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May 15, 2024

To, <b>National Stock Exchange of India Limited</b> "Exchange Plaza", Bandra-Kurla Complex, Bandra (East) Mumbai 400 051 <b>SYMBOL:- MOL</b>	To, <b>BSE Limited</b> Floor- 25, P J Tower, Dalal Street, Mumbai 400 001 <b>Scrip Code:- 543331</b>
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Dear Sir,

**Sub: Transcript of Earnings Conference Call held on May 13, 2024 to discuss  
Q4 FY24 Financial Results**

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Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing herewith transcript of Earnings Conference Call held on May 13, 2024 to discuss Q4 FY24 Financial Results.

The said transcript is also available at [www.meghmani.com](http://www.meghmani.com) in the investor section.

You are requested to kindly take the same on your record.

**Thanking you,**  
Yours faithfully,  
**For Meghmani Organics Limited**

Jayesh Patel  
Company Secretary & Compliance Officer  
Mem.No: A14898



“Meghmani Organics Limited  
Q4 FY24 Earnings Conference Call”

May 13, 2024



**MANAGEMENT:** **MR. ANKIT PATEL – CHAIRMAN AND MANAGING  
DIRECTOR – MEGHMANI ORGANICS LIMITED  
MR. GURJANT SINGH CHAHAL – CHIEF FINANCIAL  
OFFICER – MEGHMANI ORGANICS LIMITED  
MR. NISHANT VYAS – INVESTOR RELATIONS -  
MEGHMANI ORGANICS LIMITED**

**MODERATOR:** **MR. ABHISHEK JAIN – ARIHANT CAPITAL MARKETS**

**Moderator:** Ladies and gentlemen, good day and welcome to Q4 FY24 Earnings Conference Call of Meghmani Organics Limited hosted by Arihant Capital Market. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Abhishek Jain from Arihant Capital Market. Thank you and over to you.

**Abhishek Jain:** Good morning, everyone. Good morning, everyone. This is Abhishek Jain from Arihant Capital. I would like to thank the management of Meghmani Organics Limited, Mr. Ankit Patel, Chairman and MD, Mr. Gurjant Singh Chahal, CFO and Mr. Nishant Vyas, Investor Relations and without taking much more time, I am now handing over to the management. Please take it over.

**Ankit Patel:** Thank you, Abhishek Ji. Good morning, everyone and thank you for joining us on our fourth quarter's earnings call. I believe you have got a chance to go through the financial results and the investor's presentation uploaded on the stock exchanges and the website.

Before deep diving into the financial performance of the company in Q4 and financial year ended 31st March 2024, I would like to share operational highlight for FY24. In our crop nutrition segment, which is Meghmani Crop Nutrition Limited, we have commissioned our nano urea plant in the month of March. As a part of our seed marketing, we were able to tap 65,000 farmers in Gujarat, Rajasthan, Maharashtra, Madhya Pradesh and have successfully conducted more than 3,500 demonstrations to showcase the efficacy of Meghmani Nano Urea in different crops like wheat, corn, onion, tomato, chili, and other crops.

Additionally, we have also started interacting with export market customers in regions like Latin America, Africa, Asia, highlighting the benefits of Meghmani Nano Urea. Further, we also plan to introduce about four to five new products in the segments of fertilizer, biofertilizer, and biostimulant category to add more products in our basket, providing a comprehensive one-stop solution for our farmers.

Moving to titanium dioxide, we have commissioned the Co-gen Power Plant, which will help us to reduce the energy cost, which is a major cost component in titanium dioxide manufacturing process. I would also like to add that both these products contribute to the Government's Make in India and Atmanirbhar Bharat vision.

Moving to our financial performance in Q4 FY24, the company reported revenue of INR400 crores and EBITDA of about INR10 crores as compared to revenue of INR345 crores and EBITDA of negative INR0.4 crores in Q3 FY24, registering a gradual improvement on

quarter-on-quarter basis.

In FY24, the company reported revenue of INR1,540 crores and EBITDA of INR9.5 crores, impacted by sluggish global demand and lower product price realization across the markets. Profitability was also impacted up to INR70 crores due to the inventory destocking. If I talk about the revenue mix, crop protection contributes about 70% of total revenue and the balance 30% comes from the pigment segment.

Now let us look at our segment-wide performance in FY24.

In the crop protection segment, production stood at about 36,780 metric tons with a capacity utilization of about 67% and revenue stood at about INR1,079 crores with an EBITDA of INR44 crores and which was impacted by sluggish global demand. We are optimistic that once the situation starts stabilizing, we are well positioned to leverage our state-of-the-art infrastructure along with the backward integration.

For pigment segment, production stood at 13,721 metric tons with a capacity utilization of about 41%. The segment reported revenue and EBITDA of INR461 crores and negative EBITDA of INR6.6 crores, respectively. Impacted by the prevailing price erosion in the pigment industry due to demand contraction globally and volatility in crude oil price impacted raw material prices. We anticipate that the overall scenario will start normalizing from second half of FY25 and we have all the enablers to regain our normal double-digit growth trajectory which we had demonstrated throughout all these years.

Nano Urea and Titanium Dioxide would also start contributing meaningful from FY25 which would help us make further inroads into the domestic market, increasing its contribution to our total revenue base, thus enabling us to strike balance between both the markets.

To conclude, once again I would like to reiterate that our long-term growth prospect remains intact given our state-of-the-art infrastructure, plant capability, wider product range and geographical reach which will help Meghmani Organics to command sustainable long-term position.

With this, I hand over the call to the moderator to open the floor for the question and answers. Thank you.

**Moderator:**

Thank you very much. We will now begin the question-and-answer session. We will take a first question from the line of Jainam Ghelani from Svan Investments. Please go ahead.

**Jainam Ghelani:**

Hi, sir. Thanks for the opportunity. Recently, one of the global players in the pigment space has filed for bankruptcy. So, how do we see that affecting us and what benefits could we get from this?

**Ankit Patel:** Yes, Jainam ji, recently you rightly mentioned some of the multinational companies based out in Europe facing problems. And I would say it is a good thing because the high-cost companies which are present in developed markets like U.S. and Europe, they will shut down their manufacturing base in those countries and the market will move to India as well as China.

Now, in the pigment segment and where we are, which is a copper phthalocyanine-based pigment, India has got upper edge over China. So definitely the advantage will come to India and with our strong manufacturing base and major presence globally, we will have a good scope for the growth in this segment.

**Jainam Ghelani:** Sir, can we expect that the prices have bottomed out in the pigment space or is it expected to remain in these levels?

**Ankit Patel:** Yes, definitely we can say that not only in the pigment segment but even in the agro segment. Prices have bottomed out completely and with the improvement in demand, we see the prices will also go up and there will be increase in volume as well as value.

**Jainam Ghelani:** Is there any approximate value that you can quantify for the volume growth and value growth that we see for FY25?

**Ankit Patel:** Jainam ji, it would be difficult to explain at this juncture about the growth in volume and value. As I mentioned, we see the improvement start taking place from the second quarter onwards and we will see better numbers in the second half of the financial year. So, overall, as a year, we see the good demand is going to be there.

But from what will be the growth in terms of volume and value, it is a little difficult to mention at this juncture. But as and when, after the first quarter, once we will have more clarity, we will be able to share those details.

**Jainam Ghelani:** Okay, sir. Thank you.

**Moderator:** Thank you. We have a question from the line of Dhwanil Desai from Turtle Capital. Please go ahead. Mr. Desai, your line is unmuted. You can go ahead with your question. Since there is no response, we will move on to our next question from the line of Darshika Khemka from Av Fincorp. Please go ahead.

**Darshika Khemka:** So, my question was mainly regarding the crop nutrition segment. What kind of revenues -- are we expecting any sort of revenues to come in from FY25 onwards? And what kind of asset terms can we look at, at peak capacity and when do we expect that to come in?

**Ankit Patel:** So, Darshika ji, in the crop nutrition segment, Nano Urea is a relatively new product. And we

are there to create a pool factor right now. And we are doing a lot of demonstration with the farmer. So over a period of next two to three years, we see significant growth happening in this segment. But in the first year, it is going to be a little difficult to mention about kind of the revenue generation in this segment. But we see good revenue happening in the first year itself.

Regarding capacity utilization, our capacity is about 5 crores bottles a year, which is a very high capacity. So it would be very difficult to achieve a significant capacity level in the first year. But from second and third year onwards, there will be reasonably capacity utilization.

**Darshika Khemka:** Thank you.

**Moderator:** We'll take our next question from the line of Rohit Sinha from Sunidhi Securities. Please go ahead.

**Rohit Sinha:** Yes. Hi, sir. Thank you for taking my question. Actually, I joined a bit late. So if you have already indicated about this, please pardon me. Especially on the debt side, as there is a significant debt, we have this quarter, we see a sharp reduction in the interest cost.

So, on that, how we see going forward our debt side to be, especially new projects coming up and when we'll be seeing basically what kind of improvement in the pigment side, especially as we have been in discuss with some of the dealers as they are indicating for a price improvement in the pigment side. But I wanted to hear your thoughts on your side.

**Ankit Patel:** So, Rohit bhai, first of all, regarding the capex and the debt point of view, we already -- before the downturn started taking place, we already completed all our major capex. So I would say in next one or two years, there is not going to be major capex. So we are already there ready with the infrastructure in both the segments. So, once market improves, we will be there to take the advantage of the situation.

And regarding the debt position, yes, there is some little high debt as of now. And this financial year, we'll be repaying about INR140 crores repayment is going to be there. Again, subsequently in the next financial year, there will be further debt reduction. So, in next two years, we are not going to do any significant capex. And there will be debt reduction taking place in this year as well as next year.

So, in next one- or two-years' time, we'll be at a reasonable position from the debt point of view. And regarding the pigment price realization point of view, yes, it has already bottomed out completely and the raw material prices have also come down. So, the raw material to sales ratio has also become normal now. And we see now as the demand picks up, the prices will also start going up. So, there is going to be positive impact in this financial year from the pigment segment point of view.

**Rohit Sinha:** Okay. Thank you. Second, on the titanium dioxide plant, how that is operating at what level? And how is the overall market outlook from your end?

**Ankit Patel:** Well, titanium dioxide, the first, as I mentioned in my initial speech, the core cost for this segment is the utility cost, power, and steam. And which we were in the process of putting our own captive power plant, which we commissioned in the last quarter. So, it is going to help us reduce our overall manufacturing cost. And that will help us significantly.

From the demand point of view, currently the titanium dioxide market in India is about 400,000 tons. And out of 400,000 tons, almost 260,000 tons worth of titanium dioxide is only coming from China, apart from other markets. So, China is a major factor which is impacting a lot. So, as a local industry, there has been initiation on anti-dumping duty on titanium dioxide in India. So, we see some preliminary anti-dumping duty coming on titanium dioxide on Chinese goods somewhere in next four to six months' time.

So, that will help local industry significantly, as well as Meghmani Organics Limited. And from demand perspective, there is no issue. And we are now stabilizing our plant with the captive power plant. So, we are going to take the advantage of the market condition once the anti-dumping duty comes in picture.

**Rohit Sinha:** Okay. So, any number you can mention on the utilization level?

**Ankit Patel:** So, as of now, the utilization level is low. But we see from the first quarter, in this quarter onwards, only the utilization level will reach to 60% plus.

**Moderator:** Thank you. We'll take our next question from the line of Dhwanil Desai from Turtle Capital. Please go ahead.

**Dhwanil Desai:** Yes. Hi, Ankitji. So, my first question is, agrochem segment as a whole, the industry has been facing challenges for the last 1.5 and 2 years. And, you know, every quarter, even the global agrochem companies, they keep on extending the timeline in terms of recovery. So, now you're saying that FY25 second half, we may see some recovery. So, is it based on some indication that you have got from your customer or it is more of a, your general understanding of the industry? If you can elaborate on that, what gives you that confidence?

**Ankit Patel:** So, Dhwanil ji, as an agrochemical segment point of view, we are exporting to more than 70 countries. So, we have got pretty strong presence, and we are in touch with all of our customers globally. So, we keep on getting information about the global market conditions and everything.

Now, after COVID, because of the supply chain disruption, lot of companies started making huge inventory. In '21, '22, and which we saw the negative impact in the year of '23. So, now

those inventory have started going down significantly.

In fact, it has gone to almost normal level now. And in the agrochemical segment, because it is directly linked to the agriculture, now every country in the world is talking about the food security. And as the population is increasing, arable land is decreasing, we need to have more yield agriculture crop, we need more.

And because of that, there is going to be good demand from the crop protection chemicals point of view. So, there is not going to be, this is not related to other industry, but directly related to agriculture. And now, as I mentioned, the inventory level has gone down in different, different markets. And as a result of it, we see demand improvement taking place from the second quarter onwards.

**Dhwanil Desai:** Okay. So, your customers are already giving you indications for placing orders, which gives you that confidence. Is that right? That's correct.

**Ankit Patel:** That's correct. So, customers have also started showing positivity and regarding placing the order. The only thing is people have got, you know, burned their fingers significantly because of high inventory. So, people are going cautious rather than putting big orders. They are putting small, small orders in more number of orders they are putting with the small, small quantities. But yes, that will lead to good demand.

**Dhwanil Desai:** Okay. Got it. Very useful. Second question, slightly broader, but on Nano Urea. Nano Urea is a segment, you know, there are many fertilizer companies, very large in nature, present in this market and we are relatively new in this segment. So, given that, you know, what is the level of confidence and what are the things that we are seeing on ground or your thought through, which gives you confidence that Nano Urea is something which we will be able to scale up profitably in the next two, three years?

**Ankit Patel:** So, definitely, we are not a fertilizer company. So, compared to fertilizer companies, we are relatively new in the nutrition segment. But again, as I mentioned, we are already in crop protection since more than 30 years. So, in the same segment - in agriculture segment, apart from crop protection, this is a crop nutrition. So, we are just adding some new products which are going to help the farmer. So, the channel remains the same.

Some of the channel partners are relatively new. So, it's going to be not that difficult for us because we are already knowing the facts in the agriculture segment. So, it's not going to be that much difficult for Meghmani. Regarding the utilization and the revenue mix, we see this product will improve. We are doing a lot of demonstration as of now in different, different markets to make farmer understand, realize that how the product works. And here, the application is very important.

So, unless and until you give them the demonstration, they will not understand. Initially, when the fertilizer urea came to the market in 70s and 80s, even during those period, farmer were not used to utilize - use the urea in a big way. So, during those days also, a lot of companies - fertilizer companies, they were doing a lot of field activity, demonstration to the farmer.

When the product is new, you need to make them understand very well. So, those kinds of steps we are taking, and we are very confident that over a period of next 2-3 years, it is going to be a significant product. Even Government of India, our Prime Minister himself is promoting Nano Fertilizer in a big way. You might have seen across the election - political rallies also in the, this was one of the agenda. And government wants to reduce significant load of subsidy on fertilizer. So, that is going to also help Nano Urea consumption point of view.

**Dhwanil Desai:** Okay. And you see a similar kind of margins and ROC that we as a company make on a normalized environment in Nano Urea or is there any difference in that?

**Ankit Patel:** I am sorry, can you repeat your question?

**Dhwanil Desai:** On the Nano Urea as a segment, you see similar kind of margins and ROC which we as a company level used to make at a, in a normal environment. Currently, we are going to adopt that.

**Ankit Patel:** Yes. So, the margin level would be in the range of about 15%-17%.

**Dhwanil Desai:** Okay. Got it. That is from my side. Thank you and wish you all the best.

**Ankit Patel:** Thank you.

**Moderator:** Thank you. Before we take the next question, we would like to remind participants to press star and one to ask a question. The next question is from the line of Rajan Mehta from AMS Investments. Please go ahead.

**Rajan Mehta:** Yes, sir. Good morning and thank you for the opportunity. Sir, I have a few questions regarding the two segments that we have titanium dioxide and Nano Urea.

Starting with the titanium dioxide part, current capacity is 16,500 tons. To understand over here, what is the market size, and our current utilization is under 50%. When do we expect to reach it to utilization and what would be the peak utilization? That is my first question.

**Ankit Patel:** Okay. So, Rajan bhai, as far as the titanium dioxide market is concerned, Indian market size is close to 400,000 tons and the major application of titanium dioxide is in the paint segment. More than 70% of the titanium dioxide is being consumed in the paint segment. And as you know, the paint segment in India is growing significantly and a lot of big companies are

entering into the paint business. So, you can see, as the paint segment is growing, titanium dioxide is also going to be parallely growing in this market.

Regarding the capacity utilization, we are very confident that 16,500 tons is a very small capacity as far as the Indian market size is concerned. So, it's not going to be that big impact on the market. But as a Meghmani, once I think in this financial year, we should be able to utilize the plant at about 60% capacity.

**Rajan Mehta:** Understood. Right. So, when you say 400,000 tons, how much of this would be imports and how much would be from domestic players and who would be the largest domestic players since we only have 16,500 tons?

**Ankit Patel:** So, I would say more than 70% is being imported in India. And again, out of more than 70%, a significant portion comes from China. In India, there are about three or four players like Kerala Minerals, Tuticorin Minerals, V.V. Mineral. We are also there. So, again, all these plants put together capacity is about 80,000 tons, not more than that. So, you can understand the - there is a significant import is coming in place and that is why - and China is dumping the material. And because of that, only the anti-dumping initiation has started place on titanium dioxide.

**Rajan Mehta:** How much would be the dumping duty, sir?

**Ankit Patel:** So, it's up to the government. The government is analyzing the numbers. So, every company has submitted the numbers, and they are also going to evaluate the import data. And based on there is a lot of evaluation is taking place. And based on that only, the import duty percentage is decided. So, it is a little early to mention about the percentage of anti-dumping duty.

**Rajan Mehta:** Okay, so is it already levied or is it still in consideration?

**Ankit Patel:** So, the application was made in the month of February. Normally, it takes one year, one full year. But provisional anti-dumping duty comes in 6-8 months' time.

**Rajan Mehta:** Understood, okay. So, my second part is towards the raw material procurement for titanium dioxide. Do we source it locally or do we make it in-house? I am a bit unclear about this part.

**Ankit Patel:** So, the main raw material for titanium dioxide is the ilmenite, which is a naturally occurring ore. So, Indian Rare Earths normally provides. So, we buy from the Indian Rare Earths organization. Import is also possible. So, we can buy either imported as well as we can buy it domestically. So, there are both the options available.

**Rajan Mehta:** Understood, perfect. So, moving on to the nano urea parts, I was trying to understand the difference between nano urea and urea. From what I was able to understand, the nano urea is

slightly smaller in size. What other differentiation or benefit can be assessed in nano urea that is not there in urea? Is it in usage? Is it in functionality? If you can just explain this.

**Ankit Patel:**

Sure. So, normally urea is in the granule form, about 5 mm granule, 3 to 5 mm granule. So, it is much bigger in particle size. So, as you mentioned, nano means, yes, the particles are much smaller. It is in the range of about 20 to 50 nanometre range. So, which is much smaller compared to urea. So, because of the better particle, the absorption in the plant, it is much better. So, that is one thing. So, because of better absorption, you don't need to spray a lot of urea.

So, when we, normally about 45 kg of bag is used per acre. And out of 45 kg of urea, more than 70% of urea either goes into the air by vaporization or goes into the soil or water, which is not being absorbed by the plant efficiently. Now, this nano urea is a foliar application. It is a spray, which goes directly on the leaves and from leaves, it is directly absorbed because of the small particle size. So, the dosage goes down and it is very well efficiently absorbed by the plant. And because of that, there is a significant reduction of soil pollution, air pollution and water pollution.

Soil becomes soft and the plant's capability to absorb the other nutrition becomes much better. So, right now in India, almost 35 million tons of urea is being consumed. Out of 35 million tons, almost 9 million tons of urea is being imported. And the government on all the fertilizer pays more than INR2 lakh crores worth of subsidy.

So, there is a significant load on government to pay the subsidy as well as there is a lot of foreign exchanges going out of the country because of the import. So, here government has introduced, IFFCO has introduced this new technology, patented technology product, which there is no subsidy on this product and so government is not going to lose anything from the subsidy payment point of view as well as there is not going to be any import.

So, there is going to be benefit from two points of view, foreign exchange as well as subsidy payment out point of view. And from the farmer point of view, because it is significantly low in volume and the price is also better than the urea price and the results are also better compared to the urea, so farmer is also going to be benefited, government is also going to be benefited.

So, it is going to be the win-win situation. And government has already declared that 9 million tons of urea which is being imported right now, by '25, '26 government is going to completely restrict these 9 million tons first. So, you can understand that that much amount of urea will be converted into nano urea.

**Rajan Mehta:**

Okay, so 9 million tons is something additional industry opportunity that we are seeing right now. I understand that. Sir, in the capacity in the presentation, we have mentioned as 5 crores

bottles in tonnage size, can you explain what would be the tonnage of 5 crores bottles?

**Ankit Patel:** So, one bottle is equivalent to about 500 ml. So, you can say about 25,000 tons is the volume of nano urea. So, but it is very efficient. So, if you compare with the urea, it is going to substitute huge amount of urea.

**Rajan Mehta:** Right, but in nano urea market, how much will you say it was? Because urea you mentioned 35 million tons.

**Ankit Patel:** So, this urea market will be slowly gradually converted into nano urea market. It is not possible to convert 100% of urea market into nano urea. But I would say significant amount of the market will be getting converted from urea to nano urea.

**Rajan Mehta:** Understood. If I may also ask, I have some few more questions. I wanted to understand who is the largest player for nano urea right now or are we the first mover over here?

**Ankit Patel:** The largest and the first mover is IFFCO. So, IFFCO has developed this nano urea technology, which is the biggest fertilizer company in India. It is a cooperative government. And we have taken the technology from IFFCO. So, our product is exactly identical with IFFCO. We have already started the plant. We have taken the commercial trials. And the quality is perfectly alright as far as the IFFCO's nano urea is concerned and Meghmani's nano urea is concerned it is completely identical. So, as far as the product quality technology is concerned, we have taken it from IFFCO.

**Rajan Mehta:** Understood. In the presentation you have mentioned that phase 2 will put titanium dioxide particularly. Phase 2 will be dependent on the success of phase 1. How about on the nano urea part? Are we in thought process to add more capacity over there? Because 67% is something that we are doing utilization. So, any thought process over there?

**Ankit Patel:** So, definitely it is little early to mention about the second phase of nano urea. But as and when, whenever it is required, we can go for the expansion. We have kept that in mind as well.

**Rajan Mehta:** Understood. Perfect.

**Ankit Patel:** At the same time, you know, nano urea is just one product in the nutrition segment. We are going to introduce about four to five new products in the nutrition segment. So, we will be serving farmer as a basket of product.

**Rajan Mehta:** Right. I understand that. And sir, we wanted to understand how Q1 has been right now, Q1 FY25 till date for both these products. Have we seen an improvement over here in sales and demand or is it the same as previous quarter?

**Ankit Patel:** Yes, it is picking up very well. And overall as a year, we see the good revenue coming from both the segments.

**Rajan Mehta:** Perfect. And just one final question before I get back in the queue. I am seeing one thing in our financials that are debtor days and inventory days have increased in FY24. I want to understand that is this going to be the new normal? Because I also see that the creditor days have also increased. But I want to understand that if this is going to be the new normal or are we going to revert to our previous debtor days and inventory days? Because that will drastically improve our working capital cycle.

**Ankit Patel:** That's correct. So, right now it has gone up, you rightly mentioned. And in this financial year, it will significantly improve again.

**Rajan Mehta:** With the creditor days remaining as of FY24, that will also improve or that will also come down?

**Ankit Patel:** So, both will come down, yes. So, there will be improvement in the working capital.

**Rajan Mehta:** Understood. Perfect. Okay. Thank you so much, sir. I will get back in the queue. I have some more clarifications. And all the best for your future.

**Ankit Patel:** Thank you, Rajan bhai.

**Moderator:** Thank you. The next question is from the line of Ankit Gupta from Bamboo Capital. Please go ahead.

**Ankit Gupta:** Yes. I just wanted to check with you, how is the pricing scenario playing out in the agrochemical segment, especially from China? Are we seeing some signs of dumping reducing from China or they continue to flood the market at lower prices?

**Ankit Patel:** China prices have been impacting globally because of the demand factor point of view particularly. But majority of our revenue, as a Meghmani, our product basket, let's say in the pigment, we are in the phthalocyanine-based pigment, where China doesn't have an upper edge. We used to export to China in a big way.

So, over there, India has got upper edge. Same way in the crop protection division, pyrethroids range product. India has got upper edge. India exports from India to China. So, again, over there, we are not being impacted from the China prices point of view. Yes, there are a few products in our basket where the Chinese price is creating a problem for us.

But now we have a strategy of converting those products into value-added products where we don't face problems from the Chinese price point of view. So, in next one year or two years' time we are not going to be that much impacted from the Chinese scenario point of view.

**Ankit Gupta:** Sure. One thing which we had observed in the agro-chem industry was that many of the players over the past 3 years, 4 years had undertaken backward integration for some of their key products like for Lambda Cyhalothrin we and some other players have gone into manufacturing of lambda-acid.

And what we have seen is that the prices and most of this manufacturing of intermediates was done in China. And given the dumping of these product in the Indian markets for the intermediates the cost of manufacturing itself for some of these intermediates was not recovered. How is the scenario currently and what are your views on this thing?

**Ankit Patel:** So as of now the backward integration which was done by Meghmani so it is not helping significantly as of now because of the dumping from China. So, our cost of manufacturing and the Chinese cost is almost same. So, it is not helping in this scenario.

But from the long-term perspective whenever we are doing business in the global market with the big companies, they would always like to see how dependent we are, how backward integrated we are. So, the backward integration sometimes helps from the profitability point of view.

But from the sustainability point of view and generation of the business, long-term business point of view, it is very important and that is what we have done and this kind of the infrastructure what we have created we are very optimistic that it is going to pay back and give good result in the coming years.

**Ankit Gupta:** Sir, on the key markets in the agro-chem side, let's say, North America and Latin America as well as Europe. If you can talk about demand scenario from each of these geographies, are we seeing some green shoots in demand emerging from these markets?

**Ankit Patel:** So, yes, those markets were little bit impact in the last financial year, but now we see the demand is also picking up from those markets. So, once the demand picks up there will be volume growth as well as price will also increase and that will lead to better profitability.

**Ankit Gupta:** And sir last question on the pricing side out of our product basket on agro-chemical side for how much percentage of our products, the prices of the end product or the technicals has gone below even 2019 prices?

**Ankit Patel:** I am sorry can you repeat your question?

**Ankit Gupta:** My question was on the pricing side on the agro-chemical portfolio that we have of technicals. So let us say approximately how many of your products or how much percentage of your products the prices of the end technical product has gone below even 2019 prices?

- Ankit Patel:** So I would say all the products prices have gone to the almost at the lowest level. So, even before 2019 prices even below those level prices have gone. So, this is the lowest possible price which has happened at the same time, the raw material prices have also gone down. So, this is the worst phase. So, anything, any demand improvement happening in the market will lead to increase in price as well as volume.
- Ankit Gupta:** The last question was on the pigment side. So, you are saying pigment also H1 looks challenging for the industry and our company?
- Ankit Patel:** So, I would say overall as a company the growth will start taking place from the second quarter onwards and significantly, we see I would say from the second half of the financial year there will be improvement taking place overall.
- Ankit Gupta:** So, both the segments will continue to be impacted in H1 at least is what your expectation is?
- Ankit Patel:** Not much already it has bottomed out. So, things have started improving from the demand point of view.
- Ankit Gupta:** Okay. Thank you and wish you all the best.
- Moderator:** Thank you. We will take the next question from the line of Shweta from Vogabe Advisors. Please go ahead.
- Shweta:** Yes. Good afternoon, everyone. First of all, I would like to congratulate the whole Meghmani team for the journey so far. I have a couple of questions. First question is who are the other players in the titanium dioxide business and the volume of imports despite the anti-dumping duty?
- Ankit Patel:** So, Shweta ji, in India, there are about three, four players, which is Kerala mineral, Tuticorin Mineral. These are two public sector companies. In the private sector, we are there, VV mineral is there. So, these are few companies which are there. And as I already mentioned from the volume point of view Indian market is close to 400,000 tons.
- And Indian manufacturer's capacity is close to 80,000 tons. So, significant amount of titanium dioxide is being imported.
- Shweta:** Okay. So, can we expect higher export in the titanium dioxide once the demand resumes? And also want to know if we are competitive against Chinese suppliers?
- Ankit Patel:** So, this product we are targeting from the domestic market point of view because as I mentioned under Atmanirbhar Bharat this project we have selected and there is significant growth happening in the domestic market. So, we don't need to look at the export market. So, this will help in balancing our revenue mix. So, as of now as a company, more than 70%,

75% revenue comes from the export market. So, we would like to focus on the domestic market as well. So, with the titanium dioxide it will help in balancing the revenue mix.

**Shweta:** Okay. Sir one last question is as we know people are more prefer to health-conscious products and they are moving to organic farming and all. So, as we see any demand impact on urea or any urea products?

**Ankit Patel:** So, Shweta ji, urea is a fertilizer. It is a non-hazardous chemical. Crop protection which is there in our basket those are hazardous products, but from the organic product point of view I think you might have seen Sri Lanka what has happened. They wanted to ban the fertilizer and they wanted to ban the pesticide. And overnight country went on a problem with the food security point of view, and they again reversed it.

So, it is very difficult to feed this kind of population when the arable land is going day by day down. So, we need to feed more people with less arable land and so that you need a better yield per acre. So, that's how you can increase farmer income, you can increase the output and feed more people. So, for that you need better fertilizer, better crop protection chemicals. So, organic product cannot be affordable way of agriculture output for every economy or for every person to utilize it.

So, whenever we are as an industry whenever we are promoting our product, we say residue free rather than organic. So, the product - crop protection chemical fertilizer has to be utilized optimum point of view and it has to be residue free. So, even all the governments they keep on taking the samples of the crop, of the vegetables and they check the residue level.

So, once it is below the residue level in any crop then and then only those products are being sold. So, there is lot of sampling does by government. So, from the media point of view organic is a big thing, but from the reality point of view it is very difficult to have completely organic product base.

**Shweta:** Okay, thank you so much sir and all the best for the future. Thank you.

**Moderator:** Thank you. We have a question from the line of Abhishek Jain from Arihant Capital Markets. Please go ahead.

**Abhishek Jain:** Yes, thank you sir. Sir, one just question regarding the titanium dioxide business. Wanted to understand that when the - I mean 80% plus of your titanium dioxide is being consumed by the paints industry as I understand. And when the paints industry is growing very well, so why is the demand I mean, how much and which kind of paints is the titanium dioxide is being used? If you can give some clarity on that.

**Ankit Patel:** So Abhishek ji, in all the paint, titanium dioxide is used. So just to give you a brief idea,

whenever you buy any shade of the paint, if you go to the paint shop, normally that paint is a white paint. And based on your shade, they add other paint color like red, blue, yellow, orange, and they mix it in the shop and give you the shade, whatever is your requirement.

So initially it is a white paint only. So, majority of the paint is a white and over there the titanium dioxide comes in pictures. So, from the demand point of view, there is no issue. And majority of the titanium dioxide as of now is being imported. So either it is coming from Australia, Europe, Japan, China, different markets. But majority of the import is coming from the China market and China is dumping the material.

So, there has been initiation on Chinese titanium dioxide in India. So, on anti-dumping duty, from anti-dumping duty point of view. So, we see anti-dumping duty coming in picture in next few months' time. So, once it is there, it is going to help the domestic titanium dioxide manufacturers.

**Abhishek Jain:** Okay, so trying to understand it a little bit more, compared to our pricing, what is the difference between our pricing and Chinese suppliers who are dumping titanium dioxide across the globe?

**Ankit Patel:** See China, when it comes to China, if they play fair in terms of pricing, then there is no issue, we are at par with China. But Chinese government is giving huge incentive on the export. So not only on titanium dioxide but I would say on majority of the products. So because of that, they get export incentive to the tune of about 13%-15%, which is significantly high.

**Abhishek Jain:** 13%-15%?

**Ankit Patel:** 13%-15%, depending on the product. So, because of that factor, the Chinese companies, whenever there is a less demand, they reduce the price, and they dump the material. So, in different areas, there has been initiation of anti-dumping duty on titanium dioxide. In Europe, there has already been initiation of anti-dumping duty on titanium dioxide. In Brazil, there is an initiation, in India, there is an initiation. So already every market has started doing the initiation of anti-dumping duty on titanium dioxide. So, you can understand. So, there is a huge dumping taking place from China market and once there is an anti-dumping duty, it will help domestic manufacturers.

**Abhishek Jain:** And sir, on the nano urea part, I wanted to understand the way you explained on the nano urea part. So if it is that much effective, then why is the government not giving any incentive to completely replace the use of traditional urea with nano urea?

**Ankit Patel:** So, government is pushing in this line. The government has recently announced new Yojana called PM Pranam Yojana. Under that, because fertilizer there is a lot of politics behind fertilizer in different states. In Centre, we have a BJP government. In other states, we have

different governments. So under PM Pranam Yojana, government has announced any state reducing the fertilizer and converting into nano-fertilizer, there will be significant savings on subsidy amount.

So whatever subsidy amount is saved by that state, 50% of that subsidy, central government will give to the state government. And they can utilize that money for betterment in agriculture and any other segment. So, let's say, if I give you the example of Gujarat, for Gujarat, there is a subsidy amount of close to INR8000 crores. So, if Gujarat government saves out of INR8000 crores, if Gujarat government saves INR4000 crores worth of subsidy, then central government will give 50% of INR4000 crores, which is INR2000 crores to Gujarat government. So, it's a significant amount. So, no matter what, whether it is a Congress-run state, BJP-run state, or any other government-run state, those states will get money in their state if they save the subsidy amount. So, this has already been announced by the government.

**Abhishek Jain:** Okay. Understood, sir. And sir, finally, I want to get your view in terms of FY25, any revival that you are expecting from next quarter or by when?

**Ankit Patel:** So, I would say the worst is over. We are very optimistic in this financial year. So, we'll be again, with the good numbers, we'll be showcasing our financial year. It won't be as good as before two years position. It will be significantly better than the last financial year.

**Abhishek Jain:** Okay, sir. Thank you. That was my last question.

**Ankit Patel:** Thank you so much.

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

**Ankit Patel:** So, on behalf of the management, we thank you for joining us today. We appreciate your trust and support on us. With this we hope that we have been able to address most of your queries. In case of further queries, you may reach out to Mr. G.S. Chahal or Nishant Vyas. And they will connect with you offline. Thank you so much.

**Moderator:** Thank you, sir. On behalf of Arihant Capital Markets, that concludes this conference. Thank you for joining us and you may now disconnect your lines.