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Dear Sir,

**Sub: Transcript of Earning Conference Call held on August 14, 2023 for
Q1 FY24 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 August 14, 2023 to discuss Q1 FY24 Financial Results.

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 Patel
Company Secretary & Compliance Officer
Mem.No: A14898



Meghmani Organics Limited
Q1 FY24 Earnings Conference Call
August 14, 2023

Moderator: Good evening, everyone. I welcome you all to the Earnings call of Meghmani Organics Limited for Q1 FY24.

Today, we have with us the management represented by Mr. Ankit Patel - Chairman and Managing Director, 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 - Chairman and Managing Director of Meghmani Organics, to make his opening remarks. Over to you, sir.

Ankit Patel: Thank you Yashashri. Good evening, everyone and thank you for joining us on our Q1 FY24 Earnings call. We concluded our board meeting this afternoon. I believe you have got a chance to go through the Financial Results and Investors Presentation uploaded on the stock exchanges and the website.

First, I would like to inform our stakeholders about the restructuring that the company has undertaken in the promoter group. This is a result of a thoughtful succession planning process. Since past few years, the second generation were heading the different business operation and now, the management has decided that in order to manage affairs of the company independently and to consolidate functional responsibility, it is important to induct second generation, I, Ankit as MD; Mr. Karana Patel as Executive Director; Mr. Darshan Patel as Executive Director; Mr. Maulik Patel and Mr. Kaushal Soparkar as Director of Meghmani Organics Limited.

For the last decade, the Indian chemical sector has been growing rapidly. FY23 had been a roller coaster year for the chemical industry. Many of the challenges are set to persist in FY24 as well. The situation chemical industry is presently facing is one of its kind and the chemical companies

across spectrum are facing headwinds. The global demand scenario is currently not encouraging. Due to muted global demand, we are seeing continuous cost pressures coming from customer which has translated into lower spreads on margins.

Let me take you through the financial performance for the quarter:

During Q1 FY24, the company revenues stood at Rs. 422 crores, impacted by the prolonged challenging global macroeconomic environment, demand slowdown and decline in the prices across industry. EBITDA stood at negative Rs. 15 crores during the quarter owing to higher cost of operation due to lower capacity utilization coupled with the destocking of inventory. We are primarily into two segments, one is Agrochemical and second is Pigments. In Q1 FY24, Agrochemical comprised of 71% of our revenue whereas Pigment comprised of 29% of the revenue. In Agrochemicals, the major cause for downtrend is on the account of lack of demand and excess supply of product across industry. Globally, the market is under pressure due to recessionary situation, weaker demand and dropping prices. All these factors put together has pushed companies into cutting down the inventory pipeline, which is further hampering the demand and causing pricing pressure.

During this quarter, we witnessed subdued demand, which led to lower capacity utilization and impacting our operational efficiencies and high overheads has impacted our profitability. However, once the situation starts stabilizing, Meghmani Organics is well placed in these segments solely because we are backward integrated and the key raw materials used in Agrochemical are available locally, which makes us competitive in the global presence.

The Pigment industry has been on a downtrend since Q2 FY23. The muted demand has caused piling up of pipeline inventory. As compared to Q4 FY23, there is a slight improvement in Pigments in this quarter, but overall the demand scenario is muted. We expect the trend to continue for the coming quarters. China has imposed anti-dumping duty which has impacted offtake from Indian players. Currently, we are witnessing raw material prices getting stabilized and there has been a significant drop in the shipping cost.

As our major revenues is coming from export, which has always been beneficial for the growth of the company and has enabled us to expand our presence across the globe. However, during this period, we are witnessing that the demand from global markets are not encouraging, while the demand in the domestic market is quite stable. We are focusing to make further in-roads into the domestic market, increasing its contribution to our total revenue base, thus enabling us to strike a balance between both the markets.

Let me now share the updates on the CAPEX:

On the Pigment side, Titanium Dioxide plant has been commissioned and is under trial production. The capacity ramp up will be done gradually. The commissioning of the Co-gen Power Plant is expected in Q3 FY24. The CAPEX in the Crop Nutrition segment, Nano Urea is

progressing as planned. The commercial production of Nano Urea is expected somewhere in the Q4 FY24. The plant in Gujarat will have an annual capacity of 5 crores bottles and at present, the seed marketing has started under the Meghmani Nano Urea brand.

To conclude, in this testing times, as a management of the company, our priority is to be able to withstand this downturn and be able to overcome these challenging times. During these times, we have adopted certain strategies such as cost rationalization where the management has proactively undertaken cost-control measures, clearing the high-priced inventory, optimizing the working capital utilization and enhancing cash-conservation cycle to maintain our balance sheet strength.

Lastly, I would like to reiterate that our long term goals remain intact. Some of the virtues, such as our expanded infrastructure plants compatibility, wide product range and geographical reach will help Meghmani Organics to combine suitable long term position.

With this, I handover the call to the moderator to open the floor for questions and answers. Thank you.

Moderator: Thank you very much. We will now begin the question and answer session. We have a question from Yashwantrao Mane, an Investor. Please go ahead.

Yashwantrao Mane: So the question is on Nano Urea, so basically based on your couple of the previous meetings I have attended and then you were saying that like there are currently 500 crore bottles from the next Q4, but the usage of that, how is it going to be like basically are you guys convince the farmers to use this or is it just the production we are going to create but the usage is still we need to penetrate into the farmers?

Ankit Patel: Yashwantji, I am sorry. Your voice is not so clear, but can I repeat your question, you want to know from when we will be starting the production?

Yashwantrao Mane: That I came to know that it has to be like when we are producing the product, the end user must use it, right basically? So for that are you just started like working with them and discussing with the farmers or like convincing the farmers to use this or not?

Ankit Patel: So you mean to say the field demonstration to the farmers?

Yashwantrao Mane: Exactly.

Ankit Patel: So as I mentioned, we have already started the seed marketing of our product. Our product is already there in the field. We have hired a good amount of team member demonstrating to the farmer on the field, the kind of the benefit of the product, how to use it all these activities we have already started. And so that when our production starts, we have a reasonable amount of market share available or the customer base available.

- Moderator:** Thank you. We have our next question from the line of Rahul Veera from Abakkus. Please go ahead.
- Rahul Veera:** Just few questions by when do you think we will be able to do commercial supplies from our new Titanium Dioxide plant?
- Ankit Patel:** Commercial production from the Titanium Dioxide plant?
- Rahul Veera:** Yes.
- Ankit Patel:** So we have already started the production, but it is under trial run. So we hope that the commercial production will start somewhere in the beginning of the Q3.
- Rahul Veera:** We will be able to close to like 1,000 tons-2,000 tons? Or it is going to be like 100 tons to 200 tons?
- Ankit Patel:** In the first year, you mean to say?
- Rahul Veera:** Yes, 6 months like Q3, Q4 together.
- Ankit Patel:** In six months-time, I think we should be able to sell a good amount of volume because our capacity is 50 tons per day, so if at all for the next six months, if we are able to run at let us say 60% capacity, then also we should be able to do almost nearly 4,000 tons.
- Rahul Veera:** Does this product require approval or anything like are the customers coming and testing the quality or anything that is in progress as of now?
- Ankit Patel:** In certain customers, yes, there is some long time of approval and quality approval, but there are lots of other customers where the approval comes very fast.
- Rahul Veera:** Sir on the Agrochemical side, considering the prices would have almost been closer to bottom as of now. On the domestic side, what is the strategy are you planning B2C now?
- Ankit Patel:** So Rahul, we are already into B2C, the thing is what we have seen over the last many years because of our diverse presence, not only in India but also the global different markets we were able to get the benefit out of it. But for the first time, we have seen the global markets condition is under pressure, but the domestic market is doing relatively good. So we felt that somewhere down the line, we also need to focus on the Indian market, so we will be doing B2B or B2C whatever presence, but we need to have a little stronger presence in the domestic market as well. So even after doing that, our export segment will always be much more, but we would like to have a significant presence in the domestic market as well.

- Rahul Veera:** So do you think that all the high cost inventory across both the segments, Pigment and Agrochemicals, is completely over now, so that no inventory losses are there in the further quarter?
- Ankit Patel:** So I would say majority is getting cleared now. So we will have some impact in the second quarter as well.
- Moderator:** Thank you. We have a question from the line of Rohit Sinha from Sunidhi Securities. Please go ahead.
- Rohit Sinha:** One thing I wanted to understand, as you were saying that we are looking to focus on domestic market now as well and currently we have a significant export exposure. So does this Titanium Dioxide capacity addition because most of our TiO₂ would be for the domestic market, so that change the mix as domestic and export or will be adding few products or few segments in the Agrochemical as well as Pigment for the domestic market other than TiO₂?
- Ankit Patel:** Rohit, there are 2 things we are doing as of now, so Titanium Dioxide definitely will have a much stronger presence in the domestic market, so that will balance Pigment divisions revenue as far as Export and the Domestic business is concerned. At the same time, in Agrochemical, with the introduction of Nano urea, that will also make our domestic presence quite strong. And along with that, we will also push our existing Agrochemical product and some of the new Agrochemical product which we are already introducing in the current year. So overall point of view in absolute value, there will be good growth in the next three years from the domestic business which will eventually partly balance the export business as well.
- Rohit Sinha:** And in terms of margin front, it would be in the similar range or would be any kind of difference?
- Ankit Patel:** It will be more or less in the similar range.
- Rohit Sinha:** Sir, on this Agrochemical side as a significant downtrend we have seen right now and as you are indicating for Q2, maybe there would be some spillover also of this inventory issues. So how we should be looking at the recovery going forward in Q3 or Q4? Is there a price improvement, possibility volume addition or geography addition we can expect?
- Ankit Patel:** So in the current market, typically the Q2 will also be subdued. We see some demand improving from the third quarter onwards, but proper improvement will be seen somewhere in the fourth quarter that is what we feel.
- Rohit Sinha:** And that would be driven by order inflows or would there be some price improvement also?
- Ankit Patel:** Partly quantity and partly price.

- Rohit Sinha:** One last question on this, in your opening remarks, you mentioned about the Anti-Dumping Duty on the Pigment side from China, so how you are looking at that angle and how it is going to impact us?
- Ankit Patel:** So as I mentioned, currently the global market consumption is hampered. Same way even in consumption in China is also very much impacted. We already see the China economy is facing a lot of problem, but now the government has started giving support, stimulus package to the construction industry in China, so we see the demand improving in coming few days. So once that will happen, overall demand will pick up for the pigment even in China. As far as the anti-dumping duty is concerned, from India to China, there is close to 15% to 20% depending on different supplier there is anti-dumping duty and so that is there. But our supplies to China compared to other supplier is to the tune of nearly 10% only, not more than that.
- Moderator:** Thank you. We have our next question from the line of Rahul Jain from Credence Wealth. Please go ahead.
- Rahul Jain:** So Ankitji, just to understand overall positioning of the industry and we do understand that industry is going through a very tough times including lot of MNCs globally also have given a very subdued weak commentary, I mean just mentioned that you expect demand probably to improve somewhere from quarter 3 and improvement could be visible in quarter 4 and stability, right?
- Ankit Patel:** Correct.
- Rahul Jain:** And with regards to prices, so what I see from our presentation is our production utilization was down roughly 27%, our revenues were down 47%, so first, do we take this production similarly the volumes of sales must be down 27%?
- Ankit Patel:** You can say that, so the volume is down little bit about to the tune of 25% to 30%, but there is much more pressure on the prices. Because of that, the revenue is down by nearly 45% to 50%.
- Rahul Jain:** We do understand prices have been down, so post June, has there been some further correction in the prices?
- Ankit Patel:** Not much.
- Rahul Jain:** So have those prices now stabilized or they are still volatile in terms of fluctuations on a weekly basis?
- Ankit Patel:** Now I would say there is not significant change taking place in the prices. In some areas there are some changes taking place, but not that significant which we have seen based on the first quarter number, whatever changes is there that has already been taken care and now there is no significant change.

Rahul Jain: And with regards to the inventory destocking, typically in your understanding, your judgment based on the interaction with various customers and suppliers across the industry, what kind of inventory will persist in the system?

Ankit Patel: Now, the consumption pattern has started in the different market, but channel inventory is still there because what has happened if we try to understand the situation last year there was a lot of supply chain related problems and the prices were very volatile. So everybody started stocking the material left, right and center and in this year, the supply chain is completely back to the normal. There is an oversupply and somewhere down the line the demand was little subdued because of the over inventory and because of this factor, the pressure has started building. Now the good thing is the consumption has started in different market slowly, gradually and that will leave the moment the inventory will be back to the normal level, people will start purchasing. So we feel that as of now from the manufacturer point of view, majority of the companies have reduced the inventory levels substantially. There will be to the tune of nearly now 25% to 30% inventory compared to the previous quarter.

Rahul Jain: And with regards to our product basket, sir I understand pyrethroids is facing much higher problem that is my understanding and correct me if I am going wrong, so if you could specify somewhere in any of the product ranges, are we seeing some green shoots?

Ankit Patel: So Rahul bhai, it is across the product range, not just in the pyrethroids, but if we look at the Agrochemical complete product range, it has been this kind of situation. Even if I give you the example which is not relevant to Meghmani, but even immediate off-patent products like CTPR chlorantraniliprole, even there is oversupply compared to demand in China and which has led to drop in the prices significantly in the global market. So this is just one of the examples I am sharing with you.

Rahul Jain: That is quite helpful, Ankit. Thank you so much for the insights and let us hope things really come back sooner. I wish you all the best.

Ankit Patel: Definitely, we are very hopeful because the kind of the infrastructure what we have created and the kind of the backward integration what we have, we are just waiting that the things should improve in with the coming few quarter. Once that will happen, we will be able to take the benefit of the market condition much better way compared to other players.

Rahul Jain: So just one question, last if I can squeeze in, with regards to the new product introduction, we have introduced certain new products in last 6 months to 9 months and as we move forward now for the next 2 quarters or 3 quarters, could you share some details on new product introductions?

Ankit Patel: So the new products, what we have introduced in the recent time, we have started getting registration in different markets. As in the past I have mentioned in the Agrochemical segment to penetrate this new product it takes nearly 3 years to 4 years' time because it will get a

registration in different market in this time period. So slowly, gradually it has started picking up. We feel that in FY25 in the next financial year, we will have much better position in the new product.

Moderator: Thank you. We have our next question from the line of Ankit Gupta from Bamboo Capital. Please go ahead.

Ankit Gupta: So like we in quarter one and even prior to that, many of the companies in the sector were indicating that month-on-month, there has been a price erosion in the prices of the technicals, especially Synthetic Pyrethroids. So you have said that the things have started improving from this quarter from July onwards. Is that right? Have the prices stabilized now and have we seen any upturn in the prices?

Ankit Patel: So the stabilization has happened in the prices. Now, the prices are not going down further. Now the improvement in the prices will only happen once there will be a good demand. So as I mentioned, we are waiting for the demand to come back, which will start somewhere in the Q3 or Q4. Once that will happen, slowly, gradually price will start improve.

Ankit Gupta: Sure. I think one of the Brazil Agro Chem season is expected to start in the coming few months. How is the indication of demand from that market since it's the largest Agro Chem market of the world?

Ankit Patel: So Ankit bhai what has happened, typically there is more pressure in the US market. Brazil market consumption pattern has already started. We see that demand in next few months will be there. Good demand will be there. But still because there is overall more supply compared to demand, there will be price pressure. So we don't see price going down any further, but the momentum will happen from the consumption point of view.

Ankit Gupta: And one more thing I wanted to understand you said that some of the newly off-patented molecules like CTPR also have seen significant price erosion. Normally in the sector, what we used to see is that the price erosion for like patented molecules which loss patent used to be gradual, so why has there been a significant price erosion in newly off-patented molecules like CTPR? Is it because of many registrations have happened for that product? So what is changing in the industry that even for such niche molecules price erosion is severe?

Ankit Patel: So, I'm sorry I won't be able to give you more idea on that because we are not there in CTPR.

Ankit Gupta: Just generally, if you can give for some of the newly off-patented molecules, why has there been no significant price erosion which is happening now?

Ankit Patel: The only thing I can share that, it was one of the biggest insecticides globally and a lot of people were adding this product and suddenly, there were a lot of supplier for this product and there

was not that much demand, which led to the price erosion significantly, that is what has happened for this particular product.

Ankit Gupta: And do you think that can also be the scenario in some of the large products going forward also?

Ankit Patel: For the generic product where we are present, prices are already at bottom most level. Now it cannot go any further down. The only thing can happen, the price will go up the moment there will be a reasonably good demand, will start going up.

Ankit Gupta: And in terms of prices of raw material, how has that been like what has been the trend in the raw material prices of, have we also declined in the same trend and technical trials?

Ankit Patel: Yes, even in the raw material, we have been seeing significant reduction in pricing, but we were not able to take the benefit of the raw material because there was not much demand. So whatever demand was there, we were trying to clear the inventory, which we were having. So now the moment the inventory gets cleared, we will be buying the new price raw material which will be coming at much lower price, so which will help in the coming quarters.

Moderator: Thank you. We have our next question from the line of Niharika from Aequitas Investment. Please go ahead.

Niharika: My question would be for Titanium Dioxide that do we already have some pre-orders in place for this and 4000 tons for the 6 months, how much revenue would it intend considering current prices for it?

Ankit Patel: So we feel for this year it should generate revenue of close to Rs. 50 crores to Rs. 60 crores.

Niharika: And any margins you would be making and some color on that?

Ankit Patel: So it is a little early to discuss on the margin because as we mentioned that the plant is under stabilization. Our focus is to first get the right quality product at the right yield level and with the proper output. So this is going to be the target for this financial year and from the next year, we'll be focusing on the margin.

Niharika: So based on Agro Chem, so how much of inventory are we carrying in our books as of 30th of June 2023?

Ankit Patel: Total inventory just for the Agrochemical?

Niharika: Yes, both of them, Agrochem and Pigments.

Gurjant Singh Chahal: On an average, if you see our working capital, equivalent to 1-1/2 month in general, we maintain the inventory.

- Niharika:** And in June, is it for 1-1/2 months only?
- Gurjant Singh Chahal:** Yes. Around 79-80 days, I think.
- Niharika:** And on Nano Urea, IFFCO is also bringing a 5-crore bottles plant and it is also going to start in quarter four of this financial year. So is there some understanding with them based on some geographical area which they are catering and which we are catering, some marketing collab or how the competitive landscape would be after IFFCO and Meghmani, both are there?
- Ankit Patel:** So IFFCO's plant is already there, they are already manufacturing and selling in a big way. So our plant will be ready somewhere in the fourth quarter. So till the time our plant is getting ready, we have started seed marketing for this product. So our product is already there in the market there under the brand name of Meghmani Nano Urea and this will help once our plant will start, we'll have a customer base ready. Our product will be already approved by them, so there will be a good amount of confidence in the customer base. So that is what our target is.
- Niharika:** Our pricing would be linked to what IFFCO is also selling in the market, because we'll also have to be competitive with them if they're already there and established?
- Ankit Patel:** The pricing model is the same as of IFFCO.
- Moderator:** Thank you. We have a question from the line of Hemant Kanungo from Norasia Trading. Please go ahead.
- Hemant Kanungo:** Sir in our investor presentation for the Titanium Dioxide, it is mentioned that the Phase 2 CAPEX would be done after considering the stabilization of the Phase 1. So any change in the strategy which we have done or how it is, can you just?
- Ankit Patel:** Hemant bhai, the thing is as you know the global market condition for the chemical sector was under pressure, so rather than going too much aggressive and keep on spending, we decided first let us stabilize with whatever capacity whatever we have decided. Let us first achieve it thoroughly and then we go for the second phase.
- Hemant Kanungo:** By now are we be able to produce the Rutile Grade quality or we still getting the desired like output.
- Ankit Patel:** We are as of now producing Anatase Grade.
- Hemant Kanungo:** So how soon can we get the Rutile like about couple of quarters or one quarter like?
- Ankit Patel:** I think it will take another 3 quarters.
- Hemant Kanungo:** For the Rutile Grade, I mean, which is basically the more ahead of like accepted product by the paint manufacturers?

Ankit Patel: There is already a market for Anatase Grade as well as Rutile Grade. It is not like that there is no market for Anatase Grade. There's already a significant market. So we are able to sell the product.

Hemant Kanungo: And sir about our current Pigment business, now considering that weak outlook and also bleeding demand which was said in the previous call and also the overcapacity in the market and we being a big player, our overheads being little high. So what is the strategy now going forward like are we coming up with an alternative or whatever, what is the strategy going forward for our segment business, which has always been from the last three, four quarters that has been under pressure. So what is the management view? What is their idea? Like how to take it forward the pigments?

Ankit Patel: Hemant bhai, you are absolutely correct. It's a very challenging phase for the Pigment segment and we have been evaluating different options. But what has happened since last six months again, overall chemical segment is also under significant pressure and so we are not able to take proper call. But the strategy what on which the management is working, we'll be announcing to the market probably next one quarter.

Hemant Kanungo: So like is it basically different product or company or like some value added products what we are thinking, any guidance?

Ankit Patel: First of all, we'll be announcing our strategy, what we are planning to do, and then we'll be letting you know that whether we'll be making some other product or some other things. So that will also be part of it.

Hemant Kanungo: And sir, about the Nano Urea. So now on the field level, there is not too much of adoption from the farmers, okay? Now when we are saying that we are expecting about Rs. 1,000 crore revenue from FY25-26 onwards, now as of now we do not have any total knowhow about the market. So is it something which is the government is planning so that we are having a proper idea that we get Rs. 1,000 crore revenue because on the field level, if you ask the farmers today also, they are not too much so positive about the Nano Urea as a product. So as a management, how can we like be assured that we can get it like we can get the product approval or made by the farmers for this business?

Ankit Patel: So Hemant bhai, Rs. 1,000 crore revenue, it is people ask how much revenue it can generate. So based on the capacity of the plant on the full year of operation basis, it can generate Rs. 1,000 crore revenue. That is what is the guidance. We are not going to have that much revenue in FY25. So, it will take some time. We need to do lot of field activity. The farmer who is the ultimate consumer has to agree upon and what is happening. So as of now, the conventional urea till that is available, farmer doesn't want to shift to the Nano Urea. They do not want to take any risk for trial, anything like that, but now slowly, gradually, government has started controlling the supply of the fertilizer. At the same time, they want to promote significantly this new technology fertilizer, which is Nano Urea, Nano DAP, all of them. So under that,

government has come up with the new policy PM PRANAM Yojana. Under PM PRANAM Yojana, whatever subsidy government is giving to the customer, the government has said that any reduction, let's say if a Gujarat as a state by selling more of a Nano Urea saves Rs. 1,000 crore of subsidy, I'm just sharing an example. So that Rs. 1,000 crore will be saved by the central government. So central government has said that out of Rs. 1,000 crore, we will be giving Rs. 500 crore to the state. So the Gujarat will receive Rs. 500 crore. With that, government can do whatever they want to do it to promote the agriculture.

Hemant Kanungo: But Sir, ultimately the government has to take some hard steps to basically help ask the farmers to take that product unless they come up with some rules or something where they can end the subsidy. So is there any time from the government which of course you as a management, you are into that product, you basically more aware about what is going on in the market?

Ankit Patel: So there can be two things. One is forcing the farmer to use the product. Second thing is to make him believe about the product. So that is what is possible only by educating, showing him the field trial, lot of demonstration has to be given, convincing him. There will be for any kind of new technology, any new adoption, initially it is always difficult. The moment it gets adapted, then it becomes a habit for the farmer. So as of now, the farmers are habitual for the conventional urea. The moment they will take a slow change and they will see the benefit out of it, then slowly, gradually, they will be shifting to the new product. This will happen over a period. It will not happen overnight. So we feel that it will take at least three to four years to reach at the optimum level.

Hemant Kanungo: And last question, sir, as per our last call like there was some guidance given in the annual report that we're expecting about Rs. 4,000 core revenue and about Rs. 600 crore EBITDA by FY25, does that still hold considering today's market and the dynamics going on right now?

Ankit Patel: In the current market situation, it may be delayed for sure because prices are substantially corrected and so the timeline will be revised. But we are very optimistic from the growth journey of the company because kind of the infrastructure and the path what we have decided will definitely achieve the target.

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

Deepesh Sancheti: Sir, just wanted to know what is the debt situation right now?

Gurjant Singh Chahal: As of now, we have long term debt of Rs. 375 crore on standalone and Rs. 125 for KCL. So total is Rs. 500 crore and our debt to equity stands at 0.40.

Deepesh Sancheti: That is comfortable position. And regarding the new product which we had launched about, which was given to the paint industry, Titanium Dioxide. I mean what I've seen the sales in this quarter and going forward, for this year how much are we expecting?

- Gurjant Singh Chahal:** Now, as Ankit has told, the plant is under trial production as of now. So in the next quarter, we are expecting it should be commercialized and then we will be able to give you the exact number and on topline perspective, some estimate has already been mentioned around Rs. 50 crore in this year we are expecting from TiO₂.
- Deepesh Sancheti:** And sir, going forward, all the inventory losses because even the previous questions also you answered I think, but just wanted to know going forward, we won't have this inventory problem, no?
- Gurjant Singh Chahal:** Yes, now it is on liquidation only because we have already taken the hit for this, the destocking has already been done. So, this will be getting liquidated in this quarter.
- Deepesh Sancheti:** And in this quarter, how are the prices behaving?
- Gurjant Singh Chahal:** The prices have more or less stabilized as far as finished products are concerned. And from the raw material side also, it is stabilized now.
- Deepesh Sancheti:** So we should see good operation numbers going ahead?
- Gurjant Singh Chahal:** Yes, as mentioned from the end of Q3 FY24 or from Q4 FY24, once this new material inventory will start coming in and will get produced, so we will see the improvement.
- Deepesh Sancheti:** Just one more question about Meghmani Finechem. The money which was supposed to come from Meghmani Finechem, has it come or there's still time?
- Gurjant Singh Chahal:** So out of Rs. 210 crore, we have already received Rs. 60 crore, so balance is Rs. 150. So, which we will be receiving gradually.
- Deepesh Sancheti:** So that all this money will be used for debt reduction or for future expansion?
- Gurjant Singh Chahal:** Depending upon the situation, because as of now we expect this in addition to Kilburn, where this cogeneration power plant is getting commissioned, we will be having small CAPEX plus our Nano Urea, where we will be spending CAPEX for that, we don't have any major CAPEX, then we can say it will be, I think overall that will remain under control. So we are expecting as a strategy our debt equity will not go beyond 0.5.
- Deepesh Sancheti:** But I just wanted to know what is the total CAPEX including both the projects, how much would that be? And now what you're paying in this year itself?
- Gurjant Singh Chahal:** In KCL, we have now around Rs. 219 crore we have spent on the Phase 1 and in case of Nano Urea, we have just started commissioning of our project and we have just released the order of roughly Rs. 26 crore.

- Deepesh Sancheti:** In future, how much? I mean in this year itself, how much CAPEX will we do? So we have already done?
- Gurjant Singh Chahal:** In this year, we will be spending Rs. 75 crore for Nano Urea and that project by March 24 and around additional you can say Rs. 75 to 80 crore in KCL.
- Deepesh Sancheti:** And all this money will be a mix of debt and internal accruals, right?
- Gurjant Singh Chahal:** Yes.
- Deepesh Sancheti:** Are we looking at any fundraising because the promoter holding is around 50% now, so are we looking at any fundraising?
- Gurjant Singh Chahal:** No, fundraising does not have any relation with the promoter holding.
- Deepesh Sancheti:** No, I mean, just because I see off and on, sometimes promoters do keep buying the shares. So I thought that maybe the promoters want to infuse the money for the future expansion or so, that's why?
- Gurjant Singh Chahal:** No, I think in the personal capacity whenever opportunities come, they keep on buying.
- Ankit Patel:** Deepesh bhai, on individual basis whenever anybody wants to buy, so they keep on buying it. So it is not that promoters want to infuse money and that is why they are doing it, not like that.
- Deepesh Sancheti:** I had heard that in the individual capacity the promoters are buying, after that it was a little blank?
- Ankit Patel:** Yeah, that's correct. So, on individual basis, people keep on investing.
- Deepesh Sancheti:** I'm sure that the prices right now will be very lucrative for the promoters also as it is for the investors after the call. All the very best.
- Moderator:** Thank you. We have our next question from the line of Shubham Kumar, an individual investor. Please go ahead.
- Shubham Kumar:** Ankitji, I wanted to check with you with respect to the quality of Titanium Dioxide that we are producing. So any red flag with respect to the quality that we have been able to create the technical quality as well as the purity?
- Ankit Patel:** So that that is what I mentioned that the plant stabilization is going on and the commercial seems we expect to start somewhere in the beginning of the third quarter from October onwards. So we feel that at that time quality will be achieved.

Shubham Kumar: So no large quantity has been produced so far, which has been tested by third parties or your internal lab testing which has been produced by the plant?

Ankit Patel: So we have not started officially selling the product, so it will happen in the coming days.

Moderator: Thank you. As the management has addressed all the queries that the stakeholders had, I now hand over the call to Mr. Ankit Patel for his closing comments. Over to you, sir.

Ankit Patel: On behalf of the management, we thank you for joining us today. We appreciate your trust and support on us and if you have any queries, you may get in touch with our CFO, Mr. G. S. Chahal and our Investor Relationship Advisor, they will connect with you offline. Thank you very much.

Moderator: On behalf of Meghmani Organics Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.