



**“Balaji Amines
Q4 FY2019 and Full Year 2019 Earnings Conference
Call”**

May 20, 2019



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Moderator: Good day ladies and gentlemen, and very warm welcome to the Balaji Amines Limited Q4 FY2019 and FY2019 Earnings Conference Call, hosted by Edelweiss Broking 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, 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. Swarnabha Mukherjee from Edelweiss Broking Limited. Thank you and over to you!

Swarnabha Mukherjee: Thank you. Good afternoon ladies and gentlemen. On behalf of Edelweiss Broking, I welcome all the participants who have logged in for the Q4 FY2019 and full year 2019 Earnings Conference Call of Balaji Amines Limited.

From the management team, we have Mr. D. Ram Reddy – Managing Director. I would like to thank the management for giving us the opportunity to host this call and I would now like to hand over the call to Mr. D. Ram Reddy for his opening remarks on the quarterly results after which we will open the floor for Q&A. Please go ahead Sir!

D. Ram Reddy: Good evening. This is Ram Reddy, Managing Director of Balaji Amines Limited. I have with me Ms. Jimisha, our Company Secretary, Mr. Pradeep from Accounts.

I welcome you all for this conference call of investors call for March 31, 2019. We have done Rs.950 Crores is the annual turnover, which is about 10% plus year-on-year basis and around Rs.169 Crores of the profit as against 165 Crores before tax, which is about 2.27% plus when compared to the last year. Even though we have not done very great, but we are happy that we could maintain the EBITDA margins around 20% plus in this critical volatile market for the raw materials. And from now the plus point that we got the wildlife clearance for the Morpholine, Acetonitrile, and DMAHCL, many small products which were balancing. And we are waiting for the wildlife clearance for the Balaji Specialty Chemicals, which may come in couple of weeks.

We are going to start with Greenfield project in the first week coming quarter, this 90 acres Greenfield project during the first phase where we will start in the first week of next quarter where we will be starting the expansions project of Ethyl Amine 50 times per day capacity. Number two, we are going to start IPA and MIPA together, the new plant which is about 50 tons per day capacity. So these may take about 5 to 15 months to commence the regular production from the date of approval of land digging. I think now you can start the questions where we can try to answer all of your queries.

- Moderator:** Thank you very much. Ladies and gentlemen, we will now begin the question and answer session. The first question is from the line of Pritesh Chheda from Lucky Investment Managers. Please go ahead.
- Pritesh Chheda:** Thank you for the opportunity. Sir on the clearance for Morpholine and Acetonitrile and DMAHCL capacity, have we started production now or are we waiting for any other clearances?
- D. Ram Reddy:** No, actually Morpholine and Acetonitrile both plants are ready. Morpholine, we are already producing. The Acetonitrile what has happened in the meantime, we have developed some new product since we were waiting for long time for this clearance. We just started producing the some other product called THF. We got the technology during this R&D session and that trials are going on for next two to four weeks. Then Acetonitrile will start.
- Pritesh Chheda:** What is the incremental revenue from these three product line that is expected and in how much time on full capacity utilization at current prices?
- D. Ram Reddy:** Acetonitrile any way this quarter is already gone. So we start from next quarter onwards. I am expecting around 6000 tons minimum for the remaining period of this current year for the Acetonitrile. And same way like Morpholine we will be running full capacity for this entire new capacity probably around 6000 to 6500 tons we should produce.
- Pritesh Chheda:** So Morpholine 6500 tonne at Rs.150, is that the current price?
- D. Ram Reddy:** It's a current price about Rs.145 something.
- Pritesh Chheda:** And Acetonitrile 6000 tonne at what rate?
- D. Ram Reddy:** I do not know what is the current price, but conservatively from 130, 140 we can take.
- Pritesh Chheda:** The gross margins in these products are similar or lower than the current gross margins that we have?
- D. Ram Reddy:** It is very difficult to say today. It depends upon the raw material prices from time to time.
- Pritesh Chheda:** Okay and lastly on the DMAHCL expansion, do we add net incremental revenue?
- D. Ram Reddy:** Even though we have taken the permission. We are not doing immediately. We have just taken the permission and kept it ready even part of your equipment is also ready. The moment the market situation demands, so we are going to start that production.



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- Pritesh Chheda:** Okay so this year growth depends on Morpholine, Acetonitrile and specialty projects ramp up?
- D. Ram Reddy:** Yes.
- Pritesh Chheda:** Okay. Thank you very much Sir.
- Moderator:** Thank you. The next question is from the line of Kunal Mehta from Vallum Capital. Please go ahead.
- Kunal Mehta:** Thank you for the opportunity. Sir firstly I want to understand that this year we have increased our volumes from in terms of volume and both value in terms of the topline from around Rs.850 Crores to around Rs.940 Crores and I understand that part of which could be because of passing off of methanol high without prices, so I just wanted to understand that this year, year-on-year at least our PBT is lot more flat and that is because of lower gross margin, so are we experiencing difficulties in passing on margins because in the past, we have been rather more comfortable in doing it.
- D. Ram Reddy:** It was - passing on every time the same time will take to three to four weeks, but these are the special case, last quarter and quarter and half, there was a major volatility in the raw material side, immediate changes, which did not give the time to pass on. So that was a major issue, but this year I do not think it will continue, present prices are somewhere Rs.23, Rs.24, if this continues like this, there should not be any problem.
- Kunal Mehta:** Sure Sir and the second question I wanted to ask a set of questions on the Balaji Specialty projects, so I will just club all these questions together, so now in terms of EDA, have we reached the stage in our project whereby the product has been inspected and approved by the three big players, and can you just?
- D. Ram Reddy:** Two people have already approved.
- Kunal Mehta:** Okay and the third one is pending?
- D. Ram Reddy:** Third one has to visit our plant. The technical team is waiting for their visit, so the moment we get these, in the parallel, they will visit also,
- Kunal Mehta:** Sir what is the export potential of this product?
- D. Ram Reddy:** Anyway we have already paid for the REACH registration, probably there will be available in our existing distribution network in the Europe and other countries, probably we should be in a position to

move some quantities, once we get this REACH certificate. We just paid the fees for the REACH certificate.

Kunal Mehta: Sure and Sir if one where to look assuming that if I look for the next 12 months for the next full financial year, what capacity number, what production number would you conservative in like to maybe budget it or pen down and what numbers would you work with this for this new project?

D. Ram Reddy: Actually we thought that everything will go smooth. Because of the delay, one quarter has already gone this year where we thought we should do more than 300 Crores we expected, but I do not think we will achieve that. We may do around 150 Crores rest of the period for this, I am just talking on a conservative basis, at current prices.

Kunal Mehta: Sir can you give us a sense of the fixed cost I am going to running this plant, so that we can get some idea of it is maybe premature to get a sense of margin, because it will not be even clear for you, but can you just give a sense of the cost?

D. Ram Reddy: It is too early Mr. Kunal. What happened if I give something, because until otherwise we run the plant at least one or two months, it is very difficult to ascertain the expenses. Maybe in a three months' time, I will be in a position to tell you exact what will happen.

Kunal Mehta: Okay and just a last one question on this one, this facility is zero discharge am I correct for this whole plant for Balaji Specialty?

D. Ram Reddy: Can you repeat your question?

Kunal Mehta: This plant for Balaji Specialty is zero discharge?

D. Ram Reddy: Yes.

Kunal Mehta: Thank you. I will come back in the queue.

Moderator: Thank you. The next question is from the line of Punit Mittal from Global Core Capital. Please go ahead.

Punit Mittal: Thank you for the opportunity. I wanted to understand first on Balaji Specialty, what is the capex that has been already done or anything else is pending?



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- D. Ram Reddy:** We have done almost everything is done, maybe 1 Crores here and there. We have done almost 240 something we have done, 240 Crores because we have added some new tanks and all looking into the huge capacities of raw material required and huge capacities of finished product hold capacity, so we have got some additional storages, which the cost has gone to 240 plus something.
- Punit Mittal:** Okay and that has all been done from internal accruals?
- D. Ram Reddy:** Yes. We have done and for which we have got mega project status also, we applied which is only 250 maybe some bottlenecking we do and we will be getting the benefits of mega projects status for this project also.
- Punit Mittal:** Okay. And the other project that you are doing, the Greenfield project, because there have been various numbers looking around about the capex of that project, and that is a mega project of now right what is the capex for that that you are expecting in the next two years.
- D. Ram Reddy:** See first phase which we are starting next quarter will be around 150 to 200 Crores where these two projects will come, one is the ethylamine which is 50 tons per day capacity and other is either IPA or MIPA. Both the products can be made in the same plant and that is also 50 tons to 55 tons capacity per day. So this is coming in but there is another small product which I cannot disclose. Very small product, we are doing the first time in the country. So also will be coming in the same thing. So these we are expecting about 150 to 200 Crores total capex in the first phase. We have many other products in the second phase, so far we have just freeze these three products.
- Punit Mittal:** Okay. So given that 240 Crores of capex that we have already done, and let say 200 Crores of this capex?
- D. Ram Reddy:** It is a total different, that is the total subsidiary and this is coming exactly in Balaji Amines only, Unit 4 were coming.
- Punit Mittal:** I understand, I was just saying that is the total the 200 Crores we are doing here and 240 Crores we have done on Balaji Specialty which is different subsidiary understand. My question was pertaining that of the total amount capex that we are doing how much in next two years, what will be the debt situation given these two capex?
- D. Ram Reddy:** So existing, we have, I think already taken for the Balaji Specialty 120 Crores from the banks, 20-30 is given from the parent company the short-term loan that is for the Balaji Specialty. For the Balaji



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Amines, this Greenfield which you are talking right now maybe 100-120 we are going to borrow from the bank and rest will be from the internal accruals.

Punit Mittal: Okay. So we can expect around 120 Crores plus some other debt from the company.

D. Ram Reddy: Yes.

Punit Mittal: Okay. I think that is it from me at the moment. Thank you so much.

Moderator: thank you. The next question is from the line of Rajiv Rupani, an individual Investor. Please go ahead.

Rajiv Rupani: Good evening Ram Reddy Sir. Congratulations on almost reaching the 1000 Crores hope this year we crossed that and go much further, Sir I just need an update on Balaji Specialty Chemical, Sir we acquired 55% stake for about 66 Crores, so the balance by when do you propose to make it 100%?

D. Ram Reddy: It is too early, at least let us see the good balance sheet for the next one or two years, then probably we will see, it has not come on the table, but over a period it will come.

Rajiv Rupani: Okay. now Sir earlier you had guided for FY2019 sales of about 100 Crores and FY2020 of about 300 Crores and just now you informed us current year we should do about 150 Crores in sales, so the next year we will be able to achieve the full potential of about 400 Crores?

D. Ram Reddy: There should be minimum 400 Crores, we should achieve next year. Current year because we have already lost three months in one quarter, I do not know how it will behave for the... See when we start any product first time in the country, there are two types of problems we faced. Number one the competition from the people who are enjoying the monopoly for the years together, they will try to reduce the price which I am seeing that which is the temporary, but we are seeing this experience for the many other products also. Second thing the buyers would also try to squeeze for the prices, as we are approaching them as a domestic supply. Considering these, I am taking 150 Crores for this current year.

Rajiv Rupani: Okay. So next year we should be able to do a 400 Crores plus?

D. Ram Reddy: Yes.

Rajiv Rupani: Okay. Perfect. And just one more update I need on the 90 acre mega project, last you had updated us that the land will be done by September, October of last year, and is there a delay in the project?

- D. Ram Reddy:** We have already started the compound wall, other tanks and things which can be done, without any environmental clearance and all, those things are already started in October only. All things are going on and we have already filed the papers. We are expecting this maybe after this election result, the environmental clearance physical paper on table. Then we will start doing the other activities, and internal paper like detailing, engineering has already started.
- Rajiv Rupani:** Okay and Sir just one more update I need, just now you informed us that we will be producing Ethyl Amines, MIPA and IPA in this 90 acre project.
- D. Ram Reddy:** Yes. These are the updates.
- Rajiv Rupani:** Okay. No, the update I had last time with you was we have also produced Methylamines in this, so to clarify...
- D. Ram Reddy:** That has been taken for the second phase.
- Rajiv Rupani:** Okay, that has been taken for the second phase.
- D. Ram Reddy:** Yes.
- Rajiv Rupani:** One update on the figures, so this year the sale figure is about 940 Crores, so this does not include anything from the expansion of Morpholine, DMAHCL and Acetonitrile, am I correct?
- D. Ram Reddy:** Yes. So Acetonitrile I think there. May be some trials must be there, it is very difficult to say, but there must be some trial production which might have taken as a trial, which might have added in this. But definitely for this year, total Morpholine will be there 3000 tons and additional 6000 tonne minimum should come.
- Rajiv Rupani:** Okay and even DMAHCL right?
- D. Ram Reddy:** We are not putting any expansion as of now, we are not putting anything because the current capacity itself is on up is going on.
- Rajiv Rupani:** Okay. And I needed an update on Morpholine, previously the prices were 160 a kg and you just informed us it is around 140 a kg, so is there a drop in prices and what is the outlook?
- D. Ram Reddy:** There is a drop and as well as there is a drop in the raw material prices also for fortunately.



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- Rajiv Rupani:** I needed an update on Acetonitrile, our capacity is 10000 ton, am I correct?
- D. Ram Reddy:** Yes, 9000 something even though we have the permission for 17000 ton, 17000 to 18000 ton. But we have majority of equipment for the 19,000 ton, but we add few as of now we can make 9000 ton, if add something, then it can go up to 17000 tons to 18000 ton. To take a call once we start producing and selling it. And as I said during this past two months, instead of sitting quite and also considering this volatility in the Acetonitrile price, we have developed one product which can be produced in the same plant, that is THF, Tetrahydrofuran for which we got the permission also environmental clearance also is available for about 1000 tons. That we have produced successfully maybe about 40-50 tonne, so we are doing further experiments for next four to five because we cannot stop half the way, so we will be doing another four, five weeks then we will go back to the Acetonitrile trial.
- Rajiv Rupani:** Sir just one more update I need, last update I had on the Indian consumption of Acetonitrile is about 6000 metric tonne per annum, and we have set a 10000 Sir Alkyl is also adding 20000 tonne to its original capacity, so could you update us that how does it affect us or does it affect the price?
- D. Ram Reddy:** What I am looking is as a second supplier, I am looking for a room which is for 30-35% of the total country consumption and also we may get some opportunity to the neighboring countries, other countries where the consumption is there for this product.
- Rajiv Rupani:** Okay and Sir last concall you were updated about lab grade Acetonitrile?
- D. Ram Reddy:** That is also in the very advanced stage, the moment it starts to go through, to take the parallel.
- Rajiv Rupani:** Okay Sir. Thank you. And I need an update on DMF, so our capacity is 30000 ton, so what was the capacity utilization in 2018-2019?
- D. Ram Reddy:** 2018-2019, I think we have done some – I will have to give exact figure, but around 7000 to 8000 tons.
- Rajiv Rupani:** Okay. So Sir we had actually applied for antidumping duty?
- D. Ram Reddy:** It is denied but we have applied for the appeal, probably ones after this election results, it may come for the stable in the next month, so we will have to wait till that time.
- Rajiv Rupani:** Okay that means we can again get it, if it is approved.
- D. Ram Reddy:** Yes we are fighting, we have not given up.



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- Rajiv Rupani:** Okay and also in the recent press release you informed us about additional DMF capacity addition.
- D. Ram Reddy:** So it is not additional actually that is what I was telling you in my initial talk, you see only the fine-tuning, suppose originally when we have given the capacities on 20000 ton while doing the practical production, which might have around 22000 ton, the left over 2000 ton we might operate again that might have come now. So that is how we can, to update actual capacity versus the licensing, these are the figures.
- Rajiv Rupani:** And what is the price for kg we sold last year, DMF?
- D. Ram Reddy:** 60-61.
- Rajiv Rupani:** Okay and current year what is our expectation for DMF capacity utilization?
- D. Ram Reddy:** Even now also we are selling 600 to 800 tons per month.
- Rajiv Rupani:** Sir I need an update on Balaji Green Tech we have some land over there about 13.5?
- D. Ram Reddy:** That is still there, the land is there, the shed is there. We are just looking for the people who somebody can buy.
- Rajiv Rupani:** Okay. So you plan to sell it?
- D. Ram Reddy:** Yes. If we get the proper price, we will sell the total as it is, what we have seen, nearby lot of developments have taken place domestic, residential has come, either we have to go for non-polluted industry, nonchemical industry, or will have to sell it out to a real estate developers.
- Rajiv Rupani:** Okay what is the minimum price can we get for this land Sir?
- D. Ram Reddy:** We should get around 15-20 Crores we should get it.
- Rajiv Rupani:** Thank you.
- Moderator:** Thank you. The next question is from the line of Ankit Gupta from Bamboo Capital. Please go ahead.
- Ankit Gupta:** Sir just wanted to understand from an industry perspective, if you look at it, we are doing a big capex for expansion of amines and its derivatives, Alkyl also has already been done a big capex for Methyamines and also expanding further, so any views on how things will be. Will the supply

addition is on both the company lead to over supplying in the industry or do you think the demand from our sectors of pharma and chemicals such of that, it will be able to absorb the incremental capacity over the next few years?

D. Ram Reddy: See there is a natural growth around 10% in the methylamines, according to me and according to the news which I got through the people like you, Alkyl was having earlier 50 tons capacity, they have just scrapped that and they have made a new plant of 100 tons that means net capacity has come only 50 tons, which should be absorbed in a period one and one year's time. And that is the reason I am talking that our methylamine expansion has been kept for the second phase.

Ankit Gupta: Okay. From the derivatives perspective also do you think the demand itself will be able to supply or will be to cover the supply, which will be coming from the players.

D. Ram Reddy: Yes. Demand is there only thing is price like we were talking about the dimethylformamide. Dimethylformamide market is about 40000 tons in the country, which we are only people and we are catering only 8000 to 10000 tonne, there is a gap of 22000 tons. For which you need methylamines of 12000 tons, suppose if we get the proper price, we get to support the antidumping that will go through the full capacity where actually methylamine shortage will come. So that is the current situation.

Ankit Gupta: Okay. Sir can you update on the Acetonitrile prices, I think the prices have increased quite a lot post the incident in China in March and April, so we hope that the prices have crossed Rs. 500 per kg as well, so as the prices now corrected back to 150, 170 kind of level?

D. Ram Reddy: Actually, I do not know we are not very active for these last two months, I do not know what is price is going on, if anything gone 400, 500 which was unrealistic, will not stand for more days. That should be somewhere 170, 180 was the highest which was standard.

Ankit Gupta: Okay. Thank you Sir.

Moderator: Thank you. The next question is from the line of Amar Mourya from Emkay Global. Please go ahead.

Amar Mourya: Thanks a lot for the opportunity. Sir wanted to understand like in your balance sheet the capital working progress of 269 Crores, what would be the breakup for this currently?

D. Ram Reddy: Can you repeat your question?

Amar Mourya: I am saying the capital work in progress of 269 Crores?

- D. Ram Reddy:** It is a good question. Actually we are waiting for the environmental wildlife clearance for the subsidiary; the moment it comes we have to start the plant immediately. So the reason we have procured some of the raw material kept ready for the subsidiary as we do not have the permission, we did not buy that, which is simply transferred that to specialty immediately the moment we get the wildlife clearance.
- Amar Mourya:** Sir secondly my question is the working capital in progress that is about 269 Crores which is there what is that?
- D. Ram Reddy:** That is what I am telling you because in the work-in-progress that is what I am telling you, if you can drop me a mail specifically then I will give you the total details, I do not have handy, we can give the full details.
- Amar Mourya:** So that includes the working capital also?
- D. Ram Reddy:** Yes.
- Amar Mourya:** Raw material as well as the fixed assets included in the current working progress?
- D. Ram Reddy:** Yes.
- Amar Mourya:** Secondly Sir, like there are too many projects and too many things going on, ballpark financial year 2020 and 2021, what is the kind of capex will be do?
- D. Ram Reddy:** I was telling earlier question that we will be doing about 200 Crores capex now, whatever earlier capex has done, there is no much of in the existing plants, greenfield project which we are going to start next quarter putting money that will be around 200 Crores, - 100 to 120 Crores from the banks and the rest will be from our internal accruals.
- Amar Mourya:** Okay and this will be what is the lead time for these 200 Crores will be moving?
- D. Ram Reddy:** It will be completed in 15 months' time.
- Amar Mourya:** 15 months time, okay and Sir normally in this kind of businesses, what is the kind of sweat asset situation because I believe amines is a different part of our business and now we are moving to a specialty part of our business, so what is the kind of sweat asset turnover ratio, you are going to see in this business.

- D. Ram Reddy:** See the specialty and as well as chemical normally it will be 1 to 1.5, at the most it will be double, suppose we have invested 200 Crores, we can expect 400 Crores of turnover what you can see.
- Amar Mourya:** Okay and Sir one or two products, which we were likely to start like what has happened to this PVK 90 for this new product, is that launched?
- D. Ram Reddy:** No. We have all technology, R&D everything is ready, we were just waiting because PVK 30, 90 and 15 there are four to five products which we have developed, they are all proven to be regulatory issues like it is going in each formulation business, where it impacts on their DMF filing. So that is very long process, that was the reason just kept aside because we have to do other priority projects in hand that which we can start immediately like what we are talking today, and we have some of the other products in the second phase also probably after all these things we will consider those things.
- Amar Mourya:** Sir one last if I can squeeze about this EDA project like I mean Sir just wanted to understand like you are going to compete with MNC guys, I mean how do we see that what is our strategy there?
- D. Ram Reddy:** You have to simply compete with them that is all?
- Amar Mourya:** Do you see that given their size and probably their backward integration, we can compete with them?
- D. Ram Reddy:** We have done in all other products if you see our other product line like NMP, NEP, Morpholine; all those things are like this only. Initial first one year we faced the problem which I told in my earlier question, they will try to double for the first six months which we are ready to face it, probably we will see real results, real working for the next year in that product.
- Amar Mourya:** Sir your advantage is what, your advantage is a low cost destination or your advantage is the synergy which you have across?
- D. Ram Reddy:** Lower overheads, I can say simple lower overheads.
- Amar Mourya:** Lower overheads, okay and rest the advantage of raw material.
- D. Ram Reddy:** Only few people are there, this is the raw material, one of the raw material important is monoethanolamide which is also like a commodity product like methanol, which is available from the various parts of the world, so there I do not think that is the advantage of having our own, sometimes the people who were also producing, who were also buying this from outside, when they get it cheaper comparatively own manufacturing. So as such I do not think that there will be any damage or issue.



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Amar Mourya: Okay. Thank you Sir.

Moderator: Thank you. The next question is from the line of Vinay Kumar, an individual investor. Please go ahead.

Vinay Kumar: These things does not reflect in our competitor margin, do you have anything to say on that?

D. Ram Reddy: I do not know because in Balaji Amines we will see majority of methylamine base only.

Vinay Kumar: Okay that is everyone using right dependence on methylamine being competitive and impact of Iran sanctions, what do you think how it is going to impact you going forward?

D. Ram Reddy: That is the main problem with our current situation. We do not say that we are stopping from today. For the methanol, they give one simple statement comes from USA and they will tighten the bank channels and all, and suddenly something start talking then again they will open. This is the volatility and little price is also moving up and down because of some of the statements only, once for all if somebody says that nothing is going to come from Iran then people will make their own arrangements which is not happening. That is only problem. Otherwise see methanol is not a big issue, it is plenty available from the other parts also.

Vinay Kumar: Okay but at the same prices?

D. Ram Reddy: Can you repeat?

Vinay Kumar: And at a similar pricing levels, we can source it from other?

D. Ram Reddy: If the prices is a little higher price, which is consistently from the other part of the world, we will pass on and the customer will also get ready to absorb it, it is not impacting the Balaji Amines, it is impacting the end users also.

Vinay Kumar: Okay and how much of the methanol is coming from the Iran versus the others geographies?

D. Ram Reddy: Methanol or ethanol. Ethanol will not come, only methanol.

Vinay Kumar: Methanol I am saying Sir.

- D. Ram Reddy:** Methanol actually majority was for methanol, all the rates coming from the Iran only, there are many graders who are having their own channels, coming almost 50000 to 60000 tons every month, and it is coming to the country.
- Vinay Kumar:** Okay and that majority which is coming from Iran stands true for the whole industry, not just for you?
- D. Ram Reddy:** Yes see there is a material available in Qatar, material available in Malaysia, material available in Saudi Arabia, once we know that this is going to happen permanently then people will plan accordingly, yes US suppliers will also get prepared.
- Vinay Kumar:** Okay and what kind of utilization levels are we operating at the company level as of today?
- D. Ram Reddy:** Majority of the plants are at 90% and 95%, see one or two plants like DMF was not operating properly and these new plants which will start operating in the coming year onwards.
- Vinay Kumar:** Sir over the last one year or so have you seen any kind of increase in the competitive intensity from the new players or someone beyond the major competitor?
- D. Ram Reddy:** We have not seen. We have not seen any major. Actually we have seen some of the intermediaries are not going in because of the end users of those products are also little up and down like one intermediate dimethylamine HCL, which is for metformin, sometimes metformin is going full swing, then everybody will be in the full swing and once they also down and everybody is down, that is what happening, otherwise there is no measure that somebody has come and they are going to put a wall and they are going to stop, it is not like that, we are not seeing any such type of incidence so far.
- Vinay Kumar:** Okay. Got it and Sir on the ethylamine side we are going to start let say 50 tons per day capacity, so that would need a lot of capacity addition for that industry, do you think any sort of pricing pressures for the other question could be where do we think where are going to sell?
- D. Ram Reddy:** I do not know what will happen that time we start, we have some advantages in the technology, they developed some new technology probably we will get some price advantage when we go from the existing 15-20 tons capacity to overall 70-80 tons capacity, definitely we will have some edge in the pricing and technology point of view also.
- Vinay Kumar:** Okay and in terms of the absorption of these supplies where are you seeing the demand so much of demand is coming from?



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- D. Ram Reddy:** It is there in the country, we have seen some of the imports and we have seen outside country also, margins may be defer, but there is a demand in the outside country.
- Vinay Kumar:** Okay so largely you expect to sell it in exports?
- D. Ram Reddy:** No, domestic and export.
- Vinay Kumar:** on the new product which you mentioned IPA and the other one, do you little bit talk about that, what is the competition landscape as of today?
- D. Ram Reddy:** Current IPA consumption in the country is 100 to 150 thousand tons.
- Vinay Kumar:** Okay.
- D. Ram Reddy:** And probably somebody must be producing 70,000 to 80,000 tons.
- Vinay Kumar:** Okay who are the sellers you said.
- D. Ram Reddy:** IPA they were selling. There is 150,000 tonne demand in the country, in which about 75000 to 80000 somebody is making and rest is all imported, 60000-75000 as on today, is coming from outside country that is where we are thinking up to fitting initially with 20000 tons I am taking 18000 to 20000 tonne, the reason either MIPA, MIPA is also, there is data what we have seen earlier which says almost 8000 tons of consumption in the country and even outside country is also there is a great demand for this MIPA. So that the is reason we have selected these products, and we are making integrated plant either of these products can be producing in the same plant.
- Vinay Kumar:** Sir in terms of the competitive advantages that we will have all over the existing producer, can you talk about that?
- D. Ram Reddy:** Again I would like to say that we are going to produce with a different route and different technology where we will have the price advantage and not only that our plant is in center which will be equal in distance between western part of the country and southern part of the country, so actually today southern part of the country is using almost 25000 to 30000 tons which is coming from the western part of the country, so that advantage definitely we will have.
- Vinay Kumar:** Okay basically logistic cost will be there
- D. Ram Reddy:** That also will be there and technology cost also will be there.

Vinay Kumar: Got it Sir. Thank you so much.

Moderator: Thank you. The next question is from the line of Kunal Mehta from Vallum Capital. Please go ahead.

Kunal Mehta: Sir just question on the base business, so our business dependent mainly on two sectors, which is pharmaceutical and agrochemicals and what you have been also observing is that if I just talk about pharma, pharma are extremely well after two to three years of slump and now the exports are doing phenomenally well, same for the agriculture, agrochemical sector is doing exponentially well now and new capex is coming up and companies are doing announcing very good prospects, so I just wanted to understand that this 10% volume growth which you mentioned that was there earlier also in the industry but what I cannot link is that why do not the growth prospects over these two sectors which are now going to do very well for the next two to three years, translate into a higher growth for the amine business because if these sectors are going to do well, then which should be doing at least 15% growth for the next two to three years theoretically speaking?

D. Ram Reddy: Definitely you are right from right now, what has happened from the China disturbance, some of the matching raw material like I give some product to one customer and the customer will required to get one more raw material from China which they might have not got that is one reason, and second reason as I told in the earlier quarters, we lost almost 15-20 days production in two to three slots for this, sometime for the transport strike and sometime there was a problem from agitation of Maratha Aandolan that was also additional thing, so definitely yes you are right, all the things settled now , the growth is there then definitely that growth will come to us also.

Kunal Mehta: I understand the points but those points are the short-term points, but if I have to look at the industry, if you are seeing that we can have more than 12 % plus growth then this methylamine capacity expansion should come in the first phase of this mega project then, why we are talking the step of transferring it to a phase 2, if we are running 90% utilization and we think that the growth prospects are superior then we should take it in the first phase?

D. Ram Reddy: We are just waiting for this antidumping decision to take place that is one number. Number two, we must see the market, the other competitors who have started just plant few months back, one cannot do the blindly and we will have see what is happening in the market, there is an easy I can feel easy way for the ethylamine, is the reason we have taken addition and IPA easily you can take, for methylamine is not a big issue, it can be started within six months from the date land digging, because we have technology, we have everything in hand, so we are just waiting for the market situation.

- Kunal Mehta:** Can you speak on what level of utilization, we are going to see in NMP and NEP, do we want to maintain at this level of 40-45% or this year we will see some improvement in these products.
- D. Ram Reddy:** It should show some improvement should be there.
- Kunal Mehta:** Sir just broadly speaking, so in terms of the mega products, so the revenue from this project would start coming in you are saying post 15 months, so it means from land to revenue on the P&L it will start coming in 15 months?
- D. Ram Reddy:** 2021-2022 will be full year we will get and 2020-2021 we will see at least, it should say at least quarter or something you will see some turnover.
- Kunal Mehta:** Okay, so if we are working with certain assumptions, then at least just correct me if I am wrong, then we should at least see the base difference of methylamines group by around 12% and then the revenue from the other products which you talked about Morpholine, being around 7000, Acetonitrile all these products would add on to that, but the base business would grow at 10% to 12% that will be the right assumption to consider for the next three years?
- D. Ram Reddy:** My dear Kunal, here I told earlier also, in existing plant other than Acetonitrile, Morpholine, and DMF if things go well, nothing is there to improve, everything is running at 90% where do expect the things will come, now we are putting the money where the new expansion we create and new things will come. The existing plant as I told earlier also, they are all running 85% to 90 %, other than these two to three products. That is the reason I am talking, we expected 1000 Crores, which we have done only 950 Crores and coming year assuming these products adding we may do 1100 to 1200 Crores in the current working year. Second thing Mr. Kunal, who does not want, everybody we are all working on the assumptions only, see we are in a country where there is no accountability, you have seen that the wildlife clearance, we have assumed that every time I am telling that we will do next week, we will do two weeks, we will do in one month. But we could not do because the reason beyond our control, and the mercy of the government authorities. We will assume that something is – 1% is possibility and we will try to extract that and we will try to explore it.
- Kunal Mehta:** I will take your point Sir. And Sir just final question that in terms of the joint products which are going to be realized in this Balaji Specialty Plant along with EDA so you have DETA and Piperazine. So Sir do you see any challenges in marketing those products because at least there is a remark available for those products, it is a pharmaceutical industry?

- D. Ram Reddy:** Both are in good way. Actually piperazine is in short supply. This product is sold today at Rs.600, if I say 600, again you will have ask me next time, I am just telling you it is like Acetonitrile is up to 400, 500, the same thing is going in the last 15, 20 days, so the moment we get the piperazine we will start definitely, will have better advantage for the piperazine.
- Kunal Mehta:** Thank you for your valuable comments. Thank you.
- Moderator:** Thank you. The next question is from the line of Bajrang Bafna from Sunidhi Securities. Please go ahead.
- Bajrang Bafna:** Sir just one query, could you just throw some light on the global scenario as far as this amine business goes and some sort of export opportunities that you talked about in your conversation, some more light on that perspective since we are expanding the capacity
- D. Ram Reddy:** There is export actually. I did forget to tell you. We have done well comparatively last year, this year we have done well in the exports and in that, methylamine yes we are doing monthly almost 200 to 300 ton various methylamines for the export, so only thing is again the methylamine export depends upon the raw material prices mainly methanol. Like the countries where the methanol prices are high, and that particular period India is lower, then we have advantage to run to that particular country, and only thing is that recently this product has gone into some licensing things Government of India, for many of the countries you need to take the license that is only one hurdle for which the buyer has to plan well in advance at least three to four months' time so that is only one hurdle for this methylamine but yes definitely there is an opportunity. What I could see from the past several years, methylamine, India is a cheapest, only thing is margin, how much margin coming at this year, how much margin was earlier and how much margin will get in the next year but when you talk about the cost price, till last year India is the lowest cost price for the methylamines. Only thing is the logistic see one cannot sell the methylamine as a gas to outside country because of the hazardous nature under logistics point of view, only thing is we need to sell it in water solution where we will be transporting water at some cost on logistics. So there is an opportunity definitely in the coming years for the methylamines also, we will have the export market.
- Bajrang Bafna:** Sir this year we heard lot about China is clamping down on different products and whether this amine business is also quantify there and we are seeing some sort of shift of closure of facility in China?
- D. Ram Reddy:** Amine based products.
- Bajrang Bafna:** Okay. Amine based products.

- D. Ram Reddy:** Like dimethylformamide, dimethylacetamide, dimethylaminoethanol all these things which requires methylamine, so definitely you will know these market outside the country.
- Bajrang Bafna:** Okay. Thank you Sir.
- Moderator:** Thank you. The next question is from the line of Pritesh Chheda from Lucky Investment Managers. Please go ahead.
- Pritesh Chheda:** What was the net volume sold in FY2019 in tonnage terms?
- D. Ram Reddy:** You are talking about the values in total? I think we have done 90,000 tonnes total.
- Pritesh Chheda:** 90,000 versus 81,000 last year?
- D. Ram Reddy:** May be. I will have to check the exact figures. you can send a mail, 96000 I think so. If you can send a mail then we will give you reply, no problem.
- Pritesh Chheda:** Great. Thank you.
- Moderator:** Thank you. The next question is from the line of Rajesh Kothari from Accurate Advisors. Please go ahead.
- Rajesh Kothari:** Good evening Sir. My question is with reference to FY2019 of course fourth quarter was a muted growth, so is it because of that strike and something what you have mentioned, is it something beyond that.
- D. Ram Reddy:** Yes. This is because of the pricing also, volatility in the raw material prices.
- Rajesh Kothari:** Are you trying to say that the underlying volume was higher than the reported degrowth in value?
- D. Ram Reddy:** I did not get your question.
- Rajesh Kothari:** My question is in fourth quarter we have seen 8% degrowth, am I right, so I am seeing is there a price decline resulting in decline in revenue growth or was it volume decline as well?
- D. Ram Reddy:** There are two things Mr. Rajesh. Sometimes you will have to consider the proportionate raw material prices has come down, if the raw material prices comes down proportionately your finishing product also will come down, you understand.

Rajesh Kothari: So what is your underlying volume growth then?

D. Ram Reddy: Yes, when the bottomline is proper intact, that means there is a growth.

Rajesh Kothari: Okay. So what is the underlying volume growth?

D. Ram Reddy: Volume growth, I have to check if you can send a mail, you will get the reply.

Rajesh Kothari: Because your EBITDA growth is only one percent, so even if suppose?

D. Ram Reddy: 1% last quarter it was 18%, now this time 20.8 or something.

Rajesh Kothari: I know, what I am seeing is in terms of EBITDA, absolute EBITDA, this 47.35 Crores versus 46.86 Crores right so EBITDA growth is only 1% so does it mean that volume growth was also impacted and if we feel that what is the reason for impact our volume growth?

D. Ram Reddy: See it must be, that we will give details once you send a mail you will get the reply.

Rajesh Kothari: My second question is if I look at your FY2020, whereby you mentioned that you are looking at around 1100 Crores of revenue, do you think it will be more back ended because your new capacity will come on stream from second half or you think it will be?

D. Ram Reddy: Which new capacity you are talking?

Rajesh Kothari: I mean Morpholine or Acetonitrile the additional capacity, which you are talking, is it already operational?

D. Ram Reddy: Yes. That capacity will come, that is the reason we are talking about 1100 Crores, 1150 Crores.

Rajesh Kothari: So I mean what I am trying to ask is it is already operational?

D. Ram Reddy: Otherwise nothing is there because all the plants are running at 90%-95%.

Rajesh Kothari: No. My question, please hear me out for my question. My question is whether those capacities are already started or is it going to start from September?

D. Ram Reddy: It has already started. The plants are ready, it will start, Morpholine will start immediately.



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Rajesh Kothari: And Acetonitrile?

D. Ram Reddy: Acetonitrile will take sometime because there is other product running on the plant and after three to four weeks, it will start.

Rajesh Kothari: After three to four weeks, Sir basically you are saying by July even Acetonitrile line should start the productions?

D. Ram Reddy: Yes.

Rajesh Kothari: Okay and in terms of EBITDA margins and gross margins, how do you see FY2020, I am talking on the standalone Balaji Amines without considering specialty chemicals?

D. Ram Reddy: I will tell you, the worst to worst, it will not go below 18, and higher is 22.

Rajesh Kothari: So that is the same range which is there, so you plan to maintain the same, and on the specialty side you mentioned that 150 Crores kind of thing is the revenue what you are looking for in the current year?

D. Ram Reddy: Yes.

Rajesh Kothari: And that you are assuming for six months, or assuming, for how many months?

D. Ram Reddy: 7-8 months you can say, this quarter has already gone probably will start next month – so I am talking about 8 to 9 months.

Rajesh Kothari: And this is subject to any approval, is it subject to approval, am I right?

D. Ram Reddy: Yes. One approval which we are waiting for that.

Rajesh Kothari: Okay. So is there any delay then to that extent that can be delay in your plant.

D. Ram Reddy: You are right.

Rajesh Kothari: I see that basically in the first year is it safe to assume at least 15 to 18% margin?

D. Ram Reddy: It is very difficult to say right now. Once we start operating at least three months from the plant then we understand.

- Rajesh Kothari:** Because you mentioned last time, you are the only one would be manufacturing that, but in this conference call you are mentioning that industry will settle, the prices of competitors they have already started reducing, so are you trying to say that although it is 100% imported, the prices have started reducing by competitive keeping in mind, your capacities that you are saying?
- D. Ram Reddy:** Yes. There are two things, I will say this is a normal practice what I have seen in the many of our products, first six months to nine months both the ends, one is a supplier end, who is the competitor, the other is the consumer end, also they will try to take the advantage which is happening right now.
- Rajesh Kothari:** Your full year interest cost considering that new capex 120 Crores is the capex, but that will start commencing in FY2021, fourth quarter, so will need to reflect from that perspective for interest and depreciation cost?
- D. Ram Reddy:** Right.
- Rajesh Kothari:** Thank you Sir. Wish you all the best.
- Moderator:** Thank you. The next question is from the line of Dhiraj Sachdev from Roha Asset Management. Please go ahead.
- Dhiraj Sachdev:** Just broader question on both the projects on ethyl diamine and mega project where we are committing about 400 Crores plus of capex, assuming at full capacity in 2022?
- D. Ram Reddy:** Can you repeat, which 400 Crores capex?
- Dhiraj Sachdev:** Both put together for mega project and the specialty one?
- D. Ram Reddy:** Specialty is already done basically.
- Dhiraj Sachdev:** I know, one which is already sunk cost as far as the fixed assets is concerned, and the other one where you are going to incrementally add onto the fixed asset, both put together assuming 400 odd Crores, 440 odd Crores what is the number, at full capacity in FY2022, you are looking at, I know you have mentioned that the asset terms are at one time to two times depending upon the end product prices that cannot be fixed number because end product can be volatile, but assuming it is at 1.5 times and we are looking at 600 Crores to 800 Crores of full capacity, your revenue number, can we assume that what kind of ROCE are we looking at assuming 20% is a additional working capital, so both fixed assets plus working put together, what could be the conservative ROCE that we are looking at?

- D. Ram Reddy:** It should be the same level, current level 2% here and there because there is a new capacity will be coming full operative because we are all new clients, right.
- Dhiraj Sachdev:** Yes, but your confident 600 to 800 Crores could be the number as an incremental for both these new projects, right?
- D. Ram Reddy:** Definitely for the full year operation, this year I cannot.
- Dhiraj Sachdev:** No I am talking about full year in 2022, maybe we can take six month of delay 2023, whatever it is, that can be the incremental numbers that we are looking at?
- D. Ram Reddy:** When it runs full capacity after one year, suppose this specialty you are talking for this year, after operation we do not have the guaranteed numbers, but next year definitely I am telling it should be 400 Crores, the same way for the additional 200 Crores expansion, which you are talking as a first phase, there also in first year operation I do not see anything, there will only a quarter, but after that the full year operations yes definitely, it should be 300 Crores revenue should come in from that plant.
- Dhiraj Sachdev:** Yes Sir more importantly our focus has to be on return on invested capital and assuming whatever will be the prices, have we done any rough calculation whether our ROCEs could be greater than 18 to 20% on both these two projects that full scale?
- D. Ram Reddy:** Subject to if everything goes well yes you are right 2% here and there it may go to 2% more also, sometime it may go down 2%, I am just talking to plus or minus 2%.
- Dhiraj Sachdev:** So that is good, because even if you are virtually doubling your revenues over the next two to two and a half years, with an ROCE of greater than 18% , then also it means a lot I mean assuming that these two projects one of them is an import substitute product and other has a ready market, that will be pretty decent in terms of balance sheet and revenue growth?
- D. Ram Reddy:** These are in initial stages so these are very well that the margins will be little under pressure and initial stages, but once we are settled down for a year's time, then definitely you have a ready market and it will be similar clientele for all these products on this agro even though where our customers, but it is greater values will go from this project. The other products which you are talking the ethylamine and MIPA, IPA they are all existing clientele only even I am talking a new product THF, Tetrahydrofuran, there are all existing clients.

- Dhiraj Sachdev:** Fair enough and all the best for both these projects and the existing business. Thank you.
- Moderator:** Thank you. The next question is from the line of Rohit Nagaraj from Sunidhi Securities. Please go ahead.
- Rohit Nagaraj:** Thanks for taking my question. Sir the question, Sir the question pertains to the existing capacity utilization of more than 90%, is there any scope of Brownfield expansion to increase the capacity for the base business?
- D. Ram Reddy:** See that is what we are talking all the time now, we have those existing capacities almost like ethylamines is running at 85% to 90% capacity and methyl is running 85 to 90% capacity, and some of the derivatives also running at 80%-90% capacity. So we have seen there is a room for the ethyl amine, that is the reason we have taken the expansion in the Green Base project which will start investing from the next quarter onwards, same way methylamine will take in the second phase.
- Rohit Nagaraj:** Sir second question pertains to the environmental aspect or pollution control aspect, so all our facilities or there are some facilities which are in the process and what about the new project as well?
- D. Ram Reddy:** All are in place only the new project, which we are just talking about Greenfield project for which we have put up all the papers, and they are in the process and most of our plant are zero discharge. We spend more on the pollution control if some of you have visited might be knowing. If somebody wants to visit to see the operations you can visit.
- Rohit Nagaraj:** Certainly. Thank you so much Sir and best of luck.
- Moderator:** Thank you. The next question is from the line of Kunal Mehta from Vallum Capital. Please go ahead.
- Kunal Mehta:** Sir all my questions have been answered. Just one question that if we shift our source of methanol to some other source assuming that there are permanently at least for near term next one to two years until Trump remains the President gets disallowed, so then how will affect the competitiveness?
- D. Ram Reddy:** Kunal, like this situation would not arise. Our country is depending majority and the methanol from outside country is 70000 to 80000 MT Balaji Amines is taking only 4000 and for your information, for this three months, Balaji Amines has tied up with other than Iran for 10000 tonnes, at fixed price. May, June, July three months, May quantity has already come, 3000 tonne, I do not want to disclose the name, we have done alternate to Iran, which we are getting.
- Kunal Mehta:** Okay and Sir what percentage higher than Iran on a percentage basis?

- D. Ram Reddy:** In such situation alternate sources can be arranged. As on today entire India is dependent on Iran if suppose nothing come will from Iran. We can make the alternate arrangement, like Qatar is there, Malaysia is there, Saudi Arabia is there. In fact Saudi Arabia was coming continuously for the past several years in India. Because of the Iranian material which is cheaper sometimes, and volatile, Saudi Arabia stopped coming to India, they are going to elsewhere. Nothing will impact as the alternate other sources will come where the price will be little up for which, it is in the matter of transition period and after that people will habituate, even these consumer will habituate.
- Kunal Mehta:** Understood Sir. Thank you Sir.
- Moderator:** Thank you. The next question is from the line of line Manish Bhandari from Vallum Capital. Please go ahead.
- Manish Bhandari:** Good evening Mr. Ram. Sir one issue irrespective to our business, it is on the corporate structure, you invested in a hotel business long back when the opportunities were not enough in the chemical space, so now there are enough opportunities in the chemical space, and when we touch base it is so nice to hear that you are running short of productions on a high utilization level, so is it time from a shareholder perspective and from the board's perspective to discuss about the divestment of hotel and deliver the balance sheet, or may be to use this capital for other growth avenue from the capex space?
- D. Ram Reddy:** Yes my dear what is happened, we have awaited three to four years, we have invested, we have done some investment and we were not getting anything, now the time has come, we just started adding something to the bottomline, Do you not think that is the right time to go – up the benefits right when you are started getting the benefits.
- Manish Bhandari:** No. I was looking that improvement in your return on capital employed so dramatically if the hotel as to run and today with your book value, what is the realization on the hotel business, can be substantially different from what is there?
- D. Ram Reddy:** See this is as of now not yet taken any call, everybody is just saying that but at least for a year, nothing will happen on this.
- Manish Bhandari:** No that is okay, but I just wanted to ask you that is that idea you are open to that idea of
- D. Ram Reddy:** We have discussed number of times even the recent board also we have discussed, but it is not right time, probably we will see in future.

- Manish Bhandari:** You can decide the time. We would not be in a privy to say that what will be the best time, but I was just thinking that there is lot of shareholder if you have to move in that journey into that area.
- D. Ram Reddy:** Manish, not only these, there are many things number of times we discussed, there is a better opportunity, we will go and in our board, what we see is we do not see that core area, non-core area, we see only business area, non-business area. The investment in the hotel we have seen as a business opportunity, we never thought that these are non-core business, we have to do, chemical only these people have to do, it is not like that, there is no regrets even today also. There were many other benefits we had. I told earlier also cost of the hotel today, is 150 Crores net block as on today without any debt, which is giving very much better negotiation power to many financial institutes none other, any other organization must be getting the interest rate at 8%, we are getting 8%-8.2% rate of finance.
- Manish Bhandari:** Everything has its time.
- D. Ram Reddy:** One should think in derisking also only one type of business, chemical and chemicals, if something goes wrong with the chemicals what is there for the alternate. So these are all things.
- Manish Bhandari:** Sure. And I will see you in AGM. Thanks a lot.
- Moderator:** Thank you. Due to time constrains, we will take the last question from the line Rajiv Rupani, an individual investor. Please go ahead.
- Rajiv Rupani:** Just last update on DMF, if we get the antidumping duty, what will be the capacity utilization for us?
- D. Ram Reddy:** 100%.
- Rajiv Rupani:** 100%, okay and one more.
- D. Ram Reddy:** Definitely the reason is country's consumption of DMF is more than 46000 tons and our capacity is only 30000 tons and if I get a Rs.2 per kg also I would love to run at 100% capacity.
- Rajiv Rupani:** Okay and if we get the antidumping duty, so in the 90 acre mega project will you shift the methylamine from phase 2 to phase 1?
- D. Ram Reddy:** See it does not make much difference.
- Rajiv Rupani:** My followup question was if we get the antidumping duty so will be shift the methylamines production from phase 2 to phase 1?



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- D. Ram Reddy:** Yes. That is the reason we are not talking every time, if you see our unit 4 the current environmental clearance, there are 15 products. Whenever there is an opportunity of one product, immediately we are jumping in and we are making reshuffle that brings to front bench to back bench we are doing. We are just trying to best what is required as per the market dynamics.
- Rajiv Rupani:** Okay. Thank you for the update and see you at the AGM.
- Moderator:** Thank you very much. I now hand the conference over to Mr. Swarnabha Mukherjee for closing comments.
- Swarnabha Mukherjee:** Thank you. I would like to thank you, Ram Sir for taking the time out and answering all the questions and I will also like to thank all the participants who have joined the call. Thank you and will close the call now.
- D. Ram Reddy:** Thank you very much Swarnabha especially Edelweiss for arranging this call and I thank you all are well-wishers and to all the investors who have the confidence on the company and we will try to do the best possible with us and wish you all the best. Thank you once again.
- Moderator:** Thank you. Ladies and gentlemen on behalf of Edelweiss Broking Limited that concludes today's conference call for today. Thank you for joining us. You may now disconnect your lines.