to 10% sales due to the closure of your plant, sir which product did it?

**D. Ram Reddy:** TRIETHYLAMINE, DIETHYLAMINE, MONOETHYLAMINE due to which not only by us but the country's user industry has suffered lot and I am feeling sorry for that because only two people in the country making these products and it goes in very important life saving drugs, these products. And it has become very acute shortage for these, now it has become normal. So, that was the reason. I think fortunately unfortunately our competitor also might have gone for similar type of shutdown; it looks like the market condition. So that is why it was in short supply, now it is coming to the normal.

**Ruchi Mital:** But what percentage of the market do we cater to if we are only just two players?

**D. Ram Reddy:** We must be doing some 20% - 30% only; we are not bigger capacity for this particular product.

**Ruchi Mital:** And sir last question, exports, which markets do you cater to?

**D. Ram Reddy:** Mostly Europe and America, almost everywhere it is going, even US it is going, and entire Europe it is going.

**Moderator:** Thank you. We have the next question from the line of Saumil Mehta from BNP Paribas Mutual Fund. Please go ahead.

**Saumil Mehta:** Sir, I just want to check apart from ammonia and methanol which would be the large cost for you in terms of raw material? I am sorry about ammonia but at least methanol, apart from



*Balaji Amines Limited  
October 28, 2016*

methanol which are the other raw material costs for you and how has the pricing behaved over the last six months or so?

**D. Ram Reddy:** See, for the Methyl Amines you are right, methanol and ammonia are major drivers for the Methyl Amine. And for like same way for Ethyl Amine ethanol and ammonia with specialty chemicals like 1,4-butanediol like NMP, NEP when we talk 1,4-butanediol and when we talk about the specialty chemicals, ethylene oxide also is important raw material for that and acetic acid is also important on metals. But we can see these are all as of now they are within the control, not like any major change. Because there was some problem for the raw material for Ethyl Amine that is ethanol, but now it is stable because there was no sugarcane due to short of rains. Last year there was no sugarcane whereby we could not get ethanol. So we went outside country, we are importing ethanol from USA. So now that is stable, we can get easily from outside country.

**Saumil Mehta:** And what percentage of cost of sales would be your RM typical range would be?

**D. Ram Reddy:** It is very difficult to say because it is a big basket of products; it differs from product to product.

**Saumil Mehta:** I am looking for cost free raw material cost, maybe your ethanol, ammonia and methanol.

**D. Ram Reddy:** Ammonia goes in many places, in fact if you can put this on a mail a particular question and I will love to answer your query.

**Saumil Mehta:** Sure. Sir, my second question is with respect to hotel division that has been making EBIT losses, so any strategy of going forward, I mean, any news on that front?

**D. Ram Reddy:** It has started giving positive, if you see you are talking about losses which is in accelerated depreciation, right?

**Saumil Mehta:** Yes.

**D. Ram Reddy:** Actually, I do not know how the people did not understand, for industry like us making good profits in the manufacturing sector this is my personal opinion one needs to have such type of division definitely to get depreciation benefit, that is what we are getting. So our depreciation there is no cash losses actually, we started adding cash profits to the bottom-line. I mean, now maybe in next one year or half year the total debts will be cleared then it will give much more better additions to the bottom-lines.

**Saumil Mehta:** Sir, any expansion plans over there?

**D. Ram Reddy:** No, we are not doing any expansion in the hotel industry.



*Balaji Amines Limited  
October 28, 2016*

- Saumil Mehta:** So going forward all the CAPEX would be either for your amine business or for your specialty chemical business, right?
- D. Ram Reddy:** Yes, you are right.
- Saumil Mehta:** And over the next two years what would be the CAPEX guidance? Sorry, I joined the call late; maybe I would have missed that number, FY17 and FY18 both.
- D. Ram Reddy:** Actually, we have as of now onboard only two products like Acetonitrile which we have already done some Rs. 17 crores - Rs. 18 crores to we have done some expansion, and the new expansion of Morpholine coming in. These are only two rich visible expansion taking place; there are many things in the pipeline that we cannot say right now. Once we stabilize these two things then we can talk about the new things in the next concall we can talk.
- Saumil Mehta:** And my last question basically on your raw material rates, like contracted prices for like six months or annual prices or a lot of that is what?
- D. Ram Reddy:** Yes, for methanol we have an annual contract normally, methanol is purchased basically they call it formula of ICS which is used worldwide. We have signed a contract with a Saudi Arabian company which is an up to December; again we will be signing by November or December for next year.
- Saumil Mehta:** Ammonia?
- D. Ram Reddy:** No, Ammonia we are taking from time to time, it depends, and every month we take a call.
- Saumil Mehta:** So it is largely export, right?
- D. Ram Reddy:** Yes.
- Saumil Mehta:** And the prices would have come down sharply over the last six months?
- D. Ram Reddy:** Yes, you are right, for ammonia it has come down. That is supporting actually, ammonia prices are supporting because methanol has gone up and ammonia is supporting.
- Moderator:** Thank you. We have the next question from the line of Manish Bhandari from Vallum Capital. Please go ahead.
- Manish Bhandari:** Sir, my question is regarding the competitive positioning of Acetonitrile and apart from Methyl Amine is there any other sizable competitor? And how the size of this industry is versus what we plan to achieve? Do we need to lay stress on the exports or may be the domestic market is good enough.



*Balaji Amines Limited  
October 28, 2016*

- D. Ram Reddy:** Actually, if you see the Acetonitrile profile for the last three, four years, it is a typical product. Most of the other producers in the world market they do not do direct Acetonitrile, they are doing from acrylonitrile which is a very big market, it is a crack of product, acrylonitrile. So, sometimes if acrylonitrile demand is not there, if they are closed then Acetonitrile is not available in the world market, so that time you break this benefit to the actual only Acetonitrile manufacturers like what you call the other competitors and for us also. So I cannot say immediate yes that this is this and this is this, but what you say is right. There is a little volatility and as far as exports is concerned, yes we have existing network outside country, we are really talking to couple of companies where some companies do 2,000 tons to 3,000 tons every month buying this product and selling other products. So, I may not guarantee for profit how much we are going to gain, but market I do not see any problem subject to my technical team supports for the quality point of view, then yes we can actually sell whatever we produce.
- Manish Bhandari:** Is it fair to say that Indian market would be close to 15,000 tons and our capacity is 20,000 tons?
- D. Ram Reddy:** No, it is not that much also.
- Manish Bhandari:** Okay, but we are coming with 20,000 tons?
- D. Ram Reddy:** Yes, 20,000 tons. See, why we are coming 20,000 tons, we look for next 15 - 20 years' projections we are taking every time, whichever product if you see the Methyl Amine we have taken those days about four, five years back, huge capacities which are giving the benefits today. We have seen last two three quarters that benefit actually because of this higher capacities which we have created those days which are giving the benefits today. The same way Acetonitrile also is projected like that looking into next 10 to 15 years' time.
- Manish Bhandari:** Is there any third competitor in this business?
- D. Ram Reddy:** Yes, there is a small capacity of Deepak Nova I think 2,000 tons or something is there; it is small capacity, not much.
- Manish Bhandari:** And second question is regarding, which other product in our basket could attract the anti-dumping duty?
- D. Ram Reddy:** There is a product called Di-Methyl Acetamide which is already in the advance stage for anti-dumping, probably that will come early January, DMF I am not definite but we are trying our level best to convince the authorities that what exactly it is. But there is no other products, these are only two products. Earlier we have seen that PVP K but it does not work, only these DMAC and DMF, these are only two products.



*Balaji Amines Limited  
October 28, 2016*

- Manish Bhandari:** And with the current expansion plan, do you think that it is fair to assume that we will do a volume growth of 15% in 2018 versus 2017?
- D. Ram Reddy:** 2018 it should definitely because 9% is already seen for last year and this year six months if you see 9% growth is already there. I am just assuming that these clients will come in to line Acetonitrile something will happen for the DMF and DMAC is also going full stream. So the growth should definitely be another 8% - 10% should add and overall comes minimum 18%, that is what I am expecting.
- Manish Bhandari:** Next year, I am leaving this year, I am talking about 2018?
- D. Ram Reddy:** 2018, definitely. You cannot stop 2018, 20% pretty much.
- Manish Bhandari:** What you do with this Rs. 100 crores cash which comes in your book now this year with all problem sorted out, put all hard work been done so what we do with this Rs. 100 crores cash?
- D. Ram Reddy:** We have already started doing, we have spent Acetonitrile with our own money and we will be putting this Morpholine also we will be putting this money and they are bringing down the debt, some Rs. 40 crores - Rs. 50 crores of balance is there, that is also we are bringing down.
- Manish Bhandari:** It will all happen with this year cash flow itself?
- D. Ram Reddy:** Yes.
- Manish Bhandari:** So again next year...
- D. Ram Reddy:** Yes, we may have, sorry I cannot say now which product what product, once we stabilize these two products maybe by next financial we will talk about some new products regarding pipeline, probably that time we may go for some expansions, as I said Greentech we have put up some papers in Telangana, if something comes there probably we need this money to setup some plants. And as a businessman we are looking for good opportunities, if something comes to our this thing definitely we may invest.
- Manish Bhandari:** Sure, I get your point. But that is what I was wondering, with the kind of size of cash flows what you have and now the hotel problem over and Greentech problem over so there is a reason for you to look at another Rs. 200 crores - Rs. 300 crores worth of savings.
- D. Ram Reddy:** Right.
- Moderator:** Thank you. We have the next question from the line of Sunil Jain from Nirmal Bang. Please go ahead.



*Balaji Amines Limited*  
*October 28, 2016*

- Sunil Jain:** Sir, my question is related to whatever the increase in the raw material price is, whether we are able to take a corresponding increase in the selling price or not?
- D. Ram Reddy:** Sunil, very typical question. Already so far we could, future I cannot say what will happen, till now we could do that and we are doing, this is the reason you see the bottom-line is not affected in spite of the increases.
- Sunil Jain:** Because in the recent past increase in the raw material prices is bit sharp, so we are not getting affected because of that.
- D. Ram Reddy:** No, as of now which is going relatively to the end product also, we are convincing the customers and we are trying to partner to whatever the increase has come.
- Sunil Jain:** So, anything you are seeing on the finished product side, how is the intensity of the competition, means it is normal or it is lesser than the earlier period or anything you can comment on that?
- D. Ram Reddy:** It is normal. See, there are some small, small things which take place, the smaller incidents like AP there was an accident taken place in the BASF Germany. There are one or two products where that is true, definitely those products will be.....So we will have the greater demand for those products within shortest period of time. Other than everything is in normal range only, whatever growth you take growth versus competition.
- Sunil Jain:** So, what is the product whether you can name that?
- D. Ram Reddy:** Which one?
- Sunil Jain:** Where the accident has taken place in Germany.
- D. Ram Reddy:** These are all neo based, ethylene oxide based products which they left, they did not declare this is a product, that is a product, actually they declared that there was a pipeline which is propane and ethylene, Methyl oxide and we have couple of products like Diethyl Amino Ethanol, Dimethyl Amino Ethanol that we have seen the greater demand last one month that is coming, next two months we are booked for those products.
- Management:** I do not know if this will help, if customer when you see this type of accidents, not a shorter....they will see, they will try to establish the second supplier on a permanent basis, so that will help us to establish in the international market.
- Moderator:** Thank you. We have the next question from the line of Ankit Gor from Systematix Shares & Stocks. Please go ahead.



*Balaji Amines Limited  
October 28, 2016*

- Ankit Gor:** Sir, I have a couple of questions. I have a question with regards to PVP K-30. So any update there, are we expanding or what is the current capacity and utilization?
- D. Ram Reddy:** See, by doing smaller debottlenecking and all those things I think we are producing about 2.7 tons to 3 tons per day or both together like format and technical together. And we are trying to sell almost 80% of this material without any problem, either in technical or in the formal grade. As I said earlier also, this being a very typical regulatory related product. Unlike other products we cannot say immediately yes we will increase, because there is a lot of regulatory issues because the person who is using has to take lot of approvals for their end products for changing this thing. Most of the people who are coming for expansion, who are coming for new products they are using our products, they are registering our products and there growth is taking place.
- Ankit Gor:** In this case what would be the per ton realization for us in this PVP K-30, if you can share that number?
- D. Ram Reddy:** See, like technical grade it is somewhere Rs. 280 something, Rs. 270 to Rs. 280. And pharma grade we are getting around Rs. 450 to Rs. 480.
- Ankit Gor:** And sir, I missed this Acetonitrile, what is the capital outlay for this 20,000 tons capacity?
- D. Ram Reddy:** It is about Rs. 18 crores.
- Ankit Gor:** And this capacity should come in by year end you say right, December?
- D. Ram Reddy:** Yes.
- Ankit Gor:** And sir, if you can share some data with regards to in which of the products we have 50% or more than 50% market share in India?
- D. Ram Reddy:** Di-Methyl Amine Hydrochloride you can say.
- Ankit Gor:** Di-Methyl Amine Hydrochloride, right?
- D. Ram Reddy:** Methyl Amine, Di-Methyl Acetamide, Dimethyl Amino Ethanol, Diethyl Amino Ethanol, these are you can say 80% - 90% share we have in the market.
- Ankit Gor:** And what kind of revenues we are...
- D. Ram Reddy:** In NMP, NEP?
- Ankit Gor:** NEP correct, NEP.





*Balaji Amines Limited  
October 28, 2016*

- D. Ram Reddy:** NMP.
- Ankit Gor:** And what would be the revenues from these four, five names we just mentioned?
- D. Ram Reddy:** It is very difficult, you should send a mail with particulars and I will get back to you.
- Moderator:** Thank you. As there are no further question, I would now like to hand the conference over to Mr. Anikt Gaur for his closing comments.
- Ankit Gor:** Thank you sir for giving us opportunity to host this call. And Happy Diwali to you and everybody on this call. Thank you, thanks a lot.
- D. Ram Reddy:** Thank you very much, Ankit. And I wish everybody Happy Diwali.
- Ankit Gor:** And sir any closing comments if you have we can make that right now if you want.
- D. Ram Reddy:** See, right now as I said I think I already answered clarification in Morpholine capacity that there was some confusion while giving the statement to the stock exchange, I think we have clarified that, from 3,000 tons we are going to 10,000 tons. And the profit figure numbers, if you see the six months period, first six months to next six months there will be growth. Also, I would like to give summary numbers, they must be having doubt that last quarter and this quarter it is a decline, there is no growth. I would like to clarify that in the last quarter there were some extraordinary income like I told earlier also, there is a new road expansion going on nearby our plant, so there is about Rs. 1.62 crores income has come from the land acquisition, it is a great amount which is added to the bottom-line. If you remove that, you will see the growth in the last quarter to this quarter. And other than that, I would like to say all my well-wishers, all my stakeholders and who is part of Balaji family that one cannot expect that every time it should be our day only, we should go with nature and whatever comes, the situation time demands on that particular time. From this team of Balaji technical and commercial and entire team that yes we are putting all our efforts to look forward to do better from time to time. I am thankful to all of you for your support by the stakeholders and shareholders. Thank you very much.
- Moderator:** Thank you. Ladies and Gentlemen, on behalf of Systematix Shares & Stocks Limited, we will close this conference. Thank you for joining us and you may now disconnect your lines.