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July 31, 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 July 29, 2024 to discuss  
Q1 FY25 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 July 29, 2024 to discuss Q1 FY25 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

Q1 FY25 Earnings Conference Call

July 29, 2024

## **CORPORATE PARTICIPANTS:**

**Mr. Ankit Patel**

Chairman and Managing Director

**Mr. G.S. Chahal**

Chief Financial Officer

**Mr. Nishant Vyas**

Investor Relations

## **Moderator**

Good evening, ladies and gentlemen. I'm Pelcia, moderator for the conference call. Welcome to Meghmani Organics Limited Q1 FY25 Earnings Conference Call hosted by Sunidhi Securities. As a reminder, all participants 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 the operator by pressing \* and then 0 on your touch tone telephone. Please note that this conference is recorded.

I would now like to hand over the floor to Rohit Sinha from Sunidhi Securities. Thank you, and over to you, sir.

## **Rohit Sinha**

Thank you, Pelcia. Good evening, everyone. Thank you for joining on Meghmani Organics Ltd, Q1 FY25 results conference call. I would like to thank the management for giving us this opportunity to host the call. We are joined on this call with Meghmani Organics Management, represented by Mr. Ankit Patel, Chairman and Managing Director; Mr. G. S. Chahal, Chief Financial Officer; and Mr. Nishant Vyas, Investor Relations. I would like to invite Mr. Ankit Patel to initiate this proceeding with his opening remarks, post which we will have a Q&A session. Thank you, and over to you, sir.

## **Ankit Patel**

Thank you, Rohit Ji. Good evening, everyone, and thank you for joining us on our Q1 FY25 earnings call. I believe you have got a chance to go through the financial results and investor presentation uploaded on the stock exchanges and the website.

After a prolonged period of sluggish global demand, we are witnessing a gradual sign of demand recovery from Q1 FY25. Our both the segments, i.e. Crop Protection and Pigment, reported healthy volume growth during the quarter, fostering positive sentiment for FY25.

During the quarter under review, in our Crop Nutrition segment, we have successfully launched 8 new products in fertilizers, biofertilizer, biostimulant category, providing a comprehensive one stop solution for our farmers to improve the productivity and nutrient use efficiency.

In Titanium Dioxide segment, now we have stabilized the plant, and it is running continuously. Quality of the product has been stabilized as well, and we have also received approval from few end new customers in different categories like ceramic, plastic, rubber and paint. We are also expecting interim antidumping duty on Titanium Dioxide from China probably in the Q3 of FY25.

Moving to our financial performance in Q1 FY25.

Company's revenue from operations remained flat at INR 411 crore, while our EBITDA stood at nearly INR 14 crore, increasing by 194% YoY and 40% on QoQ basis. However, our profitability for the quarter was impacted by lower product price realization across the markets. We are optimistic that in the coming quarters, price improvement will be seen along with the momentum in the demand recovery, which will enhance our profitability.

If I talk about the revenue mix in Q1 FY25, crop protection constitutes about 66% of the total revenue, while the balanced 34% comes from Pigment segment.

Now let us look at segment wise performance in the Q1.

In Crop Protection segment, production stood at nearly 10,000 tones, up by nearly 20% YoY. Capacity utilization for the segment stood at 73%. The segment reported revenue of close to INR 272 crores and EBITDA of INR 11.3 crores against the revenue of INR 300 crores and EBITDA of INR 0.5 crores in the corresponding previous year.

For pigment segment, production stood at 3,736 metric tone, up by nearly 9% YoY. Capacity utilization for the segment stood at about 45%. The segment reported the revenue of INR 138 crore and EBITDA of INR 9.4 crore against the revenue of INR 121 crores and the EBITDA of negative INR 8.4 crore in the corresponding previous year.

To conclude, we have all the enablers to regain our normal double digit growth trajectory, which we had demonstrated throughout all these years. Given our state of the art infrastructure, plant compatibility, wider product range and geographical reach, our long term growth prospects remains intact.

Lastly, I would like to share that one of our primary focus areas has been environment, health, safety and security. We are proud to share that our efforts have been recognized with the Responsible Care Accreditation for Crop Protection segment for the period of 3 years. And we have also received committed badge from EcoVadis for our commitment towards sustainability.

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

### **Moderator**

Thank you, sir. Ladies and gentleman, we will now begin the question and answer session. If we have a question please press \* and 1 on your telephone keypad, and wait for your turn to ask the question. If you would like to withdraw your request you may do so by pressing \* and 1 again.

First question comes from Rahul Jain from Credence Wealth. Please go ahead.

**Rahul Jain**

Thanks for the opportunity. In your initial remarks, just the first sentence you spoke about after a long prolonged sluggishness, the demand seems to be improving from Q1 onwards. So just to understand this more in a bit more details like what kind of improvement we are seeing? Is it some product specific? Is it some market specific? And what do you attribute this to? And how sustainable this improvement in the demand you expect to continue?

**Ankit Patel**

Sure, Rahul Ji. Definitely, as we all know that particularly in the Crop Protection segment, last 1 to 1.5 years was a pretty tough period where the demand was under huge pressure from various countries, not just one market. Because immediately after the COVID, there was lot of demand from various market and people kept lot of inventory. So every country was sitting on huge inventory, and suddenly, the interest rates started going up. Because of which, people decided to lower down the inventory as well as lower down their burden on the interest cost. So in last 1 year, there was very, very less demand. And now from the first quarter, we have been seeing now slowly gradually the demand has started picking up from different, different market. So it is not just for 1 or 2 market, but I would say across the market. Now the demand is slowly picking up.

**Rahul Jain**

And with the upcoming, sir, monsoon in Brazil, if you could share your understanding and how would Brazil market behave? Also with regards to inventory destocking, firstly, are we done with the inventory destocking overall and also specifically to a Brazil market because it is the largest market. And also monsoon should be around the corner in a month or two. So what is the kind of feedback which we are getting from the largest market?

**Ankit Patel**

We are getting very positive response, particularly from the Brazil market. And if we look at the inventory level, for majority of the products, barring few products, the inventory level has become reasonable. And because of that only, two reasons, good rain expectation, good season expectation point of view as well as lower inventory point of view, there is going to be good demand in the Brazil market going forward.

**Rahul Jain**

Sure. On pricing front, sir, in terms of the product prices, we understand those prices had plateaued quarter back. So how are the pricing of products currently? Is there any movement on the uptick? Or do those continue to be flattish?

**Ankit Patel**

So it has been running at flattish level, at the bottom most level. And I would say from the industry perspective, people predict that now once the demand will pick up, there will be definitely increase in the price as well because at this price level, it is not sustainable for any industry. So there is a very good chance that the price will increase going forward.

**Rahul Jain**

Sure. One last question on the industry and then one question on company specific. Sir, with regards to the China behavior, we have been hearing for last about around 2 months with regards to the reverse freight issues from China where most of the Chinese goods are being or the containers are diverted towards U.S. So prices across a lot of products in the entire chemical space have moved up. So is there a feeling that once this situation gets normalized in terms of the freight diversion, will China come back and try to again behave in a manner which could be detrimental to our industry?

**Ankit Patel**

Rahul bhai even today, the China market price is at rock bottom level. So from this level, it cannot go down, maybe 1% or 2% here and there. But from this level, they cannot go down because they are also bleeding. And regarding the freight related matter, yes, it is one of the major factor where you can see in our numbers also there has been substantial increase in the logistic costs. And we hope that somewhere from the Q3, this should normalize. So still in the Q2, it will be a little high, but from Q3, hopefully, it will come down.

**Rahul Jain**

Sure. And sir, one last question. Now on our product side, within the agrochemical space. So as we mentioned, we had a very good time about 18 months back, just post-COVID around 18 months are very good. And we were planning to introduce a lot of new products, some of them probably being among the first few to launch those products. So going ahead, Meghmani, the focus will be or where you see these products in terms of which products will contribute to the improvement going forward and what are the new products being introduced?

**Ankit Patel**

Rahul bhai, definitely, we have got very good strength on our existing product, which will keep on growing, will be there for sure. At the same time, we'll be giving lot of weightage on the new product because these products are relatively high value with little better profitability. So we would like to focus on the new products. So those products, commercially, we are all set. From the regulatory approval point of view, we have started getting approval in the different, different markets. Going forward, over a period of next 2

to 3 years, we'll be getting lot many approvals in different, different markets for these new products. And regarding the product names, what products we have launched, we have launched cyfluthrin, Beta-cyfluthrin, Flubendiamide, Pymetrozine, Ethiprole. So these are the new products we have introduced. So there are many more new products.

**Rahul Jain**

Sure, Thank you Ankit bhai. This is quite helpful, wish you all the best.

**Ankit Patel**

Thank you so much.

**Moderator**

Thank you. I request the participants to restrict with 2 questions in the initial round and join back the queue for more questions. Next question comes from Ankit Gupta from Bamboo Capital. Please go ahead.

**Ankit Gupta**

Thanks for the opportunity. Sir, I know we have seen an improvement both on YoY and QoQ. So in Pigment if you can elaborate, how is the situation there, you know, and, you know, if, like, how do you see the market and our capacity utilization still low at 45%. So how do you see this our capacity utilization panning out for the next few quarters? And how do you see our performance in the Pigment segment for the rest of the year?

**Ankit Patel**

So Ankit Ji, as I already mentioned, now the demand has started improving in both the segments. Particularly in the case of Agrochemical segment, we are already running our plant in the Q1 at about 70% plus capacity. We'll try to maintain 75% plus capacity utilization probably in the second, third quarter onwards also. So we see the demand is going to be there as well as the plant utilization will be better going forward. In the case of Pigments segment, yes, the plant utilization is in the range of about 45%. There also there will be a little bit increase in the plant utilization, but not drastically. And we would like to maintain more or less in the same plant utilization level to have a better price realization.

The moment we try to go more aggressive, we try to produce more, in that case, it is always a problem and there is a lot of pricing pressure. But now we would like to focus more on profitability and better price realization.

**Ankit Gupta**

Sure. So on the Crop Protection side, as you were saying, the prices are still pretty low for us. So like if you can elaborate in Q1 FY25, how much has been the price decline compared to last year? Any ballpark figure, if you can give us for some of our key molecules, how much has been average decline in prices in Q1 FY25 compared to, let's say, last year?

**Ankit Patel**

So in the Q1, the price reduction, particularly in the case of agrochemical, was drastically compared to the first quarter of last financial year. I would say it is in the range of about 25%.

**Ankit Gupta**

Okay. And on a QoQ basis, have you seen some improvement, let's say, compared to Q4 of last year?

**Ankit Patel**

Yes. So we see now onwards, QoQ, there will be improvement taking place. So both volume as well as value should start on increasing from QoQ.

**Ankit Gupta**

Okay. Thank you sir and wish you all the best.

**Ankit Patel**

Thank you very much.

**Moderator**

Thank you. Next question comes from Jainam Ghelani from Svan Investments. Please go ahead.

**Jainam Ghelani**

Hi, sir. Thanks for this opportunity. So I just have one question. So overall, the pigments industry is doing quite well. So what is the reason for our underperformance? Because many global players have shut their companies. So what is the reason that we've not been able to catch up the demand?



**Ankit Patel**

Jainam Ji, the thing is particularly in the Pigment segment, we are particularly in Copper phthalocyanine based pigment, where still there is a lot of pressure in terms of supply point of view. The price realization and the demand improvement is taking place is more into Azo pigment. So currently, Heubach related matter globally, what we have seen, that is helping first in the Azo Pigment segment. But we are optimistic that going forward, it will come to the Copper phthalocyanine based pigment also. At the same time, in the Q1 particularly, there has been volatility into raw material prices as well.

Certain raw materials were very volatile and the price increased. So normally, we have a contract for 2 months, 3 months, where we cannot go back on the pricing from the long term sustainability point of view. So we see from the second and third quarter onwards, there will be some improvement taking place in better realization.

**Jainam Ghelani**

So, sir, we expect recovery in realizations as well as volumes or only realizations?

**Ankit Patel**

We are currently targeting mainly realization rather than volume because now the profitability is more important.

**Jainam Ghelani**

That's it from my side. Thank you.

**Moderator**

Thank you. Next question comes from Aniketh Kulkarni from BMS Capital. Please go ahead.

**Aniketh Kulkarni**

Yes. Good evening and thanks for the opportunity. So on Slide 7 of your latest presentation, you have mentioned total CapEx of INR 1,140 crores spread over 3 projects. So can you tell me how much revenue all of these can generate at full utilizations?

**Ankit Patel**

So particularly, if we divide the segment, in the Crop Protection segment, we have done an investment of close to INR 400 crore, which has got there are chances of creating INR 800 crore plus revenue from the CapEx. In the Crop Nutrition segment, where we have spent about INR 150 crores, so it's a 5 crore bottle capacity plant where we can generate revenue on the full capacity utilization basis, INR 1,000 crore revenue we can generate, but it will take more time because it's a relatively new product. In the Titanium Dioxide segment where we have invested close to INR 600 crore, our current first phase capacity is 16,500 tones. So it can generate revenue of close to INR 275 crore to INR 300 crores.

**Aniketh Kulkarni**

Yes. On the Titanium Dioxide facility, so you have mentioned the Phase I has been commissioned. So does the INR 600 crore include only Phase 1 or is it the full amount for Phase 1 and Phase 2 as well? And if it only for Phase 1, then what will be the amount for Phase 2?

**Ankit Patel**

So Aniketh Ji, because in the chemical plant, we cannot do 100% Phase 1 and Phase 2 separation. So certain things, we need to combine it. So like captive power plant, we have put up looking at the Phase 2 expansion. So we don't need to spend in future for the captive power plant. Likewise, in the current plant, manufacturing capacity, certain plant, equipments and the layout we have kept from the future Phase 2 expansion is kept in mind only. So Phase 2 will not require huge investment. So our team will is working on the Phase 2. So at the appropriate time when we'll decide to go ahead for the Phase 2, we'll be announcing the kind of the CapEx required.

**Aniketh Kulkarni**

Okay. So this INR 600 crores, we can say includes Phase I and some parts of Phase II, correct?

**Ankit Patel**

Absolutely correct.

**Aniketh Kulkarni**

Okay. And, finally, after -- so post the Phase 2 completion, do you have any further CapEx plans after that?

**Ankit Patel**

So I would say for the next 1 to 1.5 years time, we would like to first sweat our current asset base, whatever we have created. So in all the segments, we'll try to utilize the plant in a better way, and we'll try to generate better revenue and profitability. And then only we'll be going for the 2nd phase.

**Aniketh Kulkarni**

Okay, okay. And finally, your debt has gone up from close to INR 300 crores in FY20 to about INR 850 crores in FY24. So if you can highlight what are your debt reduction plans from here on?

**Ankit Patel**

So from the debt reduction plan point of view, in the first -- in this financial year, we'll be repaying about close to INR 173 crore of loan repayment, so which will bring us to quite reasonable level. Similarly, in the next financial year also, it will be close to same amount repayment will be there. So our target is to bring down the debt level substantially low in next 2 years' time.

**Aniketh Kulkarni**

Okay. Thank you so much and best of luck.

**Ankit Patel**

Thank you.

**Moderator**

Thank you. Ladies and gentleman if you have any question please press \* and 1 on your telephone keypad. Next question comes from Pradeep Rawat from Yogya Capital. Please go ahead.

**Pradeep Rawat**

Good evening and thank you for the opportunity. So my question is regarding our rate of interest on our debt. So what would be the rate of interest?

**G.S. Chahal**

Currently, it's in the range of 5-6%.

**Pradeep Rawat**

And would it be increase in later years?

**G.S. Chahal**

No, because it's a peak debt actually. Rates are also at peak at this moment. After September once the rate starts reducing, so we can expect effective rates should be down.

**Ankit Patel**

At the same time, the debt will also go down.

**Pradeep Rawat**

Okay. So what would be the interest cost guidance for this year?

**G.S. Chahal**

In absolute number, if you see on quarterly basis, it is INR 9 crores which is coming per quarter.

**Pradeep Rawat**

Okay. Thank you, all the best and that's all from my side.

**Ankit Patel**

Thank you.

**Moderator**

Thank you. Next question comes from Janak Shah from Wealth Financial Advisor. Please go ahead.

**Janak Shah**

Good evening. I had a couple of questions. First was on the return to profitability. I assume that after 5 quarter of losses, can we assume that like in Q2, the company may return to profits? Secondly, the question was about the Nano Urea and Titanium Dioxide. What is the assumption regarding the capacity utilization for the year 2024 - 2025 in general for both these new products? And any further demerger on cards for Meghmani Organics?

**Ankit Patel**

Janak bhai, first answering your first question was regarding the profitability wise. Yes. So yes, I'm sorry, for continuously 4 to 5 quarters, we were in loss. From the Q2 onwards, there are very good chance we'll be in profitability, and we are committed for the same for the growth point of view as well as profitability point of view. Regarding the capacity utilization of both the plants, Nano Urea and Titanium Dioxide. So the Titanium Dioxide from the second half of the year in the FY25, we predict that the plant will run at about 70% capacity. In the Nano Urea plant, because it's a relatively new concept, and it's a huge capacity, so it's not going to run at very high capacity. Initially, we predict that in the first year, we'll be running at about 35-40% capacity.

**Janak Shah**

And for the demerger, anything on the cards?

**Ankit Patel**

No, nothing on the card from the demerger point of view because we would like to first make sure that all the segments, particularly Titanium Dioxide and Nano Urea segment, we would like to generate good revenue, good profitability, so not in the near future for sure.

**Janak Shah**

Thank you so much Ankit bhai.

**Ankit Patel**

Thank you.

**Moderator**

Next question comes from Niharika J from Aequitas. Please go ahead.

**Niharika J**

Hi. Good evening. So my question is on, Nano Urea. How has been the product acceptability this year with the farmers considering, good monsoon forecast?

**Ankit Patel**

So Niharika Ji, it's a new concept, no doubt about it. But we have been doing a lot of promotional activity and field trials where we give the field trials to the farmers down the line and convince them the effectiveness of the product. It is very effective product, no doubt about it. And looking at that only, now a lot of companies, even in the private segment like Coromandel and all, they are also looking at this segment. So I would say over a period of next 2 years, there will be substantial movement in the Nano Urea segment, where the farmers will be shifting slowly, gradually in the better technology product.

**Niharika J**

Do we get any support from the government to kind of market the product or anything? Because even there is a lot of push from the government side.

**Ankit Patel**

So it is a non subsidized product. So directly, we don't get any support from the government. But indirectly, yes, we do get support from the government like every state because it is under the vision of our Prime Minister, Mr. Narendra Modi, he himself is promoting this product. So every state is coming with a different, different scheme where they would like to promote this product in a better way. Also, there is one yojana called PM Pranam Yojana. Under PM Pranam Yojana, any state, wherever they are utilizing Nano based technology fertilizer and which turns up into savings of subsidy amount for the central government, 50% of the savings for the subsidy amount will be passed on to the state. So let's say if I give you the example of Gujarat as a state, so there is a subsidy which goes to the Gujarat as a state about INR 22,000 crore.

So as a state, if they promote Nano Urea in a better way where the subsidy load on the Central Government goes down by, let's say, INR 4,000 crore, In that case, INR 2,000 crore Central Government will give it to the Gujarat Government, and the Gujarat Government can utilize this INR 2,000 crore in any form wherever they want to utilize it. So in a way, it is a straight income for every state, and Central Government gets also benefited by reduction in the subsidy load. So every state is now going to promote this Nano based fertilizer.

**Niharika J**

Okay. Understood. And my next question is on the Titanium Dioxide. So have we sent some samples or, like, product test -- product for testing to any customers? And how has the acceptability of our product been as of now?

**Ankit Patel**

Yes. So as I mentioned, the product quality has been stabilized fairly good. So far, our product has been accepted in different, different industries like ceramic, plastics, paint, rubber. So different industry has got different applications. So we have been promoting our product in different, different segment, and we have been getting approval in different markets.

**Niharika J**

What is the capacity utilization in Q1 for the Titanium Dioxide? I think you said that capacity will increase to 70% from second half, but what was it in the current quarter, like the quarter gone by?

**Ankit Patel**

So it is running at about 35% capacity. From second half of this financial year, we'll reach at about 70% capacity utilization.

**Niharika J**

And the breakeven will be achieved at what capacity for this segment?

**Ankit Patel**

So once we reach at 70%, then we reach nearly breakeven point.

**Niharika J**

Okay, okay. Understood.

**Ankit Patel**

At the same time, there has been initiation by the industry for the antidumping material coming from China. There has been proposals for antidumping. There are very good chance that the interim antidumping duty may come in the third quarter.

**Niharika J**

Okay. That is all from my side. Thank you.

**Ankit Patel**

Thank you.

**Moderator**

Thank you. Next question comes from Madhur Rathi Counter from Cyclical Investments PMS. Please go ahead.

**Madhur Rathi**

Thank you for the opportunity, sir. Sir, I'm trying to understand, in our Titanium Dioxide in the Phase 1, we'll, add the full capacity utilization, we'll, make a revenue of INR 275-300 crore, and I expect the similar revenue for the next phase. But sir at 70% breakeven, I'm trying to understand, like, we'll do an investment of around more than INR 600 crores. On that at 70% breakeven, after that, what kind of margins can we expect from the future?

**Ankit Patel**

So Madhur Ji, at about INR 300 crores revenue, along with the antidumping duty, which is going to come probably on the third quarter, we expect that there will be reasonable margin. It is a little early to mention at this juncture, but we predict that we should be having about 20% margin.

**Madhur Rathi**

Okay. And so the INR 300 crore revenue would be at 100% utilization, right?

**Ankit Patel**

You can say that, yes.

**Madhur Rathi**

Okay. Sir, my next question would be, sir, we had guided that in Nano Urea, margins would be in the 15-17% range. So, sir, 2 question regarding this. Sir, at 30-40% utilization that we are thinking for the next 1 year, what kind of margin profile can we expect? And, is the plant, like developed in such a way that even at 30-40% utilization, we can achieve a good amount of margin?



**Ankit Patel**

So yes, Nano Urea is one product where we are going to generate about 15-17% margin. And because when we go into the market, we cannot go with just one product, we need to have a basket of product. So to support the Nano Urea, we have introduced about 8 new products in the same segment, so which will help this segment to grow in a better way. So because it's a relatively less investment oriented project and more capacity, going forward we'll generate reasonable good profit.

**Madhur Rathi**

Okay. And sir, what is the minimum IRR or ROC that you expect before embarking on any new CapEx or investment?

**Ankit Patel**

Madhur Ji, in current time, the dynamics have changed completely because the projects we started about 3 years back, at that time the prices, profitability criteria were totally different. The profitability scenario which we are seeing today is very, very difficult. So the numbers which I'm sharing right now with you is based on the current prices and current numbers. So let's say, if the market going forward, it improves in pricing and other things, then definitely the scenario is totally different. But just to answer your question, whenever we select the project, normally we consider the IRR of about 18-20%.

**Madhur Rathi**

Okay, sir. That was very helpful. And, sir just finally, INR 300 crore revenue for the Titanium Dioxide, this is on the current depressed prices, and suppose if the anti-dumping duty and the pricing improve, you can expect positive tailwinds for this segment revenue. Is this understanding correct?

**Ankit Patel**

Can you repeat your question? Your voice was not very clear.

**Madhur Rathi**

Yes, sir. I'll repeat my question. So this INR 300 crores revenue for the Titanium Dioxide segment, sir this is on the current depressed pricing without any antidumping duty and whatever pricing you can...

**Ankit Patel**

That's correct.

**Madhur Rathi**

Yes. Okay. Sir, that was very helpful. Thank you, and all the best.

**Moderator**

Thank you. Next question comes from Prit Nagersheth from Wealth Finvisor, please go ahead.

**Prit Nagersheth**

Yes. The question I had, sir, was regarding what kind of blended revenue and EBITDA margin should we expect for this and the next financial year?

**Ankit Patel**

I think, Prit Ji, it is a little early to mention the kind of the profitability margin for this financial year. I can only share that we expect going forward from second quarter onwards, we see the improvement taking place. And in the next financial year, we are targeting about 15% of EBITDA margin on an average.

**Prit Nagersheth**

And what kind of revenue should we kind of pencil in or model into our estimates, sir, for next year?

**Ankit Patel**

So in the past, as you know, we were growing in double digit. So similarly, this year also because the last year was a bottom year, we expect 20% top line growth in this financial year as well as next financial year.

**Prit Nagersheth**

Got it, wonderful, thank you sir.

**Ankit Patel**

Thank you.

**Moderator**

Thank you. We have a follow-up question from Aniketh Kulkarni from BMS Capital. Please go ahead.

**Aniketh Kulkarni**

Yes. Thanks for the opportunity again. So just on the revenue question. So given the potential revenue coming in from the incremental CapEx, can you give an estimate of the overall revenues from all of your assets at full capacity and let's say, average realizations? Can you give a number if possible?

**Ankit Patel**

So, Aniketh Ji, that is what I mentioned. I think last year was the year where we generated the bottom most revenue. So this year, we expect about 20% plus growth in top line. And similarly, based on this year's number, again, we are expecting 20% growth in top line in the next financial year.

**Aniketh Kulkarni**

And let's say if pricing improves, then this can be even more? Or is it assuming that the pricing will improve?

**Ankit Patel**

So this number, yes, definitely we would like to be a little conservative. If scenario improves, then it can be a little better also.

**Aniketh Kulkarni**

Okay. Thank you so much.

**Ankit Patel**

Thank you.

**Moderator**

Thank you. Ladies and gentleman if you have any question please press \* and 1 on your telephone keypad.

Next question comes from Nishant Joshi an Individual Investor. Please go ahead, sir.

**Nishant Joshi**

Sir, as I can see from your presentation, the competitors in Titanium Dioxide, they have their facilities in Kerala and Tamil Nadu. Is there any specific reason, mean, is the raw material available in that particular geography? If yes, then how it can impact our profitability?

**Ankit Patel**

So, Nishant Ji, yes, one of the raw material, which is ilmenite, it is available in that state, Kerala, no doubt about it. But we are getting the raw material either imported or local, no issues. At the same time, when we talk of the finished product, the major market is in the western part. So we are able to sell in this market. So if we are paying little more on raw material logistics, then ultimately we don't need to pay for the finished goods logistics. So it's balancing it out. And so there is, in a way, advantage of because other raw materials, other infrastructure is much better in Gujarat compared to Kerala.

**Nishant Joshi**

Okay, sir. Sir, one follow-up question. Do company foresee to face any competition in Nano Urea from IFFCO?

**Ankit Patel**

I'm sorry, can you repeat your question?

**Nishant Joshi**

Do company foresee to face any competition in Nano Urea from IFFCO?

**Ankit Patel**

No, IFFCO is a much bigger organization. They have their own channel. So I would say it's a collectively, IFFCO and Meghmani because the market potential is tremendous. Indian market size for the particularly urea is 34 million tones. So it cannot be replaced 100% with the Nano Urea, but yes, it can be replaced substantially with Nano Urea. And going forward, there is a huge scope. So we don't see any competition from IFFCO.

**Nishant Joshi**

Okay. Thank you.

**Moderator**

Thank you. Next question comes from Mehul Tevar, an Individual Investor. Please go ahead.

**Mehul Tevar**

Ankit bhai my question is based on the Nano Urea section only. I mean, partially, it's already answered. But I just want to know that what is actually the benefit for the farmers to go for a Nano Urea other than because there is a technicality as well that they have to probably use some of the tools to even use this Nano Urea, not like just spreading the physical urea. So is there anything benefit for farmers because as its not subsidized?

**Ankit Patel**

So Mehul bhai, because in India, there is a subsidy for the urea and there is not much price gap between urea and Nano Urea, that is one of the factor where farmers are not immediately shifting to Nano Urea. Provided if the realistic without subsidy, if the Urea price is being considered, then the bag would cost nearly INR 2,000. So against INR 2,000, this bottle will cost INR 225, then the farmer shift would have taken place very fast. But in this case, it is not like that. But if we look at the benefit to the farmer, yes, he needs to spray this product. It's a foliar application, but it is very much compatible along with the other products like other along with the other agrochemicals. So it is very much compatible. So farmer can spray the product Nano Urea along with the other products by mixing it in one tank. So in a way, it is more helpful to the farmer. So it is not creating any major hurdle for the farmer.

And there are very good chances that because government is very firm that they would like to reduce the burden of subsidy, which is more than 2 lakh crore taxpayers money. The government is taking all the initiatives to reduce this burden. So I think going forward, they would like to restrict the imported urea and promote more of a Nano based fertilizer, which is Nano Urea.

**Mehul Tevar**

Okay. Thank you.

**Ankit Patel**

Thank you,

**Moderator**

Thank you. Ladies and gentleman if you have any question please press \* and 1 on your telephone keypad.

There are no further questions. Now I hand over the floor to management for closing comments.

**Ankit Patel**

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 Mr. Nishant Vyas. And they will connect with you offline. Thank you.

**Moderator**

Thank you, sir. Ladies and gentlemen, this concludes your conference for today. Thank you for your participation and for using Door Sabha's conference call service. You may disconnect your lines now. Thank you, and have a good day.

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*This document has been edited to improve readability*