Ref: MOL/2023-24/19
May 6, 2023

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

Dear Sir,

Sub: Transcript of Earning Conference Call held on May 02, 2023 for Q4/FY23 Financial Results

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing herewith transcript of earning conference call held on May 02, 2023 wherein Q4/FY23 Financial Results were discussed.

The said transcript is also available at 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
(Formerly known as Meghmani Organochem Limited)

JAYESH RAVJIBHAI PATEL Digitally signed by JAYESH RAVJIBHAI PATEL Date: 2023.05.06 18:17:53 +05'30'

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

Meghmani Organics Ltd
Q4 & FY23 Earnings Conference Call
May 02, 2023

Moderator: Good afternoon, everyone. I welcome you all to the earnings call of Meghmani Organics Limited for Q4 & FY23. Today, we have with us the management represented by Mr. Ankit Patel, Chief Executive Officer; Mr. Gurjant Singh Chahal, Chief Financial Officer. Before we get started, I would like to remind you that the remarks today might include forward-looking statements and actual results may differ materially from those contemplated by forward-looking statements. Any statements we make on this call today is based on our assumptions as on date, and we have no obligation to update this statement as a result of new information or future events. I would now like to invite Mr. Ankit Patel, CEO of Meghmani Organics, to make his opening remarks. Over to you, Sir.

Ankit Patel: Thank you, Bikram. Good afternoon, everyone. Our warm welcome to each one of you and thank you for joining us on our Q4 FY23 earnings conference call. I trust everyone is doing well. I believe you have got a chance to go through the financial result and investor presentation. Firstly, I would like to highlight certain development during the quarter. Meghmani Organics was ranked number 1 Fortune Next 500 company by Fortune India during Q4 FY23. We are grateful to all our stakeholders for their continued support in our capabilities and our vision for over 3 decades. I'm happy to share that our agrochemicals vertical has bagged the prestigious Responsible Care® certificate in the FY23, reflecting the Company's continual improvement in the safe chemical management. It propels us to achieve excellence in environment, health and safety performance in the coming years.

During FY23, we have commenced the commercial production from the backward integrated multipurpose plant at Dahej of our new age, high value products such as Lambda-Cyhalothrin, Flubendamide, Cyfluthrin, Beta Cyfluthrin, Spiromesifen, catering both domestic and export market. The plant is getting stabilized now. It will add meaningful contribution in the coming years. In Q4FY24, the Company has commenced the phase one of titanium dioxide plant with the annual capacity of 16,500 tonnes and the plant is under trial run. It is expected to be stabilized in the next quarter. The board has recommended the final dividend of 140% for the FY23.

FY23 has been a tough year for the Indian chemical industry that has been impacted by global macroeconomic factors, geopolitical concern, inflationary pressure, volatile raw metal prices that has led to contraction in demand. We expect the spillover effect of the subdued environment expected to stay for the upcoming quarter. At present, there has been decline in raw material prices and logistic costs, but it will have its positive impact in production and operation going forward in the coming quarters. The revenue as well as margin across chemical companies remain under pressure due to pile up of high cost inventory oversupply situation in the marketplace. However, we expect the situation to improve going forward.

Now, let us discuss the segment wise performance. Agrochemical constitutes 76% of the Company's revenue during the last year. Despite headwinds, the segments' EBITDA margins stood at nearly 19.6% for the FY23 versus 20.2% last year. The company is well positioned to benefit from China plus one strategy of global players coupled with the enhanced capacity eyeing on new molecules in agrochemicals.

Pigments constitute 26% of the overall revenue of the Company's revenue. Currently, the pigment industry is going through a challenging phase, resulting slow export demand and contraction in prices. As discussed before, during FY23, the Pigment division performance was impacted due to liquidation of high cost inventory. The recovery is expected from the coming quarter.

Now, let me take you through the financial performance of the year. During FY23, the Company's revenue surged by 2.5% to INR 2,557 crores. EBITDA has stood at INR 364 crore during the year. While the EBITDA margin was 14.2% for the FY23. The margin was impacted by the pigment segment which was partially offset by the agrochemicals division. Net profit during the year stood at INR 250 crore. On the balance sheet front, the Company's cash and cash equivalents stood at INR 59 crore as on 31st March 2023. The debt to equity ratio was at 0.42 as on 31st March 2023. Despite ongoing CAPEX, we are happy to share the Meghmani Organics consistently maintained the debt to equity below 0.5. The return ratio like ROCE and ROE stood at nearly 14% and 16% respectively for the year. Highlighting about the finance cost, the Company continues to maintain prudent risk management policy. During FY23, there was a huge volatility in the currency movement, which has led to mark to market gain on receivable and mark to market loss on the foreign currency borrowing. As per the accounting standard requirements, mark to market gain was INR 76 crore on receivable and has been shown as other income, while the mark to market loss on foreign currency borrowing stood at INR 46 crore and has been accounted as a finance cost.

To conclude, Meghmani Organics continues to retain and attract new clients with our diversified product portfolio and quality products, the long term goals are robust and our competent human capital is quickly moving towards to materialize the company's long term goals. With this, we would be happy to address the questions of the investors and analysts fraternity. Thank you.

Moderator: Thank you very much, Sir. We will now begin the question and answer session. We'll take our first question from the line of Rahul Veera from Abakkus. Please go ahead.

Rahul Veera: Just a quick question. Recently the prices of 2,4-D specifically have sharply come off as per the available public information. Would it challenging for us as 2,4-D is one of the key products? Other than the MPP plants that we have started recently. Do you think the base can still grow in the agrochemical division for us?

Ankit Patel: Not only 2,4-D, I think across the chemical sector and across the agrochemical sector for majority of the products, prices have dropped significantly. It varies from 30% to 45%-50% depending on product to product and it applies to 2,4-D as well. But at the same time, the positive thing has also happened. Earlier, the raw material prices were significantly high. Now, it has also come down. We being more into export, the logistic cost went up drastically in last two years. Now, it has come back to the pre COVID level. So the two things have been positive at the same time, the realization have also come down.

Rahul Veera: So FY24, it will be difficult to grow on that base of the new multi-purpose land. Is that a correct statement to make on a top line basis?

Ankit Patel: Yes, you can say that the volume growth will be there from the existing products, but at the same time, because of the prices have come down, there will be some pressure. But we hope that this is a temporary situation. We hope that the things should start improving from the second quarter onwards.

Rahul Veera: And I just wanted to understand this Lambda and that we have recently planning to start, will registrations and everything be required or directly technical? So can this be exported? How will that work product approval cycle or anything as you can highlight?

Ankit Patel: Definitely, the agro chemical products all of them are regulated products. So you need to have a registrations depending on product be technical or formulation in different markets. So in the past also we have been mentioning that the way we plan for the new products as well as putting up a plan for the new products at the same time we start doing the data generation and doing the registration in different markets. So for this new products also we have got registration in couple of markets. As mentioned, the new multi-purpose plant will ramp up slowly, gradually in the first year. We hope it should generate 50% revenue in terms of the operation basis, second year about 65% and 3rd year onwards 75% plus.

Rahul Veera: So this is utilization we are considering, right?

Ankit Patel: So these on the regulatory point approval only, we will be able to sell the product.

Rahul Veera: And if I may ask a question to Chahal Sir, from the balance sheet perspective. So there's one exceptional item that has been provided of INR 18 crores on the consolidated P&L item number 6 notes to accounts. If you may highlight. Some reversal of, due to industrial activity or industrial authority, there is some reversal of.

Gurjant Singh Chahal: Actually this is pertaining to Kilburn Chemicals where when we have taken over at that time, we had assessed certain assets and liabilities based on the fair valuation we did and there were certain liabilities which at that point of time not crystallized. And later on, whenever we have paid these amounts with the final settlement, balance has been written back as an exceptional item.

Rahul Veera: And so there's a gap between the consolidated CWIP and the standalone WIP like standard CWIP is at INR 135 crores, may I know what is that?

Gurjant Singh Chahal: That is ongoing Capex which is yet to be capitalized.

Rahul Veera: OK, so this is for the MPP plant.

Gurjant Singh Chahal: Partly.

Rahul Veera: And again in the consolidated P&L INR 340 minus INR 135, so around INR 200 crores is yet to be capitalized for the plant, is that correct?

Gurjant Singh Chahal: Yes.

Moderator: Thank you. We'll take our next question from the line of Ayush Agarwal from Mittal Analytics. Please go ahead.

Ayush Agarwal: So my first question is pertaining to TIO2, where global prices have fallen a lot and so has raw material prices. But if you can help us understand the cost structure in our TIO2, How much will be power? And if you can just break up the entire cost structure, that will be very helpful.

Ankit Patel: I am really. Sorry, these are all the technical details. Normally we don't share all the things, but I can only share with you the prices of the titanium dioxide which went drastically low. It has started improving now, it went as low as Rs 160 per kg. Now it has reached to nearly Rs 190 plus. Moving towards Rs 200 and at the same time the raw material price of main raw material which is ilmenite was very high. It has come to very reasonable level now, so.

Ayush Agarwal: If you can put a number.

Ankit Patel: So, the ilmenite price, which was almost Rs 44-Rs 45 it has come to nearly Rs 28 now.

Ayush Agarwal: OK. So just one, how much ilmenite is required for 1 KG of TIO2 in our operations. If you can tell us that.

Ankit Patel: See these are technical details, so I'm sorry I won't be able to share all those details.

Ayush Agarwal: Anything. So I mean given we have done a large CapEx here and TIO2 prices are now down. So accordingly our asset terms will be lower so how do we plan to make that 15%-18% IRR here. Do we see our EBITDA per ton going up or are we confident of making enough EBITDA per ton to maintain the IRR on this project?

Ankit Patel: So while going ahead with the project, we analyzed the number of titanium dioxide over a period of last 8 to 10 years time. So we did not select the high price time and as I mentioned, typically the delta sometimes when the raw material goes up at the same time sales price also goes up and if the sales price come down, the raw material price also comes down. So the delta more or less, which is there we have considered based on that delta and we are very optimistic that there will not be any problem as far as the return from this plant is concerned.

Ayush Agarwal: Alright, one last on TIO2, which is since we have started the trial and if you can throw some light on how the trial run is progressing, because I mean we have gone have not seen the plants and there were some issues with stabilizing and since this is the old plants, so some comments on the trial runs and how is that progressing?

Ankit Patel: Sure, I will just explain you for in general, any chemical plant there are three phases of chemical plant. First, the process has to stabilize. It has to go through thoroughly. Second phase is to get the right quality of the product and the third stage is to optimize the capacity and the consumption norms. This is pertaining to in general all the chemical products. So the first phase, we are very optimistic that by may end we will be able to go through, we'll be clearing the first phase which is the process parameter set. And the second and third phase about the quality and the consumption norms, we hope that it should get stabilized by June 2023.

Ayush Agarwal: OK after which? Sample products will be sent to the customer. Is that correct?

Ankit Patel: No, the sample and everything is going on. In fact, the sales have also started battling. Because the continuous production is also going on, so the sampling is also happening to the different customers. The sales is also happening to the different customer. So depending on the grade, the quality here you can sell any kind of quality of titanium dioxide. But the ultimate aim is to sell the highest quality of the product. But that doesn't mean you cannot sell the lower quality product. There is a market for every product.

Ayush Agarwal: One question on agrochemicals, like you rightly mentioned, across all the products including Pyrethroids, everything is down in such a scenario where there's a lot of inventory piling right to customers end. How do we plan to navigate next year, what are the challenges we see ahead and how do we plan to do some incremental phase if that's?

Ankit Patel: So see we were knowing that this kind of situation has to come anywhere because it is not for the first time. If I give you the example somewhere in the year of 2008-09 during the Olympic Year in China, similar situation happened where the prices went up drastically and after a few months, it dropped like anything and the whole industry was passing through the tough time. So it is not nothing new to the industry, everyone is well aware of it. So in the good time everyone makes good profit in the bad time, you have to handle all these challenges. So as a Meghmani Organics, the good thing is we are coming out with a lot of new products. So in the tough time when the situation is there, we are ready to offer various product to our customer. We are not fighting with the all old generic products in the market and at the same time we are optimizing our operations, improvising into the yield into the manufacturing cost and when this tough times come only at this time only you improve upon your operations otherwise in the good time you don't care for all the improvisation. So we consider this as improvisation year and the cleaning year so. It's a good thing that the industry, whoever will be capable enough, will survive and will improve upon. If you are not capable enough, then you will always keep on crying and so it's going to be tough for a few companies I'm sure, but we are very optimistic for this period.

Ayush Agarwal: That that's great to know. One final question on agrochemical side. So given we will be manufacturing a lot of intermediates in our new MPP there. What I want to understand is, you know, there's a lot of dumping happening from China and there's a lot of prices has fallen. In the intermediate as well, so do you think at these levels also we will be profitable or it will make sense to manufacture them in house and not get them from outside?

Ankit Patel: So we don't see one period as a deciding factor. Because we are into export, our customers always look Meghmani Organics from the sustainable supplier point of view. We cannot be opportunistic where in the tough time we stop the backward integration and buy the intermediate from outside. When the time is good, you start again manufacturing these are all chemical plants. You need to continuously run those plants no matter what the situation. You keep on improving your operation and that's how you keep yourself sustainable. And certain things you need to keep on checking whether the market is there for the product. If the market is not there, then only we go out of those products. If there is a market in future, then we continue to be there as a backward integrated player.

Moderator: Thank you. We take our next question from the line of Bajrang Bafna from Sunidhi Securities. Please go ahead.

Bajrang Bafna: So my first question pertains to the new molecule that we are working on, the agrochemical side. So as far as my understanding goes, these molecules are unique and there is no domestic competition as such as of now, so what sort of sales that we are forecasting from this new 7-8 molecules that we are either launched or in the process of launching or maybe in the registration process. So if you could get some sense on that will be really helpful.

Ankit Patel: We expect to generate revenue close to INR 650 to 700 crore from this multi-purpose plant. It includes all the new products which we have come up with, which is expansion of capacity of

Lambda, Cyfluthrin, Beta Cyfluthrin, Spiromesifen, Flubendamide, and Ethiprole. So lot of new products. So this all products put together, it will generate revenue of close to INR 700 crore.

Bajrang Bafna: OK. And by when we can expect that to happen and any incremental CapEx which will be required to achieve that number?

Ankit Patel: No new incremental CapEx will be required to achieve this number. In fact, we will be doing, we have generated a new campus with the good amount of infrastructure. So now with very little CapEx, we should be able to generate quite a good amount of incremental revenue. So that is going to be the future target in the coming year. So by doing small, small CapEx, we should be able to multiply the revenue very fast. At the same time as you mentioned by when we should be able to generate this. So as mentioned earlier, we hope that this plant should run at about 50% capacity in the first year, second year about 65% and from third year onwards about 75% to 80% plus.

Bajrang Bafna: OK. And these products, considering the prices that are rolling in the domestic as well as international market are we hopeful to maintain the kind of EBIT margins that we are maintaining now close to 20%.

Ankit Patel: So in the tough time also we have been able to maintain this kind of margin. So currently industry is passing through very tough time as I mentioned. But in the long run, we are very hopeful we should be able to generate this kind of EBITDA margin.

Bajrang Bafna: So if we just try to understand the kind of inventory pile up that is there in the system right now, why when you expect this to completely go out and hopefully we'll again see the restocking. As per your judgment.

Ankit Patel: My analysis say as an industry as a whole by middle of next quarter the inventory should be clear.

Bajrang Bafna: And on the pigment side, we have improved quarter on quarter, but now again, you know the major raw material which is the urea has also come down drastically over last couple of months. So how do you see that segment to play out maybe in FY24 considering the current pricing and the raw material prices what sort of margins that we can expect in today's scenario.

Ankit Patel: So even the even the first quarter is critical. It's a tough quarter, no doubt about it, but we have learned a lot of things in the last year. So we have been taking a lot of corrective actions and we hope that here as a whole FY24 should be better for the pigment business than the last year.

Bajrang Bafna: So we are expecting to be in hopefully back to maybe 5%-7% kind of margins is possible.

Ankit Patel: You can say that.

Bajrang Bafna: And just if you could throw some light on the future of this Nano Urea or maybe we recently heard that IFFCO has already launched Nano Urea. So I think we are also working on the Nano Urea side where we have entered into some sort of management with IFFCO. So what sort of timelines that we are expecting? You know, the first plan to come up for us and with what sort of CapEx, if you could guide us will be really helpful.

Ankit Patel: So the Nano Urea project, we are very bullish on that, in fact, not just us, the Government of India is very much bullish on the Nano Urea, which is going to be the disrupting technology in the fertilizer market. In the last week, our Home Minister, Mr. Amit Shah has inaugurated Nano DAP project. At the IFFCO campus, so as I mentioned, the government is very bullish on this kind of thing because in India, the subsidy, what is being paid by government is close to INR 2, 50,000 crore which is significantly high and government has got a very big plan to reduce the subsidy by introducing this kind of new technology, Nano Urea, Nano DAP. India imports close to 9 million tonnes of urea and the government has taken the target that in next three years. They want to make it completely zero import of the Urea. Now you can understand the 9 million tonnes of will be replaced by Nano Urea. So we will be one of the companies along with IFFCO helping the nation and growing together. So we hope to Commission the plant of Nano Urea by the fourth quarter in the FY24 and initially we announced the Capex of approximately INR 150 crore for this plant.

Bajrang Bafna: And the clarity on the pricing and what sort of revenue that it can generate or the maybe the some guidance on the margins, if it is possible, I think it is pre mature, but if you could get some sense from the management, from the government, that will be helpful for us.

Ankit Patel: So it is being sold in the range of Rs 210 to Rs 225 in the market by IFFCO. There is no subsidy on Nano Urea, so we will not be seeking any subsidy from the government. It will be very transparent. The capacity of the plant is going to be the five crore bottles per year. So if we multiply then it can generate Rs 1000 crore revenue.

Bajrang Bafna: Ok, with INR 150 crore of Capex, we can generate INR 1000 crore of revenue. So it is very high at that ton.

Ankit Patel: So asset to turnover ratio is very high, yes.

Bajrang Bafna: Ok. And can it generate, what sort of margins at INR 210 and 225 considering that the current raw material prices which are there?

Ankit Patel: It is little early, our details and technicalities discussion with the IFFCO is going on, so I think in the once we'll commence the plant production at that time we should be able to give you some idea.

Bajrang Bafna: It looks like the return ratios are going to be far higher even if we generate 15% margin, even then payback is very shorter.

Ankit Patel: It will have a much better margin than 15% for sure, no doubt about it. But the clarity to the investor will be given I think once we'll start the commercial production.

Bajrang Bafna: And my last question is just considering the trial, if we see last two quarters of the year which were very challenging for us and now we are at a stage where most of the energy prices have also come down. Supply chain issues have been continuously easing. And a lot of raw material packages also come down. I know that there is an inventory pile up situation in the system which is expected to be cooler soon so can we guide that the Q1 is going to be better than Q4 because we have some early trends which are available for last one month. So where we have the high cost inventory for us also for raw material has been denying. So can we see the trend of sequential improvement in numbers will continue into Q1 and going into Q2?

Ankit Patel: So it is too early to give you the idea about the Q1 for FY24, but it is going to be challenging for sure, no doubt about it. As I mentioned, my prediction says that the high price inventory should be cleared by somewhere in the middle of second quarter. So things should start improving from the second quarter onwards and 3rd and 4th quarter should be much better.

Moderator: Thank you. We'll take a next question from the line of Naveen Gadia from Greenworth International Private Limited. Please go ahead.

Naveen Gadia: So my question is for this Titanium Dioxide, this plant. So may I know are we producing from the sulphate process or is it this chloride process?

Ankit Patel: It is a Sulphate process.

Naveen Gadia: And because as per this common understanding because we are not a technical person. What I understand that these plants are highly energy intensive, since until now the energy prices are very high and now the market is getting softer. So will it be adding to our bottom line?

Ankit Patel: It will definitely help because last one year the utility cost was very high and that was impacting a lot. But the way things are improving, it will help for sure and just to give you the idea, because it's a highly energy intensive project, we are putting our own captive power plant so that our power cost and the steam cost is going to be drastically low.

Naveen Gadia: And Sir this are we having any advanced orders for this or just we are booking the orders when this production is out?

Ankit Patel: So it is a very new plant as of now. So as we are not having any big contracts or big orders. So we are giving to all the customers so that our product gets approved at different customer level. That is what our priorities. Once we get approval from different customers. Then once the market improves, we'll be entering into the contract with a lot of other companies because India imports more than 200,000 tons of titanium dioxide. And the major application is into the paint segment and all of us know that the paint segment in India is growing in double digit. That is the reason the big corporates like JSW, MRF, family, Grasim, everyone is coming into the paints business so they are all going to be our customer. Even Pidilite which is very strong in adhesive segment is also entering in a paints business in a big way.

Naveen Gadia: And my last question is that do we have any plan to go in this medical grade, this titanium dioxide also.

Ankit Patel: Initially no, because we are targeting the volume, so that will be catering to the paint industry first and paint and plastic and other industry. So the medical grade titanium dioxide is something very niche. So we are not targeting that initially.

Moderator: Thank you. We'll take our next question from the line of Manikantha Garre from Franklin Templeton India. Please go ahead.

Manikantha Garre: In continuation to one of the set of questions from one of the previous participants, I wanted to check your thoughts on your acceptance on ground by the farmers given it's been close to two years it got introduced. And if you're as bullish as earlier on this, I'm asking this because Urea sales doesn't seem to be slowing down. In FY23 also, I have noticed that Urea sales has increased to 40 Mn tonnes year on year to a new record levels. So I thought I'll check with you your thoughts on what you are hearing on the farmers acceptance on ground.

Ankit Patel: So you are absolutely correct. It's not going to be that easy to market this product because Farmer is being using this product which is the conventional Urea since so many years and changing the mentality at the farmer level is not going to be that easy. So how do you market your product to the customer? Because the price difference is close to 15% as far as the conventional Urea is concerned, it costs about ₹267 to the farmer, whereas Nano Urea costs. About ₹225. But it is not a big difference, but when it comes to the government level because of the subsidy. It is costing a lot to the government. Now what we are doing and what IFFCO is also doing there has been significant trials and demonstration going on at the field level. Demonstrating to the farmer the kind of the benefit, how their cost can be minimized and the benefit. Can be increased. So this sorts of explanation and demonstrations are going on. So we hope that in over a period of next two to three years farmers will understand and will shift in a big way to towards Nano Urea.

Manikantha Garre: Just a follow up to that question. It seems there are additional cost of Rs 200 for the spraying that is required because Nano Urea is in liquid form and it has to be sprayed. So if you have to include that. And the cost will be even higher for the farmer, so how that issue is being tackled?

Ankit Patel: So over there, only your specialty enters. How do you market your product now as the agrochemical, what we are doing? We are already selling our agro chemicals to the dealer distributors and through them to the farmer. They are using this agro chemicals, they are spraying them before application. Now there is already a cost involved for spraying agrochemicals. As far a marketing is concerned, we are already taking the trial compatibility trials of all our agrochemicals along with Nano Urea, so by mixing them in one single spray farmer can save the cost of spraying Nano Urea and we have already taken the trial and. It is very much compatible. We will market in such a way that the cost to the farmers will not increase. In fact, they can spray two products together in a single spray.

Manikantha Garre: So like you were saying earlier, it's more of a mental roadblock that is there with the farmers rather than the efficacy issue that they will be facing. So no such efficacy issues.

Ankit Patel: Definitely there is no efficacy issue. In fact, the results are better. So it is just a mental mind block where different, different things come up that my labor cost is going to be high. Spray cost is going to be high. How such a small 500ML bottle can give the same result as 45 KG bag so it's not going to be that easy to convince the farmer, so. It will happen over a period of the next two to three years.

Manikantha Garre: Just one last question on this. Given the government's ambition and given the opportunity size, would you be also looking or would you be open to looking at other Nano fertilizer opportunities like DAP which got just you know recently launched by the Home Minister and probably Nano NPK. So its such opportunity that would you be open to them?

Ankit Patel: So, as we have already mentioned. In the past, we have formed a new company, Meghmani Crop Nutrition Limited. So it's going to be the very big verticals now in this vertical, we cannot have just one product Nano Urea, we'll be introducing many more products in this segment. It will be in the coming years' time very significant business. So there will be lot of products, not just one product.

Manikantha Garre: Sorry I missed out on one question actually on the efficacy side, I'm trying to come to terms with this actual mass difference of 4% nitrogen content in, 500ML bottle versus 46% nitrogen content in the Urea bag. How do we, you know, correlate these two? How do I think about this actual mass difference when end of the day, if you think about this, it looks like in reality there is a difference in nitrogen available.

Ankit Patel: So there has been a lot of scientific discussion which has already taken place in the past. When the farmer uses this Urea, when it is hand broadcasted which touches the soil and then only part of the Urea Nitrogen gets goes into the soil balance goes into the air from the soil. Again, only part of the Nitrogen will be absorbed to roots by the plant. Again, majority of the nitrogen will go into the water or into the soil as a leaching. So this Nano Urea is directly sprayed as a foliar application on the plant where the nitrogen is getting absorbed by the leaves. So the absorption will be much faster, results will be much faster and only whatever amount of nitrogen is required will be absorbed by the plant. So not just you are helping the crop, but in a way you are helping the environment. There is an indirect pollution when you use a lot of urea. Again, the soil quality get impacted because the pH level becomes worse, soil becomes hard and with the Nano Urea all these problems are being taken care. So it's going to be fantastic again, the way the government is marketing initially there was a wrong marketing campaign that it is going to replace 100% Urea. Now government has already started corrective action. It will never replace 100% Urea. It will replace around 50% Urea. While doing the plantation, you will be using the conventional Urea. Once the plantation is done after plantation, whatever Urea is being used, that will not be used as a conventional Urea that will be used as a Nano Urea. So you can say there can be by 50% reduction of the Urea. You can have a fantastic result.

Moderator: Thank you. We take our next question from the line of Dixit Doshi from Whitestone Financial Advisors. Please go ahead.

Dixit Doshi: Most of the questions are answered. Just couple of things, what is the current cost of the debt?

Gurjant Singh Chahal: Our current cost of debt after increase because in MOL we are taking in foreign currency and all our earlier term loans are on the fixed rate of interest and the average is coming around 3.5%.

Dixit Doshi: And one last thing, I just wanted to understand that what management are doing in terms of, to my understanding over last three years there has been the third incidence of the fire. So what are we doing in terms of investments or any change in the process or anything where we can avoid such incidences in future?

Ankit Patel: You are absolutely correct. There has been some concern as far as the safety is concerned, so there are two verticles where the company is having the business. One is agrochemical, other is pigment. We have done tremendous amount of work to improve on safety in our Agro chemicals area and over there we have been given Responsible Care certificate recently. In the pigment area also we have started working significantly analyzing where the things are going wrong. We are hiring experts and as a management we are very serious to improve upon EHS, when it comes to the business. And we assure our investor that in future will take care all our safety related issues.

Moderator: Thank you. Take the next question from the line of Karan Asli from Maximal Capital. Please go ahead.

Karan Asli: Couple of questions regarding the agrochemical segment. So if I just see the Q4 production is down around 10%-11% year on year despite the new MPP plant coming up. So is there any specific reason for this one off or is this in response to the market?

Ankit Patel: It's mainly related to the market, because currently the demand is very much sluggish and if it doesn't make sense in doing the continuous operation and building the high cost inventory. So every company currently is going through the low phase of operation and clearing the high price inventory.

Karan Asli: And in terms of FY24, what sort of utilizations do we expect maybe for the full year maybe in H1, what sort of utilizations do we expect in agrochemicals as well as in the pigment division if you can just help with that.

Ankit Patel: So we are being very optimistic though the market in current situation is very difficult. We hope that from second quarter onwards things should start improving and we should have a better numbers in the second-half. But year as a whole there will be some challenge as far as the utilization is concerned. But still we feel that we should be able to utilize that more than 70%.

Karan Asli: And then this is across both segments.

Ankit Patel: Yes, across both segments.

Moderator: Thank you. We take a next question from the line of Pradeep Agarwal, an investor, please go ahead.

Pradeep Agarwal: My query was regarding the fire incident. I think that has been answered and another query is regarding the MPP plan. So what is the utilization currently and what will be the utilization in the first quarter given that we have got this MNC order which I think will be from the MPP plant.

Ankit Patel: So our analysis say that as per our planning, rather than looking at the quarter we have analyzed based on the year that year as a whole utilizing should be at about 50%.

Moderator: Thank you. We take our next question from the line of Harsh Beria, an investor. Please go ahead.

Harsh Beria: I have a question regarding the $100 million contract for agrochemicals. When will you be commencing production for this?

Ankit Patel: It has already commenced, in fact, the business has already started.

Harsh Beria: And is it equally distributed in the five years?

Ankit Patel: Yes, it is kind of equally distributed. There can be because it's an agriculture related model. So there can be plus or minus 10%, but you can say it is equally distributed.

Harsh Beria: And we have all the required registrations to operate that at full utilization for this contract.

Ankit Patel: Yes, after that we have signed the agreement.

Harsh Beria: My next question was about TIO2 and this call there was a lot of discussion on TIO2, I think when we had initially planned our CapEx, we were guiding for margins around 23%-24%. I think the last call it was maintained at 16% to 18% given the current realizations of TIO2. And raw material costs. What is the current margin for the set that will be that we will be making?

Ankit Patel: So our analysis says in the good time we have given the idea that in the good time, the margins are more than 20%, but on an average it is in the range of about 15% to 18%.

Harsh Beria: And so just as a thought process even during the bad time numbers and not at all bad in terms of margins, we're still able to do 16% to 18% margins in bad years, whereas if we see that in our pigment position, that's not the case. What's management thought process of separating these two businesses because the financial characteristics of both are very different.

Ankit Patel: So definitely, we knew this situations before 2-3 years only and that is why we have taken a conscious call that we will not be doing high Capex in the conventional pigment business. But as far as the growth of the pigment segment is concerned. We have selected titanium dioxide, which is the high CapEx, high technology oriented business where small unorganized player cannot enter. Because in the conventional pigment green and blue business, we have a high competition from the small unorganized players which creates a problem in terms of margin. And there has been some oversupply also as well as the demand because the major application is into the ink and other segment where the printing Ink segment is going down. So we have selected titanium dioxide where the major application is into the paint segment. And the paint segment in India is growing in double digit. So over there, the demand is increasing. At the same time, there is the entry barrier because of the high CapEx and technology. So that's how we have taken the strategy.

Harsh Beria: But at time do we see demerger between our action and our pigment business. Once the pigment business becomes self-sustaining, over CapEx and ramp up.

Ankit Patel: Is definitely over a period of next two to three years when we see the both the business are significantly big and it makes sense to unlock the value for the investors. We'll definitely demerge it.

Harsh Beria: And my last question is it's on our MPP plant. So you mentioned INR 650 to 700 crores topline. So this is sales and not production figures for the company, right?

Ankit Patel: That's correct for the multi-purpose plant of agrochemicals division.

Harsh Beria: And if I may just squeeze on in the last one, you talked in length about the EHS activities that we are doing in the company. Can you talk a bit more about what we are doing to reduce such fire incidents in the future?

Ankit Patel: When it comes to the chemical plant, the major risk hazard is at the process level in the operation. So majority of our critical operations we have converted into automation. Where the human error can be avoided and can be taken care by the system itself. Now the last two fire. I'm not excusing, but it has happened in the warehouse again. We have got all sorts of system at the warehouse, but still there has been some fire incident and for that we have taken a lot of measures when it comes to inventory, when it comes to the safety, electrification and everything. So we give assurance to all our investors that the management is having a very serious concern as far as the safety is concerned. So we are going to take all the actions to improve upon it.

Moderator: Thank you. We take our next question from the line of P Sri Hari from PCS Securities. Please go ahead.

P Sri Hari: Actually on the Titanium Dioxide, there are some reports indicating that the barium sulphate can be substituted. What is the share of formulations in Agro? What is the contribution currently? Thank you.

Ankit Patel: So, Sir, as far as the Titanium Dioxide replacement with the Barium Sulphide is concerned. There, depending on the grades, there are different price. But the Titanium Dioxide has been widely used globally as one of the paint additives, and we don't see that getting replaced by some other product in the couple of years very soon. Regarding your other question in terms of the percentage of the revenue from the formulation business, so currently it is about 25% to 30%.

P Sri Hari: I mean how is it flat on in terms of growth?

Ankit Patel: Definitely we are targeting good growth in the formulation, but at the same time our technical business is also growing. So both the segments are growing parallely. So we hope that the percentage for the formulation will remain in this range for sure it will never go down.

P Sri Hari: Hypothetically, I mean how much part of Barium Sulphide substitution is possible in the worst case?

Ankit Patel: Even I need to check that I have not done any analysis for that.

Moderator: Thank you. We'll take our next question from the line of Deepesh Sancheti from Maanya Finance. Please go ahead.

Deepesh Sancheti: Just wanted to understand in the extraordinary in this quarter how much has been the rejection from the insurance company? Or is there any rejection from your insurance company for previous insurance of fire?

Ankit Patel: There is no exceptional item. This is only the in the previous year. There is a claim which was a balanced amount, we have received.

Deepesh Sancheti: OK, so we have received all the claims which up till now there has been no rejections.

Ankit Patel: All previous claims have been settled.

Deepesh Sancheti: And this call this quarter, the incident which happened and have however we accounted it for.

Ankit Patel: So this happened on 16th of April. So for that assessment is going on. So no adjustment has been done in the financials.

Deepesh Sancheti: Do we know the extent of loss?

Ankit Patel: Extent of loss, it is under assessment, but it is between INR 7 to 8 crore as per estimate.

Moderator: Thank you. We take a last question from the line of Pradeep Agarwal, an investor. Please go ahead.

Pradeep Agarwal: I just want to ask that how much is the risk in terms of percentage in the TIO2 plant which we see now? Is it 100% success chance or do we see any risk as of now?

Ankit Patel: We are technocrat people, we don't consider any kind of failure. So no matter what kind of challenges are going to be there, we will make it 100% successful.

Pradeep Agarwal: And Sir, another query is that means right now the shareholding of the promoters are a little below 50%. So is there any plan to get it over 50%?

Ankit Patel: There is no specific plan. However, the promoters on individual basis keep on purchasing some amount of shares.

Moderator: Thank you. Ladies and gentlemen, we have reached the end of the question and answer session and I would now like to hand the conference back over to Mr. Ankit Patel from Meghmani Organics Limited for closing comments, over to you Sir.

Ankit Patel: On the behalf of the management, once again, thank you everyone for joining us today. We appreciate your support and thank you to the moderator for this call as well. Thank you everyone.

Moderator: Thank you very much, Sir. Ladies and gentlemen, on behalf of Meghmani Organics Limited that concludes this conference. Thank you for joining with us. You may now disconnect your line.