

## Transcript

### Conference Call of Alkyl Amines Chemicals Limited

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#### **Presentation Session**

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**Moderator:** Good afternoon ladies and gentlemen, I am Edwin, moderator for the conference call. Welcome to Alkyl Amines Chemicals' fourth quarter FY17 results conference call. We have with us today Mr. Satish Mishra from HDFC Securities and the management team from Alkyl Amines. At this moment all participants are in listen-only mode. Later, we will conduct a question and answer session. At that time if you have a question, please press \* and 1 on your telephone keypad. Please note this conference is recorded. I would now like to hand over the floor to Mr. Satish Mishra from HDFC Securities. Thank you and over to you sir.

**Satish Mishra:** Thank you Edwin; a very good afternoon to all of you on behalf of HDFC Securities, I welcome all the participants to the earnings call of Alkyl Amines. Today we have with us Mr. Yogesh Kothari, Chairman and Managing Director, Mr. Kirat Patel, Executive Director, Mr. K. P. Rajagopalan, General Manager (Secretarial & Legal) and Company Secretary and Mr. Pravin Tawle, General Manager (Finance & Accounts). We will start with an opening remark from the management and post that, the floor will be open for question and answers. Welcome sir.

**Yogesh Kothari:** Hi Satish.

**Satish Mishra:** Hi sir, over to you sir.

**Yogesh Kothari:** I will carry on?

**Satish Mishra:** Yes sir.

**Yogesh Kothari:** Thank you. I have with me Mr. Kirat Patel. Our Executive Director, Mr. Rajagopalan, Company Secretary, also Mr. Tawle, our General Manager (Finance & Accounts). All of you, and even we also, are not so happy with our results. There had been drought situation in our State. Moreover, there was increase in input costs mainly methanol and energy costs. May be, we can take the questions now and try to answer you as far as possible. Thank you.

#### **Question and Answer Session**

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**Moderator:** Thank you sir. Ladies and gentlemen, we will now begin the question and answer session. If you have a question, please press \* and 1 on your telephone keypad and wait for your turn to ask the question. If you would like to withdraw your request you may do so by pressing \* and 1 again. The first question comes from Mr. Anand Bhavnani from Samiksha Capital. Go ahead sir.

**Anand Bavnnani:** Am I audible?

**Yogesh Kothari:** Yes.

**Anand Bavnnani:** Okay. Sir you mentioned about input cost being the key reason for gross margin compression, sir you mentioned about methanol and energy. Can you help us understand these cost increases, do you see them reverting anytime soon or would they be....is this a new kind of normal for these inputs at these levels?

**Yogesh Kothari:** Since the way it is just now, I think methanol costs have already come down. So this has had a positive effect on the current quarter at least. Other input costs have practically remained the same. There is not much change in that.

**Anand Bavnnani:** Okay and sir you also mentioned energy. So anything to do with power cost or....can you help us understand that aspect of the business?

**Yogesh Kothari:** Cost of the coal has gone up last few months and that still remains on the higher side. In fact we hope that after the monsoon, maybe this might come down. Just now it is on the higher side.

**Anand Bavnnani:** Do you see this input getting on like post monsoon like first quarter we might still see some impact. Am I right to see it that way?

**Yogesh Kothari:** To some extent yes.

**Anand Bavnnani:** And coal, we primarily use for what sir? Is it for steam production or is it primary power production? What is it for?

**Yogesh Kothari:** We use it for generating steam which is needed for our process and we also have a co-generation unit. Coal is used directly for the utility, basically steam.

**Anand Bavnnani:** Okay, fine sir. I also see depreciation being a bit higher in this quarter vis-à-vis Q3, so has any new sort of capacity come online or has any additional marginal CAPEX been made? What would be the reason for depreciation being higher?

**Yogesh Kothari:** Can you just come back on the question?

**Anand Bavnnani:** Yeah, depreciation is higher quarter on quarter; so vis-à-vis Q3, depreciation is higher by Rs.1.6 crores. What would be the reason for that sir?

**Kirat Patel:** Basically we had commissioned a boiler which is a large investment, the construction of which was going on over the last 13 months. That got capitalized in the last quarter and also projects like the expansion of acetonitrile and DMAHCl also got commissioned around the same quarter. So it is just a combination of DMA HCL, acetonitrile and boiler all coming together in the same quarter along with some smaller CAPEXs.

**Anand Bavnnani:** Okay. Sir in terms of our Dahej expansion, our target is for October '18; is it on track?

**Yogesh Kothari:** Well we feel that it would be in the last quarter of this calendar year. So I think between October to December we should be coming through. We are trying to push it, let's see how fast we can do it.

**Anand Bavnnani:** Okay. Fine sir, I have more questions but I will come back with questions to you.

**Moderator:** Thank you sir. Next question comes from Runjhun Jain from Nirmal Bang Securities.

**Runjhun Jain:** Sorry to dwell on the same point, but what did you mean by methanol prices were higher and that impacted sales in Q4?

**Yogesh Kothari:** The margins were affected.

**Runjhun Jain:** What was the volume growth during the quarter?

**Kirat Patel:** Volumes dropped marginally compared to the previous quarter but certainly higher than the similar quarter last year.

**Runjhun Jain:** Sequentially slight drop but YoY it was flat?

**Kirat Patel:** YoY there was slight growth.

**Runjhun Jain:** How much is the growth sir during the quarter, year-on – year.

**Kirat Patel:** Between Quarter 4, '16-17 and quarter 4 '15-16, the sales volume grew by about 7%.

**Runjhun Jain:** This could be one of the reasons, because of the high raw material prices as methanol prices have gone up?

**Kirat Patel:** I am talking about sales volume not value.

**Runjhun Jain:** No, I am saying....was the volume also impacted?

**Kirat Patel:** No, the volume has grown by 7% compared to the previous similar quarter last year. Prices were infact more or less stable.

**Runjhun Jain:** Okay so you think that was in line with what you were expecting for the quarter?

**Kirat Patel:** We were a little disappointed in the volume; we were expecting a little more. That's about it.

**Runjhun Jain:** Okay. What is your outlook for FY18 sir for volume growth and value growth?

**Yogesh Kothari:** We have a situation here where the second half we are going to have a new plant being commissioned for methyl amines. So more capacity will be available. Today we are slightly restricted in methyl amines because our capacity utilization is almost peaked there. So we hope that with the Dahej plant coming on stream in the second half, we should be able to increase volume considerably. At the moment, we cannot really speculate how much more. The market is of course there and we will have to use not just our current capacities but the additional capacity will be available to expand our volumes.

**Runjhun Jain:** Okay sir, what was the CAPEX for FY17 and what is your outlook for FY18?

**Kirat Patel:** The CAPEX for FY17 was about Rs.47 crores. There was a lot of capital work- in- progress because of Dahej and large advances to suppliers. So that....Dahej itself is not part of this Rs.47 crores CAPEX which we have capitalized.

**Runjhun Jain:** Dahej could be part of part of FY18.

**Kirat Patel:** Yes. So we have already spent about Rs.50 crores or so towards Dahej between land and engineering and advances to suppliers and civil contractors by March 31st; so out of the cost of Rs.150 crores or so, about Rs.60 crores have already been spent till now.

**Runjhun Jain:** So what would be the CAPEX for FY18?

**Kirat Patel:** FY18 would be about the remainder of the Rs. 150 crores which will all be getting capitalized in FY18 and additional about Rs.20 crores of normal CAPEX plus a little de-bottlenecking exercise in downstream projects.

**Runjhun Jain:** So Rs.20 crores plus Rs.150 crores, minus Rs.60 crores which you have already spent?

**Kirat Patel:** Yeah, but that will get capitalized in FY 2018.

**Runjhun Jain:** Okay. Sir, you see the prices. What is your outlook on the prices? You think the prices which have been so volatile last six months that we have seen one end of it go up so much and specially talking about methanol raw material prices and since last April or so it started coming down. So do you think it should be stable at that price or what is your outlook on it?

**Yogesh Kothari:** From whatever information is available from our suppliers, it looks like the current prices will be there for the next couple of months but it always changes with what's happening in the world; so we cannot speculate on that.

**Runjhun Jain:** Okay sure and sir, your outlook on acetonitrile which is a big product, for us. So what is the current capacity we have?

**Yogesh Kothari:** We are having one plant in Kurkumbh. We are expanding this capacity in the next three, four months. We are also planning another plant which

would be a larger plant, sometimes during the year, and that too it is most likely to come up in Dahej, for which the engineering work is already started. So we expect that in two years' time, our total capacity should be in the range of about 30,000 plus tons of acetonitrile.

**Runjhun Jain:** The capacity is currently how much?

**Yogesh Kothari:** Current capacity is around 9000 tons, and it can go on upto 10,000 to 11000 tons

**Runjhun Jain:** Sir sorry, you said the total capacity is expected to be 30,000 tons in two years?

**Yogesh Kothari:** Yes, because of the new plant which we plan to set up.

**Runjhun Jain:** Yes, so in two years we are tripling our facilities from 10000 to 30000?

**Yogesh Kothari:** Correct.

**Runjhun Jain:** What is the CAPEX marked for that? It is the part of the Rs.150 crores project?

**Kirat Patel:** No. That is separate. We will start construction somewhere towards the end of FY18 and it will go on beyond to FY19.

**Runjhun Jain:** What is the ear-marked CAPEX for the cost of project could be?

**Kirat Patel:** That is still being worked out.

**Runjhun Jain:** Okay fine, thank you sir.

**Moderator:** Thank you sir. The next question comes from Prateep Chaoudhary, individual investor.

**Prateep Chaoudhary:** Hello? Am I audible?

**Kirat Patel:** Yes.

**Prateep Chaoudhary:** Sir first on the methanol prices, how do we pass on these costs, in case...I guess the costs started rising from September, October, November onwards? In our industry how do we normally pass on these costs?

**Yogesh Kothari:** No it is not always easy to pass on the costs. It all depends on demand supply of the products as well as how we are able to pass on. We use methylamines captively, because we also make derivatives out of the methyl amines. But methanol prices have always remained stable except that in the last month in the last quarter, they have gone up like crazy but otherwise they have been quite stable.

**Prateep Chaoudhary:** And sir for our expansion, from the perspective of understanding that since we are almost operating at 100% utilization of our methyl amines, how would our new plant will be utilized. Would we have the sort of demand in the market that we are looking at in terms of catering from our new plant?

**Yogesh Kothari:** We are short of methyl amines for our own products which are the derivatives. So we want the methyl amines ourselves. So this is going to help us getting methylamines for making derivatives. But there is always a growth which is taking in the methyl amine market itself so we need to cater to that.

**Prateep Chaoudhary:** What was the first part you said; you will use it for your own derivatives?

**Yogesh Kothari:** Internal consumption, yes.

**Prateep Chaoudhary:** For this phased expansion on the Dahej plant, have you received all the local clearances; one is the national approval from the central ministry and then I guess you have to get from the GPCB, so have you received the GPCB approval?

**Kirat Patel:** Yeah we have got the environmental clearance for Dahej. We are only waiting the consent to operate. But that can only happen after we have constructed the plant. So the Consent to Operate will come as and when say, September – October when we complete the plant.

**Prateep Chaoudhary:** In methyl amines for our new plant what is the capacity we are looking at adding in tons per year?

**Yogesh Kothari:** 100 tons per day.

**Prateep Chaoudhary:** Okay and what is our current methyl amine capacity?

**Yogesh Kothari:** Current is 50 tons per day and we are putting up a 100-ton per day plant.

**Prateep Chaoudhary:** Current is 16 you said?

**Yogesh Kothari:** 50 tons per day and now we are going to 100 tons per day plant.

**Prateep Chaoudhary:** Okay 100 tons per day additional plant.

**Yogesh Kothari:** Yes.

**Prateep Chaoudhary:** What sort of utilization are we targeting for FY 19 for methyl ?

**Yogesh Kothari:** 60%, 70% I would say. Immediately we will have some separate demand of our own, but after that market growth will take care of the rest.

**Prateep Chaoudhary:** What would be India's total demand per annum in methyl amine?

**Kirat Patel:** It's a bit of a speculation, but I think the amount of methyl amines produced and used in India is about 60,000 tons a year growing at the rate of about 10%.

**Prateep Chaoudhary:** Okay. And this...we spoke about increasing our acetonitrile to around 30,000 from around 10 into 12,000 right now; and given that if I am not correct, the current Indian market is around 15,000-16,000 tons, would we be looking at this as a major export for us?

**Yogesh Kothari:** Yes.

**Prateep Chaoudhary:** Okay sir, thank you. I will get back if I need anything.

**Moderator:** Thank you sir. Next question comes from Sagar from Nirmal Bang. Please go ahead sir. There is no response sir, we'll move on to the next question sir. Next question comes from Sunny Agarwal from Emkay Global.

**Sunny Agarwal:** Good afternoon sir, am I audible?

**Kirat Patel:** Yes good afternoon.

**Sunny Agarwal:** Sir my question is on acetonitrile. I just want one clarification. We have done de-bottlenecking in acetonitrile which has increased our capacity from 7000 tons to 9000 tons and when was it implemented? End of February right?

**Kirat Patel:** Yes, this quarter, the quarter January to March.

**Sunny Agarwal:** It was somewhere in the mid of Feb...?

**Kirat Patel:** This quarter.

**Sunny Agarwal:** The full benefit will be accruing from the June quarter...?

**Kirat Patel:** Yeah we are now already onto that capacity and three, four months as Mr. Kothari mentioned down the line, we are expanding it further.

**Sunny Agarwal:** Okay and sir if you can give some clarity on how is the pricing of acetonitrile as of now? I believe it bottomed somewhere in the month of Jan or Feb. How has been the trend post that?

**Yogesh Kothari:** See it was around Rs.102 or so at that time, now it is around Rs.110.

**Sunny Agarwal:** Okay. What is the outlook, I am asking in the light of crude has stabilized in the range of around \$50. So globally I believe acetonitrile is more of a byproduct of crude.....



**Yogesh Kothari:** Acetonitrile is byproduct of acrylonitrile and acetonitrile plants are also just now not fully operative. This is a very dynamic situation.

**Sunny Agarwal:** So sir what is the pricing outlook? Going forward do you feel the bit of upward bias to this price or it will continue to remain in the Rs.110...or something....?

**Yogesh Kothari:** We think it will remain in the Rs.110 range.

**Sunny Agarwal:** Okay sir, thank you.

**Moderator:** Thank you sir. Next question comes from Sunil Kothari from Investment Consultancy.

**Sunil Kothari:** Sir my broad question is....

**Kirat Patel:** Can you speak a little louder, we cannot hear you?

**Sunil Kothari:** Yes sir. Is it now comfortable?

**Kirat Patel:** Yes.

**Sunil Kothari:** Sir my question is basically, are we seeing any structural positivity for the company and industry, mainly chemical industry....alkyl amines and overall because what I am observing is during last five, ten years we have moved from 10% operating margin to 15% and now nearly 18% and 20%. We are investing also heavily. Would you like to say towards your outlook vision for the next three to five years?

**Yogesh Kothari:** Generally chemical industry is doing well in India and is expected to do well in the near future also. This is because the whole economy is also improving. The government is also giving a lot of support but there are many issues like environment and others which are sort of holding back some of the units which should come up and which may consume our products but at the same time we are able to export our products. So we cannot feel that there is a gestation in our growth. Our margins are what we have to be careful of because there is always China who is going to be sort of a big brother watching you. We have always tried to improve our margins by improving our efficiencies by reducing our energy costs wherever possible by improving our processes. Those types of things we are doing and we are going on adding new products by developing them in our R&D facilities and that helps us in our overall growth.

**Sunil Kothari:** So broadly it conveys that we are now globally competitive and that there is less threat from China....

**Yogesh Kothari:** No, there is always a threat from China because their capacities are very large and we sometimes don't know what would be their strategy. But we have not seen too much of their products into India. Maybe their way of working is different or their own demands have gone up also but we are quite comfortable within India and also we have a good sort of positive response for our exports.



**Sunil Kothari:** Thank you very much. Wish you good luck.

**Moderator:** Thank you sir. We have a follow up question from Prateep Chaoudhary, individual investor.

**Prateep Chaoudhary:** Sir in acetonitrile in terms of proportion of our revenue would it be around 15%, 20% of our revenues?

**Yogesh Kothari:** Can you repeat?

**Prateep Chaoudhary:** Acetonitrile as a product would it be Rs.50 or 60, 70 or 80 crores kind of revenue for us?

**Kirat Patel:** Yeah around Rs.60, 70, 80 crores yes.

**Prateep Chaoudhary:** Okay and this is on the 9000 tons capacity that we have?

**Kirat Patel:** Yes.

**Prateep Chaoudhary:** Are we running at 100% right now?

**Kirat Patel:** No, no, I was talking about last year what we have done, it is in that region.

**Prateep Chaoudhary:** Okay, so as per 9000 tons what would be our capacity utilization?

**Kirat Patel:** Right now, I said last year, we have Rs.60 to 70 crores revenue from acetonitrile which means that it has not used 9000 tons. In fact the 9000 tons capacity as I said earlier has come into being only in the last quarter.

**Prateep Chaoudhary:** Okay. So we will say around 6000 or closer abouts in terms of our production last year?

**Kirat Patel:** Yes.

**Prateep Chaoudhary:** Out of this 6000 or 7000 that we produced last year, how much was exported?

**Kirat Patel:** We can't give that information.

**Prateep Chaoudhary:** Okay. And sir on this Dahej plant, do we see any cost benefits in terms of our cost situation improving as compared to our competitors?

**Yogesh Kothari:** Well this will be a much more efficient plant. It is near the place of methanol availability and ammonia availability. So we feel that we will save on logistics cost and we will have the advantage of the capacity and better design.

**Prateep Chaoudhary:** And sir final question on our main competitor Balaji Amines, what would be our current and say future....what would be our current products that are similar in nature to what Balaji produces?

**Yogesh Kothari:** See we are making ethyl amines and methyl amines which they make. We make some derivatives of methyl amines which are similar. In future we are going to make some products which may be similar. Just now we cannot disclose this because we are not into that.

**Prateep Chaoudhary:** I guess they are also adding up an acetonitrile plant sometime next year.

**Yogesh Kothari:** Yeah, that is true.

**Prateep Chaoudhary:** Okay sir, thank you.

**Moderator:** Thank you sir. The next question comes from Krishna Asher from HDFC Bank.

**Krishna Asher:** Hello? Am I audible?

**Yogesh Kothari:** Yes.

**Krishna Asher:** Good afternoon. Sir just one question on acetonitrile part. Could you just give us an insight about the margins that methyl amine and acetonitrile are earning?

**Yogesh Kothari:** No, we can't give information on margins please, thank you.

**Krishna Asher:** Okay the question was on why not focus on expanding methyl amine and what is the primary reason for diversifying into acetonitriles sir?

**Yogesh Kothari:** We are producing acetonitrile just now; we have our own technology, we are very efficient in that. Our customers want us to put up another plant; so we are putting up another plant.

**Krishna Asher:** Okay. Thank you.

**Moderator:** Thank you sir. Next question comes from Sagar from Nirmal Bang. Please go ahead sir. Again no response sir. We will take the next question. The next question comes from R.C. Gokhale, individual investor.

**R.C. Gokhale:** Hello? Am I audible?

**Kirat Patel:** Yes.

**R.C. Gokhale:** Good afternoon sir. My question is related with this long-term borrowings. Long-term borrowing has gone up from Rs.44 to 66 crores and our expenditure as far as the Rs.150 crores for the new plant is concerned out of which we have already spent about Rs.60 crores. So will the long-term borrowing go up?

**Kirat Patel:** Yes, our long-term borrowing is going to go up by another Rs.70 crores or so. The total project is Rs.150 crores of which 100 crores is long-term

borrowings. Of these 100 crores, about 25 crores has already been disbursed on March 31<sup>st</sup> and the remainder will come in the first half of 17-18.

**R.C. Gokhale:** So our debt equity ratio will go up...actually it has already gone up a little bit from last year. So it is expected to go up further, it's about 0.48 or so, so will it go up about 0.6 to 0.7? Will that stop at that or will there be even more than that?

**Kirat Patel:** I think given the current capital project here, that is what we expect to end FY18 at.

**R.C. Gokhale:** And then from FY19 will that go up or the acetonitrile expansion of Dahej will kick in after that which is taking the capacity to 30,000 tons, so will that also add another Rs.60-70 crores to the long-term borrowings?

**Kirat Patel:** See we at the moment don't know what our costs of acetonitrile plants, we don't know what the financing structure is going to be. So it is difficult to comment at this stage on that.

**R.C. Gokhale:** Okay thank you very much.

**Moderator:** Thank you sir. Next question comes from Siddharth, individual investor.

**Siddharth:** Yes, good afternoon, I wanted to ask you if you would be kind enough to repeat some of the concerns that we might have on the current results you mentioned something about the increase in costs of energy and raw materials and so on. I am not very clear on that, can you elaborate a little bit?

**Yogesh Kothari:** What would you like to know?

**Siddharth:** Could you elaborate a little bit on the results being a little bit disappointing compared to what one had hoped?

**Yogesh Kothari:** We understand that, as I mentioned that the cost of methanol which is one of our raw materials spiked up in the month of February. And that has sort of affected us in our quarterly results. Energy costs also had gone up because of the coal prices had gone up, so that had also affected. So that been the real reason and our overall sales growth has been there but not that much. So due to cost increase, margins got affected and our EBITDA and everything came down quite a lot.

**Siddharth:** Yeah. How do you foresee this playing out in the next one or two quarters in terms of cost increase of methanol as well as the power cost?

**Yogesh Kothari:** The methanol has already to a large extent come down to its original prices. So that is quite comfortable. As regards power, as I mentioned earlier, we do not know how coal prices would move....

**Siddharth:** Maybe it can come down again you are saying?

**Yogesh Kothari:** We hope so.

**Siddharth:** Alright thank you.

**Moderator:** Thank you sir. The next question comes from Samir Chheda, Individual investor.

**Samir Chheda:** Hello?

**Yogesh Kothari:** Yes?

**Samir Chheda:** So we are putting up acetonitrile plant. Can you just give us an idea of what is the demand because if Balaji also puts, you also put, is there enough demand for this material in India?

**Yogesh Kothari:** Well we are putting it up because some of our customers are asking for it, so that they have the comfort that they have supply from two different sources from the same company. We are also focusing a lot on our exports, so that is also helping us. There is a gap in the Indian market also, so we have been and already seen and accepted as the supplier of acetonitrile by most customers. We are quite confident that the new capacity what we put up also over a period of time will be quite well occupied.

**Samir Chheda:** So what is the demand right now, currently in India?

**Yogesh Kothari:** Domestic demand is around 16000 ton or so, roughly, this is just a ballpark figure.

**Samir Chheda:** And we are putting 30,000 more?

**Kirat Patel:** No we are putting about 16000 to 18000 mt more. Kurkumbh will be 11,000 to 12,000 mt and the rest will be in Dahej.

**Samir Chheda:** Okay alright, that's it thank you so much.

**Moderator:** Thank you sir. We have a follow-up question from Prateep Chaoudhary, individual investor.

**Prateep Chaoudhary:** What would be our market share in acetonitrile in India?

**Yogesh Kothari:** We have been making acetonitrile for last few years. Over a period of time we have reduced the imports which were taking place and our market share is gradually increasing. We hope that it will increase further.

**Prateep Chaoudhary:** Sir any numbers you could give on the market share?

**Yogesh Kothari:** I think it is around 40%, 50% currently.

**Prateep Chaoudhary:** Okay sir, thank you.

**Moderator:** Thank you sir. Next we have a follow-up question from Siddharth, individual investor.

**Siddharth:** Sir you had mentioned just recently about the increase in the cost of coal, and I assume it is coal-based power you are talking about. Would it make sense for a company like Alkyl Amine to have solar based power plant because we keep reading how the cost of solar power seems to be going to be down, down, down all the way to Rs.2.40 per unit now?

**Yogesh Kothari:** We do have a solar plant. We put up a two-megawatt solar plant in Maharashtra which is helping us reduce on our power cost in our Kurkumbh facility. Coal is used not only for generating power, but it is also used to make steam which is made in our boilers and the steam is needed for our heating purposes for our distillation columns and other things. So we cannot do without coal and we will have to use it.

**Siddharth:** Yes, it would have to be coal or furnace oil or I guess some sort of material which will also be very expensive. Okay alright thank you.

**Moderator:** Thank you sir. Next we have a follow up question from R.C. Gokhale, individual investor.

**R.C. Gokhale:** Sir my next question is about the company growth. We have been enjoying growth to the extent from 2012 onwards consistently about 20%, in '13, '14. From 15 our growth kind of went down and we have been below 10% in '15, '16 and now on '17 also last year? So I just wanted to get a some sense on the larger picture from here as to for three years we have had some growth that actually the company had the capacity and we have such a market and processes also in the company to meet that market. So what would the company be doing that in going forward in 2018 for the next three years we go back to the next earlier sales growth phase where sales growth will cross 20% consistently year after year?

**Yogesh Kothari:** What has happened actually in the last two, three years is that the prices of the products have come down. It is an international sort of situation and because of that even if the tonnages have gone up, the increase in the values have been low. That's while the tonnage has been increasing, the growth in value has not been the same. So it is a little bit a situation which is not very comfortable for anybody because people look at only the top line growth.

**R.C. Gokhale:** But sir, the volume growth has it crossed 20%? The average sales price has been reducing because of the market and this thing but has the volume been growing?

**Yogesh Kothari:** Yes, tonnages have been growing. But now with the methyl amines new capacity, again there will be a spurt in the growth.

**R.C. Gokhale:** Okay. So the other part of the story is the bottom line of course. If we take the same years, '12, '13, '14 our bottom lines have been growing really above 30% always. Again for the last three years the situation is that it grew below 10%, so will we also see growth in that part as well? What is your outlook on that?

**Yogesh Kothari:** Well it is difficult to sort of say this because we are not allowed to say this for the future of ethanol but it is going to be all dependent on many things and we are very hopeful that it will be done.

**R.C. Gokhale:** Okay sir, thank you very much.

**Moderator:** Thank you sir. Next question comes from Sagar from Nirmal Bang. Please go ahead sir.

**Yogesh Kothari:** Hello?

**Moderator:** Mr. Sagar please go ahead sir.

**Yogesh Kothari:** I think he has muted his phone.

**Moderator:** I think so too. We will move on to the next question. We have a follow up question from Prateep Chaoudhary, individual investor.

**Prateep Chaoudhary:** Sir on acetonitrile this 18000 tons plant that we are putting up in Dahej or which we would likely be putting up, has basically our export customers has asked us to...have companies abroad have asked us to put up this plant?

**Yogesh Kothari:** Yes many customers, not only one.

**Prateep Chaoudhary:** Okay. So is it fair to assume that FY19 we would be commercializing that project because we already must be having the environmental approval for the same?

**Yogesh Kothari:** Yes

**Prateep Chaoudhary:** FY19 first half, second half?

**Yogesh Kothari:** We are planning to do it as soon as possible.

**Prateep Chaoudhary:** I didn't hear you sir?

**Yogesh Kothari:** We are planning to do it as soon as possible.

**Prateep Chaoudhary:** Okay, great sir, good luck. Thank you.

**Moderator:** Thank you sir. Ladies and gentlemen if you have any questions please press \* and 1 on your telephone keypad.

**Satish Mishra:** Sir I had a couple of questions, Satish here sir. Just a book keeping question. Our long-term loans and advances are increasing significantly this year. What is it on account of?

**Kirat Patel:** There are the advances paid to suppliers for the equipments for our Dahej Project. We have paid but the equipments have not yet arrived at site. When it comes to the site it is called as capital works in progress. When you have paid

the advance to the supplier and he is fabricating the equipment, it's showing up as long-term advance.

**Satish Mishra:** And sir, the second question is, our understanding that China is really very big in methyl amines versus ethyl amines. So all the environmental concerns over there do we....can we expect some closure of some big plant at China which will probably boost margin significantly?

**Yogesh Kothari:** The transportation of methyl amine is not so easy. It is expensive also and it is not a regular thing to export methyl amine in large quantities. Small quantities yes, you can export or import. So I don't think it is going to really make much difference. But the derivatives of those methyl amines if they stop making some of them then yes, there will be a positive effect.

**Satish Mishra:** Okay. Thanks sir, we would finish the call now. Thanks everyone for the participation. Would you like to make any closing comments sir?

**Yogesh Kothari:** No, I think we did have a last quarter which was not so good; but I definitely hope that we will do better in this coming quarter and coming year and with new methyl amines plant coming on stream sometime during the year, we will have added volumes by way of raw materials availability for our derivatives also as well as market of methyl amines. So that will definitely be to a large extent an added advantage for us.

**Satish Mishra:** Fine, thank you so much for your time sir.

**Moderator:** Thank you sir. Ladies and gentlemen, this concludes your conference for today. Thank you for your participation and for using Door Sabha's conference call service. You may disconnect your lines now. Thank you and have a good evening.

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**Note:**

1.This document has been edited to improve readability.