

**INDUSTRY**

# SPIC to switch over to natural gas as feedstock

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**Move will cut need for working capital**



Over the next 12 months, Southern Petrochemicals Industries Corporation Ltd. (SPIC) will completely switch over from naphtha to using natural gas as a feedstock to produce urea, said a top official.

“We will be one of the last few companies in Tamil Nadu to completely move towards natural gas,” Ashwin Muthiah, chairman, SPIC and AM International, told The Hindu.

“On Saturday, the last mile connectivity was resolved with our Thoothukudi plant starting to receive assured supply of natural gas through IOC’s recently-inaugurated Ramanathapuram-Thoothukudi gas pipeline,” he added.

According to him, SPIC would be one of the anchor customers to benefit from this pipeline. In the first phase, natural gas would be made available to SPIC from ONGC gas wells in Ramanathapuram. In the second phase, the gas would be received from IOC LNG terminal at Ennore in Chennai.

“Switching over to natural gas has three main advantages. Due to availability of cheaper gas, the need for working capital will come down and maintenance cost also will get reduced as the plant needs to be shut only for 10-15 days for maintenance against the usual 30-35 days. Moreover, there is no cause for shutdowns and this will lead to an increase in production capacity from 6.5 lakh MT to 7.5 lakh MT,” said Manish Nagpal, chief executive officer, SPIC.

Asserting that they foresaw a healthy bottomline for SPIC, Mr. Manish attributed it to factors such as moving from high-cost to low-cost fuel, elimination of storage material, subsidy outflow from the government and availability of gas from the national grid.

SPIC had spent about ₹500 crore on feedstock conversion and for the dedicated pipeline among others.

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